SIKICH

Rochelle Municipal Utilities
Rochelle, Illinois

Annual Financial Report

For the Year Ended December 31, 2025

sikich.com

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS
TABLE OF CONTENTS

SIKICH®

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

1415 West Diehl Road, Suite 400
Naperville, IL 60563
+1 (630) 566-8400

sikich.com

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Rochelle, Illinois

Opinions

We have audited the accompanying financial statements of the Rochelle Municipal Utilities (enterprise funds of the City of Rochelle, Illinois (the City)) (RMU) as of and for the year ended December 31, 2025, and the related notes to financial statements, which collectively comprise the RMU's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Rochelle Municipal Utilities (enterprise funds of the City of Rochelle, Illinois), as of December 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Reporting Entity

As discussed in Note 1, the financial statements present only the funds comprising RMU and do not purport to, and do not present fairly the financial position of the City of Rochelle, Illinois as of December 31, 2025, the respective changes in financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter - Error Correction Restatement

As part of our audit for the year ended December 31, 2025 financial statements, we also audited the adjustments as described in Note 11 that were applied to restate the financial statements for the year ended December 31, 2024. In our opinion, such adjustments are appropriate and have been properly applied.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the

Financial Statements section of our report. We are required to be independent of the RMU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the RMU's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. 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 an opinion on the financial statements that collectively comprise RMU's basic financial statements. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Sikich CPA LLC

Naperville, Illinois
July 28, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCHELLE MUNICIPAL UTILITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2025 and December 31, 2024

Management of the City of Rochelle's Department of Utilities, Rochelle Municipal Utilities (RMU) offers all persons interested in the financial position of RMU this narrative overview and analysis of the utilities' financial performance during the fiscal year ending December 31, 2025. You are invited to read this narrative in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Electric Utility exceed its liabilities and deferred inflows of resources by $73,217,835 (net position). Of this amount, $36,126,235 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, $37,091,600 is the net investment in capital assets.

- The assets and deferred outflows of resources of the Water Utility exceeded its liabilities and deferred inflows of resources by $27,035,728 (net position). Of this amount, $2,237,509 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, $79,913 is restricted for debt service, and $24,718,306 is the net investment in capital assets.

- The assets and deferred outflows of resources of the Water Reclamation Utility exceeded its liabilities and deferred inflows of resources by $25,362,704 (net position). Of this amount, $6,593,451 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors, $138,796 is restricted for debt service, and $18,630,457 is the net investment in capital assets.

- The assets and deferred outflows of resources of the Technology Center Utility exceeded its liabilities and deferred inflows of resources by $2,977,262. Of this amount $420,696 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors and $2,556,566 is the net investment in capital assets.

- Operating revenues for the Electric Utility decreased 8% while operating expenses were up 4%. The decrease in revenues is from lower energy sales, and the increase in expenses is primarily from higher purchased power and personnel costs.

- Operating revenues for the Water Utility decreased 1%, while operating expenses were up 1%. Revenues and expenses were both essentially flat with the prior year.

- Operating revenues for the Water Reclamation Utility decreased 12%, while operating expenses were down 7%. The decrease in revenue is from lower commercial sales and the decrease in expenses is from lower operating costs.

- Operating revenues for the Technology Center Utility decreased 12% while operating expenses decreased 10%. The decrease in operating revenue and expense reflects the full-year effect of the large colocation customer lost in 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

The purpose of this discussion and analysis is an introduction to RMU's basic financial statements. Enclosed are two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic statements that follow this analysis provide individual fund statements that demonstrate the financial strength of the utility.

- For each of the reporting funds provided, there will be a Statement of Net Position (Balance Sheet); next, the Statement of Revenues, Expenses, and Changes in Net Position, followed by a Statement of Cash Flows.

- The remaining notes provide detailed information about the methods of asset and liability valuations and other supplemental information critical to properly analyzing the financial statements.

STATEMENTS

The utility-wide statements report information about RMU using accounting methods similar to those used by private-sector utilities. The Balance Sheet includes all the utilities' assets and deferred outflows of resources and liabilities and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position regardless of when cash is received or paid.

The utility-wide statements report RMU's net position and how they have changed. Net Position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure financial health, or position. Over time, increases or decreases in RMU's net position indicate whether its financial health is improving or deteriorating. To assess the overall health of RMU, it is necessary to review and consider non-financial factors as well, such as changes in utility rates and the condition of utility plant in service.

The Statement of Revenues, Expenses and Changes in Net Position presents information demonstrating how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods.

Notes to Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the utility-wide financial statements.

FINANCIAL ANALYSIS OF RMU

A summary of RMU's Statement of Net Position is presented below.

Table 1
Condensed Statements of Net Position

Electric Utility

	12/31/25	12/31/24
Current/Noncurrent Assets/Deferred Outflows of Resources	$ 41,542,673	$ 49,690,284
Capital Assets	55,145,006	49,152,879
Total Assets and Deferred Outflows	**96,687,679**	**98,843,163**
Long-Term Liabilities	18,219,793	19,834,698
Current Liabilities/Deferred Inflows of Resources	5,250,051	6,504,699
Total Liabilities and Deferred Inflows	**23,469,844**	**26,339,397**
Net Investment in Capital Assets	37,091,600	36,292,776
Unrestricted	36,126,235	36,210,990
Total Net Position	**$ 73,217,835**	**$ 72,503,766**

FINANCIAL ANALYSIS OF RMU (cont.)

Table 2
Condensed Statements of Net Position

Water Utility

	12/31/25	12/31/24
Current/Noncurrent Assets/Deferred Outflows of Resources	$ 4,156,507	$ 5,355,219
Capital Assets	30,553,654	25,145,470
Total Assets and Deferred Outflows	**34,710,161**	**30,500,689**
Long-Term Liabilities	5,512,269	7,532,997
Other Liabilities/Deferred Inflows of Resources	2,162,164	2,409,067
Total Liabilities and Deferred Inflows	**7,674,433**	**9,942,064**
Net Investment in Capital Assets	24,718,306	17,679,677
Restricted	79,913	79,913
Unrestricted	2,237,509	2,799,035
Total Net Position	**$ 27,035,728**	**$ 20,558,625**

FINANCIAL ANALYSIS OF RMU (cont.)

Table 3
Condensed Statements of Net Position

Water Reclamation Utility

	12/31/25	12/31/24
Current/Noncurrent Assets/Deferred Outflows of Resources	$ 7,688,734	$ 8,303,727
Capital Assets	31,252,882	24,332,190
Total Assets and Deferred Outflows	**38,941,616**	**32,635,917**
Long-Term Liabilities	12,000,317	4,911,334
Other Liabilities/Deferred Inflows of Resources	1,578,595	2,127,072
Total Liabilities and Deferred Inflows	**13,578,912**	**7,038,406**
Net Investment in Capital Assets	18,630,457	18,556,485
Restricted	138,796	138,796
Unrestricted	6,593,451	6,902,230
Total Net Position	**$ 25,362,704**	**$ 25,597,511**

FINANCIAL ANALYSIS OF RMU (cont.)

Table 4
Condensed Statements of Net Position

Technology Center Utility

	12/31/25	12/31/24
Current/Noncurrent Assets/Deferred Outflows of Resources	$ 1,885,331	$ 2,188,140
Capital Assets	3,577,540	3,765,082
Total Assets and Deferred Outflows	**5,462,871**	**5,953,222**
Long-Term Liabilities	1,215,410	1,618,418
Other Liabilities/Deferred Inflows of Resources	1,270,199	1,441,730
Total Liabilities and Deferred Inflows	**2,485,609**	**3,060,148**
Net Investment in Capital Assets	2,556,566	2,424,427
Unrestricted (Deficit)	420,696	468,647
Total Net Position	**$ 2,977,262**	**$ 2,893,074**

The largest portion of RMU's net position (65%) reflects its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure), less any outstanding debt used to acquire those assets that is still outstanding. RMU employs these capital assets to provide electric, water, water reclamation, and communication services to our service area. Consequently, these assets are restricted for future spending. Although the utility's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the associated debt must be provided from other cash generating sources since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance of unrestricted net position (35**%)** may be used to meet the utilities' ongoing obligations to rate payers and creditors.

FINANCIAL ANALYSIS OF RMU (cont.)

ELECTRIC OPERATIONS

Electric operations increased the 2025 utility's net position by $714,069. This increase is primarily a result of the following items:

- Operating income of $2,400,378 on electric sales.
- Investment income and capital grants, partially offset by transfers to other City funds.

WATER OPERATIONS

Water operations increased the 2025 utility's net position by $4,838,167. Beginning net position was also restated by $1,638,936 to correct for prior-year IEPA loan forgiveness. This increase is primarily a result of the following items:

- Capital grants and contributions of $5,819,592 for system improvements.
- IEPA loan forgiveness on water project financing.
- Transfers to other City funds.

WATER RECLAMATION OPERATIONS

Water Reclamation operations decreased the 2025 utility's net position by $234,807. This decrease is primarily a result of the following items:

- Operating loss including depreciation and amortization of $1,698,145.
- Capital grants of $804,190 for the treatment plant improvement project.
- Transfers to other City funds.

TECHNOLOGY CENTER

Technology Center and Advanced Communication operations increased the 2025 utility's net position by $84,188. This increase is the result of the following items:

- Operating income of $115,885.
- Controlled operating and maintenance costs.
- Full-year effect of the major colocation customer lost in 2024.

FINANCIAL ANALYSIS OF RMU (cont.)

The Statement of Revenues, Expenses and Changes in Net Position provides an indication of the utilities' financial health.

Table 5
Condensed Statement of Revenues, Expenses and Changes in Net Position

Electric Utility

	12/31/25	12/31/24
Operating Revenues	$ 41,073,426	$ 44,666,557
Non-Operating Revenues	1,020,627	1,233,289
Total Revenues	42,094,053	45,899,846
Depreciation and Amortization Expense	2,717,650	2,875,935
Other Operating Expenses	35,955,398	34,166,953
Non-Operating Expenses	503,949	560,613
Total Expenses	39,176,997	37,603,501
Income Before Transfers and Grants	2,917,056	8,296,345
Transfers	(3,007,920)	(2,248,827)
Capital Grants	804,933	-
Changes in Net Position	$ 714,069	$ 6,047,518

FINANCIAL ANALYSIS OF RMU (cont.)

Table 6
Condensed Statement of Revenues, Expenses and Changes in Net Position

Water Utility

	12/31/25	12/31/24
Operating Revenues	$ 3,762,905	$ 3,794,793
Non-Operating Revenues	74,324	854,366
Total Revenues	3,837,229	4,649,159
Depreciation and Amortization Expense	1,066,889	1,010,502
Other Operating Expenses	2,630,356	2,662,767
Non-Operating Expenses	87,040	92,449
Total Expenses	3,784,285	3,765,718
Income Before Transfers and Grants	52,944	883,441
Transfers	(1,034,369)	(668,506)
Capital Grants	5,819,592	-
Changes in Net Position	$ 4,838,167	$ 214,935

FINANCIAL ANALYSIS OF RMU (cont.)

Table 7
Condensed Statement of Revenues, Expenses and Changes in Net Position

Water Reclamation Utility

	12/31/25	12/31/24
Operating Revenues	$ 4,130,239	$ 4,694,665
Non-Operating Revenues	236,064	261,656
Total Revenues	4,366,303	4,956,321
Depreciation and Amortization Expense	1,698,145	1,639,883
Other Operating Expenses	2,906,673	3,298,162
Non-Operating Expenses	96,601	52,828
Total Expenses	4,701,419	4,990,873
Income Before Transfers and Grants	(335,116)	(34,552)
Transfers	(703,881)	(711,970)
Capital Grants	804,190	3,492,180
Changes in Net Position	$ (234,807)	$ 2,745,658

FINANCIAL ANALYSIS OF RMU (cont.)

Table 8
Condensed Statement of Revenues, Expenses and Changes in Net Position

Technology Center Utility

	12/31/25	12/31/24
Operating Revenues	$ 1,058,661	$ 1,197,051
Non-Operating Revenues	9,621	11,142
Total Revenues	1,068,282	1,208,193
Depreciation and Amortization Expense	193,167	313,458
Other Operating Expenses	749,609	736,233
Non-Operating Expenses	41,318	54,311
Total Expenses	984,094	1,104,002
Income Before Transfers	84,188	104,191
Transfers	-	-
Changes in Net Position	$ 84,188	$ 104,191

RMU BUDGETARY HIGHLIGHTS

The final Electric Fund revenue budget, including other non-operating income, totaled $45,973,091. Actual revenues, including non-operating income were $42,094,053. Total budgeted expenses were $54,039,775. The Electric Fund's actual expenses totaled $39,176,997 including non-operating expenses. This provided income before contributions and transfers of $2,917,056.

The final Water Fund revenue budget totaled $9,748,167 with actual revenues of $3,837,229. The Water Fund's budgeted expenses were $10,345,168, while actual expenses totaled $3,784,285. This provided income before contributions and transfers of $52,944.

The final Water Reclamation Fund revenue budget totaled $13,384,141 with actual revenues of $4,366,303. The Water Reclamation Fund's budgeted expenses were $13,672,750, while actual expenses totaled $4,701,419. This provided a loss before contributions and transfers of $(335,116).

The final Technology Center Fund expenditure budget totaled $1,817,653 while the revenue budget was $1,313,000. The actual expenses totaled $984,094 while total revenues were $1,068,282. This provided income before contributions of $84,188.

LONG-TERM DEBT

On December 31, 2025, the Electric fund had $17,025,000 in alternate revenue long-term bonds outstanding. The direct placement loan outstanding at December 31, 2024 was repaid in full during 2025.

On December 31, 2025, the Water and Water Reclamation funds had $17,209,870 of long-term IEPA loans outstanding.

The repayment of debt is covered by operating revenues.

During 2025, the water reclamation utility drew $7,298,678 on an $11,640,600 IEPA loan to finance the Water Reclamation Plant Improvements Project. The debt is payable through October 2045 and bears an interest rate of 1.00%.

During 2025, an IEPA loan of $5,393,194 issued to the water utility was fully forgiven within the fiscal year, and therefore has no balance outstanding at year end.

On May 2, 2024, the electric utility issued $4,795,000 in alternate revenue bonds to finance construction of a substation. The debt is payable over 15 years and bears an interest rate from 4% to 5%.

On January 5, 2022, the electric utility issued $8,895,000 in alternate revenue bonds to finance the second phase of construction of a substation. The debt is payable over 15 years and bears an interest rate from 2% to 4%.

On October 5, 2021, the electric utility issued $7,775,000 in alternate revenue bonds to finance construction of a substation. The debt is payable over 15 years and bears an interest rate from 2% to 4%.

LONG-TERM DEBT (cont.)

On June 24, 2019, the water utility borrowed $3,049,830 from the IEPA to finance a radium removal plant at Well #12. The debt is payable over 20 years and bears an interest rate of 1.38%.

On June 11, 2019, the water reclamation utility borrowed $7,000,000 from the IEPA to finance the Water Reclamation Plant Improvements. The debt is payable over 20 years and bears an interest rate of 1.18%.

On August 30, 2017, the water utility borrowed $3,270,006 from the IEPA to finance the Well #11 project. The debt is payable over 20 years and bears an interest rate of 1.32%.

On October 17, 2015, the water utility borrowed $4,879,732 from the IEPA to finance the Well #12 project. The debt is payable over 20 years and bears an interest rate of 1.86%.

On March 1, 2007, the water reclamation utility borrowed $600,000 from the IEPA to finance the Askvig Sewer project. The debt is payable over 20 years and bears an interest rate of 2.50%.

The repayment of debt certificates is covered from operating revenues.

On December 31, 2025, the Technology Center fund had $1,025,000 of long-term debt certificates outstanding.

CURRENTLY KNOWN FACTS/ECONOMIC CONDITIONS

All currently known facts and economic conditions were considered in preparing the 2026 utility budget. None of these conditions are anticipated to significantly change the overall financial position of the utility. The City Council approved the 2026 Budget on December 8, 2025.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the utilities' finances. If you have questions about this report, or need any additional information, contact Rochelle Municipal Utilities, Matt Hoffman, Finance Director, 420 N. 6th St., Rochelle, IL 61068 or e-mail mhoffman@rochelleil.us.

BASIC FINANCIAL STATEMENTS

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2025

	Electric	Water	Water Reclamation	Technology Center	Total
CURRENT ASSETS					
Cash and Investments	$ 34,394,071	$ 1,456,992	$ 5,965,258	$ 577,061	$ 42,393,382
Receivables					
Accounts	2,630,311	172,239	103,711	74,676	2,980,937
Accrued Interest	12,778	-	6,070	-	18,848
Leases	-	54,318	-	177,689	232,007
Other	258,641	3,023	36,383	-	298,047
Prepaid Items	338,727	69,986	114,129	7,040	529,882
Deposits	654,746	-	-	-	654,746
Materials and Supplies Inventory	1,552,476	-	-	-	1,552,476
Due from Other Governments	-	799,829	875,562	-	1,675,391
Restricted Assets					
Cash Held at Paying Agent	-	79,913	138,796	-	218,709
Total Current Assets	39,841,750	2,636,300	7,239,909	836,466	50,554,425
NONCURRENT ASSETS					
Advances to Other Funds	409,044	-	-	-	409,044
Leases Receivable	-	922,354	-	796,091	1,718,445
Special Assessments	-	-	11,571	-	11,571
Total Noncurrent Assets	409,044	922,354	11,571	796,091	2,139,060
CAPITAL ASSETS					
Nondepreciable	10,617,767	7,802,528	11,670,825	519,453	30,610,573
Depreciable - Plant in Service	105,098,289	37,593,840	53,842,180	9,412,750	205,947,059
Intangible	626,003	32,192	226,811	-	885,006
Accumulated Depreciation/Amortization	(61,197,053)	(14,874,906)	(34,486,934)	(6,354,663)	(116,913,556)
Net Capital Assets	55,145,006	30,553,654	31,252,882	3,577,540	120,529,082
Total Assets	95,395,800	34,112,308	38,504,362	5,210,097	173,222,567
DEFERRED OUTFLOWS OF RESOURCES					
Pension Items	1,066,095	135,748	361,132	185,695	1,748,670
OPEB Items	225,784	28,385	76,122	38,705	368,996
Asset Retirement Obligation	-	433,720	-	-	433,720
Unamortized Loss on Refunding	-	-	-	28,374	28,374
Total Deferred Outflows of Resources	1,291,879	597,853	437,254	252,774	2,579,760
Total Assets and Deferred Outflows of Resources	96,687,679	34,710,161	38,941,616	5,462,871	175,802,327

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)

December 31, 2025

	Electric	Water	Water Reclamation	Technology Center	Total
CURRENT LIABILITIES					
Accounts Payable	$ 3,076,278	$ 769,468	$ 1,112,662	$ 10,861	$ 4,969,269
Accrued Payroll	108,780	25,321	28,735	-	162,836
Accrued Interest Payable	105,117	18,064	19,460	-	142,641
Other Payables	214,430	-	-	-	214,430
Revenue Bonds Payable	1,320,000	-	-	-	1,320,000
General Obligation Debt Payable	-	-	-	335,000	335,000
IEPA Loans Payable	-	394,134	263,714	-	657,848
OPEB Liability	51,068	6,190	16,601	3,095	76,954
Compensated Absences Payable	175,311	58,950	70,125	-	304,386
Lease Liability	130,404	1,916	44,088	-	176,408
Total Current Liabilities	5,181,388	1,274,043	1,555,385	348,956	8,359,772
LONG-TERM LIABILITIES					
Revenue Bonds Payable	17,270,722	-	-	-	17,270,722
General Obligation Debt Payable	-	-	-	714,348	714,348
IEPA Loans Payable	-	4,925,190	11,626,832	-	16,552,022
OPEB Liability	358,554	45,305	121,501	67,127	592,487
Net Pension Liability	115,984	17,524	42,014	24,891	200,413
Compensated Absences Payable	175,309	58,950	70,126	-	304,385
Lease Liability	299,224	-	139,844	-	439,068
Asset Retirement Obligation	-	465,300	-	-	465,300
Advance from Other Funds	-	-	-	409,044	409,044
Total Long-Term Liabilities	18,219,793	5,512,269	12,000,317	1,215,410	36,947,789
Total Liabilities	23,401,181	6,786,312	13,555,702	1,564,366	45,307,561
DEFERRED INFLOWS OF RESOURCES					
Pension Items	16,842	2,179	5,738	2,994	27,753
OPEB Items	51,821	6,516	17,472	8,884	84,693
Leases	-	879,426	-	909,365	1,788,791
Total Deferred Inflows of Resources	68,663	888,121	23,210	921,243	1,901,237
NET POSITION					
Net Investment in Capital Assets	37,091,600	24,718,306	18,630,457	2,556,566	82,996,929
Restricted for Debt Service	-	79,913	138,796	-	218,709
Unrestricted	36,126,235	2,237,509	6,593,451	420,696	45,377,891
TOTAL NET POSITION	$ 73,217,835	$ 27,035,728	$ 25,362,704	$ 2,977,262	$ 128,593,529

See accompanying notes to financial statements.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended December 31, 2025

	Electric	Water	Water Reclamation	Technology Center	Total
OPERATING REVENUES					
Charges for Services	$ 41,017,125	$ 3,762,077	$ 4,124,929	$ 1,058,661	$ 49,962,792
Miscellaneous	56,301	828	5,310	-	62,439
Total Operating Revenues	41,073,426	3,762,905	4,130,239	1,058,661	50,025,231
OPERATING EXPENSES					
Operations	35,955,398	2,630,356	2,906,673	749,609	42,242,036
Depreciation and Amortization	2,717,650	1,066,889	1,698,145	193,167	5,675,851
Total Operating Expenses	38,673,048	3,697,245	4,604,818	942,776	47,917,887
OPERATING INCOME (LOSS)	2,400,378	65,660	(474,579)	115,885	2,107,344
NON-OPERATING REVENUES (EXPENSES)					
Investment Income	1,015,692	74,324	236,064	9,621	1,335,701
Interest Expense	(503,949)	(87,040)	(96,601)	(41,318)	(728,908)
Gain on Sale of Assets	4,935	-	-	-	4,935
Total Non-Operating Revenues (Expenses)	516,678	(12,716)	139,463	(31,697)	611,728
NET INCOME (LOSS) BEFORE TRANSFERS CAPITAL GRANTS AND CONTRIBUTIONS	2,917,056	52,944	(335,116)	84,188	2,719,072
TRANSFERS					
Transfers In	758,641	-	-	-	758,641
Transfers (Out)	(3,766,561)	(1,034,369)	(703,881)	-	(5,504,811)
Total Transfers	(3,007,920)	(1,034,369)	(703,881)	-	(4,746,170)
CAPITAL GRANTS AND CONTRIBUTIONS	804,933	5,819,592	804,190	-	7,428,715
CHANGE IN NET POSITION	714,069	4,838,167	(234,807)	84,188	5,401,617
NET POSITION, BEGINNING OF YEAR, AS REPORTED	72,503,766	20,558,625	25,597,511	2,893,074	121,552,976
Error correction	-	1,638,936	-	-	1,638,936
NET POSITION, BEGINNING OF YEAR, AS RESTATED	72,503,766	22,197,561	25,597,511	2,893,074	123,191,912
NET POSITION, DECEMBER 31	$ 73,217,835	$ 27,035,728	$ 25,362,704	$ 2,977,262	$ 128,593,529

See accompanying notes to financial statements.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	Electric	Water	Water Reclamation	Technology Center	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	$ 41,444,368	$ 4,519,836	$ 4,501,053	$ 1,038,995	$ 51,504,252
Payments to Suppliers	(30,800,858)	(1,535,905)	(1,253,228)	(274,063)	(33,864,054)
Payments to Employees	(3,585,269)	(1,102,334)	(1,239,974)	(4,214)	(5,931,791)
Payments to Other Funds	(1,409,257)	(551,570)	(664,539)	(485,239)	(3,110,605)
Net Cash from Operating Activities	5,648,984	1,330,027	1,343,312	275,479	8,597,802
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers In	758,641	-	-	-	758,641
Transfers (Out)	(3,766,561)	(1,034,369)	(703,881)	-	(5,504,811)
Intergovernmental Loans	-	-	-	-	-
Receipts Held at Paying Agent	-	-	-	-	-
Net Cash from Noncapital Financing Activities	(3,007,920)	(1,034,369)	(703,881)	-	(4,746,170)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital Assets Purchased	(9,156,352)	(6,063,003)	(7,972,265)	(5,625)	(23,197,245)
Receipts from Capital Grants	804,933	6,658,699	-	-	7,463,632
Receipts from Sale of Assets	4,935	-	-	-	4,935
Issuance of Long-Term Debt	-	-	6,681,481	-	6,681,481
Principal Payments on Long-Term Debt	(1,721,542)	(398,316)	(294,340)	(320,500)	(2,734,698)
Interest Payments on Long-Term Debt	(664,097)	(87,607)	(97,746)	(40,498)	(889,948)
Net Cash from Capital and Related Financing Activities	(10,732,123)	109,773	(1,682,870)	(366,623)	(12,671,843)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sales of Investments	6,512,709	-	-	-	6,512,709
Purchases of Investments	(769,803)	-	-	-	(769,803)
Interest Received on Investments	1,017,753	74,324	244,558	9,621	1,346,256
Net Cash from Investing Activities	6,760,659	74,324	244,558	9,621	7,089,162
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,330,400)	479,755	(798,881)	(81,523)	(1,731,049)
CASH AND CASH EQUIVALENTS, JANUARY 1	14,431,252	977,237	6,764,139	658,584	22,831,212
CASH AND CASH EQUIVALENTS, DECEMBER 31	$ 13,100,852	$ 1,456,992	$ 5,965,258	$ 577,061	$ 21,100,163

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)

For the Year Ended December 31, 2025

	Electric	Water	Water Reclamation	Technology Center	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Income (Loss)	$ 2,400,378	$ 65,660	$ (474,579)	$ 115,885	$ 2,107,344
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities					
Depreciation and Amortization	2,717,650	1,066,889	1,698,145	193,167	5,675,851
Changes in Assets and Liabilities					
Accounts Receivable	(56,136)	10,664	321,862	(11,712)	264,678
Other Receivables	427,078	766,024	19,564	-	1,212,666
Prepaid Items	106,067	(34,304)	(55,554)	(3,816)	12,393
Materials and Supplies Inventory	270,284	-	-	-	270,284
Special Assessments	-	-	29,388	-	29,388
Pension Items - IMRF	(18,304)	(2,301)	(6,171)	(3,137)	(29,913)
Lease Revenue Items		(19,757)	-	(7,954)	(27,711)
OPEB Items	9,220	1,159	3,108	1,582	15,069
Accounts Payable	(294,374)	(533,951)	(247,549)	(8,362)	(1,084,236)
Accrued Payroll	24,568	1,322	6,274	(161)	32,003
Other Payables	10,713	-	-	-	10,713
Compensated Absences	51,840	8,622	48,824	(13)	109,273
NET CASH FROM OPERATING ACTIVITIES	$ 5,648,984	$ 1,330,027	$ 1,343,312	$ 275,479	$ 8,597,802
CASH AND INVESTMENTS					
Cash and Cash Equivalents	$ 13,100,852	$ 1,456,992	$ 5,965,258	$ 577,061	$ 21,100,163
Investments	21,293,219	-	-	-	21,293,219
TOTAL CASH AND INVESTMENTS	$ 34,394,071	$ 1,456,992	$ 5,965,258	$ 577,061	$ 42,393,382
NONCASH TRANSACTIONS					
Capital Contributions	$ -	$ -	$ 804,190	$ -	$ 804,190
Capital Assets in Accounts Payable	788,583	514,108	547,947	-	1,850,638
Capital Assets Acquired through Leases	201,655	-	168,828	-	370,483
IEPA Loan Receivable	-	799,829	875,562	-	1,675,391
IEPA Loan Payable	-	(799,829)	(875,562)	-	(1,675,391)
TOTAL NONCASH TRANSACTIONS	$ 990,238	$ 514,108	$ 1,520,965	$ -	$ 3,025,311

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Rochelle Municipal Utilities (RMU) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units and regulated enterprises (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the RMU's accounting policies are described below.

A. Reporting Entity

RMU is comprised of certain proprietary funds of the City of Rochelle, Illinois (the City). RMU is accounted for as a distinct and separate departmental entity of the City and includes the City's Electric Fund, the Water Fund, the Water Reclamation Fund and the Technology Center Fund.

The Electric Utility Fund accounts for the activities of the electric system. The Electric Fund's present generation capacity consists of ten diesel generating units (with an aggregate nameplate rating of 22,700 KW) and one solar gas turbine generator unit (with a nameplate rating of 4,200 KW).

The Water Fund accounts for the activities of the water system. The water system provides water supply to residents and businesses in the City. Water is obtained from four deep wells with a combined capacity of approximately 8.0 million gallons per day, compared to a daily demand of 3.4 million gallons in the service area.

The Water Reclamation Fund accounts for the activities of the water reclamation system. The water reclamation system maintains sanitary sewers and wastewater treatment facilities. A 4.9 million gallon per day sewerage plant provides primary, secondary and tertiary treatment for the 2.5 million gallons per day wastewater flow discharge from the plant.

The Technology Center Fund accounts for the activities of the RMU Technology Center that accounts for revenue received for rack space, collocation space and dark fiber and expenses associated with the construction of the Technology Center, debt service and fiber infrastructure. This fund also accounts for the activities of a fiber optic network that provides internet and high-speed data transfer services to customers in the City and the surrounding area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

RMU uses funds to report on its financial position and changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. RMU's funds are classified as proprietary funds.

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

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

RMU's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

RMU reports unearned revenue on its financial statements. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by RMU before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when RMU has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements and revenue is recognized. The RMU did not have any unearned revenue as of December 31, 2025.

D. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, RMU considers their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments (Continued)

Investments

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

E. Inventory

Inventory is valued at average cost on a first-in/first-out (FIFO) method. In the Electric Fund, inventory consisting of natural gas, diesel fuel and materials and supplies are generally used for construction or operations, not for resale. They are valued at average cost and charged to construction or expense when used.

F. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for using the consumption method.

G. Capital Assets

Capital assets are defined by RMU as assets with an initial, individual cost in excess of the following and an estimated useful life in excess of one year.

Asset Class	Capitalization Threshold
Vehicles, Machinery, Furniture and Equipment	$ 5,000
Buildings, Land Improvements and Infrastructure (All Systems)	25,000

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

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

Assets	Years
Buildings	25-40
Vehicles, Machinery and Equipment	5-20
Land Improvements	20-30
Utilities System	5-77
Infrastructure	10-50

Intangible assets represent the RMU's right-to-use a leased asset. These intangible assets, as defined by GASB Statement No. 87, *Leases* are for leased contracts of nonfinancial assets including equipment.

H. Vacation, Sick Pay and Other Employee Benefits

In accordance with GASB Statement 101, *Compensated Absences*, vested or accumulated vacation and sick leave is recorded as an expense and liability of those funds as the benefits accrue to employees. The entire balance of vacation leave is recognized as a liability at year end. A liability is recognized for the portion of accumulating sick leave benefits that is estimated to be more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

I. Interfund Transactions

Interfund service transactions are accounted for as revenues or expenses. Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund, are recorded as expenses in the reimbursing fund and as reductions of expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Interfund Receivables/Payables

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

K. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund financial statements. Bond premiums and discounts and gains/losses on refundings, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

L. Net Position

Restricted net position is legally restricted by outside parties for a specific purpose. None of RMU's restricted net position result from enabling legislation adopted by the City. Net investment in capital assets represents RMU's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

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

M. Deferred Outflows/Inflows of Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Use of Estimates

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

2. CASH AND INVESTMENTS

RMU participates in a cash and investment pool maintained by the City. The investments are governed by an investment policy for the City adopted by the City Council.

RMU categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

In accordance with the City's investment policy, monetary assets may be placed in all instruments permitted by the Illinois Public Funds Investment Act. This act permits deposits and investments in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, and commercial paper rated within the three highest classifications by at least two standard rating services and The Illinois Funds.

It is the policy of the City 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 City 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 safety (preservation of capital and protection of investment principal), liquidity and yield.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance, evidenced by a written collateral agreement with the collateral held by an agent of the City in the City's name.

2. CASH AND INVESTMENTS (Continued)

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter term securities, money market mutual funds or similar investment pools. Unless matched to a specific cash flow, the City does not directly invest in securities maturing more than five years from the date of purchase.

The City 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 The Illinois Funds, even though the investment policy allows other investments. The Illinois Funds are rated AAA.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the City's agent separate from where the investment was purchased. The money market mutual funds are not subject to custodial credit risk.

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

Concentration of the credit risk is the risk that the City has a high percentage of their investments invested in one investment. The City's investment policy is silent on concentration of credit risk.

The City's investment policy specifically prohibits the use of or the investment in derivatives, unless separately approved by the City Council.

The City does not hold any investments required to be reported at fair value.

3. CAPITAL ASSETS

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

	Beginning Balances, Reclassified*	Increases	Decreases	Ending Balances
ELECTRIC				
Capital Assets not Being Depreciated				
Land	$ 1,139,470	$ -	$ -	$ 1,139,470
Construction in Progress	2,779,456	8,502,497	1,803,656	9,478,297
Total Capital Assets not Being Depreciated	3,918,926	8,502,497	1,803,656	10,617,767
Capital Assets Being Depreciated				
Generation	19,515,767	-	-	19,515,767
Transmission	2,684,406	-	-	2,684,406
Distribution	77,409,854	1,809,281	-	79,219,135
General	3,678,981	-	-	3,678,981
Total Capital Assets Being Depreciated	103,289,008	1,809,281	-	105,098,289
Intangible Assets Being Amortized				
Equipment	464,216	201,655	39,868	626,003
Total Intangible Assets Being Amortized	464,216	201,655	39,868	626,003
Less Accumulated Depreciation for				
Generation	9,420,815	465,398	-	9,886,213
Transmission	2,684,406	-	-	2,684,406
Distribution	44,774,313	1,995,039	-	46,769,352
General	1,519,560	130,826	-	1,650,386
Total Accumulated Depreciation	58,399,094	2,591,263	-	60,990,357
Less Accumulated Amortization for				
Equipment	120,177	126,387	39,868	206,696
Total Accumulated Amortization	120,177	126,387	39,868	206,696
Total Capital and intangible Assets Being Depreciated and Amortized, Net	45,233,953	(706,714)	-	44,527,239
TOTAL ELECTRIC CAPITAL ASSETS, NET	$ 49,152,879	$ 7,795,783	$ 1,803,656	$ 55,145,006

*Certain accumulated depreciation balances were reclassified between asset classes. Total accumulated depreciation beginning balance was unchanged from prior year.

3. CAPITAL ASSETS (Continued)

	Beginning Balances, Reclassified*	Increases	Decreases	Ending Balances
WATER				
Capital Assets not Being Depreciated				
Land	$ 272,525	$ -	$ -	$ 272,525
Construction in Progress	2,413,487	6,452,310	1,335,794	7,530,003
Total Capital Assets not Being Depreciated	2,686,012	6,452,310	1,335,794	7,802,528
Capital Assets Being Depreciated				
Infrastructure	33,361,535	1,247,997	-	34,609,532
Equipment	2,879,011	105,297	-	2,984,308
Total Capital Assets Being Depreciated	36,240,546	1,353,294	-	37,593,840
Intangible Assets Being Amortized				
Equipment	92,570	-	60,378	32,192
Total Intangible Assets Being Amortized	92,570	-	60,378	32,192
Less Accumulated Depreciation for				
Infrastructure	12,515,195	957,161	-	13,472,356
Equipment	1,278,063	94,189	-	1,372,252
Total Accumulated Depreciation	13,793,258	1,051,350	-	14,844,608
Less Accumulated Amortization for				
Equipment	80,400	10,276	60,378	30,298
Total Accumulated Amortization	80,400	10,276	60,378	30,298
Total Capital and Intangible Assets Being Depreciated and Amortized, Net	22,459,458	291,668	-	22,751,126
TOTAL WATER CAPITAL ASSETS, NET	$ 25,145,470	$ 6,743,978	$ 1,335,794	$ 30,553,654

*Certain accumulated depreciation balances were reclassified between asset classes. Total accumulated depreciation beginning balance was unchanged from prior year.

3. CAPITAL ASSETS (Continued)

	Beginning Balances, Reclassified*	Increases	Decreases	Ending Balances
WATER RECLAMATION				
Capital Assets not Being Depreciated				
Land	$ 160,938	$ -	$ -	$ 160,938
Construction in Progress	4,413,803	8,450,009	1,353,925	11,509,887
Total Capital Assets not Being Depreciated	4,574,741	8,450,009	1,353,925	11,670,825
Capital Assets Being Depreciated				
Infrastructure	44,921,258	1,353,925	-	46,275,183
Equipment	7,566,997	-	-	7,566,997
Total Capital Assets Being Depreciated	52,488,255	1,353,925	-	53,842,180
Intangible Assets Being Amortized				
Equipment	76,447	168,828	18,464	226,811
Total Intangible Assets Being Amortized	76,447	168,828	18,464	226,811
Less Accumulated Depreciation for				
Infrastructure	27,285,260	1,459,795	-	28,745,055
Equipment	5,488,322	211,088	-	5,699,410
Total Accumulated Depreciation	32,773,582	1,670,883	-	34,444,465
Less Accumulated Amortization for				
Equipment	33,671	27,262	18,464	42,469
Total Accumulated Amortization	33,671	27,262	18,464	42,469
Total Capital and intangible Assets Being Depreciated and Amortized, Net	19,757,449	(175,392)	-	19,582,057
TOTAL WATER RECLAMATION CAPITAL ASSETS, NET	$ 24,332,190	$ 8,274,617	$ 1,353,925	$ 31,252,882

*Certain accumulated depreciation balances were reclassified between asset classes. Total accumulated depreciation beginning balance was unchanged from prior year.

3. CAPITAL ASSETS (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
TECHNOLOGY CENTER				
Capital Assets not Being Depreciated				
Land	$ 519,453	$ -	$ -	$ 519,453
Total Capital Assets not Being Depreciated	519,453	-	-	519,453
Capital Assets Being Depreciated				
Building	4,427,155	-	-	4,427,155
General	4,979,970	5,625	-	4,985,595
Total Capital Assets Being Depreciated	9,407,125	5,625	-	9,412,750
Intangible Assets Being Amortized				
Equipment	18,368	-	18,368	-
Total Intangible Assets Being Amortized	18,368	-	18,368	-
Less Accumulated Depreciation for				
Building	1,762,884	88,543	-	1,851,427
General	4,399,109	104,127	-	4,503,236
Total Accumulated Depreciation	6,161,993	192,670	-	6,354,663
Less Accumulated Amortization for				
Equipment	17,871	497	18,368	-
Total Accumulated Amortization	17,871	497	18,368	-
Total Capital and intangible Assets Being Depreciated and Amortized, Net	3,245,629	(187,542)	-	3,058,087
TOTAL TECHNOLOGY CENTER CAPITAL ASSETS, NET	$ 3,765,082	$ (187,542)	$ -	$ 3,577,540

4. LONG-TERM DEBT

	Balances January 1, Restated (2)	Additions	Reductions	Balances December 31	Current Portion
BUSINESS-TYPE ACTIVITIES					
General Obligation Debt Certificates	$ 1,345,000	$ -	$ 320,000	$ 1,025,000	$ 335,000
Alternate Revenue Bonds	18,295,000	-	1,270,000	17,025,000	1,320,000
IEPA Revolving Loans (2) (3)	10,565,383	7,298,678	654,191	17,209,870	657,848
Loan Payable (Direct Placement)	334,611	-	334,611	-	-
Unamortized Premium	1,749,998	-	159,928	1,590,070	-
Compensated Absences (1)	499,498	109,273	-	608,771	304,386
Net Pension Liability	711,312	-	510,899	200,413	-
OPEB Liability	715,539	-	46,098	669,441	76,954
Lease Liability	400,889	370,483	155,896	615,476	176,408
Asset Retirement Obligation	465,300	-	-	465,300	-
TOTAL BUSINESS-TYPE ACTIVITIES	$ 35,082,530	$ 7,778,434	$ 3,451,623	$ 39,409,341	$ 2,870,596

(1) The amount displayed as additions or reductions represents the net change in the liability.

(2) Beginning balances for the IEPA revolving loans were restated. See Note 11 for additional information.

(3) During the fiscal year ended December 31, 2025, an Illinois EPA loan was issued for $5,393,194 and was fully forgiven within the fiscal year. As such, there is no balance for this IEPA loan at year end. This loan is not presented in the table above.

Bonds payable at December 31, 2025 are comprised of the following:

<u>General Obligation Debt</u>

	Total	Current Portion
$3,140,000 2017A Limited Tax Refunding Debt Certificates, due in annual installments of $65,000 to $350,000 from June 30, 2018, to June 30, 2028, interest at 2% to 4%, retired by the Technology Center Fund.	$ 1,025,000	$ 335,000
TOTAL	$ 1,025,000	$ 335,000

4. LONG-TERM DEBT (Continued)

Alternate Revenue Bonds

	Total	Current Portion
$7,775,000 2021A General Obligation Bonds (Electric System Alternate Revenue Source), due in annual installments of $425,000 to $685,000 from May 1, 2022, to May 1, 2035, interest at 2% to 4%, retired by the Electric System Fund.	$ 5,945,000	$ 505,000
$8,895,000 2022 General Obligation Bonds (Electric System Alternate Revenue Source), due in annual installments of $515,000 to $775,000 from May 1, 2022, to May 1, 2035, interest at 2% to 4%, retired by the Electric System Fund.	6,745,000	570,000
$4,795,000 2023 General Obligation Bonds (Electric System Alternate Revenue Source), due in annual installments of $225,000 to $430,000 from May 1, 2024, to May 1, 2038, interest at 4% to 5%, retired by the Electric System Fund.	4,335,000	245,000
TOTAL	$ 17,025,000	$ 1,320,000

Illinois EPA Loans

	Total	Current Portion
$600,000 Illinois EPA low interest loan related to the Askvig Subdivision project, due in semiannual installments of $19,532, through May 2027, interest at 2.50%.	$ 57,160	$ 37,871
$4,879,732 Illinois EPA low interest loan related to the Well #12 Project, due in semiannual installments of $94,545, through November 2036, interest at 1.86%.	2,234,690	184,875
$3,270,006 Illinois EPA low interest loan related to the Well #11 Project, due in semiannual installments of $79,913, through June 2038, interest at 1.32%.	1,903,494	135,145

4. LONG-TERM DEBT (Continued)

Illinois EPA Loans (Continued)

	Total	Current Portion
$3,049,830 Illinois EPA low interest loan related to Well #12 Project, due in semiannual installments through May 2040, interest at 1.38%.	$ 1,181,141	$ 74,114
$7,000,000 Illinois EPA low interest loan related to Water Reclamation Plant Improvements Project, due in semiannual installments through January 2041, interest at 1.18%.	3,921,591	225,843
$11,640,600 Illinois EPA low interest loan related to the Water Reclamation Plant Improvements Project, through October 2045, interest at 1.00%.*	7,911,794	-
TOTAL	$ 17,209,870	$ 657,848

*This loan is still in the disbursement period, and therefore, a debt service to maturity schedule is not available as of December 31, 2025.

4. LONG-TERM DEBT (Continued)

Debt Service to Maturity

The annual requirements to amortize all debt outstanding as of December 31, 2025, are as follows:

Year Ending	G.O. Debt Certificates		Illinois EPA Loan	
December 31,	Principal	Interest	Principal	Interest
2026	$ 335,000	$ 27,400	$ 657,848	$ 126,651
2027	350,000	15,450	648,210	117,117
2028	340,000	5,100	637,997	107,798
2029	-	-	647,212	98,583
2030	-	-	656,564	89,232
2031-2035	-	-	3,428,098	300,878
2036-2040	-	-	2,377,821	78,145
2041-2044	-	-	244,326	792
TOTAL	$ 1,025,000	$ 47,950	$ 9,298,076	$ 919,196

Year Ending	Alternate Revenue Bonds	
December 31,	Principal	Interest
2026	$ 1,320,000	$ 603,075
2027	1,380,000	546,550
2028	1,435,000	487,600
2029	1,495,000	426,225
2030	1,550,000	368,650
2031-2035	8,600,000	1,000,950
2036-2039	1,245,000	75,900
TOTAL	$ 17,025,000	$ 3,508,950

The bonds of several issues are subject to redemption and payment prior to their maturity, at the option of the City.

Lease Liabilities

The RMU entered into various lease arrangements for the right-to-use enterprise vehicles for technology, water, and electric operations. Payments ranging from $58 to $1,058 are due in monthly installments through 2030. Total intangible right-to-use assets acquired under these agreements are $885,006.

4. LONG-TERM DEBT (Continued)

Lease Liabilities (Continued)

Obligations of the RMU under leases payable, typically paid from the Electric, Water Reclamation, Water and Technology Funds, including future interest payments at December 31, 2025, were as follows:

Fiscal Year Ending December 31,	Leases Principal	Leases Interest
2026	$ 176,408	$ 13,512
2027	179,033	8,969
2028	160,526	4,583
2029	77,218	934
2030	22,291	-
TOTAL	$ 615,476	$ 27,998

Asset Retirement Obligation

The City has recognized an asset retirement obligation (ARO) and related deferred outflow of resources in connection with its obligation to seal and abandon its water wells at the end of its estimated useful life in accordance with federal, state, and/or local requirements. The ARO was measured using actual historical costs for similar abandonments, adjusted for inflation through the end of the year. The estimated useful life of the water wells is 58-142 years.

5. DEFINED BENEFIT PENSION PLAN

RMU contributes, through the City, to the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. However, RMU's participation in IMRF is equivalent to a cost sharing multiple-employer pension plan since only one actuarial valuation is performed for both the City and RMU combined. All disclosures for an agent plan can be found in the City's Annual Comprehensive Financial Report.

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City and RMU are required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the year ended December 31, 2025 was 5.55% of covered payroll. For the year ended December 31, 2025, salaries totaling $5,277,684 were paid that required employer contributions of $292,886, which was equal to the RMU's actual contributions.

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Net Pension Liability

At December 31, 2025, RMU reported a liability of $200,413 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. RMU's proportion of the net pension liability was based on RMU's actual contribution to the plan for the year ended December 31, 2025, relative to the contributions of the City, actuarially determined. At December 31, 2025, RMU's proportion was 57.21% of the total contribution.

Actuarial Assumptions

RMU's net pension liability was measured as of December 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial Valuation Date	December 31, 2024
Actuarial Cost Method	Entry-Age Normal
Assumptions	
Inflation	2.25%
Salary Increases	2.85% to 13.75%
Interest Rate	7.25%
Asset Valuation Method	Fair Value

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.00%) and Female (adjusted 106.40%) 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.

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the 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 employer's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Long-Term Expected Rate of Return

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	33.50%	4.35%
International Equity	18.00%	5.40%
Fixed Income	24.50%	5.20%
Real Estate	10.50%	6.40%
Alternative Investments	12.50%	4.85% to 6.25%
Cash Equivalents	1.00%	3.60%
TOTAL	100.00%	

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended December 31, 2025, RMU recognized pension expense of $262,973. At December 31, 2025, RMU reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 749,605	$ -
Changes in Assumption	-	27,753
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	706,179	-
Contributions after Measurement Date	292,886	-
TOTAL	$ 1,748,670	$ 27,753

$292,886 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending December 31,	
2026	$ 614,465
2027	1,134,001
2028	(181,480)
2029	(138,955)
2030	-
TOTAL	$ 1,428,031

5. DEFINED BENEFIT PENSION PLAN (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability (Asset)	$ 3,503,367	$ 200,413	$ (2,431,662)

6. RISK MANAGEMENT

RMU is exposed to various risks of loss, including but not limited to, property and casualty, general and public officials' liability, workers' compensation and employee's health. RMU mitigates these risks through participation in city-wide risk management programs. The City purchases commercial health insurance and is not aware of any additional amounts owed as of December 31, 2025, for the current or prior claim years. Additional information on the City's risk management program can be found in the City's Annual Comprehensive Financial Report.

7. CONTRACTS, COMMITMENTS AND CONTINGENCIES

A. Litigation

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

B. Grants

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

7. CONTRACTS, COMMITMENTS AND CONTINGENCIES (Continued)

C. Northern Illinois Municipal Power Agency

Northern Illinois Municipal Power Agency (NIMPA) is a joint municipal electric power agency and a body politic and corporate, municipal corporation and unit of local government of the State of Illinois. NIMPA was created by contract under Illinois' municipal joint action agency statutes as of May 24, 2004 for the purpose of effecting the joint development of electric energy resources for the production, transmission and distribution of electric power and energy. NIMPA's members currently consist of three Illinois municipalities, the Cities of Batavia, Geneva and Rochelle.

The City currently purchases power and energy from NIMPA under a power sales agreement, under which the City is allocated a percentage entitlement to NIMPA's 120 MW ownership interest in the Prairie State project. The Prairie State project is an approximately 1,620 MW "mine mouth" coal fired power generating facility located in Washington County, Illinois. The City's entitlement share of the Prairie State project is 25% or 30 MW.

NIMPA's outstanding debt service obligation is to be paid by its members through their wholesale power charges through the remainder of the long-term contract, which is $349 million as of December 31, 2025.

8. INTERFUND ACCOUNTS

A. Advances To/From

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

	Advance From	Advance To
Electric Utility	$ 409,044	$ -
Technology Center	-	409,044
TOTAL	$ 409,044	$ 409,044

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

- $409,044 advanced from the Electric Utility Fund to the Technology Center Funds is for funding of cash shortfalls. Repayment is not expected within one year.

8. INTERFUND ACCOUNTS (Continued)

B. Interfund Transfers

Interfund transfers during the year ended December 31, 2025 consisted of the following:

	Transfer In	Transfer Out
City	$ 4,746,170	$ -
Electric Utility	758,641	3,766,561
Water	-	1,034,369
Water Reclamation	-	703,881
TOTAL	$ 5,504,811	$ 5,504,811

The purposes of significant interfund transfers are as follows:

- $4,746,170 transferred to the City was made up of $3,766,561 from the Electric Fund, $483,802 from the Water Fund, and $495,807 from the Water Reclamation Fund for annual transfers as permitted under bond ordinances. The transfers will not be repaid.

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. Additional information regarding this plan can be found in the City's Annual Comprehensive Financial Report.

Benefits Provided

The City provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans.

The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

RMU's total OPEB liability of $669,441 was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions and Other Inputs

The total OPEB liability at December 31, 2025, as determined by an actuarial valuation as of January 1, 2025, actuarial valuation, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified. The total OPEB liability was rolled forward by the actuary using updated procedures to December 31, 2025, including updating the discount rate, as noted below:

Actuarial Cost Method	Entry-Age Normal
Actuarial Value of Assets	Not Applicable
Salary Increases	2.75%
Discount Rate	4.83%
Healthcare Cost Trend Rates	7.58% to 7.93% Initial 5.00% Ultimate

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

Rate Sensitivity

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

	1% Decrease (3.83%)	Current Discount Rate (4.83%)	1% Increase (5.83%)
Total OPEB Liability	$ 713,773	$ 669,441	$ 628,037

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Rate Sensitivity (Continued)

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 5.00% to 7.93% as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower (4.00% to 6.93%) or 1 percentage point higher (6.00% to 8.93%) than the current rate:

	1% Decrease (varies)	Current Healthcare Rate (varies)	1% Increase (varies)
Total OPEB Liability	$ 602,806	$ 669,441	$ 746,464

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

For the year ended December 31, 2025, the RMU recognized OPEB expense of $95,540. At December 31, 2025, the RMU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 335,809	$ -
Changes in Assumptions	33,187	84,693
TOTAL	$ 368,996	$ 84,693

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

Year Ending December 31,	
2026	$ 28,184
2027	28,184
2028	28,184
2029	28,184
2030	29,407
Thereafter	142,160
TOTAL	$ 284,303

10. LESSOR DISCLOSURES

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

Lessor Type	Term	Payments	Interest
Cell tower	12/2014 - 11/2039	$2,200 monthly (4% annual increase)	1.591%
Cell tower	03/2016 - 03/2036	$1,600 monthly (4% annual increase)	1.446%
Dark fiber	11/2019 - 11/2029	$1,500 monthly	1.164%
Collocation	06/2017 - 06/2032	$2,360 monthly (3% annual increase)	1.305%
Dark fiber	10/2019 - 10/2029	$750 monthly	1.164%
Dark fiber	03/2020 - 02/2030	$375 monthly	1.164%
Dark fiber	04/2022 - 03/2032	$375 monthly (3% annual increase)	2.632%
Collocation	04/2020 - 03/2030	$1,488 monthly	1.164%
Collocation	03/2020 - 02/2028	$634 monthly	0.893%
Dark fiber	04/2021 - 03/2031	$6,567 monthly (3% annual increase)	1.251%

The cumulative lease receivable and related deferred inflow of resources related to these lease agreements at December 31, 2025 is $1,950,452 and $1,788,791, respectively.

11. RESTATEMENT

Error Correction

During the fiscal year ended December 31, 2025, the City determined one of the IEPA loans reported as a liability in the Water Fund in the prior year was forgiven, and therefore, should have been reported as grant income in the prior year. As such, liabilities were overstated by $1,638,936 and revenues and net income were understated by $1,638,936 for the fiscal year ended December 31, 2024. The effect of correcting the error is as follows:

	Water Fund	RMU Total
BEGINNING NET POSITION, AS PREVIOUSLY REPORTED	$ 20,558,625	$ 121,552,976
Error correction	1,638,936	1,638,936
Total net restatement	1,638,936	1,638,936
BEGINNING NET POSITION, AS RESTATED	$ 22,197,561	$ 123,191,912

REQUIRED SUPPLEMENTARY INFORMATION

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Contractually Required Contribution	$ 281,121	$ 445,537	$ 402,758	$ 339,551	$ 440,576	$ 411,271	$ 308,792	$ 223,752	$ 260,277	$ 292,886
Contributions in Relation to the Contractually Required Contribution	281,121	445,537	402,758	339,551	440,576	411,271	308,792	223,752	260,277	292,886
CONTRIBUTION DEFICIENCY (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,376,337	$ 3,731,460	$ 3,551,656	$ 3,652,341	$ 3,976,320	$ 3,961,579	$ 4,233,254	$ 4,575,574	$ 4,855,914	$ 5,277,684
Contributions as a Percentage of Covered Payroll	11.83%	11.94%	11.34%	9.30%	11.08%	10.38%	7.29%	4.89%	5.36%	5.55%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 19 years; the asset valuation method was five-year smoothed market and the significant actuarial assumptions were an investment rate of return at 7.25% annually, projected salary increases assumption of 2.75% to 13.75% compounded annually and postretirement benefit increases of 2.75% compounded annually.

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

SCHEDULE OF RMU'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Ten Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's Proportion of Net Pension Liability	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%
Employer's Proportionate Share of Net Pension Liability (Asset)	$ 2,896,700	$ 2,679,131	$ 533,971	$ 3,438,473	$ 1,045,237	$ (1,233,480)	$ (4,003,271)	$ 2,050,216	$ 24,891	$ 200,413
Employer's Covered Payroll	3,453,001	3,505,080	3,679,197	3,652,341	3,644,439	3,961,579	3,954,534	4,211,619	159,251	4,936,281
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	83.89%	76.44%	14.51%	94.14%	28.68%	(31.14%)	(101.23%)	48.68%	15.63%	4.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.65%	88.11%	97.66%	95.37%	95.86%	104.82%	115.16%	92.43%	97.46%	99.31%

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

SCHEDULE OF RMU'S PROPORTIONATE
SHARE OF THE TOTAL OPEB LIABILITY
OTHER POSTEMPLOYMENT BENEFIT PLAN

Last Eight Fiscal Years

MEASUREMENT DATE DECEMBER 31,	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Employer's Proportion of Total Pension Liability	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%	57.21%
Employer's Proportionate Share of Total OPEB Liability	$ 538,755	$ 438,797	$ 388,676	$ 403,716	$ 494,007	$ 504,696	$ 715,539	$ 669,441
Employer's Covered Payroll	4,420,600	5,150,615	5,631,947	5,636,896	5,951,422	6,427,084	7,046,097	7,676,326
Employer's Proportionate Share of the Total Pension Liability as a Percentage of its Covered Payroll	12.19%	8.52%	6.90%	7.16%	8.30%	7.85%	10.16%	8.72%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

SUPPLEMENTAL INFORMATION

ELECTRIC FUND

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION
ELECTRIC FUND

December 31, 2025

CURRENT ASSETS	
Cash and Investments	$ 34,394,071
Receivables	
Accounts	2,630,311
Accrued Interest	12,778
Other	258,641
Prepaid Items	338,727
Deposits	654,746
Materials and Supplies Inventory	1,552,476
Total Current Assets	39,841,750
NONCURRENT ASSETS	
Advance to Other Funds	409,044
Total Noncurrent Assets	409,044
CAPITAL ASSETS	
Nondepreciable	10,617,767
Depreciable - Plant in Service	105,098,289
Intangible	626,003
Accumulated Depreciation/Amortization	(61,197,053)
Net Capital Assets	55,145,006
Total Assets	95,395,800
DEFERRED OUTFLOWS OF RESOURCES	
Pension Items	1,066,095
OPEB Items	225,784
Total Deferred Outflows of Resources	1,291,879
Total Assets and Deferred Outflows of Resources	96,687,679

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
ELECTRIC FUND

December 31, 2025

CURRENT LIABILITIES		
Accounts Payable	$	3,076,278
Accrued Payroll		108,780
Accrued Interest Payable		105,117
Other Payables		214,430
Revenue Bonds Payable		1,320,000
OPEB Liability		51,068
Compensated Absences Payable		175,311
Lease Liability		130,404
Total Current Liabilities		5,181,388
LONG-TERM LIABILITIES		
Revenue Bonds Payable		17,270,722
OPEB Liability		358,554
Net Pension Liability		115,984
Compensated Absences Payable		175,309
Lease Liability		299,224
Total Long-Term Liabilities		18,219,793
Total Liabilities		23,401,181
DEFERRED INFLOWS OF RESOURCES		
Pension Items		16,842
OPEB Items		51,821
Total Deferred Inflows of Resources		68,663
NET POSITION		
Net Investment in Capital Assets		37,091,600
Unrestricted		36,126,235
Total Net Position	$	73,217,835

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ELECTRIC FUND

For the Year Ended December 31, 2025

OPERATING REVENUES	
Charges for Services	
Residential	$ 6,376,122
Commercial	5,808,837
Industrial	28,024,121
Public Street Lighting	1,492
Interdepartmental	758,641
Other Operating Revenue	47,912
Miscellaneous	56,301
Total Operating Revenues	41,073,426
OPERATING EXPENSES	
Operations	
Personnel	3,652,593
Contractual Services	31,021,879
Commodities	1,217,851
Other	63,075
Depreciation and Amortization	2,717,650
Total Operating Expenses	38,673,048
OPERATING INCOME	2,400,378
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	1,015,692
Interest Expense	(503,949)
Gain on Sale of Assets	4,935
Total Non-Operating Revenues (Expenses)	516,678
NET INCOME BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	2,917,056
TRANSFERS	
Transfers In	758,641
Transfers (Out)	(3,766,561)
Total Transfers	(3,007,920)
CAPITAL GRANTS AND CONTRIBUTIONS	804,933
CHANGE IN NET POSITION	714,069
NET POSITION, BEGINNING OF YEAR	72,503,766
NET POSITION, END OF YEAR	$ 73,217,835

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
ELECTRIC FUND

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	$ 41,444,368
Payments to Suppliers	(30,800,858)
Payments to Employees	(3,585,269)
Payments to Other Funds	(1,409,257)
Net Cash from Operating Activities	5,648,984
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers In	758,641
Transfers (Out)	(3,766,561)
Net Cash from Noncapital Financing Activities	(3,007,920)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Assets Purchased	(9,156,352)
Receipts from Capital Grants	804,933
Receipts from Sale of Assets	4,935
Principal Payments on Long-Term Debt	(1,721,542)
Interest Payments on Long-Term Debt	(664,097)
Net Cash from Capital and Related Financing Activities	(10,732,123)
CASH FLOWS FROM INVESTING ACTIVITIES	
Sales of Investments	6,512,709
Purchases of Investments	(769,803)
Interest Received on Investments	1,017,753
Net Cash from Investing Activities	6,760,659
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,330,400)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,431,252
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 13,100,852

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
ELECTRIC FUND

For the Year Ended December 31, 2025

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	$	2,400,378
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation and Amortization		2,717,650
Changes in Assets and Liabilities		
Accounts Receivable		(56,136)
Other Receivables		427,078
Prepaid Items		106,067
Materials and Supplies Inventory		270,284
Pension Items - IMRF		(18,304)
OPEB Items		9,220
Accounts Payable		(294,374)
Accrued Payroll		24,568
Other Payables		10,713
Compensated Absences		51,840
NET CASH FROM OPERATING ACTIVITIES	$	5,648,984
CASH AND INVESTMENTS		
Cash and Cash Equivalents	$	13,100,852
Investments		21,293,219
TOTAL CASH AND INVESTMENTS	$	34,394,071
NONCASH TRANSACTIONS		
Capital Assets in Accounts Payable	$	788,583
Capital Assets Acquired through Leases		201,655
TOTAL NONCASH TRANSACTIONS	$	990,238

(See independent auditor's report.)

WATER FUND

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION
WATER FUND

December 31, 2025

CURRENT ASSETS	
Cash and Investments	$ 1,456,992
Receivables	
Accounts	172,239
Leases	54,318
Other	3,023
Prepaid Items	69,986
Due from Other Governments	799,829
Restricted Assets	
Cash Held at Paying Agent	79,913
Total Current Assets	2,636,300
NONCURRENT ASSETS	
Leases Receivable	922,354
Total Noncurrent Assets	922,354
CAPITAL ASSETS	
Nondepreciable	7,802,528
Depreciable - Plant in Service	37,593,840
Intangible	32,192
Accumulated Depreciation/Amortization	(14,874,906)
Net Capital Assets	30,553,654
Total Assets	34,112,308
DEFERRED OUTFLOWS OF RESOURCES	
Pension Items	135,748
OPEB Items	28,385
Asset Retirement Obligation	433,720
Total Deferred Outflows of Resources	597,853
Total Assets and Deferred Outflows of Resources	34,710,161

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
WATER FUND

December 31, 2025

CURRENT LIABILITIES		
Accounts Payable	$	769,468
Accrued Payroll		25,321
Accrued Interest Payable		18,064
IEPA Loans Payable		394,134
OPEB Liability		6,190
Compensated Absences Payable		58,950
Lease Liability		1,916
Total Current Liabilities		1,274,043
LONG-TERM LIABILITIES		
IEPA Loans Payable		4,925,190
OPEB Liability		45,305
Net Pension Liability		17,524
Compensated Absences Payable		58,950
Asset Retirement Obligation		465,300
Total Long-Term Liabilities		5,512,269
Total Liabilities		6,786,312
DEFERRED INFLOWS OF RESOURCES		
Pension Items		2,179
OPEB Items		6,516
Leases		879,426
Total Deferred Inflows of Resources		888,121
NET POSITION		
Net Investment in Capital Assets		24,718,306
Restricted for Debt Service		79,913
Unrestricted		2,237,509
Total Net Position	$	27,035,728

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER FUND

For the Year Ended December 31, 2025

OPERATING REVENUES	
Water	
Charges for Services	
Residential	$ 1,335,996
Commercial	1,220,470
Industrial	1,084,957
Rental	100,149
Other Operating Revenue	20,505
Miscellaneous	828
Total Operating Revenues	3,762,905
OPERATING EXPENSES	
Operations	
Personnel	1,111,136
Contractual Services	1,068,830
Commodities	399,817
Insurance	16,210
Other	34,363
Depreciation and Amortization	1,066,889
Total Operating Expenses	3,697,245
OPERATING INCOME	65,660
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	74,324
Interest Expense	(87,040)
Total Non-Operating Revenues (Expenses)	(12,716)
NET INCOME BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	52,944
TRANSFERS	
Transfers (Out)	(1,034,369)
Total Transfers	(1,034,369)
CAPITAL GRANTS AND CONTRIBUTIONS	5,819,592
CHANGE IN NET POSITION	4,838,167
NET POSITION, BEGINNING OF YEAR, AS REPORTED	20,558,625
Error Correction	1,638,936
NET POSITION, BEGINNING OF YEAR, AS RESTATED	22,197,561
NET POSITION, END OF YEAR	$ 27,035,728

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
WATER FUND

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	$ 4,519,836
Payments to Suppliers	(1,535,905)
Payments to Employees	(1,102,334)
Payments to Other Funds	(551,570)
Net Cash from Operating Activities	1,330,027
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers (Out)	(1,034,369)
Net Cash from Noncapital Financing Activities	(1,034,369)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Assets Purchased	(6,063,003)
Receipts from Capital Grants	6,658,699
Principal Payments on Long-Term Debt	(398,316)
Interest Payments on Long-Term Debt	(87,607)
Net Cash from Capital and Related Financing Activities	109,773
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	74,324
Net Cash from Investing Activities	74,324
NET INCREASE IN CASH AND CASH EQUIVALENTS	479,755
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	977,237
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,456,992

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
WATER FUND

For the Year Ended December 31, 2025

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	$	65,660
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation and Amortization		1,066,889
Changes in Assets and Liabilities		
Accounts Receivable		10,664
Other Receivables		766,024
Prepaid Items		(34,304)
Pension Items - IMRF		(2,301)
OPEB Items		1,159
Lease Revenue Items		(19,757)
Accounts Payable		(533,951)
Accrued Payroll		1,322
Compensated Absences		8,622
NET CASH FROM OPERATING ACTIVITIES	$	1,330,027
CASH AND INVESTMENTS		
Cash and Cash Equivalents	$	1,456,992
TOTAL CASH AND INVESTMENTS	$	1,456,992
NONCASH TRANSACTIONS		
Capital Assets in Accounts Payable	$	514,108
IEPA Loan Receivable		799,829
IEPA Loan Payable		(799,829)
TOTAL NONCASH TRANSACTIONS	$	514,108

(See independent auditor's report.)

WATER RECLAMATION FUND

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION
WATER RECLAMATION FUND

December 31, 2025

CURRENT ASSETS	
Cash and Investments	$ 5,965,258
Receivables	
Accounts	103,711
Accrued Interest	6,070
Other	36,383
Prepaid Items	114,129
Due from Other Governments	875,562
Restricted Assets	
Cash Held at Paying Agent	138,796
Total Current Assets	7,239,909
NONCURRENT ASSETS	
Special Assessments	11,571
Total Noncurrent Assets	11,571
CAPITAL ASSETS	
Nondepreciable	11,670,825
Depreciable - Plant in Service	53,842,180
Intangible	226,811
Accumulated Depreciation	(34,486,934)
Net Capital Assets	31,252,882
Total Assets	38,504,362
DEFERRED OUTFLOWS OF RESOURCES	
Pension Items	361,132
OPEB Items	76,122
Total Deferred Outflows of Resources	437,254
Total Assets and Deferred Outflows of Resources	38,941,616

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
WATER RECLAMATION FUND

December 31, 2025

CURRENT LIABILITIES	
Accounts Payable	$ 1,112,662
Accrued Payroll	28,735
Accrued Interest Payable	19,460
IEPA Loans Payable	263,714
OPEB Liability	16,601
Compensated Absences Payable	70,125
Lease Liability	44,088
Total Current Liabilities	1,555,385
LONG-TERM LIABILITIES	
IEPA Loans Payable	11,626,832
OPEB Liability	121,501
Net Pension Liability	42,014
Compensated Absences Payable	70,126
Lease Liability	139,844
Total Long-Term Liabilities	12,000,317
Total Liabilities	13,555,702
DEFERRED INFLOWS OF RESOURCES	
Pension Items	5,738
OPEB Items	17,472
Total Deferred Inflows of Resources	23,210
NET POSITION	
Net Investment in Capital Assets	18,630,457
Restricted for Debt Service	138,796
Unrestricted	6,593,451
TOTAL NET POSITION	$ 25,362,704

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WATER RECLAMATION FUND

For the Year Ended December 31, 2025

OPERATING REVENUES	
Charges for Services	
Residential	$ 1,371,969
Commercial	1,197,141
Industrial	1,331,330
Other Operating Revenue	224,489
Miscellaneous	5,310
Total Operating Revenues	4,130,239
OPERATING EXPENSES	
Operations	
Personnel	1,292,009
Contractual Services	1,015,343
Commodities	560,844
Insurance	27,479
Other	10,998
Depreciation and Amortization	1,698,145
Total Operating Expenses	4,604,818
OPERATING INCOME (LOSS)	(474,579)
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	236,064
Interest Expense	(96,601)
Total Non-Operating Revenues (Expenses)	139,463
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL GRANTS AND CONTRIBUTIONS	(335,116)
TRANSFERS	
Transfers (Out)	(703,881)
Total Transfers	(703,881)
CAPITAL GRANTS AND CONTRIBUTIONS	804,190
CHANGE IN NET POSITION	(234,807)
NET POSITION, BEGINNING OF YEAR	25,597,511
NET POSITION, END OF YEAR	$ 25,362,704

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
WATER RECLAMATION FUND

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	$ 4,501,053
Payments to Suppliers	(1,253,228)
Payments to Employees	(1,239,974)
Payments to Other Funds	(664,539)
Net Cash from Operating Activities	1,343,312
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers (Out)	(703,881)
Net Cash from Noncapital Financing Activities	(703,881)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Assets Purchased	(7,972,265)
Long Term Debt Issued	6,681,481
Principal Payments on Long-Term Debt	(294,340)
Interest Payments on Long-Term Debt	(97,746)
Net Cash from Capital and Related Financing Activities	(1,682,870)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	244,558
Net Cash from Investing Activities	244,558
NET DECREASE IN CASH AND CASH EQUIVALENTS	(798,881)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,764,139
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,965,258

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
WATER RECLAMATION FUND

For the Year Ended December 31, 2025

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income (Loss)	$	(474,579)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities		
Depreciation and Amortization		1,698,145
Changes in Assets and Liabilities		
Accounts Receivable		321,862
Other Receivables		19,564
Prepaid Items		(55,554)
Special Assessments		29,388
Pension Items - IMRF		(6,171)
OPEB Items		3,108
Accounts Payable		(247,549)
Accrued Payroll		6,274
Compensated Absences		48,824
NET CASH FROM OPERATING ACTIVITIES	$	1,343,312
CASH AND INVESTMENTS		
Cash and Cash Equivalents	$	5,965,258
TOTAL CASH AND INVESTMENTS	$	5,965,258
NONCASH TRANSACTIONS		
Capital Contributions	$	804,190
Capital Assets in Accounts Payable		547,947
Capital Assets Acquired through Leases		168,828
IEPA Loan Receivable		875,562
IEPA Loan Payable		(875,562)
TOTAL NONCASH TRANSACTIONS	$	1,520,965

(See independent auditor's report.)

TECHNOLOGY CENTER FUND

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION
TECHNOLOGY CENTER FUND

December 31, 2025

CURRENT ASSETS		
Cash		
Receivables	$	577,061
Accounts		74,676
Leases		177,689
Prepaid Items		7,040
Total Current Assets		836,466
NONCURRENT ASSET		
Lease Receivable		796,091
Total Noncurrent Assets		796,091
CAPITAL ASSETS		
Nondepreciable		519,453
Depreciable - Plant in Service		9,412,750
Intangible		-
Accumulated Depreciation/Amortization		(6,354,663)
Net Capital Assets		3,577,540
Total Assets		5,210,097
DEFERRED OUTFLOWS OF RESOURCES		
Pension Items		185,695
OPEB Items		38,705
Unamortized Loss on Refunding		28,374
Total Deferred Outflows of Resources		252,774
Total Assets and Deferred Outflows of Resources		5,462,871

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF NET POSITION (Continued)
TECHNOLOGY CENTER FUND

December 31, 2025

CURRENT LIABILITIES	
Accounts Payable	$ 10,861
General Obligation Debt Payable	335,000
OPEB Liability	3,095
Total Current Liabilities	348,956
LONG-TERM LIABILITIES	
General Obligation Debt Payable	714,348
OPEB Liability	67,127
Net Pension Liability	24,891
Advance from Other Funds	409,044
Total Long-Term Liabilities	1,215,410
Total Liabilities	1,564,366
DEFERRED INFLOWS OF RESOURCES	
Pension Items	2,994
OPEB Items	8,884
Leases	909,365
Total Deferred Inflows of Resources	921,243
NET POSITION	
Net Investment in Capital Assets	2,556,566
Unrestricted	420,696
TOTAL NET POSITION	$ 2,977,262

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
TECHNOLOGY CENTER FUND

For the Year Ended December 31, 2025

OPERATING REVENUES	
Technology	
Charges for Services	
Commercial Fiber Leases	$ 403,730
Commercial Colocation Leases	84,059
Internal Fiber Leases	237,750
Internal Colocation Leases	45,648
Penalties	509
Total Technology	771,696
Communications	
Charges for Services	
Dial-Up Internet Access	3,066
Fiber Internet Access	250,959
Web Site Host	2,410
Internet Access	8,351
Activation Fees	690
Data Services	3,312
VOIP Services	15,851
Mailboxes	1,924
Penalties	402
Total Communications Revenues	286,965
Total Operating Revenues	1,058,661
OPERATING EXPENSES	
Technology	
Operations	
Personnel	2,421
Contractual Services	584,107
Commodities	132,947
Depreciation and Amortization	159,364
Total Technology Expenses	878,839
Communications	
Operations	
Personnel	64
Contractual Services	18,218
Commodities	11,852
Depreciation and Amortization	33,803
Total Communications Expenses	63,937
Total Operating Expenses	942,776
OPERATING INCOME	115,885

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

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

For the Year Ended December 31, 2025

NON-OPERATING REVENUES (EXPENSES)	
Investment Income	$ 9,621
Interest Expense	(41,318)
Total Non-Operating Revenues (Expenses)	(31,697)
CHANGE IN NET POSITION	84,188
NET POSITION, BEGINNING OF YEAR	2,893,074
NET POSITION, END OF YEAR	$ 2,977,262

(See independent auditor's report.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS
TECHNOLOGY CENTER FUND

For the Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	$ 1,038,995
Payments to Suppliers	(274,063)
Payments to Employees	(4,214)
Payments to Other Funds	(485,239)
Net Cash from Operating Activities	275,479
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
None	-
Net Cash from Noncapital Financing Activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Assets Purchased	(5,625)
Principal Payments on Long-Term Debt	(320,500)
Interest Payments on Long-Term Debt	(40,498)
Net Cash from Capital and Related Financing Activities	(366,623)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Investments	9,621
Net Cash from Investing Activities	9,621
NET DECREASE IN CASH AND CASH EQUIVALENTS	(81,523)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	658,584
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 577,061

(This statement is continued on the following page.)

ROCHELLE MUNICIPAL UTILITIES
ROCHELLE, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
TECHNOLOGY CENTER FUND

For the Year Ended December 31, 2025

RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	$	115,885
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities		
Depreciation and Amortization		193,167
Changes in Assets and Liabilities		
Accounts Receivable		(11,712)
Prepaid Items		(3,816)
Pension Items - IMRF		(3,137)
OPEB Items		1,582
Lease Revenue Items		(7,954)
Accounts Payable		(8,362)
Accrued Payroll		(161)
Compensated Absences		(13)
NET CASH FROM OPERATING ACTIVITIES	$	275,479
CASH AND INVESTMENTS		
Cash and Cash Equivalents	$	577,061
NONCASH TRANSACTIONS		
None	$	-
TOTAL NONCASH TRANSACTIONS	$	-

(See independent auditor's report.)