

CITY OF ARCOLA  
DOUGLAS COUNTY, ILLINOIS

FINANCIAL STATEMENTS  
For the Year Ended April 30, 2025

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**GILBERT, METZGER & MADIGAN, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

Michael J. Metzger, CPA  
Kelsey D. Swing, CPA

6029 Park Drive, Suite A  
Charleston, Illinois 61920

phone (217) 345-2128  
fax (217) 345-2315  
website gmmcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council  
City of Arcola  
Arcola, Illinois

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arcola, Illinois, as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Arcola, Illinois' 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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arcola, Illinois, as of April 30, 2025, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof and the respective budgetary comparison – modified cash basis for the General Fund, Tax Increment Financing Fund, and Motor Fuel Tax Fund for the year then ended in accordance with the modified cash basis of accounting described in Note A.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Arcola, Illinois, 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.

**Emphasis of Matter - Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Arcola, Illinois' 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 City of Arcola, Illinois' 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Arcola, Illinois' basic financial statements. The accompanying combining and individual nonmajor fund financial statements, consolidated year-end financial report, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the consolidated year-end financial report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

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

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

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2025, on our consideration of the City of Arcola, Illinois' 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 of Arcola, Illinois' 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 of Arcola, Illinois' internal control over financial reporting and compliance.

*Gilbert, Metzger & Madigan, LLP*

September 16, 2025

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Michael J. Metzger, CPA  
Kelsey D. Swing, CPA

6029 Park Drive, Suite A  
Charleston, Illinois 61920

phone (217) 345-2128  
fax (217) 345-2315  
website gmmcpa.com

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

To the Mayor and City Council  
City of Arcola  
Arcola, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Arcola, Illinois, as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Arcola, Illinois' basic financial statements and have issued our report thereon dated September 16, 2025.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-1 and 2025-2, that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

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

## **City of Arcola, Illinois' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Arcola, Illinois' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Arcola, Illinois' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

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

*Gilbert, Metzger & Madigan, LLP*

September 16, 2025

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Michael J. Metzger, CPA  
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website gmmcpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

To the Mayor and City Council  
City of Arcola  
Arcola, Illinois

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City of Arcola, Illinois' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Arcola, Illinois' major federal programs for the year ended April 30, 2025. City of Arcola, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Arcola, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April, 30 2025.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Arcola, Illinois, 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Arcola, Illinois' compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or grant agreements applicable to City of Arcola, Illinois' federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Arcola, Illinois' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Arcola, Illinois' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Arcola, Illinois' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Arcola, Illinois' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Arcola, Illinois' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Gilbert, Metzger & Madigan, LLP*

September 16, 2025

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
April 30, 2025

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash deposits	\$ 2,436,859	\$ 334,457	\$ 2,771,316
Restricted assets:			
Cash deposits	-	249,432	249,432
Loan receivables	50,251	-	50,251
Internal balances	(2,121)	2,121	-
Joint venture investment	-	305,182	305,182
Capital assets, net of accumulated depreciation	8,263,849	5,044,905	13,308,754
Total assets	10,748,838	5,936,097	16,684,935
<b>LIABILITIES</b>			
Payroll deductions	4,084	1,899	5,983
Payable from restricted assets:			
Water meter deposits	-	47,450	47,450
Notes payable:			
Due within one year	23,522	76,108	99,630
Due in more than one year	28,805	433,514	462,319
Bonds payable:			
Due within one year	100,000	15,000	115,000
Due in more than one year	600,000	780,000	1,380,000
Total liabilities	756,411	1,353,971	2,110,382

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS (Continued)  
April 30, 2025

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net investment in capital assets	7,638,818	3,740,288	11,379,106
Restricted for:			
Debt service	-	201,982	201,982
Bond proceeds	33,938	-	33,938
Capital improvements	178,223	14,970	193,193
Insurance	502	-	502
Unemployment	66,257	-	66,257
Auditing	5,280	-	5,280
IMRF	38,681	-	38,681
Social security	1,371	-	1,371
ESDA	14,270	-	14,270
Public safety	4,093	-	4,093
Public works/transportation	359,761	-	359,761
Culture and recreation	279,497	-	279,497
Development	334,894	-	334,894
Unrestricted	1,036,842	624,886	1,661,728
 Total Net Position	 \$ 9,992,427	 \$ 4,582,126	 \$ 14,574,553

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
For the Year Ended April 30, 2025

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Program Activities:</b>							
<b>Governmental Activities:</b>							
General government	\$ 397,853	\$ 49,717	\$ 12,182	\$ -	\$ (335,954)	\$ -	\$ (335,954)
Public safety	824,175	86,569	-	-	(737,606)	-	(737,606)
Public works/transportation	864,030	-	132,244	1,309,427	577,641	-	577,641
Culture and recreation	360,674	-	-	-	(360,674)	-	(360,674)
Development	1,295,466	-	-	-	(1,295,466)	-	(1,295,466)
Interest expense	17,525	-	-	-	(17,525)	-	(17,525)
Total governmental activities	<u>3,759,723</u>	<u>136,286</u>	<u>144,426</u>	<u>1,309,427</u>	<u>(2,169,584)</u>	<u>-</u>	<u>(2,169,584)</u>
<b>Business-type activities:</b>							
Water	1,487,903	1,366,429	-	340,410	-	218,936	218,936
Sewer	566,008	611,746	-	53,559	-	99,297	99,297
Total business-type activities	<u>2,053,911</u>	<u>1,978,175</u>	<u>-</u>	<u>393,969</u>	<u>-</u>	<u>318,233</u>	<u>318,233</u>
Total primary government	<u>\$ 5,813,634</u>	<u>\$ 2,114,461</u>	<u>\$ 144,426</u>	<u>\$ 1,703,396</u>	<u>(2,169,584)</u>	<u>318,233</u>	<u>(1,851,351)</u>
<b>General Revenues:</b>							
Property taxes					411,575	-	411,575
TIF surplus distribution					45,871	-	45,871
TIF property tax increment					1,350,500	-	1,350,500
State income tax					508,726	-	508,726
Sales tax					742,289	-	742,289
Non-home rule sales tax					178,915	-	178,915
Video gaming tax					93,485	-	93,485
Replacement tax					16,575	-	16,575
Cannabis tax					4,600	-	4,600
Telecommunications tax					30,777	-	30,777
Hotel and motel tax					77,301	-	77,301
Franchise fees					19,481	-	19,481
Interest income					79,517	19,289	98,806
Gain (loss) on sale of capital assets					(88,165)	-	(88,165)
Miscellaneous					93,444	18,440	111,884
Transfers					(226,457)	226,457	-
Total general revenues and transfers					<u>3,338,434</u>	<u>264,186</u>	<u>3,602,620</u>
Change in net position					1,168,850	582,419	1,751,269
Net position, beginning of year					<u>8,823,577</u>	<u>3,999,707</u>	<u>12,823,284</u>
Net Position, End of Year					<u>\$ 9,992,427</u>	<u>\$ 4,582,126</u>	<u>\$ 14,574,553</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE  
ARISING FROM CASH TRANSACTIONS - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
April 30, 2025

	General	Tax Increment Financing	Motor Fuel Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash deposits	\$ 1,531,846	\$ 268,288	\$ 359,761	\$ 276,963	\$ 2,436,858
Due from other funds	409	3,421	-	-	3,830
Loan receivables	50,251	-	-	-	50,251
 Total Assets	\$ 1,582,506	\$ 271,709	\$ 359,761	\$ 276,963	\$ 2,490,939
 <b>LIABILITIES</b>					
Payroll deductions	\$ 4,084	\$ -	\$ -	\$ -	\$ 4,084
Due to other funds	3,143	-	-	2,808	5,951
Total liabilities	7,227	-	-	2,808	10,035
 <b>FUND BALANCE</b>					
Nonspendable	50,251	-	-	-	50,251
Restricted for:					
Capital outlay	178,223	-	-	-	178,223
Bond proceeds	33,938	-	-	-	33,938
Insurance	502	-	-	-	502
Unemployment	66,257	-	-	-	66,257
Auditing	5,280	-	-	-	5,280
IMRF	38,681	-	-	-	38,681
Social Security	1,371	-	-	-	1,371
ESDA	14,270	-	-	-	14,270
Public safety	4,093	-	-	-	4,093
Public works/transportation	-	-	359,761	-	359,761
Culture and recreation	68,527	-	-	210,970	279,497
Development	-	271,709	-	63,185	334,894
Committed for:					
Capital improvements	193,542	-	-	-	193,542
Assigned for:					
General government	9,392	-	-	-	9,392
Public safety	32,384	-	-	-	32,384
Culture and recreation	4,118	-	-	-	4,118
Unassigned	874,450	-	-	-	874,450
Total fund balance	1,575,279	271,709	359,761	274,155	2,480,904
 Total Liabilities and Fund Balance	\$ 1,582,506	\$ 271,709	\$ 359,761	\$ 276,963	\$ 2,490,939

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCE ARISING FROM CASH TRANSACTIONS TO THE  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
April 30, 2025

Total fund balance - total governmental funds	\$	2,480,904
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of \$13,080,997 net of accumulated depreciation of \$4,817,148 used in governmental activities are not resources and, therefore, are not reported in the fund financial statements.		8,263,849
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the fund financial statements.		
Due within one year	\$ 123,522	
Due in more than one year	<u>628,804</u>	<u>(752,326)</u>
Net Position of Governmental Activities	\$	<u><u>9,992,427</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended April 30, 2025

	General	Tax Increment Financing	Motor Fuel Tax	Nonmajor Governmental Funds	Total Governmental Funds
Revenues Received:					
Property taxes	\$ 411,575	\$ -	\$ -	\$ -	\$ 411,575
TIF surplus distribution	45,871	-	-	-	45,871
TIF property tax increment	-	1,350,500	-	-	1,350,500
State income tax	508,726	-	-	-	508,726
Sales tax	520,216	-	-	222,073	742,289
Non-home rule sales tax	178,915	-	-	-	178,915
Video gaming tax	93,485	-	-	-	93,485
Replacement tax	16,575	-	-	-	16,575
Cannabis tax	4,600	-	-	-	4,600
Telecommunications tax	30,777	-	-	-	30,777
Motor fuel tax	-	-	132,244	-	132,244
Hotel and motel tax	-	-	-	77,301	77,301
Fines and fees	43,450	-	-	-	43,450
Licenses and permits	33,562	-	-	-	33,562
Franchise fees	19,481	-	-	-	19,481
Other governmental agencies	50,234	-	-	-	50,234
Rent	9,040	-	-	-	9,040
Interest	41,807	17,984	10,491	9,236	79,518
Donations	12,182	-	-	-	12,182
Grant funds	1,348,788	57,410	-	-	1,406,198
Miscellaneous	81,395	12,050	-	-	93,445
Total revenues received	<u>3,450,679</u>	<u>1,437,944</u>	<u>142,735</u>	<u>308,610</u>	<u>5,339,968</u>
Expenditures Disbursed:					
General government	360,814	-	-	-	360,814
Public safety	778,905	-	-	-	778,905
Public works/transportation	473,135	-	80,971	-	554,106
Culture and recreation	271,373	-	-	38,422	309,795
Development	-	1,310,726	-	128,356	1,439,082
Debt service	140,658	-	-	-	140,658
Capital outlay	1,177,795	116,402	-	10,000	1,304,197
Total expenditures disbursed	<u>3,202,680</u>	<u>1,427,128</u>	<u>80,971</u>	<u>176,778</u>	<u>4,887,557</u>
Excess of revenues received over (under) expenditures disbursed	<u>247,999</u>	<u>10,816</u>	<u>61,764</u>	<u>131,832</u>	<u>452,411</u>

CITY OF ARCOLA, ILLINOIS  
 STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED  
 AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS (Continued)  
 GOVERNMENTAL FUNDS  
 For the Year Ended April 30, 2025

	<u>General</u>	<u>Tax Increment Financing</u>	<u>Motor Fuel Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):					
Transfers in	46,771	-	-	-	46,771
Transfers out	-	-	-	(160,000)	(160,000)
Total other financing sources (uses)	<u>46,771</u>	<u>-</u>	<u>-</u>	<u>(160,000)</u>	<u>(113,229)</u>
Change in fund balance	294,770	10,816	61,764	(28,168)	339,182
Fund balance, beginning of year	<u>1,280,509</u>	<u>260,893</u>	<u>297,997</u>	<u>302,323</u>	<u>2,141,722</u>
Fund Balance, End of Year	<u>\$ 1,575,279</u>	<u>\$ 271,709</u>	<u>\$ 359,761</u>	<u>\$ 274,155</u>	<u>\$ 2,480,904</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES  
DISBURSED AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
For the Year Ended April 30, 2025

Net change in fund balance - governmental funds	\$ 339,182
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures.	
However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$1,304,197 exceeded depreciation of \$509,496 in the current period.	794,701
The net effect of various miscellaneous transactions involving capital assets, (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position. This is the book value of disposals in the current period.	
	(88,166)
Principal paid on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments.	
	123,132
Change in Net Position of Governmental Activities	\$ 1,168,849

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH REVENUES AND CASH EXPENDITURES  
COMPARED WITH BUDGET  
GENERAL FUND  
For the Year Ended April 30, 2025

	Original and Final Budget	Actual	Positive (Negative) Final Budget
<b>CASH REVENUES</b>			
Property tax	\$ 507,500	\$ 411,575	\$ (95,925)
TIF surplus distribution	-	45,871	45,871
State income tax	470,000	508,726	38,726
Sales tax	800,000	520,216	(279,784)
Non-home rule sales tax	200,000	178,915	(21,085)
Video gaming tax	100,000	93,485	(6,515)
Replacement tax	30,000	16,575	(13,425)
Cannabis tax	-	4,600	4,600
Telecommunications tax	125,000	30,777	(94,223)
Fines and fees	110,000	43,450	(66,550)
Licenses and permits	45,000	33,562	(11,438)
Franchise fees	9,200	19,481	10,281
Other governmental agencies	-	50,234	50,234
Rent	15,000	9,040	(5,960)
Interest income	20,000	41,807	21,807
Donations	34,500	12,182	(22,318)
Grant funds	3,950,000	1,348,788	(2,601,212)
Contingencies	200,000	-	(200,000)
Bathhouse/concession revenue	500	-	(500)
Reimbursements	50,000	-	(50,000)
Miscellaneous	10,000	81,395	71,395
Total cash revenues	6,676,700	3,450,679	(3,226,021)
Non-revenue receipts:			
Transfers in	-	46,771	46,771
Change in payroll deductions	-	878	878
Loan repayment from other funds	-	3,143	3,143
Loan repayments	-	10,056	10,056
Bond proceeds	1,250,000	-	(1,250,000)
Total non-revenue receipts	1,250,000	60,848	(1,189,152)
Total receipts	7,926,700	3,511,527	(4,415,173)

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH REVENUES AND CASH EXPENDITURES  
COMPARED WITH BUDGET (Continued)  
GENERAL FUND  
For the Year Ended April 30, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
<b>CASH EXPENDITURES</b>			
General government	1,283,500	360,814	922,686
Public safety	1,302,500	778,905	523,595
Public works/transportation	3,555,500	473,135	3,082,365
Culture and recreation	1,190,500	271,373	919,127
Debt service	425,000	140,658	284,342
Capital outlay	-	1,177,795	(1,177,795)
Total cash expenditures	<u>7,757,000</u>	<u>3,202,680</u>	<u>4,554,320</u>
Non-expenditure disbursements:			
Loans to other funds	-	409	(409)
Loan repayment to other funds	-	1,549	(1,549)
Total non-expense disbursements	<u>-</u>	<u>1,958</u>	<u>(1,958)</u>
Total disbursements	<u>7,757,000</u>	<u>3,204,638</u>	<u>4,552,362</u>
Cash revenues over (under) cash expenditures	<u>\$ 169,700</u>	306,889	<u>\$ 137,189</u>
Cash deposits, beginning of year		<u>1,224,958</u>	
Cash Deposits, End of Year		<u>\$ 1,531,847</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH REVENUES AND CASH EXPENDITURES  
COMPARED WITH BUDGET  
TAX INCREMENT FINANCING FUND  
For the Year Ended April 30, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
<b>CASH REVENUES</b>			
TIF property tax increment	\$ 1,200,000	\$ 1,350,500	\$ 150,500
Interest income	-	17,984	17,984
Grant funds	-	57,410	57,410
Other income	-	12,050	12,050
Total cash revenues	<u>1,200,000</u>	<u>1,437,944</u>	<u>237,944</u>
<b>CASH EXPENDITURES</b>			
Development	1,825,000	1,310,726	514,274
Capital outlay	-	116,402	(116,402)
Total cash expenditures	<u>1,825,000</u>	<u>1,427,128</u>	<u>397,872</u>
Non-expenditure disbursements:			
Loans to other funds	-	3,421	(3,421)
Total disbursements	<u>1,825,000</u>	<u>1,430,549</u>	<u>394,451</u>
Cash revenues over (under) cash expenditures	<u>\$ (625,000)</u>	7,395	<u>\$ 632,395</u>
Cash deposits, beginning of year		<u>260,893</u>	
Cash Deposits, End of Year		<u>\$ 268,288</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH REVENUES AND CASH EXPENDITURES  
COMPARED WITH BUDGET  
MOTOR FUEL TAX FUND  
For the Year Ended April 30, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
<b>CASH REVENUES</b>			
Motor fuel tax	\$ 350,000	\$ 132,244	\$ (217,756)
Interest income	<u>-</u>	<u>10,491</u>	<u>10,491</u>
Total cash revenues	<u>350,000</u>	<u>142,735</u>	<u>(207,265)</u>
Non-revenue receipts:			
Loan repayment from other funds	<u>-</u>	<u>1,550</u>	<u>1,550</u>
Total receipts	<u>350,000</u>	<u>144,285</u>	<u>(205,715)</u>
<b>CASH EXPENDITURES</b>			
Public works/transportation	<u>667,300</u>	<u>80,971</u>	<u>586,329</u>
Cash revenues over (under) cash expenditures	<u>\$ (317,300)</u>	63,314	<u>\$ 380,614</u>
Cash deposits, beginning of year		<u>296,447</u>	
Cash Deposits, End of Year		<u>\$ 359,761</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
April 30, 2025 and 2024

	Water and Sewer	
	2025	2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 189,716	\$ 106,876
Cash deposits	144,741	143,161
Due from other funds	2,530	-
Total current assets	336,987	250,037
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	249,432	219,375
Joint venture investment	305,182	212,367
Capital assets, net of accumulated depreciation	5,044,905	4,764,645
Total noncurrent assets	5,599,519	5,196,387
 Total assets	 5,936,506	 5,446,424
<b>LIABILITIES</b>		
Current liabilities:		
Payroll deductions	1,899	1,664
Due to other funds	409	-
Notes payable - due within one year	76,108	81,808
Bonds payable - due within one year	15,000	15,000
Total current liabilities	93,416	98,472
Noncurrent liabilities:		
Payable from restricted assets:		
Water meter deposits	47,450	43,600
Notes payable - due in more than one year	433,514	509,645
Bonds payable - due in more than one year	780,000	795,000
Total noncurrent liabilities	1,260,964	1,348,245
 Total liabilities	 1,354,380	 1,446,717
<b>NET POSITION</b>		
Net investment in capital assets	3,740,285	3,363,194
Restricted for:		
Debt service	201,982	175,775
Capital improvements	14,970	14,236
Unrestricted	624,889	446,502
 Total Net Position	 \$ 4,582,126	 \$ 3,999,707

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES  
IN NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
For the Years Ended April 30, 2025 and 2024

	Water and Sewer	
	2025	2024
Operating Revenues Received:		
Water and sewer fees	\$ 1,448,166	\$ 1,342,952
West Prairie water fees	340,937	339,835
Fees and permits	6,169	6,336
Contingencies	18,440	12,944
Total operating revenue received	1,813,712	1,702,067
Operating Expenses Disbursed:		
Cost of product sold	772,448	758,976
Personnel services	384,714	322,749
Contractual services	252,670	297,784
Materials and supplies	107,402	106,660
Utilities	74,612	58,889
Depreciation	433,445	402,388
Total operating expenses disbursed	2,025,291	1,947,446
Operating income (loss)	(211,579)	(245,379)
Non-Operating Revenues (Expenses):		
Grant income	507,198	446,234
Interest income	19,289	12,167
Interest expense	(28,620)	(25,810)
Joint venture net income (loss)	182,902	162,154
Net non-operating revenues (expenses)	680,769	594,745
Net income (loss) before contributions and transfers	469,190	349,366
Capital contribution	-	8,735
Transfers in (out)	113,229	-
Change in net position	582,419	358,101
Net position, beginning of year	3,999,707	3,641,606
Net Position, End of Year	\$ 4,582,126	\$ 3,999,707

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS

For the Years Ended April 30, 2025 and 2024

	Water and Sewer	
	2025	2024
Cash Flows from Operating Activities:		
Receipts from customers	\$ 1,799,122	\$ 1,693,048
Payments to suppliers	(1,319,837)	(1,307,171)
Payments to employees	(271,774)	(237,401)
Other receipts (payments)	18,440	12,944
Net cash provided (used) by operating activities	225,951	161,420
 Cash Flows from Noncapital Financing Activities:		
Loan (to) from other fund	(2,530)	-
Cash distributions from joint venture	90,088	-
Net cash provided (used) by noncapital financing activities	87,558	-
 Cash Flows from Capital and Related Financing Activities:		
Capital contributions	-	8,735
Grant income	507,198	446,234
Transfers in (out)	113,229	-
Purchases of capital assets	(713,704)	(818,643)
Principal paid on capital debt	(96,831)	(82,516)
Interest paid on capital debt	(28,620)	(25,810)
Loan (to) from other fund	409	-
Net cash provided (used) by capital and related financing activities	(218,319)	(472,000)
 Cash Flows from Investing Activities:		
Net (increase) decrease in certificates of deposits	(1,582)	106,840
Interest income	19,289	12,167
Net cash provided (used) by investing activities	17,707	119,007
 Net increase (decrease) in cash and cash equivalents	112,897	(191,573)
 Cash and cash equivalents, beginning of year	326,251	517,824
 Cash and Cash Equivalents, End of Year	\$ 439,148	\$ 326,251

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS (Continued)  
PROPRIETARY FUNDS  
For the Years Ended April 30, 2025 and 2024

	Water and Sewer	
	2025	2024
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (211,579)	\$ (245,379)
Noncash items included in operating income:		
Depreciation	433,445	402,388
Net increase (decrease) in:		
Water meter deposits	3,850	3,925
Payroll deductions	235	486
Net Cash Provided (Used) by Operating Activities	\$ 225,951	\$ 161,420

The accompanying notes are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Arcola, Douglas County, Illinois have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The following is a summary of the more significant policies:

- a) Reporting Entity – The City of Arcola operates as a non-home rule unit and functions under a Mayor-City Council form of government, providing the following services: general administrative services, streets and alleys, public safety (police and civil defense), culture and recreation (park), public improvements, and utilities.

All activities of the City are included in these financial statements based on manifestations of oversight, scope of public service and special financing relationships. The City, for financial purposes, includes all of the funds relevant to the operations of the City of Arcola. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Arcola.

No separately administered organizations are included in the financial statements of the City as there are none controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

- b) Basis of Presentation – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general and special revenue funds are classified as governmental activities, while the City's proprietary fund is classified as a business-type activity.

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements:

Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements. All non-major funds are aggregated and presented in a single column. The following fund types are used by the City:

Governmental Funds:

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources, use and balances of financial resources). The City presented the following major governmental funds:

General Fund – is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are restricted or committed to expenditures for specified purposes.

Tax Increment Financing Fund is a special revenue fund used to account for revenues and expenditures related to redevelopment projects within the tax increment financing areas.

Motor Fuel Tax fund is a special revenue fund used to account for revenues and expenditures related to operating, constructing, and improving public highways and waterways, and acquiring real property and right-of-ways for public highways and waterways. The major source of revenue is the state motor fuel (gasoline) tax which is collected and distributed by the State of Illinois.

Proprietary Funds:

Proprietary Funds are those funds through which the accounting objectives are determinations of operating income, change in net position, financial position, and changes in cash flows. These funds are accounted for using the economic resources measurement focus which is similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds – Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has one enterprise fund. The water and sewer fund operates the City's water distribution and sewer systems.

- c) Measurement Focus and Basis of Accounting – Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus is used to describe which transactions are recorded within the various financial statements.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

The City maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

The government-wide financial statements and the fund financial statements are reported using the modified cash basis of accounting. This basis recognizes assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenses when they result from cash transactions with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than generally accepted accounting principles. The government-wide financial statements and the proprietary fund financial statements use the economic resources measurement focus. Accordingly, all assets and liabilities, including capital assets and long-term liabilities, are included. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position and cash flows.

The governmental fund financial statements are accounted for using the current financial resources measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period.

If the City utilized generally accepted accounting principles, the fund financial statements for governmental funds would use the modified accrual basis of accounting while the government-wide financial statements and proprietary fund financial statements would be presented on the accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures generally are recorded when a liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due and payable.

Under the accrual basis of accounting, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Revenues are recognized in the period in which they are earned. Expenses (including depreciation and amortization) are recorded when the liability is incurred or the economic asset is used while expenses are recognized in the period in which the liability is incurred.

- d) Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:
1. A proposed budget is submitted to the trustees for the fiscal year commencing May 1. The budget includes proposed expenditures and the means of financing them.
  2. Public hearings are conducted to obtain taxpayer comments.
  3. Prior to August 1, the appropriations are legally enacted through passage of an appropriation ordinance.
  4. The tax levy ordinance is adopted and filed with the county clerk on or before the last Tuesday in December.
  5. Formal budgetary integration is employed as a management control device during the year for all funds.
  6. Budgets for all funds are adopted on a cash basis.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

7. Unused appropriations for all of the annually budgeted funds lapse at the end of the year.

- e) Cash and Cash Equivalents – For purposes of the statement of cash flows, cash deposits and investments with a maturity of three months or less when purchased are considered to be cash equivalents.
- f) Interfund Activity – Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Internal activity of the governmental funds is netted as part of the reconciliation to the government-wide financial statements. Transfers between funds during the year ended April 30, 2025 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General	\$ 46,771	\$ -
Other governmental funds	-	160,000
Total governmental funds	\$ 46,771	\$ 160,000
Proprietary Funds:		
Water and Sewer	\$ 113,229	\$ -

The Business District Fund transferred \$46,771 to the General Fund and \$113,229 to the Water and Sewer Fund for the local commitment on the Rebuild Downtown and Main Street grant. On the government-wide financial statements only, the governmental activities transferred \$113,228 to the business-type activities for the local commitment on the Rebuild Downtown and Main Street grant.

Interfund receivables and payables consisted of the following at April 30, 2025:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
General	\$ 409	\$ 3,143
Tax Increment Financing	3,421	-
Other governmental funds	-	2,808
Total governmental funds	\$ 3,830	\$ 5,951
Proprietary Funds:		
Water and Sewer	\$ 2,530	\$ 409

The General Fund owes the Water and Sewer Fund \$660 for a receipt deposited to the incorrect fund and \$1,870 for a reimbursement made before the expense was paid. The General Fund owes \$613 to the Tax Increment Financing Fund for an expense paid out of the incorrect fund. The Business District Fund owes \$2,808 to the Tax Increment Financing Fund for an expense paid out of the incorrect fund. The Water and Sewer Fund owes the General Fund \$409 for an expense paid out of the incorrect fund.

- g) Capital Assets and Depreciation – Capital assets, which include land, buildings, infrastructure, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. The City maintains a capitalization threshold of \$2,500 for individual equipment, \$5,000 for land and \$25,000 for buildings, improvements and infrastructure assets. All capital assets are valued at historical cost or estimated

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

historical cost if actual historical cost is not available. Donated capital assets are stated at their fair market value on the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City reports all major general infrastructure assets constructed or acquired in fiscal years ending after April 30, 2004, or that received major renovations, restorations, or improvements during that period. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Storm sewers	50
Other improvements	20
Other infrastructure	20
Streets, curbs, gutters	20
Sidewalks	15
Machinery and equipment	5
Computer software	2

h) Property Taxes – The City's property tax calendar is as follows:

1. Property is assessed on January 1 each year.
2. The tax levy ordinance was adopted and filed with the county clerk on November 27, 2024.
3. Property taxes are due to be collected by the County from June through September in two installments, which, in turn remits them to the City.

i) Deferred Outflows and Inflows of Resources – The City reports a decrease in net position/fund balance that applies to a future period as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds statement of assets, liabilities and fund balance arising from cash transactions. The City had no deferred outflows of resources in the current year.

The City reports an increase in net position/fund balance that applies to a future period as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City had no deferred inflows of resources in the current year.

j) Accrued Liabilities – Under the modified cash basis of accounting, accrued liabilities, such as compensated absences, net pension liability, and other postemployment benefits, are not recorded in the financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Bonds and long-term notes that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

k) Operating Revenues and Expenses – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with proprietary fund's principal operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

l) Net Position – Net position on the government-wide and proprietary fund financial statements are divided into three components:

CITY OF ARCOLA, ILLINOIS  
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1. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
  2. Restricted – consists of net position that are restricted by the City’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by both federal and state grantors, and by other contributors.
  3. Unrestricted – all other net positions are reported in this category.
- m) Fund Balance – The following classifications describe the constraints placed on the purposes for which resources can be used:
1. Nonspendable fund balance – consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
  2. Restricted fund balance – consists of amounts that are subject to outside restrictions, such as those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
  3. Committed fund balance – consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (the City Council). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.
  4. Assigned fund balance – consists of amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted or committed. The intent can be expressed by the City Council or by an official or body which the Council delegates authority.
  5. Unassigned fund balance – consists of amounts available for any purpose and positive amounts are reported only in the General Fund.

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

- n) Comparative Financial Statements – Comparative financial statements are presented for the enterprise funds only to comply with United States Department of Agriculture Rural Development bond requirements. Comparative financial statements are not presented for any other fund types or statements since their inclusion would make the statements unduly complex.
- o) Use of Estimates – The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

NOTE B - RESTRICTED ASSETS

The amounts reported as restricted assets as of April 30, 2025 are as follows:

<u>Type of Restricted Asset</u>	<u>Cash</u>
Bonds payable – fractional bond and interest accounts	\$ 23,944
Bonds payable – depreciation accounts	154,872
Bonds payable – bond and interest reserve accounts	23,166
Meter deposits	<u>47,450</u>
Total	<u>\$ 249,432</u>

NOTE C - CASH AND INVESTMENTS

The City is allowed to invest in one or more of the following: (a) interest bearing savings accounts, certificates of deposit or time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (b) bonds, notes, certificates of indebtedness, treasury bills or other securities now or hereafter issued, which are guaranteed by the full faith and credit of the United States as to principal and interest; (c) bonds, notes, debentures or other similar obligations of the United States of America or its agencies; (d) short-term obligations of corporations organized in the United States with assets exceeding \$5,000,000 pursuant to law; (e) money market mutual funds registered under the Investment Company Act of 1940 pursuant to law.

At April 30, 2025, the City had the following cash deposits:

Governmental Activities:	
Cash on hand	\$ 465
Cash deposits	1,837,477
Certificates of deposit	<u>598,917</u>
	<u>\$ 2,436,859</u>
Business-Type Activities:	
Cash on hand	\$ 153
Cash deposits	438,995
Certificates of deposit	<u>144,741</u>
	<u>\$ 583,889</u>

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City minimizes its exposure to interest rate risk by limiting its purchases of long-term investments and by structuring investments to mature to meet cash requirements. At April 30, 2025, the City had no investments but cash deposits consisted of certificates of deposit with a local financial institution with maturities of six months.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City has no investments which are subject to credit risk rating.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

Concentration of Credit Risk:

The City's investment policy does not place limitations on the amount that can be invested in any one issuer. Cash deposits held with local financial institutions are exempt from the 5% investment in any one issuer disclosure.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of deposits or investments. None of the City's deposits or investments are directly subject to foreign currency risk.

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits in federally insured banks and savings and loans are insured up to \$250,000 for demand deposits and \$250,000 for time deposits. The City's investment policy requires that all amounts deposited or invested with financial institutions in excess of any insurance limit be collateralized by securities held by the City in the City's name. As of April 30, 2025, of the City's total bank balances, \$515,123 was secured by federal depository insurance, \$850,000 was secured by an irrevocable letter of credit, and \$1,753,503 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

NOTE D - CAPITAL ASSETS

A summary of changes in capital assets at April 30, 2025 follows:

	<u>Balance May 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance April 30, 2025</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 400,390	\$ -	\$ (88,165)	\$ 312,225
Construction in progress	<u>640,985</u>	<u>1,166,474</u>	<u>(461,591)</u>	<u>1,345,868</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings and improvements	1,744,394	48,268	-	1,792,662
Accumulated depreciation	<u>(711,707)</u>	<u>(41,633)</u>	<u>-</u>	<u>(753,340)</u>
Buildings and improvements, net	<u>1,032,687</u>	<u>6,635</u>	<u>-</u>	<u>1,039,322</u>
Infrastructure	7,966,800	468,039	-	8,434,839
Accumulated depreciation	<u>(2,690,627)</u>	<u>(391,861)</u>	<u>-</u>	<u>(3,082,488)</u>
Infrastructure, net	<u>5,276,173</u>	<u>76,178</u>	<u>-</u>	<u>5,352,351</u>
Equipment	1,112,396	83,007	-	1,195,403
Accumulated depreciation	<u>(905,318)</u>	<u>(76,002)</u>	<u>-</u>	<u>(981,320)</u>
Equipment, net	<u>207,078</u>	<u>7,005</u>	<u>-</u>	<u>214,083</u>
<b>Total Governmental Activities, Net Capital Assets</b>	<u>\$ 7,557,313</u>	<u>\$ 1,256,292</u>	<u>\$ (549,756)</u>	<u>\$ 8,263,849</u>

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

	Balance May 1, 2024	Additions	Retirements	Balance April 30, 2025
<b>Business-Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 64,495	\$ -	\$ -	\$ 64,495
Construction in progress	9,040	704,249	-	713,289
Capital Assets Being Depreciated:				
Buildings and improvements	914,916	-	-	914,916
Accumulated depreciation	(418,337)	(24,319)	-	(442,656)
Buildings and improvements, net	496,579	(24,319)	-	472,260
Equipment	1,170,787	9,456	-	1,180,243
Accumulated depreciation	(874,734)	(87,660)	-	(962,394)
Equipment, net	296,053	(78,204)	-	217,849
Water and sewer system	12,797,147	-	-	12,797,147
Accumulated depreciation	(8,898,669)	(321,466)	-	(9,220,135)
Water and sewer system, net	3,898,478	(321,466)	-	3,577,012
Total Business-Type Activities, Net Capital Assets	\$ 4,764,645	\$ 280,260	\$ -	\$ 5,044,905

Depreciation expense was charged to program activities as follows:

General government	\$ 37,039
Public safety	45,270
Culture and recreation	50,879
Public works/transportation	309,924
Development	66,384
Total Depreciation Expense, Governmental Activities	\$ 509,496

The City had the following construction in progress at April 30, 2025:

Governmental Activities:

The Illinois Department of Transportation has awarded the City up to \$830,320 in Economic Development Program funding and \$109,200 in Truck Access Route Program funding for the Libman truck route construction project. The City's local match for the project would be \$778,880. The City has also been awarded a \$663,000 Community Development Block Grant from the Illinois Department of Commerce and Economic Opportunity to assist in funding the local match requirement. On June 17, 2024, the construction bid was awarded to Feutz Contractors, Inc. in the amount of \$1,379,110. The estimated completion date is July 2025. As of April 30, 2025, \$1,267,505 had been spent.

The City was awarded a Rebuild Downtowns & Main Streets Capital Grant from the Illinois Department of Commerce and Economic Opportunity to update sidewalks, create parklets on the southwest and northeast corners of Main & Locust Streets, and upgrade downtown lighting. The project will also be funded \$185,000 from the Business District Fund and \$235,000 from the Tax Increment Financing Fund. The total estimated cost of the project is \$840,000. On September 3, 2024, the construction bid was awarded to Fuller Wentz Construction in the amount of \$1,310,697. As of April 30, 2025, \$78,363 had been spent.

CITY OF ARCOLA, ILLINOIS  
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Business-Type Activities:

The City was awarded a Rebuild Downtowns & Main Streets Capital Grant from the Illinois Department of Commerce and Economic Opportunity to replace the downtown water main. The total estimated cost of the project is \$630,000. As of April 30, 2025, \$616,301 had been spent.

The City was awarded a Rebuild Illinois Public Infrastructure Program Grant to make upgrades to residential sanitary sewer mains on the westside. The estimated cost of the project is \$1,936,062. As of April 30, 2025, \$86,428 had been spent.

The City was awarded a Community Development Block Grant to make sewer upgrades along the southern portion of the City. The total estimated cost of the project is \$769,923. As of April 30, 2025, \$10,560 had been spent.

NOTE E - DEFINED BENEFIT PENSION PLAN

Plan Description – The City of Arcola's defined benefit pension plan provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

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

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

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

CITY OF ARCOLA, ILLINOIS  
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Contributions – As set by statute, the City’s plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2024 was 7.03%. The employer annual required contribution rate for calendar year 2025 was 7.80%. For the fiscal year ended April 30, 2025, the City contributed \$63,099 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Because of the use of a modified cash basis of accounting framework in the preparation of these financial statements, the City’s net pension liability is not reported in the financial statements as a liability. In accordance with the modified cash basis of accounting, pension expenditures are only reported when contributions are paid by the City to the plan.

**NOTE F - DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The plan is administered by Pacific Life Insurance Company. Plan assets are invested in mutual funds and annuities.

Amendments to the laws governing Section 457 deferred compensation plans substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust, with the City serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. The City’s beneficial ownership of plan assets will be held for the further exclusive benefit of the plan for the exclusive benefit of participants and beneficiaries.

It is the opinion of the City that the City, as trustee, has no liability for plan losses but does have the duty of due care that would be required of an ordinary prudent investor.

Total plan assets as of March 31, 2025 (latest information available) are \$17,489.

**NOTE G - OTHER POST-EMPLOYMENT BENEFITS**

Plan Description – In addition to providing the pension benefits described, the City provides post-employment health care insurance benefits (OPEB) for eligible 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 or by resolution. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided – The City provides post-employment health care insurance benefits to its eligible retirees. To be eligible for benefits, an employee must qualify for retirement under the City’s retirement plan. All health care benefits are provided through the City’s insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include: general inpatient and outpatient medical services, mental, nervous and substance abuse care, vision care, dental care and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City’s plan becomes secondary.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

Contributions – The City negotiates the contribution percentages between the City and employees through the personnel policy or by resolution. All eligible retirees contribute 100% of the blended premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay as you go). For the fiscal year ended April 30, 2025, benefit payments for retiree medical coverage were \$0. Active employees do not contribute to the plan until retirement; however, employees are required to pay 25% of the cost of dependent or family coverage through the City’s Section 125 cafeteria plan.

Because of the use of a modified cash basis of accounting framework in the preparation of these financial statements, the City’s net OPEB liability is not reported in the financial statements as a liability. Because the retiree insurance premiums are paid entirely by retiree contributions, there is no net cash outflow by the City related to these benefits when paid. Therefore, there are no modified cash basis expenditures or expenses reported for the City in regard to the plan benefits for retirees.

NOTE H - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City of Arcola as of April 30, 2025:

	Balance May 1, 2024	Additions	Retired	Balance April 30, 2025	Amount Due Within One Year
Governmental Activities:					
Bonds payable	\$ 800,000	\$ -	\$ 100,000	\$ 700,000	\$ 100,000
Notes payable	<u>75,458</u>	<u>-</u>	<u>23,131</u>	<u>52,327</u>	<u>23,522</u>
	<u>\$ 875,458</u>	<u>\$ -</u>	<u>\$ 123,131</u>	<u>\$ 752,327</u>	<u>\$ 123,522</u>
Business-Type Activities:					
Bonds payable	\$ 810,000	\$ -	\$ 15,000	\$ 795,000	\$ 15,000
Notes payable	<u>591,453</u>	<u>-</u>	<u>81,831</u>	<u>509,622</u>	<u>76,108</u>
	<u>\$ 1,401,453</u>	<u>\$ -</u>	<u>\$ 96,831</u>	<u>\$ 1,304,622</u>	<u>\$ 91,108</u>

- a) The annual requirements to retire Governmental Activities long-term debt as of April 30, 2025 are as follows:

Fiscal Year Ending April 30	Principal	Interest	Total
2026	\$ 123,522	\$ 15,222	\$ 138,744
2027	115,484	12,730	128,214
2028	106,667	10,315	116,982
2029	106,654	8,011	114,665
2030	100,000	5,580	105,580
2031-2032	<u>200,000</u>	<u>4,625</u>	<u>204,625</u>
Total Governmental Activities	<u>\$ 752,327</u>	<u>\$ 56,483</u>	<u>\$ 808,810</u>

On March 15, 2021, the City approved an ordinance authorizing the issuance of \$1,000,000 of general obligation bonds (alternative revenue source), Series 2021. Bond proceeds of \$351,283.33 were used to refund the Series 2012 bonds. The net present value of savings on refunding bonds was \$3,594.60. The deferred amount on the prior refunding bonds is \$13,599 and is amortized over the remaining life of the prior refunding bonds. Bond proceeds of \$648,716.67 will be used to finance various public infrastructure upgrades. Bonds are dated May 27, 2021, with final payment due May 1, 2031. Principal payments are due

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annually on May 1 and interest payments ranging from 1.15%-2.35%, are due semi-annually on May 1 and November 1. The City has pledged State of Illinois income taxes and special referendum approved Retailer's Occupation Taxes, Service Occupation Taxes, Use Taxes and Services Use Taxes. At April 30, 2025, the outstanding liability was \$700,000.

The City entered into an agreement with First Mid Bank & Trust on May 18, 2021 for a \$40,000 loan to finance a 2020 Ford Police Explorer at 2.49% interest with a maturity date of September 1, 2025. The agreement calls for annual payments of \$8,466. At April 30, 2025, the outstanding liability was \$8,250.

The City entered into an agreement with First Mid Bank & Trust on November 4, 2021 for a \$42,000 loan to finance a 2020 Ford Police Explorer at 2.49% interest with a maturity date of November 1, 2026. The agreement calls for annual payments of \$9,045. At April 30, 2025, the outstanding liability was \$17,422.

The City entered into an agreement with Peoples Bank & Trust on March 26, 2024 for a \$33,333 loan to finance a Vermeer MV Solutions Vac Trailer with a maturity date of March 26, 2029. Principal payments of \$6,667 and interest payments at 6.125% are due annually. At April 30, 2025, the outstanding liability was \$26,655.

- b) The annual requirements to retire Business-Type Activities long-term debt as of April 30, 2025 are as follows:

Fiscal Year <u>Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 91,108	\$ 26,540	\$ 117,648
2027	91,895	24,587	116,482
2028	92,681	22,640	115,321
2029	98,477	20,619	119,096
2030	85,982	18,502	104,484
2031-2035	234,479	76,339	310,818
2036-2040	100,000	63,000	163,000
2041-2045	125,000	50,344	175,344
2046-2050	130,000	36,225	166,225
2051-2055	150,000	20,250	170,250
2056-2058	<u>105,000</u>	<u>3,544</u>	<u>108,544</u>
 Total Business-Type Activities	 <u>\$ 1,304,622</u>	 <u>\$ 362,590</u>	 <u>\$ 1,667,212</u>

On September 30, 2011, the City executed a loan agreement with the Illinois Environmental Protection Agency to issue up to \$1,850,000 of waterworks and sewerage revenue bonds to finance the water main improvement project. The Agency dispersed \$1,419,840 throughout the construction project and the note accrued \$12,863 in construction period interest. On October 6, 2012, \$276,210 was forgiven by the State of Illinois and will not be required to be repaid. The repayment schedule requires semi-annual payments of \$34,142 including interest at 1.25% on April 6 and October 6 of each year. The final maturity date is April 6, 2032. At April 30, 2025, the outstanding liability was \$456,311.

On March 3, 2018, the City approved an ordinance authorizing the issuance of \$870,000 of waterworks and sewerage system revenue bonds, Series 2018 to finance water main replacement and install electronic read meters. Bonds are dated May 1, 2018 with final payment due May 1, 2057. Principal payments are due annually on May 1 and interest payments of 2.25%, are due semi-annually on May 1 and November 1. At April 30, 2025, the outstanding liability was \$795,000.

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The City entered into an agreement with Peoples Bank & Trust on March 26, 2024 for a \$66,667 loan to finance a Vermeer MV Solutions Vac Trailer with a maturity date of March 26, 2029. Principal payments of \$13,333 and interest payments at 6.125% are due annually. At April 30, 2025, the outstanding liability was \$53,311.

NOTE I - WATER PIPELINE JOINT VENTURE

On May 10, 1993, the City of Arcola entered into a joint venture agreement with the City of Tuscola and Cabot Corporation to construct, maintain and operate a newly constructed water main. The purpose of this water main is to provide both cities, as well as Cabot Corporation and several residences, water from Illinois American Water. This agreement had an original term of 10 years beginning on May 10, 1993, and automatically renews for additional 5-year terms for a maximum total term not to exceed 40 years. Each of the Cities designates 3 representatives to serve on the Board. The mayor or administrator of the host City serves as the chairperson (with tiebreaker voting ability). The host City alternates with each meeting. The capital budgets for construction of this water main were funded 55% by the City of Tuscola and 45% by the City of Arcola, with Cabot Corporation reimbursing 12.5% of the total cost of construction up to a maximum of \$450,000.

Each member agency (the Cities of Arcola and Tuscola) holds an equity interest in the cash-basis assets according to each Cities share of water usage for the prior year and the proportion of funding provided by each City during a year. For the fiscal year ended April 30, 2025, the City of Arcola’s equity interest was 50.70%, or \$305,182, which is reported in the Proprietary Funds as investment in joint venture. The City of Tuscola’s equity interest was 49.30%.

A copy of the separate unaudited financial statements may be obtained from the City of Arcola. The responsibility for maintaining books and records for the joint venture is shared between the Cities.

The following is a summary of cash basis financial information on the joint venture as of and for the year ended April 30, 2025:

	<u>Arcola/Tuscola Water Line</u>	<u>Arcola’s Share</u>
Statement of Net Position – Cash Basis:		
Total Assets	\$ <u>601,990</u>	\$ <u>305,182</u>
Total Net Position	\$ <u>601,990</u>	\$ <u>305,182</u>
Statement of Revenues Received, Expenditures Disbursed, and Changes in Net Position – Cash Basis:		
Revenues received	\$ 898,869	\$ 419,413
Expenditures disbursed	506,880	236,510
Cash distributions	<u>282,457</u>	<u>90,088</u>
Change in net position	109,532	92,815
Net position, beginning of year	<u>492,458</u>	<u>212,367</u>
Net Position, End of Year	\$ <u>601,990</u>	\$ <u>305,182</u>

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

NOTE J - REDEVELOPMENT AGREEMENTS/TAX ABATEMENT AGREEMENTS

The City established and approved Tax Increment Financing (TIF) Districts #1 on November 22, 1993 and #6 on September 7, 2004. The City has entered into several redevelopment agreements to promote economic development. The redevelopment agreements require the City to reimburse the Developer a certain percentage of incremental property taxes over and above the base amount of identified property, based on redevelopment costs incurred on such property. The terms of open agreements are as follows:

<u>Redevelopment Project</u>	<u>Rebate</u>	<u>Tax Levy Years</u>	<u>Amount Paid Current Year</u>
First Mid Bank & Trust	60%	2008-2039	\$ 6,454
Green Mill Village LLC	60%	2006-2028	144,574
Eric and Kelly Headrick	60%	2016-2028	7,625
The Libman Company	60%	2016-2039	377,146
Jeff and Toni Fishel	60%	2018-2039	8,322
Shonkwiler Family Dental LLC	60%	2019-2039	<u>2,506</u>
Total			<u>\$ 546,627</u>

Developers submit a request to the City of Arcola for the proposed redevelopment project. The TIF Advisory Committee reviews requests and makes recommendations to the City Council which has ultimate authority for entering into redevelopment agreements or tax abatement agreements. Once approved, the Developer submits requisitions for the payment of eligible costs and the City reimburses the Developer.

During the year ended April 30, 2025, the City abated property taxes in the amount of \$546,627.

Also, the City entered into a redevelopment agreement with Green Mill Village, LLC in August 2007 which requires the City to annually rebate 80% of the City's Hotel/Motel Tax for 5 years after the completion of the project then reducing to 50% thereafter until the expiration of the TIF Ordinance in 2016 (payable in 2017); however, the TIF Ordinance was subsequently extended to 2028.

During the year ended April 30, 2025, the City rebated Hotel/Motel Tax in the amount of \$0.

NOTE K - COMMITMENTS AND CONTINGENCIES

On November 4, 2013, the City Council approved a resolution to commit \$30,000 of TIF funds as a matching grant for the Illinois Department of Transportation Safe Routes to Schools grant. As of April 30, 2025, \$24,255 had been disbursed.

On April 20, 2015, the City Council approved a storefront TIF grant to Jack Flash Properties for 100% of all allowable expenses incurred up to \$20,000. As of April 30, 2025, no funds had been disbursed.

On June 19, 2017, the City Council approved economic development incentives to reimburse the Developer of Rider Place Apartments of Arcola (Yost Management Company, LLC) \$200,000 for water and sewer infrastructure. As of April 30, 2025, \$110,000 had been disbursed.

On March 5, 2018, the City Council approved a TIF grant to Combs Automotive for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, \$19,809 had been disbursed.

On September 4, 2018, the City Council approved a storefront TIF grant to Todd Sitz d/b/a Arcola Coin Wash for 50% of allowable expenses incurred up to \$10,000. As of April 30, 2025, \$8,797 had been disbursed.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

On August 5, 2019, the City Council approved a TIF grant to Dan & Audrey Kreider d/b/a Broomtown Café for 20% of all allowable expenses incurred up to \$20,000. As of April 30, 2025, \$10,473 had been disbursed.

On August 5, 2019, the City Council approved a storefront TIF grant to Dan & Audrey Kreider for 50% of allowable expenses incurred up to \$25,000. As of April 30, 2025, \$4,007 had been disbursed.

On November 4, 2019, the City Council approved a storefront TIF grant to Graber Building Supply & Hardware, Inc. for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, no funds had been disbursed.

On September 8, 2020, the City Council approved a TIF grant to Brittani Kauffman d/b/a Epic Beauty/Backalley Saloon for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, \$4,870 had been disbursed.

On March 15, 2021, the City Council approved a TIF grant to Backwater LLC d/b/a Bufords for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, \$4,670 had been disbursed.

On July 19, 2021, the City Council approved a storefront TIF grant to Railroad Component Rebuilds, Inc. for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, \$16,323 had been disbursed.

On September 7, 2021, the City Council approved a storefront TIF grant to Wilmer Otto for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, \$5,157 had been disbursed.

On December 6, 2021, the City Council approved a TIF grant to Alan Shonk d/b/a/ Studio 413 for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, \$1,690 had been disbursed.

On April 4, 2022, the City Council approved a TIF grant to the Arcola Fire Protection District for 100% of allowable expenses incurred up to \$75,000 to establish an ambulance facility. As of April 30, 2025, \$30,000 had been disbursed.

On July 18, 2022, the City Council approved a storefront TIF grant to Arcola Inn for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, no funds had been disbursed.

On July 3, 2023, the City Council approved a TIF grant to BM Property Management for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, no funds had been disbursed.

On July 3, 2023, the City Council approved a storefront TIF grant to BM Property Management for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, no funds had been disbursed.

On August 7, 2023, the City Council approved a TIF grant to Tabeling Development Company LLC for 100% of all allowable expenses incurred up to \$340,000. As of April 30, 2025, \$148,000 had been disbursed.

On October 2, 2023, the City Council approved a TIF grant to Whitney Moody d/b/a Distill Fitness for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, \$813 had been disbursed.

On February 5, 2024, the City Council approved a TIF grant to BM Property Management for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, no funds had been disbursed.

On February 5, 2024, the City Council approved a TIF grant to Ano Properties LLC for 20% of all allowable expenses incurred up to \$25,000. As of April 30, 2025, no funds had been disbursed.

On February 5, 2024, the City Council approved a storefront TIF grant to BM Property Management for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, no funds had been disbursed.

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

On May 20, 2024, the City Council approved a storefront TIF grant to Shae's Pub & Grub for 50% of all allowable expenses incurred up to \$20,000. As of April 30, 2025, \$16,575 had been disbursed.

On May 20, 2024, the City Council approved a business district grant to El Toro for allowable expenses incurred up to \$10,600. As of April 30, 2025, no funds had been disbursed.

On May 20, 2024, the City Council approved a business district grant to Arcola Country Store for allowable expenses incurred up to \$40,000. As of April 30, 2025, \$20,000 had been disbursed.

On July 1, 2024, the City Council approved a business district grant to Arcola Community Organization for allowable expenses incurred up to \$125,000. As of April 30, 2025, \$50,000 had been disbursed.

On October 21, 2024, the City Council approved a storefront TIF grant to Arcola Hispanic and American Grocery for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, no funds had been disbursed.

On March 17, 2025, the City Council approved a storefront TIF grant to Ano Properties LLC for 50% of allowable expenses incurred up to \$20,000. As of April 30, 2025, no funds had been disbursed.

#### NOTE L - RISK MANAGEMENT

The City is exposed to various risks of loss including, but not limited to, workers compensation, general, automobile, public officials liability, property, flood and earthquake, cyber liability, crime and bonds, liquor liability, and equipment breakdown coverage. To limit exposure to these risks, the City is a member of the Illinois Municipal League Risk Management Association, a self-insured municipal pool of over 600 municipalities.

#### NOTE M - CONCENTRATED CREDIT RISK

The Water and Sewer Fund is an enterprise fund principally engaged in the business of providing water and sewer service to residents of the City. The Water and Sewer Fund grants credit to customers for service provided with payment terms normal in the industry. The fund's ability to collect the amounts due from customers may be affected by general economic fluctuations in the City and the surrounding geographic area.

#### NOTE N - PLEDGED REVENUES

The City has pledged State of Illinois income taxes and special referendum approved Retailer's Occupation Taxes, Service Occupation Taxes, Use Taxes, and Services Use Taxes to repay \$1,000,000 in General Obligation Bonds (Alternative Revenue Source), Series 2021 to refund the General Obligation Refunding Bonds (Alternative Revenue Source), Series 2012. For the year ended April 30, 2025, the City recognized receipts of \$1,028,942 and debt service payments of \$114,410. As of April 30, 2025, remaining principal and interest payments for the bonds are \$751,445, payable semiannually through May 2031.

#### NOTE O - TAX INCREMENT FINANCING FUND BALANCE

Effective November 1, 1999, the State passed new requirements for municipalities that have created at least one Tax Increment Finance (TIF) District. One of the requirements is any ending fund balance in this fund must be designated for further project costs. The following is a summary of the City of Arcola's ending fund balance in the TIF Fund and designations for further project costs:

CITY OF ARCOLA, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS

Beginning fund balance	\$ 260,893
Change in fund balance	<u>10,816</u>
Ending fund balance	<u>271,709</u>

Less Grants Approved for Project Costs:

Ano Properties	45,000
Arcola Coin Wash	1,203
Arcola Fire Protection District	45,000
Arcola Hispanic and American Grocery	20,000
Arcola Inn	20,000
BM Property Management	90,000
Broomtown Café	30,520
Bufords	20,330
City of Arcola – Safe Routes to Schools	5,745
Combs Automotive	5,191
Distill Fitness	24,187
Epic Beauty/Backalley Saloon	20,130
Graber Building and Supply	20,000
Jack Flash	20,000
Railroad Component Rebuilds, Inc.	3,678
Shae’s Pub & Grub	3,425
Studio 413	23,310
Tabeling Development Company	192,000
Wilmer Otto	14,843
Yost Management Company	<u>90,000</u>
	<u>694,562</u>

Fund Balance (Deficit) after Project Costs – April 30, 2025 \$ (422,853)

NOTE P - LOAN RECEIVABLE

In February 2020, the City made a \$100,000 loan to Shonkwiler Family Dental LLC. This loan is for 10 years at 2% annual interest with monthly payments of \$920. The balance of principal at April 30, 2025 was \$50,251.

NOTE Q - MAJOR CUSTOMER

In January 2000, the City signed an agreement with the West Prairie Water Company for its water usage. The West Prairie Water Company paid \$340,937, or 19.06%, of water revenue to the City during the fiscal year ended April 30, 2025.

NOTE R - MAJOR SUPPLIER

On April 1, 1993, the City of Arcola signed a water supply agreement with Illinois American Water Company (formerly known as Northern Illinois Water Corporation). The Company has agreed to supply up to an aggregate 1,400 gpm peak demand, based on the average of any peak 15 minute period, at a normal operating pressure under any day demand conditions, when measured at delivery point, of not less than an average of 35 psi during any 15 minute period. This agreement is for a term of 40 years. The water will be purchased at the rate schedule in the Company’s tariffs applicable to its Champaign Division. The City purchased \$772,448 of treated water during the year ended April 30, 2025.

COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS

CITY OF ARCOLA, ILLINOIS  
 COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND BALANCE ARISING FROM CASH TRANSACTIONS - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 April 30, 2025

	Tourism	Business District	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash Deposits	\$ 210,970	\$ 65,993	\$ 276,963
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ 2,808	\$ 2,808
<b>FUND BALANCE</b>			
Restricted for:			
Culture and recreation	210,970	-	210,970
Development	-	63,185	63,185
Total fund balance	210,970	63,185	274,155
Total Liabilities and Fund Balance	\$ 210,970	\$ 65,993	\$ 276,963

CITY OF ARCOLA, ILLINOIS  
 COMBINING STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND  
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS  
 NON-MAJOR GOVERNMENTAL FUNDS  
 For the Year Ended April 30, 2025

	Tourism	Business District	Total Nonmajor Governmental Funds
Revenues Received:			
Sales tax	\$ -	\$ 222,073	\$ 222,073
Hotel and motel tax	77,301	-	77,301
Interest income	5,428	3,808	9,236
Total revenues received	82,729	225,881	308,610
Expenditures Disbursed:			
Culture and recreation	38,422	-	38,422
Development	-	128,356	128,356
Capital outlay	-	10,000	10,000
Total expenditures disbursed	38,422	138,356	176,778
Excess of revenues received over (under) expenditures disbursed	44,307	87,525	131,832
Other Financing Sources (Uses):			
Transfers out	-	(160,000)	(160,000)
Change in fund balance	44,307	(72,475)	(28,168)
Fund balance, beginning of year	166,663	135,660	302,323
Fund Balance, End of Year	\$ 210,970	\$ 63,185	\$ 274,155

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH REVENUES AND CASH EXPENDITURES  
COMPARED WITH BUDGET  
TOURISM FUND  
For the Year Ended April 30, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
<b>CASH REVENUES</b>			
Hotel and motel tax	\$ 100,000	\$ 77,301	\$ (22,699)
Interest income	<u>-</u>	<u>5,428</u>	<u>5,428</u>
Total cash revenues	<u>100,000</u>	<u>82,729</u>	<u>(17,271)</u>
<b>CASH EXPENDITURES</b>			
Culture and recreation	<u>150,000</u>	<u>38,422</u>	<u>111,578</u>
Cash revenues over (under) cash expenditures	<u>\$ (50,000)</u>	44,307	<u>\$ 94,307</u>
Cash deposits, beginning of year		<u>166,663</u>	
Cash Deposits, End of Year		<u>\$ 210,970</u>	

CITY OF ARCOLA, ILLINOIS  
STATEMENT OF CASH REVENUES AND CASH EXPENDITURES  
COMPARED WITH BUDGET  
BUSINESS DISTRICT FUND  
For the Year Ended April 30, 2025

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
<b>CASH REVENUES</b>			
Sales tax	\$ 250,000	\$ 222,073	\$ (27,927)
Interest income	-	3,808	3,808
Total cash revenues	<u>250,000</u>	<u>225,881</u>	<u>(24,119)</u>
Non-Revenue Receipts:			
Loan from other funds	-	2,808	2,808
Total receipts	<u>250,000</u>	<u>228,689</u>	<u>(21,311)</u>
<b>CASH EXPENDITURES</b>			
Development	1,825,000	128,356	1,696,644
Capital outlay	-	10,000	(10,000)
Total cash expenditures	<u>1,825,000</u>	<u>138,356</u>	<u>1,686,644</u>
Non-Expenditure Disbursements:			
Transfers out	-	160,000	(160,000)
Total disbursements	<u>1,825,000</u>	<u>298,356</u>	<u>1,526,644</u>
Cash revenues over (under) cash expenditures	<u>\$ (1,575,000)</u>	(69,667)	<u>\$ 1,505,333</u>
Cash deposits, beginning of year		<u>135,660</u>	
Cash Deposits, End of Year		<u>\$ 65,993</u>	

CITY OF ARCOLA, ILLINOIS  
ILLINOIS GRANT ACCOUNTABILITY AND TRANSPARENCY ACT  
CONSOLIDATED YEAR-END FINANCIAL REPORT  
For the Year Ended April 30, 2025

<u>CSFA Number</u>	<u>Program Name</u>	<u>State Amount</u>	<u>Federal Amount</u>	<u>Match</u>	<u>Total Amount</u>
420-27-2729	Rebuild Downtowns & Main Streets Capital Grant	\$ -	\$ 358,580	\$ -	\$ 358,580
420-75-1631	Community Development Block Grant Economic Development Program	-	512,930	-	512,930
420-75-2373	Rebuild Illinois Competitive Public Infrastructure Grant Program	84,960	-	-	84,960
	All other federal expenditures	-	-	-	-
		<u>\$ 84,960</u>	<u>\$ 871,510</u>	<u>\$ -</u>	<u>\$ 956,470</u>

## OTHER INFORMATION

CITY OF ARCOLA, ILLINOIS  
SCHEDULE OF COMBINING REVENUES RECEIVED AND  
EXPENDITURES DISBURSED  
WATER AND SEWER FUND  
For the Year Ended April 30, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues Received:			
Charges for services	\$ 836,713	\$ 611,453	\$ 1,448,166
West Prairie Water fees	340,937	-	340,937
Fees and permits	5,876	293	6,169
Contingencies	17,771	669	18,440
Total operating revenue received	<u>1,201,297</u>	<u>612,415</u>	<u>1,813,712</u>
Operating Expenses Disbursed:			
Cost of product sold:			
Water purchases	<u>772,448</u>	<u>-</u>	<u>772,448</u>
Personnel services:			
Salaries	142,473	129,301	271,774
Unemployment contribution	237	216	453
Group insurance	36,108	41,669	77,777
Social security tax	10,438	9,379	19,817
Retirement	7,688	7,205	14,893
Total personnel services	<u>196,944</u>	<u>187,770</u>	<u>384,714</u>
Contractual services:			
Water/Sewer sample testing	2,091	7,289	9,380
Contractual services	2,154	4,237	6,391
Printing and publication	1,653	269	1,922
Dues and subscriptions	3,092	882	3,974
Insurance and bonding	2,591	5,219	7,810
Maintenance and repair	85,296	47,472	132,768
Legal and court costs	263	-	263
Auditing	3,067	3,067	6,134
Computer bookkeeping	5,315	5,315	10,630
Travel and meeting	4,160	698	4,858
Bank fee	3,528	-	3,528
Other expenses	7,849	2,763	10,612
Lease equipment	-	112	112
Engineering	38,525	(1,468)	37,057
West Prairie Water	9,731	-	9,731
EPA permits	-	7,500	7,500
Total contractual services	<u>169,315</u>	<u>83,355</u>	<u>252,670</u>

CITY OF ARCOLA, ILLINOIS  
SCHEDULE OF COMBINING REVENUES RECEIVED AND  
EXPENDITURES DISBURSED (Continued)  
WATER AND SEWER FUND  
For the Year Ended April 30, 2025

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Materials and supplies:			
Postage and express	11,467	129	11,596
Uniform/clothing	106	-	106
Office supplies	3,751	39	3,790
Gasoline, oil and tires	3,931	738	4,669
Office equipment	995	-	995
Chlorine and chemicals	6,160	39,106	45,266
Meters, water line supplies	40,980	-	40,980
Total materials and supplies	<u>67,390</u>	<u>40,012</u>	<u>107,402</u>
Utilities:			
Utilities, buildings	925	-	925
Telephone service	3,107	2,641	5,748
Electric power	6,592	61,347	67,939
Total utilities	<u>10,624</u>	<u>63,988</u>	<u>74,612</u>
Depreciation	<u>244,621</u>	<u>188,824</u>	<u>433,445</u>
Total operating expenses disbursed	<u>1,461,342</u>	<u>563,949</u>	<u>2,025,291</u>
Operating income (loss)	<u>(260,045)</u>	<u>48,466</u>	<u>(211,579)</u>
Non-Operating Revenues (Expenses):			
Grant income	453,639	53,559	507,198
Interest income	18,008	1,281	19,289
Interest expense	(26,561)	(2,059)	(28,620)
Joint venture net income (loss)	182,902	-	182,902
Net non-operating revenues (expenses)	<u>627,988</u>	<u>52,781</u>	<u>680,769</u>
Net income (loss) before transfers	<u>367,943</u>	<u>101,247</u>	<u>469,190</u>
Transfers in (out)	<u>113,229</u>	<u>-</u>	<u>113,229</u>
Change in Net Position	<u>\$ 481,172</u>	<u>\$ 101,247</u>	<u>\$ 582,419</u>

CITY OF ARCOLA, ILLINOIS  
 ASSESSED VALUATION, TAX RATES, TAXES EXTENDED  
 AND TAXES COLLECTED

	2024	2023	2022
Rate Setting Assessed Valuation (Excludes TIF District)	\$ 46,210,537	\$ 40,788,656	\$ 39,888,279
Tax Rates:			
Corporate	0.2143	0.2256	0.2182
Park	0.0725	0.0748	0.0671
Police protection	0.0725	0.0748	0.0671
Garbage	0.0141	0.0148	0.0151
Retirement	0.1256	0.1422	0.1417
Civil defense	0.0109	0.0123	0.0126
Crossing guard	0.0098	0.0111	0.0106
Audit	0.0109	0.0123	0.0126
Liability insurance	0.0433	0.0491	0.0502
Social security	0.0974	0.1104	0.1129
Workmen's compensation	0.0325	0.0368	0.0377
Total Rates	0.7038	0.7642	0.7458
Taxes Extended:			
Corporate	\$ 99,029	\$ 92,019	\$ 87,036
Park	33,503	30,510	26,765
Police protection	33,503	30,510	26,765
Garbage	6,516	6,037	6,023
Retirement	58,040	58,001	56,522
Civil defense	5,037	5,017	5,026
Crossing guard	4,529	4,528	4,228
Audit	5,037	5,017	5,026
Liability insurance	20,009	20,027	20,024
Social security	45,009	45,031	45,034
Workmen's compensation	15,018	15,010	15,038
Total	\$ 325,230	\$ 311,707	\$ 297,487

CITY OF ARCOLA, ILLINOIS  
 ASSESSED VALUATION, TAX RATES, TAXES EXTENDED  
 AND TAXES COLLECTED (Continued)

	2023	2022
Taxes Collected:		
Corporate	\$ 90,741	\$ 86,874
Park	30,086	26,716
Police protection	30,086	26,716
Garbage	5,953	6,012
Retirement	57,196	56,417
Civil defense	4,947	5,016
Crossing guard	4,465	4,220
Audit	4,947	5,017
Liability insurance	19,749	19,987
Social security	44,405	44,950
Workmen's compensation	14,802	15,010
Total	\$ 307,377	\$ 296,935
Percent Collected	98.61%	99.81%

CITY OF ARCOLA, ILLINOIS

LEGAL DEBT MARGIN

April 30, 2025

	April 30		
	2025	2024	2023
Total Assessed Valuation (Includes TIF District), Tax Levy Year 2024, 2023 and 2022	\$ 64,887,732	\$ 56,764,249	\$ 53,973,982
Statutory debt limitation (8.625% of assessed valuation)	\$ 5,596,567	\$ 4,895,916	\$ 4,655,256
Total Debt:			
Notes payable	561,948	666,912	658,397
General obligation bonds outstanding	700,000	800,000	900,000
Water and sewer general obligation bonds	795,000	810,000	825,000
	<u>2,056,948</u>	<u>2,276,912</u>	<u>2,383,397</u>
General obligation bonds (alternative revenue source) exempt from debt limitation computation	<u>1,495,000</u>	<u>1,610,000</u>	<u>1,725,000</u>
Legal Debt Margin	<u>\$ 5,034,619</u>	<u>\$ 4,229,004</u>	<u>\$ 3,996,859</u>

CITY OF ARCOLA, ILLINOIS  
 ADDITIONAL INFORMATION  
 For the Year Ended April 30, 2025

WATER FUND

Number of customers	1,380	
Water pumped during fiscal year	179,288,967	gallons
Water billed during fiscal year	164,717,800	gallons

SCHEDULE OF INSURANCE COVERAGE

Illinois Municipal League Risk Management Association  
 Coverage Period 1/1/2025 - 12/31/2025

General Liability	\$ 8,000,000	each occurrence
	\$ 16,000,000	annual aggregate
Premises Medical Payments	\$ 3,000	each person
	\$ 1,000,000	each occurrence
Fire Legal Liability	\$ 100,000	each occurrence
	\$ 100,000	annual aggregate
Equal Employment Opportunity	\$ 15,000	each occurrence
	\$ 15,000	annual aggregate
Auto Medical Payments	\$ 10,000	each person
	\$ 1,000,000	each occurrence
Uninsured/Underinsured Motorist	\$ 100,000	each person
	\$ 300,000	each accident
Auto Physical Damage	\$ 30,000,000	any location, each occurrence
Building/Personal Property	\$ 250,000,000	each occurrence
Inland Marine	\$ 50,000	extra expense
Valuable Papers/Records and Electronic Media/Records	\$ 50,000	each occurrence
Flood/Earthquake	\$ 76,500,000	annual aggregate all members
Crime	\$ 100,000	each occurrence
Worker's Comp/Occupational Disease		Statutory
Employer's Liability:		
Bodily Injury by Accident	\$ 3,000,000	each accident
Bodily Injury by Disease	\$ 3,000,000	policy limit
Bodily Injury by Disease	\$ 3,000,000	each employee
Public Official Position Bond:		
Mayor	\$ 300,000	
City Clerk	\$ 300,000	
City Administrator	\$ 50,000	
City Treasurer	\$ 1,000,000	
Third Party Liability Insuring Agreements	\$ 250,000	per "claim"/aggregate
First Party Insuring Agreements	\$ 250,000	per "claim"/aggregate
Cyber Extortion	\$ 150,000	per "claim"/aggregate
Cyber Crime	\$ 150,000	per "claim"/aggregate
Maximum Aggregate Limit of Liability	\$ 250,000	
	\$ 5,000,000	annual aggregate all members

CITY OF ARCOLA, ILLINOIS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN  
December 31, 2024

Total Pension Liability:	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 69,018	\$ 63,396	\$ 57,615	\$ 58,524	\$ 64,728	\$ 57,865	\$ 63,991	\$ 67,199	\$ 68,684	\$ 64,308
Interest	379,804	359,093	336,525	319,922	311,070	296,994	276,320	273,485	263,947	251,477
Differences between expected and actual experience	94,138	83,217	123,542	59,323	(9,225)	39,912	129,050	(30,087)	(62,037)	(15,760)
Changes of assumptions	-	(3,212)	-	-	(31,708)	-	126,209	(118,676)	(5,018)	-
Benefit payments, including refunds of employee contributions	(225,024)	(214,244)	(204,342)	(212,266)	(207,063)	(201,050)	(159,560)	(145,466)	(139,253)	(132,193)
Net change in total pension liability	317,936	288,250	313,340	225,503	127,802	193,721	436,010	46,455	126,323	167,832
Total pension liability, beginning of year	5,316,680	5,028,430	4,715,090	4,489,587	4,361,785	4,168,064	3,732,054	3,685,599	3,559,276	3,391,444
<b>Total Pension Liability, End of Year</b>	<b>\$ 5,634,616</b>	<b>\$ 5,316,680</b>	<b>\$ 5,028,430</b>	<b>\$ 4,715,090</b>	<b>\$ 4,489,587</b>	<b>\$ 4,361,785</b>	<b>\$ 4,168,064</b>	<b>\$ 3,732,054</b>	<b>\$ 3,685,599</b>	<b>\$ 3,559,276</b>
<b>Plan Fiduciary Net Position:</b>										
Contributions - employer	\$ 58,794	\$ 54,372	\$ 61,899	\$ 73,340	\$ 78,027	\$ 50,738	\$ 69,882	\$ 77,181	\$ 78,292	\$ 69,641
Contributions - employees	37,623	38,022	48,214	29,441	29,066	28,188	29,556	30,254	31,323	29,344
Net investment income	484,971	493,073	(635,390)	770,669	582,418	669,278	(195,183)	562,937	207,287	15,151
Benefit payments, including refunds of employee contributions	(225,024)	(214,244)	(204,342)	(212,266)	(207,063)	(201,050)	(159,560)	(145,466)	(139,253)	(132,193)
Other (net transfer)	(126,444)	113,449	(543)	(6,954)	33,841	1,816	75,818	(44,293)	37,057	(27,928)
Net change in fiduciary net position	229,920	484,672	(730,162)	654,230	516,289	548,970	(179,487)	480,613	214,706	(45,985)
Plan net position, beginning of year	4,990,594	4,505,922	5,236,084	4,581,854	4,065,565	3,516,595	3,696,082	3,215,469	3,000,763	3,046,748
<b>Plan Net Position, End of Year</b>	<b>\$ 5,220,514</b>	<b>\$ 4,990,594</b>	<b>\$ 4,505,922</b>	<b>\$ 5,236,084</b>	<b>\$ 4,581,854</b>	<b>\$ 4,065,565</b>	<b>\$ 3,516,595</b>	<b>\$ 3,696,082</b>	<b>\$ 3,215,469</b>	<b>\$ 3,000,763</b>
<b>Employer's Net Pension Liability (Asset)</b>	<b>\$ 414,102</b>	<b>\$ 326,086</b>	<b>\$ 522,508</b>	<b>\$ (520,994)</b>	<b>\$ (92,267)</b>	<b>\$ 296,220</b>	<b>\$ 651,469</b>	<b>\$ 35,972</b>	<b>\$ 470,130</b>	<b>\$ 558,513</b>
<b>Plan Fiduciary Net Position</b>										
as a Percentage of the Total Pension Liability	92.65%	93.87%	89.61%	111.05%	102.06%	93.21%	84.37%	99.04%	87.24%	84.31%
<b>Covered Employee Payroll</b>	<b>\$ 836,337</b>	<b>\$ 767,979</b>	<b>\$ 697,059</b>	<b>\$ 654,235</b>	<b>\$ 645,916</b>	<b>\$ 626,394</b>	<b>\$ 656,791</b>	<b>\$ 672,316</b>	<b>\$ 640,695</b>	<b>\$ 652,075</b>
<b>Employer's Net Pension Liability</b>										
as a Percentage of Covered Employee Payroll	49.51%	42.46%	74.96%	-79.63%	-14.28%	47.29%	99.19%	5.35%	73.38%	85.65%

CITY OF ARCOLA, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN  
December 31, 2024

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
2024	\$ 58,794	\$ 58,794	-	\$ 836,337	7.03%
2023	54,373	54,372	1	767,979	7.08%
2022	61,899	61,899	-	697,059	8.88%
2021	73,340	73,340	-	654,235	11.21%
2020	78,027	78,027	-	645,916	12.08%
2019	50,738	50,738	-	626,394	8.10%
2018	69,883	69,882	1	656,791	10.64%
2017	77,182	77,181	1	672,316	11.48%
2016	78,293	78,292	1	640,695	12.22%
2015	69,642	69,641	1	652,075	10.68%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2024 Contribution Rate \*

Valuation Date:

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

Methods and Assumptions Used to Determine 2024 Contributions Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	Taxing bodies (Regular, SLEP and ECO group): 19-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.75 - 13.75%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017 - 2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using MP-2020.



FEDERAL FINANCIAL COMPLIANCE SECTION

CITY OF ARCOLA, ILLINOIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended April 30, 2025

Federal Grantor/Pass-Through Grantor	Program Title or Cluster	Name of Grant	Pass-Through Grantor Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development pass through Illinois Department of Commerce and Economic Opportunity	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Community Development Block Grant Economic Development Program	19-241002	14.228	<u>\$ 512,930</u>
<i>Total U.S. Department of Housing and Urban Development</i>					<u>512,930 (M)</u>
U.S. Department of Treasury pass through Illinois Department of Commerce and Economic Opportunity	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Main Streets Capital Grant	21-421011	21.027	<u>358,580</u>
<i>Total U.S. Treasury</i>					<u>358,580</u>
Total Expenditures of Federal Awards					<u>\$ 871,510</u>

(M) Program was audited as a major program.

The accompanying notes to the schedule of expenditures of federal awards are an integral part of these financial statements.

CITY OF ARCOLA, ILLINOIS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of City of Arcola, Illinois under programs of the federal government for the year ended April 30, 2025. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected not to use the 15 percent de minimis (or 10 percent de minimis) indirect cost rate allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

No amount was provided to subrecipients by the City.

CITY OF ARCOLA, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended April 30, 2025

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of City of Arcola, Illinois were prepared in accordance with the modified cash basis of accounting.
2. Two significant deficiencies were disclosed during the audit of the financial statements, which are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of City of Arcola, Illinois, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for City of Arcola, Illinois expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, Assistance Listing #14.228.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Arcola, Illinois, was determined not to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

2025-1 Condition: The City has inadequate design of internal control over the preparation of the financial statements, including the related notes, in accordance with the modified cash basis of accounting.

Criteria: Standard business practices encourage adequate financial reporting.

Cause: Management lacks the adequate training, knowledge, and expertise to prepare and/or thoroughly review the financial statements to ensure they are free of material misstatement and include all disclosures as required by the Government Accounting Standards Board.

Effect: Although management reviews the financial statements prior to their issuance, management does not possess adequate expertise and the potential exists that a material misstatement of the financial statements or disclosure omissions could occur and not be prevented or detected by the City's internal control.

Recommendation: Management has chosen to accept that degree of risk because of cost and other considerations for an entity of their size and structure.

Management Response: We recognize our responsibility for strong financial controls under the modified cash basis but face resource constraints.

2025-2 Condition: Activity for grant receipts and related capital expenditures were posted to the incorrect fund.

Criteria: Standard business practices encourage adequate financial reporting.

CITY OF ARCOLA, ILLINOIS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended April 30, 2025

Cause: Management failed to recognize that the grant activity and related capital expenditures needed to be allocated between two different funds.

Effect: Because the grant activity and related capital expenditures were posted to the incorrect fund, a material adjustment was needed to correct the financial reporting.

Recommendation: Financial activity and other financial reports should be reviewed by the City Administrator, Treasurer, or City Council to determine if financial reporting is accurate.

Management Response: We acknowledge that activity for grant receipts and related capital expenditures were posted to the incorrect fund, misallocating assets between the water and general fund.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

PRIOR AUDIT FINDINGS

2024-1 Condition: The City has inadequate design of internal control over the preparation of the financial statements, including the related notes, in accordance with the modified cash basis of accounting.

Recommendation: Management has chosen to accept that degree of risk because of cost and other considerations for an entity of their size and structure.

Current Status: A similar finding was reported in the 2025 audit.

CITY OF ARCOLA, ILLINOIS  
CORRECTIVE ACTION PLAN  
FOR CURRENT YEAR AUDIT FINDINGS  
For the Year Ended April 30, 2025

Finding No.: 2025-1

Condition: The City has inadequate design of internal control over the preparation of the financial statements, including the related notes, in accordance with the modified cash basis of accounting.

Management's Response: We recognize our responsibility for strong financial controls under the modified cash basis but face resource constraints.

Corrective Action Plan: We are evaluating staffing, external assistance, and will work to strengthen controls as funds and resources become available.

Anticipated Date of Completion: Ongoing

Name of Contact Person: Bill Wagoner, City Administrator

Finding No.: 2025-2

Condition: Activity for grant receipts and related capital expenditures were posted to the incorrect fund.

Management's Response: We acknowledge that activity for grant receipts and related capital expenditures were posted to the incorrect fund, misallocating assets between the water and general fund.

Corrective Action Plan: We will revise procedures to require a secondary review of all grant-related transactions to ensure proper posting.

Anticipated Date of Completion: Ongoing

Name of Contact Person: Bill Wagoner, City Administrator