

CITY OF SOUTH BELOIT, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2024

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CITY OF SOUTH BELOIT, ILLINOIS

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CITY OF SOUTH BELOIT, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the City of South Beloit, Illinois including:

List of Principal Officials

CITY OF SOUTH BELOIT, ILLINOIS

List of Principal Officials

December 31, 2024 (Unaudited)

Mayor

Thomas Fitzgerald

Commissioner of Accounts and Finance

Ryan Adleman

Commissioner of Health and Public Safety

Ken Morse

Commissioner of Streets and Public Improvement

Brian Hedrington

Commissioner of Public Properties

Courtney Prentice

City Administrator

Sonya Hoppes

City Clerk

Tracy Patrick

FINANCIAL SECTION

This section includes:

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information

Supplemental Schedule

INDEPENDENT AUDITOR'S REPORT

This section includes the opinion of the City's independent auditing firm.



INDEPENDENT AUDITOR'S REPORT

September 17, 2025

The Honorable Mayor
Members of the Board of Commissioners
City of South Beloit, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Beloit (the City), Illinois, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

Summary of Opinions

| <u>Opinion Unit</u> | <u>Type of Opinion</u> |
|--------------------------------------|------------------------|
| Governmental Activities | Qualified |
| Business-Type Activities | Unmodified |
| Discretely Presented Component Unit | Unmodified |
| Governmental Funds | Unmodified |
| Proprietary Fund | Unmodified |
| Aggregate Remaining Fund Information | Unmodified |

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City of South Beloit, Illinois, as of December 31, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business-Type Activities, Discretely Presented Component Unit, Governmental Funds, Proprietary Fund, and Aggregate Remaining Fund Information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified 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, 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 qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Governmental Activities

Management has not obtained an independent actuarial valuation required under the provisions of *Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Accounting principles generally accepted in the United States of America require that assets, liabilities, deferred outflows of resources, and deferred inflows of resources for postemployment benefits other than pensions have an actuarial study to determine the effect on net position. The amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and net position has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

Auditor’s Responsibilities for the Audit of the Financial Statements - Continued

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of South Beloit, Illinois’ basic financial statements. The other supplementary information and supplemental schedule 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 other supplementary information and supplemental schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

City of South Beloit, Illinois
September 17, 2025

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2025, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF SOUTH BELOIT, ILLINOIS

Management's Discussion and Analysis

December 31, 2024 (Unaudited)

Our discussion and analysis of the City of South Beloit (the City), Illinois' financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction the City's financial statements, which can be found in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The City's net position increased as a result of this year's operations. Net position of the governmental activities increased by \$358,568, or 1.9 percent and net position of business-type activities increased by \$25,802, or 0.2 percent.
- During the year, government-wide revenues for the primary government totaled \$14,479,026, while expenses totaled \$14,094,656, resulting in an increase to net position of \$384,370.
- The City's net position totaled \$30,130,492 on December 31, 2024, which includes \$11,807,981 net investment in capital assets, \$8,517,087 subject to external restrictions, and \$9,805,424 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported an increase this year of \$833,419 or 19.3 percent, resulting in ending fund balance of \$5,159,182.
- The City is implementing the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the financial statements of the current fiscal year resulting in a restatement of the governmental activities net position from \$18,063,697 to \$18,686,052

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

The government-wide financial statements provide readers with a broad overview of the City's finances, in a matter similar to a private-sector business.

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

Government-Wide Financial Statements

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF SOUTH BELOIT, ILLINOIS

Management's Discussion and Analysis

December 31, 2024 (Unaudited)

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements - Continued

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, sanitation, and culture and recreation. The business-type activities of the City include sewage disposal.

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Motor Fuel Tax, and Capital Projects Fund, which are considered major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of the governmental funds, except for the Foreign Fire Insurance Tax Fund, Police Pension Fund, and Firefighters' Pension Fund. Budgetary comparison schedules for these funds has been provided to demonstrate compliance with this budget.

CITY OF SOUTH BELOIT, ILLINOIS

Management's Discussion and Analysis

December 31, 2024 (Unaudited)

USING THIS ANNUAL REPORT - Continued

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes enterprise funds to account for its water department, sewer department, storm sewer, landfill closure, and health and environment activities.

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

Fiduciary Funds

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

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's I.M.R.F., police and fire employee pension obligations, and budgetary comparison schedules for the General Fund. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

CITY OF SOUTH BELOIT, ILLINOIS

Management's Discussion and Analysis

December 31, 2024 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City, assets/deferred outflows exceeded liabilities/deferred inflows by \$30,130,492.

| | Net Position | | | | | |
|------------------------------------|---------------|------------|---------------|------------|------------|------------|
| | Governmental | | Business-Type | | Totals | |
| | Activities | | Activities | | | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current Assets | \$ 15,818,596 | 15,341,935 | 8,854,539 | 11,557,745 | 24,673,135 | 26,899,680 |
| Capital Assets | 9,286,888 | 8,193,424 | 36,238,152 | 36,687,406 | 45,525,040 | 44,880,830 |
| Other Assets | 476,800 | 455,219 | 133,433 | 126,553 | 610,233 | 581,772 |
| Total Assets | 25,582,284 | 23,990,578 | 45,226,124 | 48,371,704 | 70,808,408 | 72,362,282 |
| Deferred Outflows | 174,824 | 2,377,531 | 32,345 | 91,336 | 207,169 | 2,468,867 |
| Total Assets/Deferred Outflows | 25,757,108 | 26,368,109 | 45,258,469 | 48,463,040 | 71,015,577 | 74,831,149 |
| Long-Term Liabilities | 3,856,311 | 4,677,183 | 32,633,010 | 33,718,241 | 36,489,321 | 38,395,424 |
| Other Liabilities | 2,532,338 | 733,349 | 1,494,707 | 2,881,421 | 4,027,045 | 3,614,770 |
| Total Liabilities | 6,388,649 | 5,410,532 | 34,127,717 | 36,599,662 | 40,516,366 | 42,010,194 |
| Deferred Inflows | 323,839 | 2,893,880 | 44,880 | 803,308 | 368,719 | 3,697,188 |
| Total Liabilities/Deferred Inflows | 6,712,488 | 8,304,412 | 34,172,597 | 37,402,970 | 40,885,085 | 45,707,382 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 9,286,888 | 8,193,424 | 2,521,093 | 1,952,321 | 11,807,981 | 10,145,745 |
| Restricted | 8,383,654 | 9,023,367 | 133,433 | 126,553 | 8,517,087 | 9,149,920 |
| Unrestricted | 1,374,078 | 846,906 | 8,431,346 | 8,981,196 | 9,805,424 | 9,828,102 |
| Total Net Position | 19,044,620 | 18,063,697 | 11,085,872 | 11,060,070 | 30,130,492 | 29,123,767 |

A large portion of the City's net position, \$11,807,981, reflects its net investment in capital assets (for example, land, construction in progress, infrastructure, buildings, equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$8,517,087, of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining \$9,805,424 represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF SOUTH BELOIT, ILLINOIS

**Management's Discussion and Analysis
December 31, 2024 (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

| | Changes in Net Position | | | | | |
|---|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Governmental | | Business-Type | | Totals | |
| | Activities | Activities | Activities | Activities | 2024 | 2023 |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 1,632,453 | 1,711,492 | 2,352,727 | 2,504,234 | 3,985,180 | 4,215,726 |
| Operating Grants/Contributions | 470,690 | 488,685 | 793,278 | 41,289 | 1,263,968 | 529,974 |
| Capital Grants/Contributions | — | 9,987 | — | — | — | 9,987 |
| General Revenues | | | | | | |
| Property Tax | 1,878,359 | 1,686,569 | — | — | 1,878,359 | 1,686,569 |
| Utility Tax | 686,931 | 690,721 | — | — | 686,931 | 690,721 |
| Video Gaming Tax | 596,803 | 571,830 | — | — | 596,803 | 571,830 |
| Other Taxes | 178,306 | 196,899 | — | — | 178,306 | 196,899 |
| Sales Tax | 2,525,684 | 2,699,552 | — | — | 2,525,684 | 2,699,552 |
| Income Tax | 1,375,265 | 1,284,517 | — | — | 1,375,265 | 1,284,517 |
| Use Tax | 283,175 | 310,972 | — | — | 283,175 | 310,972 |
| Replacement Tax | 498,654 | 847,388 | — | — | 498,654 | 847,388 |
| Investment Income | 654,222 | 463,396 | 412,861 | 367,500 | 1,067,083 | 830,896 |
| Miscellaneous | 136,285 | 191,330 | 3,333 | 8,156 | 139,618 | 199,486 |
| Total Revenues | 10,916,827 | 11,153,338 | 3,562,199 | 2,921,179 | 14,479,026 | 14,074,517 |
| Expenses | | | | | | |
| General Government | 4,384,108 | 2,769,091 | — | — | 4,384,108 | 2,769,091 |
| Public Safety | 4,083,737 | 3,575,668 | — | — | 4,083,737 | 3,575,668 |
| Public Works | 1,531,685 | 1,151,410 | — | — | 1,531,685 | 1,151,410 |
| Sanitation | 457,962 | 434,937 | — | — | 457,962 | 434,937 |
| Culture and Recreation | 100,767 | 137,465 | — | — | 100,767 | 137,465 |
| Sewage Disposal | — | — | 3,536,397 | 3,393,353 | 3,536,397 | 3,393,353 |
| Total Expenses | 10,558,259 | 8,068,571 | 3,536,397 | 3,393,353 | 14,094,656 | 11,461,924 |
| Change in Net Position | 358,568 | 3,084,767 | 25,802 | (472,174) | 384,370 | 2,612,593 |
| Net Position - Beginning | | | | | | |
| as Previously Reported | 18,063,697 | 14,978,930 | 11,060,070 | 11,532,244 | 29,123,767 | 26,511,174 |
| Restatement | | | | | | |
| Change in Accounting Principle | 622,355 | — | — | — | 622,355 | — |
| Net Position - Beginning as Restated | 18,686,052 | 14,978,930 | 11,060,070 | 11,532,244 | 29,746,122 | 26,511,174 |
| Net Position - Ending | 19,044,620 | 18,063,697 | 11,085,872 | 11,060,070 | 30,130,492 | 29,123,767 |

CITY OF SOUTH BELOIT, ILLINOIS

**Management's Discussion and Analysis
December 31, 2024 (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

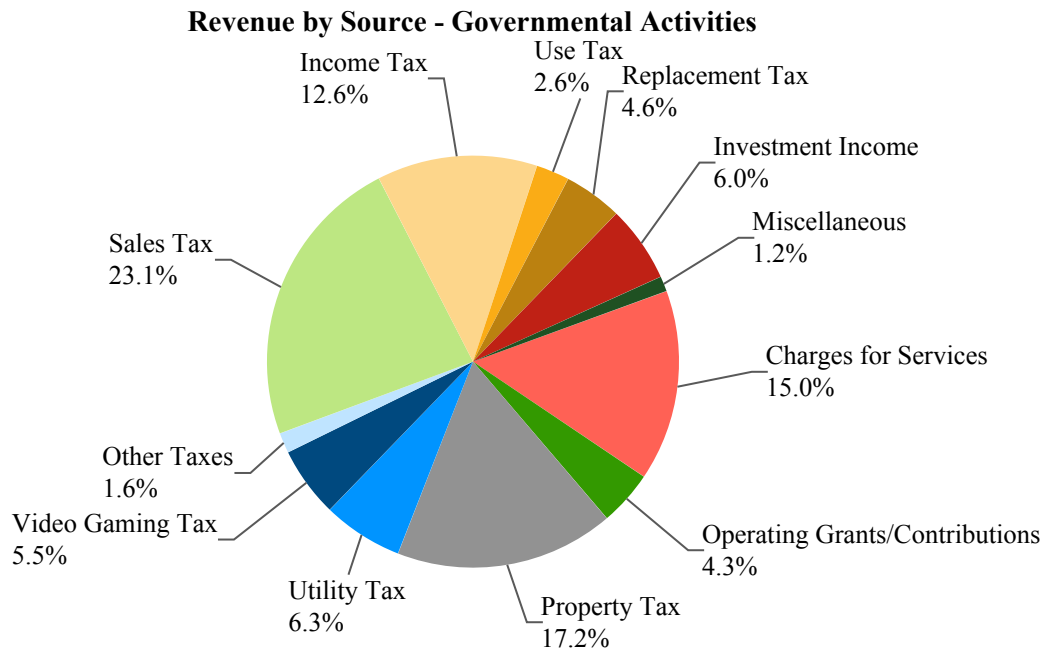
Net position of the City's governmental activities increased by 1.9 percent (\$19,044,620 in 2024 compared to a restated \$18,686,052 in 2023). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$1,374,078 at December 31, 2024.

Net position of business-type activities increased by 0.2 percent (\$11,085,872 in 2024 compared to \$11,060,070 in 2023).

Governmental Activities

Revenues for governmental activities totaled \$10,916,827, while the cost of all governmental functions totaled \$10,558,259. This results in a surplus of \$358,568. In 2023, revenues of \$11,153,338 exceeded expenses of \$8,068,571, resulting in a surplus of \$3,084,767. The surplus in 2024 is approximately \$2,164,179 less than in 2023 mainly due to expenses to demolish the Garden Hotel of \$1,125,000 and net change in deferred inflows of the various pension funds of \$1,127,000. Overall revenues decreased by \$236,511. The increase in investment income of approximately \$190,826 was more than offset by the decreases in Corporate Personal Property Replacement Tax and Sales Taxes.

The following table graphically depicts the major revenue sources of the City. It depicts very clearly the reliance of sales taxes, property taxes, and charges for services to fund governmental activities. It also clearly identifies the less significant percentage the City receives from miscellaneous revenues.



CITY OF SOUTH BELOIT, ILLINOIS

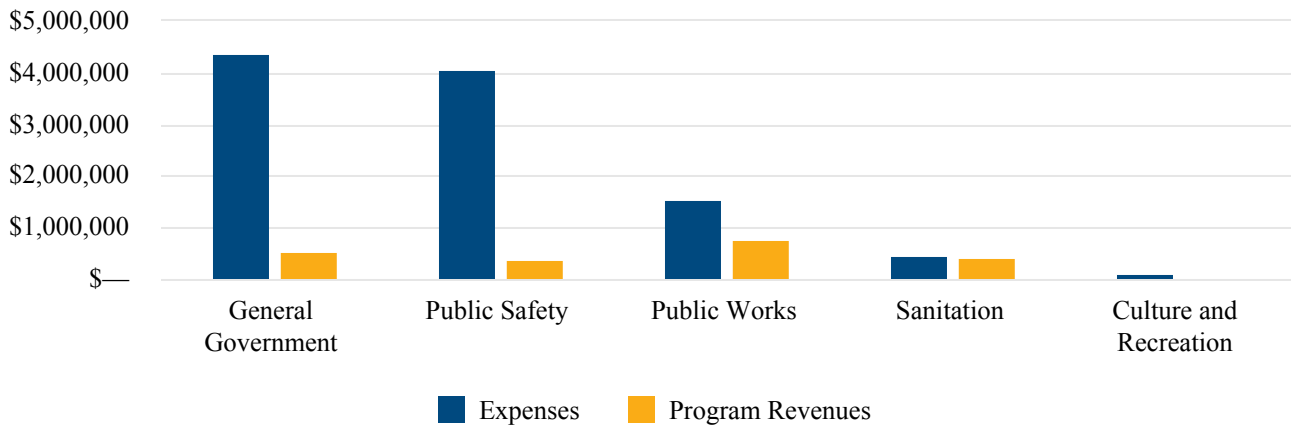
**Management's Discussion and Analysis
December 31, 2024 (Unaudited)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Governmental Activities - Continued

The 'Expenses and Program Revenues' Table identifies those governmental functions where program expenses greatly exceed revenues.

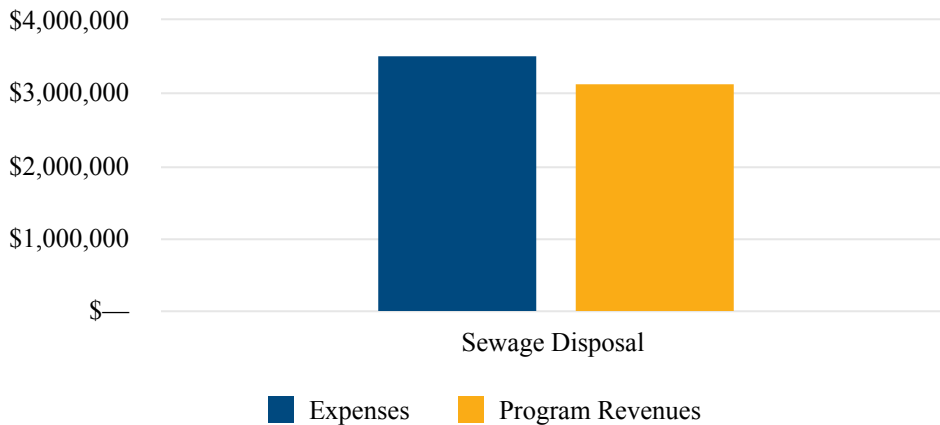
Expenses and Program Revenues - Governmental Activities



Business-Type Activities

Business-type activities posted total revenues of \$3,562,199, while the cost of all business-type activities totaled \$3,536,397. This results in a surplus of \$25,802. In 2023, revenues of \$2,921,179 fell short expenses of \$3,393,353, resulting in a deficit of \$472,174. The surplus in the current year is due to an operating grant in the amount of \$793,278.

Expenses and Program Revenues - Business-Type Activities



CITY OF SOUTH BELOIT, ILLINOIS

Management's Discussion and Analysis

December 31, 2024 (Unaudited)

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

The City's governmental funds reported combining ending fund balances of \$13,066,036, which is \$172,125, or 1.3 percent, higher than last year's total of \$12,893,911. Of the \$13,066,036 total, \$4,836,633, or approximately 37.0 percent, of the fund balance constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City. At December 31, 2024, unassigned fund balance in the General Fund was \$4,836,633, which represents 93.7 percent of the total fund balance of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance in the General Fund represents approximately 67.2 percent of total General Fund expenditures.

The fund balance in the General Fund at year-end was \$5,159,182, while the previous fiscal year reported a fund balance of \$4,325,763. This is an increase of \$833,419, or 19.3 percent. The increase is minor in a budget of nearly \$10,000,000 where it's impossible to precisely judge the timing of revenues and expenditures. The City had transferred what were believed to be excess funds to the Capital Projects Fund.

The Motor Fuel Tax Fund fund balance at year-end was \$427,654, an increase of \$995 from the prior year ending balance of \$426,659, mostly due to motor fuel tax revenue and investment income coming in slightly higher than capital outlay expenditures.

The Capital Projects Fund fund balance at year-end was a \$4,383,119, an increase of \$103,191 from the prior year ending balance of \$4,279,928. The General Fund transferred in \$1,253,800 into the Capital Projects Fund during the year which helped offset the capital outlay expenditures.

Proprietary Funds

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

The City reports the Sewage Disposal Fund as a major proprietary fund. The Sewage Disposal Fund accounts for the costs related to operation of the City sewage disposal plant. The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects.

The net position in the Sewage Disposal Fund at year-end was \$11,085,872, while the previous fiscal year reported a net position of \$11,060,070. This is an increase of \$25,802, or 0.2 percent. Unrestricted net position in the Sewage Disposal Fund totaled \$8,431,346 at December 31, 2024.

CITY OF SOUTH BELOIT, ILLINOIS

**Management's Discussion and Analysis
December 31, 2024 (Unaudited)**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Commissioners did not increase the adopted General Fund budget with amendments during the year. General Fund actual revenues for the year totaled \$9,301,752, compared to budgeted revenues of \$9,745,800. Revenues for the intergovernmental and charges for services came in under budget.

The General Fund actual expenditures for the year were \$1,267,951 less than budgeted (\$7,194,049 actual compared to \$8,462,000 budgeted). All functions' actual expenditures were lower than budgeted expenditures except for sanitation which came in \$7,962 over budget.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business type activities as of December 31, 2024 was \$45,525,040 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, infrastructure, buildings, equipment, and vehicles.

| | Capital Assets - Net of Depreciation | | | | | |
|--------------------------|--------------------------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
| | Governmental Activities | | Business-Type Activities | | Totals | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 712,996 | 662,996 | 148,000 | 148,000 | 860,996 | 810,996 |
| Construction in Progress | 41,527 | 462,466 | 339,628 | 289,630 | 381,155 | 752,096 |
| Infrastructure | 6,024,615 | 5,325,001 | 7,444,964 | 6,706,197 | 13,469,579 | 12,031,198 |
| Buildings | 1,025,912 | 574,610 | 11,652,403 | 12,028,258 | 12,678,315 | 12,602,868 |
| Equipment | 415,651 | 468,436 | 16,382,173 | 17,211,072 | 16,797,824 | 17,679,508 |
| Vehicles | 1,066,187 | 699,915 | 270,984 | 304,249 | 1,337,171 | 1,004,164 |
| Totals | 9,286,888 | 8,193,424 | 36,238,152 | 36,687,406 | 45,525,040 | 44,880,830 |

This year's major additions included:

| | |
|--------------------------|------------------|
| Land | \$ 50,000 |
| Construction in Progress | 60,830 |
| Infrastructure | 1,702,059 |
| Buildings | 492,775 |
| Equipment | 31,195 |
| Vehicles | 685,882 |
| | <u>3,022,741</u> |

Additional information regarding the capital assets can be found in Note 3 of this report.

CITY OF SOUTH BELOIT, ILLINOIS

**Management's Discussion and Analysis
December 31, 2024 (Unaudited)**

DEBT ADMINISTRATION

At year-end, the City had total outstanding debt of \$33,717,059 as compared to \$34,735,085 the previous year, a decrease of 2.9 percent. The following is a comparative statement of outstanding debt:

| | Long-Term Debt Outstanding | | | | | |
|--------------------|----------------------------|------|-----------------------------|------------|------------|------------|
| | Governmental Activities | | Business-Type Activities | | Totals | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| IEPA Loans Payable | \$ — | — | 33,717,059 | 34,735,085 | 33,717,059 | 34,735,085 |

State statutes limit the amount of general obligation debt a non-home rule governmental entity may issue to 8.625 percent of its total assessed valuation. The current debt limit for the City is \$13,803,782. The City does not have any debt subject to limitation.

Additional information on the City’s long-term debt can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

For 2025 the City of South Beloit continued its practice of adopting a balanced budget for the General Fund in the amount of \$10,688,700. This budget is \$942,900 more than the 2024 budget and \$2,210,854 more than the 2024 actual expenditures. The majority of the budgeted increase is associated with the 2 EPA grants totaling \$1,740,000. While the entire amount of the grants was budgeted, it’s expected that approximately only \$400,000 will be expended in 2025 and the remaining \$1,340,000 will be expended in 2026. Most of the other sources of revenue are expected to be flat or minor increases. Revenues from all of the State of Illinois shared/collected funds (Sales tax, Use tax, Income tax, Corporate Personal Property Replacement tax and Excise tax) were budgeted \$250,000 less than received in 2024.

The City’s engineering firm has completed a study of the City’s roads and has determined that the City should be spending \$1,000,000 per year in road repairs/rebuilds to maintain them at acceptable levels. Unfortunately, the motor fuel taxes only generate approximately \$400,000 per year. The City submitted to the voters of the City of South Beloit on March 19, 2024 a referendum for a 1% sales tax for road improvements. This referendum passed. Through September of 2025, the City has received over \$730,000 from this 1% sales tax. It is anticipated that this tax will generate close to \$1,200,000 for a full year which, when combined with the annual MFT revenues, will enable the City to expend in excess of \$1,500,000 per year for road improvements.

During the past few years, the City has struggled with the staffing of the Fire Department and has been in negotiations with various adjoining fire protection districts in Illinois to assist in meeting the fire protection and ambulance services needs for the residents of the City of South Beloit. The City reached an agreement with the Town of Beloit, Wisconsin, effective July 1, 2024, to provide the needed staffing and management of the City’s fire protection and ambulance services. The existing full and part time employees of the City have been given an opportunity to join the staffing of the Town of Beloit. The City will continue to provide the fire facilities, fire trucks, ambulances and equipment needed to meet the needed services. Unfortunately, the Town of Beloit has not been able to fulfill the hiring of the necessary number of employees and has notified the City that the contract will be terminated October 1, 2026. The City pursued contracting with local fire protection districts, but has not been able to reach agreement with either of the local fire protection districts. Therefore, the City is in the process of hiring a Fire Chief with the expectancy of rebuilding its Fire Department in 2026.

CITY OF SOUTH BELOIT, ILLINOIS

Management's Discussion and Analysis

December 31, 2024 (Unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - Continued

The Sewer Plant expansion was completed during 2023 at a total cost of \$37,117,340. This project is being funded through a 30-year IEPA loan at 1.32%. Anticipated 2025 debt service payments are expected to be nearly \$1,520,000. For 2024, the Sewer Fund reported Change in Net Position of \$25,802 which consisted of an operating deficit of \$734,599 and Nonoperating Revenue of \$760,401. However, the Sewer Plant experienced a net reduction in cash of \$946,587 as the Depreciation of \$1,473,909 was offset by the purchase of capital additions of \$1,025,000 and debt service of \$1,500,000. At the September 2, 2025 Board meeting, the City Council adopted annual rate increases for the next 6 years of beginning with approximately 15% in 2025 and decreasing to 8% in 2031. These increases are necessary to provide the funds for the current operating deficit and replacement of a lift station under the Rock River at a projected cost of \$7,700,000.

The Garden Hotel at 200 Dearborn has now been demolished at a cost in excess of \$1,400,000 future plans for the site have not been determined.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Finance Director, City of South Beloit, 518 Blackhawk Blvd. Suite 2 South Beloit, IL 61080.

BASIC FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

Fund Financial Statements

Governmental Funds

Proprietary Funds

Fiduciary Funds

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

CITY OF SOUTH BELOIT, ILLINOIS

Statement of Net Position

December 31, 2024

See Following Page

CITY OF SOUTH BELOIT, ILLINOIS

**Statement of Net Position
December 31, 2024**

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|-------------------|-----------------------------|
| | Governmental Activities | Business-Type Activities | Totals | South Beloit Public Library |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and Investments | \$ 12,581,821 | 8,228,430 | 20,810,251 | 1,505,387 |
| Receivables - Net of Allowances | | | | |
| Property Taxes | 1,592,202 | — | 1,592,202 | 297,109 |
| Other Taxes | 974,281 | — | 974,281 | — |
| Accounts | 261,813 | 492,243 | 754,056 | — |
| Accrued Interest | 85,930 | 52,266 | 138,196 | — |
| Other | — | 81,600 | 81,600 | — |
| Due from Other Governments | — | — | — | 1,013 |
| Prepays | 322,549 | — | 322,549 | — |
| Total Current Assets | <u>15,818,596</u> | <u>8,854,539</u> | <u>24,673,135</u> | <u>1,803,509</u> |
| Noncurrent Assets | | | | |
| Capital Assets | | | | |
| Nondepreciable | 754,523 | 487,628 | 1,242,151 | 3,827 |
| Depreciable | 19,731,407 | 44,883,816 | 64,615,223 | 1,507,982 |
| Accumulated Depreciation | (11,199,042) | (9,133,292) | (20,332,334) | (1,017,630) |
| Total Capital Assets | <u>9,286,888</u> | <u>36,238,152</u> | <u>45,525,040</u> | <u>494,179</u> |
| Other Assets | | | | |
| Net Pension Asset - IMRF | 476,800 | 133,433 | 610,233 | 81,784 |
| Total Noncurrent Assets | <u>9,763,688</u> | <u>36,371,585</u> | <u>46,135,273</u> | <u>575,963</u> |
| Total Assets | <u>25,582,284</u> | <u>45,226,124</u> | <u>70,808,408</u> | <u>2,379,472</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Items - IMRF | 115,580 | 32,345 | 147,925 | 19,825 |
| Deferred Items - Firefighters' Pension | 59,244 | — | 59,244 | — |
| Total Deferred Outflows of Resources | <u>174,824</u> | <u>32,345</u> | <u>207,169</u> | <u>19,825</u> |
| Total Assets and Deferred Outflows of Resources | <u>25,757,108</u> | <u>45,258,469</u> | <u>71,015,577</u> | <u>2,399,297</u> |

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

| | Primary Government | | | Component |
|--|--------------------|---------------|------------|--------------------------------|
| | Governmental | Business-Type | Totals | Unit |
| | Activities | Activities | | South Beloit Public Library |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts Payable | \$ 593,613 | 204,015 | 797,628 | 24,669 |
| Accrued Payroll | 90,522 | 7,767 | 98,289 | — |
| Unearned Revenue | 1,819,512 | — | 1,819,512 | — |
| Accrued Interest Payable | — | 149,481 | 149,481 | — |
| Other Payables | — | 18,157 | 18,157 | — |
| Due to Other Governments | 1,013 | — | 1,013 | — |
| Current Portion of Long-Term Liabilities | 27,678 | 1,115,287 | 1,142,965 | — |
| Total Current Liabilities | 2,532,338 | 1,494,707 | 4,027,045 | 24,669 |
| Noncurrent Liabilities | | | | |
| Compensated Absences Payable | 110,710 | 24,990 | 135,700 | — |
| Net Pension Liability - Police Pension | 3,628,883 | — | 3,628,883 | — |
| Net Pension Liability - Firefighters' Pension | 116,718 | — | 116,718 | — |
| IEPA Loans Payable | — | 32,608,020 | 32,608,020 | — |
| Total Noncurrent Liabilities | 3,856,311 | 32,633,010 | 36,489,321 | — |
| Total Liabilities | 6,388,649 | 34,127,717 | 40,516,366 | 24,669 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Property Taxes | — | — | — | 297,109 |
| Deferred Items - IMRF | 160,372 | 44,880 | 205,252 | 27,509 |
| Deferred Items - Police Pension | 74,703 | — | 74,703 | — |
| Deferred Items - Firefighters' Pension | 88,764 | — | 88,764 | — |
| Total Deferred Inflows of Resources | 323,839 | 44,880 | 368,719 | 324,618 |
| Total Liabilities and Deferred Inflows of Resources | 6,712,488 | 34,172,597 | 40,885,085 | 349,287 |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 9,286,888 | 2,521,093 | 11,807,981 | 494,179 |
| Restricted | | | | |
| Tourism | 303,173 | — | 303,173 | — |
| Highways and Streets | 427,654 | — | 427,654 | — |
| Community Development | 2,678,172 | — | 2,678,172 | — |
| Public Safety | 114,736 | — | 114,736 | — |
| Capital Projects | 4,383,119 | — | 4,383,119 | — |
| IMRF | 476,800 | 133,433 | 610,233 | 81,784 |
| Library | — | — | — | 1,481,731 |
| Unrestricted | 1,374,078 | 8,431,346 | 9,805,424 | (7,684) |
| Total Net Position | 19,044,620 | 11,085,872 | 30,130,492 | 2,050,010 |

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

CITY OF SOUTH BELOIT, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2024

| | Expenses | Program Revenues | | |
|---------------------------------|--------------|----------------------------|---------------------------------------|-------------------------------------|
| | | Charges for Services | Operating Grants/ Contributions | Capital Grants/ Contributions |
| Governmental Activities | | | | |
| General Government | \$ 4,384,108 | 412,412 | 115,578 | — |
| Public Safety | 4,083,737 | 368,984 | — | — |
| Public Works | 1,531,685 | 403,881 | 355,112 | — |
| Sanitation | 457,962 | 443,282 | — | — |
| Culture and Recreation | 100,767 | 3,894 | — | — |
| Total Governmental Activities | 10,558,259 | 1,632,453 | 470,690 | — |
| Business-Type Activities | | | | |
| Sewage Disposal | 3,536,397 | 2,352,727 | 793,278 | — |
| Total Primary Government | 14,094,656 | 3,985,180 | 1,263,968 | — |
| Component Unit | | | | |
| South Beloit Public Library | 362,023 | 3,305 | 11,864 | — |

General Revenues

Taxes

Property Tax

Utility Tax

Video Gaming Tax

Other Taxes

Intergovernmental - Unrestricted

Sales Tax

Income Tax

Use Tax

Replacement Tax

Investment Income

Miscellaneous

Change in Net Position

Net Position - Beginning as Previously Reported

Restatement - Change in Accounting Principle

Net Position - Beginning as Restated

Net Position - Ending

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

| Net (Expenses)/Revenues | | | |
|-------------------------|--------------------------|-------------|-----------------------------|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-Type Activities | Totals | South Beloit Public Library |
| (3,856,118) | — | (3,856,118) | — |
| (3,714,753) | — | (3,714,753) | — |
| (772,692) | — | (772,692) | — |
| (14,680) | — | (14,680) | — |
| (96,873) | — | (96,873) | — |
| (8,455,116) | — | (8,455,116) | — |
| — | (390,392) | (390,392) | — |
| (8,455,116) | (390,392) | (8,845,508) | — |
| — | — | — | (346,854) |
| 1,878,359 | — | 1,878,359 | 290,167 |
| 686,931 | — | 686,931 | — |
| 596,803 | — | 596,803 | — |
| 178,306 | — | 178,306 | — |
| 2,525,684 | — | 2,525,684 | — |
| 1,375,265 | — | 1,375,265 | — |
| 283,175 | — | 283,175 | — |
| 498,654 | — | 498,654 | 60,403 |
| 654,222 | 412,861 | 1,067,083 | 22,426 |
| 136,285 | 3,333 | 139,618 | 2,906 |
| 8,813,684 | 416,194 | 9,229,878 | 375,902 |
| 358,568 | 25,802 | 384,370 | 29,048 |
| 18,063,697 | 11,060,070 | 29,123,767 | 2,020,962 |
| 622,355 | — | 622,355 | — |
| 18,686,052 | 11,060,070 | 29,746,122 | 2,020,962 |
| 19,044,620 | 11,085,872 | 30,130,492 | 2,050,010 |

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

CITY OF SOUTH BELOIT, ILLINOIS

Balance Sheet - Governmental Funds

December 31, 2024

| | <u>General</u> |
|---|---------------------------------|
| ASSETS | |
| Cash and Investments | \$ 4,545,604 |
| Receivables - Net of Allowances | |
| Property Taxes | 1,592,202 |
| Other Taxes | 944,686 |
| Accounts | 173,258 |
| Accrued Interest | 32,338 |
| Prepays | <u>322,549</u> |
| Total Assets | <u><u>7,610,637</u></u> |
| LIABILITIES | |
| Accounts Payable | 292,508 |
| Accrued Payroll | 90,522 |
| Unearned Revenue | 2,067,412 |
| Due to Other Governments | 1,013 |
| Total Liabilities | <u>2,451,455</u> |
| FUND BALANCES | |
| Nonspendable | 322,549 |
| Restricted | — |
| Unassigned | <u>4,836,633</u> |
| Total Fund Balances | <u><u>5,159,182</u></u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u><u>7,610,637</u></u> |

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

| Special Revenue | | | | |
|--------------------|--|---------------------|-----------|------------|
| Motor Fuel Tax | | Capital Projects | Nonmajor | Totals |
| 521,168 | | 4,368,121 | 3,146,928 | 12,581,821 |
| — | | — | — | 1,592,202 |
| — | | — | 29,595 | 974,281 |
| 29,999 | | 27,804 | 30,752 | 261,813 |
| — | | 31,564 | 22,028 | 85,930 |
| — | | — | — | 322,549 |
| 551,167 | | 4,427,489 | 3,229,303 | 15,818,596 |
| 123,513 | | 44,370 | 133,222 | 593,613 |
| — | | — | — | 90,522 |
| — | | — | — | 2,067,412 |
| — | | — | — | 1,013 |
| 123,513 | | 44,370 | 133,222 | 2,752,560 |
| — | | — | — | 322,549 |
| 427,654 | | 4,383,119 | 3,096,081 | 7,906,854 |
| — | | — | — | 4,836,633 |
| 427,654 | | 4,383,119 | 3,096,081 | 13,066,036 |
| 551,167 | | 4,427,489 | 3,229,303 | 15,818,596 |

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

CITY OF SOUTH BELOIT, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

December 31, 2024

| | |
|--|--------------------------|
| Total Governmental Fund Balances | \$ 13,066,036 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Capital assets used in Governmental Activities are not financial resources and therefore, are not reported in the funds. | 9,286,888 |
| Certain revenues receivable by the City and recognized in the statement of net position do not represent current financial resources and are deferred in the governmental funds balance sheet. | 247,900 |
| A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - IMRF | 476,800 |
| Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF | (44,792) |
| Deferred Items - Police Pension | (74,703) |
| Deferred Items - Firefighters' Pension | (29,520) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable | (138,388) |
| Net Pension Liability - Police Pension | (3,628,883) |
| Net Pension Liability - Firefighters' Pension | <u>(116,718)</u> |
| Net Position of Governmental Activities | <u>19,044,620</u> |

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

CITY OF SOUTH BELOIT, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2024**

See Following Page

CITY OF SOUTH BELOIT, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2024**

| | <u>General</u> |
|--|-------------------------|
| Revenues | |
| Taxes | \$ 2,891,846 |
| Intergovernmental | 4,753,281 |
| Charges for Services | 772,739 |
| Licenses, Permits, and Fees | 399,876 |
| Fines and Forfeits | 113,751 |
| Investment Income | 233,974 |
| Miscellaneous | 136,285 |
| Total Revenues | <u>9,301,752</u> |
| Expenditures | |
| General Government | 2,632,996 |
| Public Safety | 3,311,238 |
| Public Works | 681,700 |
| Sanitation | 457,962 |
| Culture and Recreation | 94,217 |
| Capital Outlay | 15,936 |
| Total Expenditures | <u>7,194,049</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>2,107,703</u> |
| Other Financing Sources (Uses) | |
| Disposal of Capital Assets | 9,516 |
| Transfers In | — |
| Transfers Out | (1,283,800) |
| | <u>(1,274,284)</u> |
| Net Change in Fund Balances | 833,419 |
| Fund Balances - Beginning | <u>4,325,763</u> |
| Fund Balances - Ending | <u><u>5,159,182</u></u> |

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

| Special Revenue | | | | |
|--------------------|--|---------------------|-----------|-------------|
| Motor Fuel Tax | | Capital Projects | Nonmajor | Totals |
| — | | — | 450,308 | 3,342,154 |
| 355,112 | | — | 48,771 | 5,157,164 |
| — | | — | — | 772,739 |
| — | | 346,087 | — | 745,963 |
| — | | — | — | 113,751 |
| 24,806 | | 210,398 | 185,044 | 654,222 |
| — | | — | — | 136,285 |
| 379,918 | | 556,485 | 684,123 | 10,922,278 |
| — | | — | 1,356,908 | 3,989,904 |
| — | | — | — | 3,311,238 |
| — | | — | — | 681,700 |
| — | | — | — | 457,962 |
| — | | — | — | 94,217 |
| 378,923 | | 1,707,094 | 122,695 | 2,224,648 |
| 378,923 | | 1,707,094 | 1,479,603 | 10,759,669 |
| 995 | | (1,150,609) | (795,480) | 162,609 |
| — | | — | — | 9,516 |
| — | | 1,253,800 | 30,000 | 1,283,800 |
| — | | — | — | (1,283,800) |
| — | | 1,253,800 | 30,000 | 9,516 |
| 995 | | 103,191 | (765,480) | 172,125 |
| 426,659 | | 4,279,928 | 3,861,561 | 12,893,911 |
| 427,654 | | 4,383,119 | 3,096,081 | 13,066,036 |

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

CITY OF SOUTH BELOIT, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2024**

| | |
|---|-----------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 172,125 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital Outlays | 1,998,086 |
| Depreciation Expense | (904,622) |
| Disposals - Cost | (104,684) |
| Disposals - Accumulated Depreciation | 104,684 |
| Certain revenue included in the statement of activities does not provide financial resources and, therefore, is deferred in the governmental fund statements. | |
| | (5,451) |
| An addition to a net pension asset is not considered to be an increase in a financial asset in the governmental funds. | |
| Change in Net Pension Asset - IMRF | 21,581 |
| The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds. | |
| Change in Deferred Items - IMRF | (330,534) |
| Change in Deferred Items - Police Pension | 397,622 |
| Change in Deferred Items - Firefighters' Pension | (1,194,754) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds. | |
| Change in Compensated Absences Payable | 29,991 |
| Change in Net Pension Liability - Police Pension | (8,010) |
| Change in Net Pension Liability - Firefighters' Pension | 182,534 |
| Changes in Net Position of Governmental Activities | <u>358,568</u> |

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

CITY OF SOUTH BELOIT, ILLINOIS

Statement of Net Position - Proprietary Fund

December 31, 2024

See Following Page

CITY OF SOUTH BELOIT, ILLINOIS

Statement of Net Position - Proprietary Fund

December 31, 2024

| | <u>Sewage Disposal</u> |
|---|----------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Investments | \$ 8,228,430 |
| Receivables - Net of Allowances | |
| Accounts | 492,243 |
| Accrued Interest | 52,266 |
| Other | 81,600 |
| Total Current Assets | <u>8,854,539</u> |
| Noncurrent Assets | |
| Capital Assets | |
| Nondepreciable | 487,628 |
| Depreciable | 44,883,816 |
| Accumulated Depreciation | <u>(9,133,292)</u> |
| Total Capital Assets | 36,238,152 |
| Other Assets | |
| Net Pension Asset - IMRF | <u>133,433</u> |
| Total Noncurrent Assets | <u>36,371,585</u> |
| Total Assets | <u>45,226,124</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred Items - IMRF | <u>32,345</u> |
| Total Assets and Deferred Outflows of Resources | <u>45,258,469</u> |

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

Sewage
Disposal

LIABILITIES

| | |
|-----------------------------------|-------------------|
| Current Liabilities | |
| Accounts Payable | \$ 204,015 |
| Accrued Payroll | 7,767 |
| Accrued Interest Payable | 149,481 |
| Other Payables | 18,157 |
| Current Portion of Long-Term Debt | 1,115,287 |
| Total Current Liabilities | <u>1,494,707</u> |
| Long-Term Liabilities | |
| Compensated Absences Payable | 24,990 |
| IEPA Loans Payable | 32,608,020 |
| Total Long-Term Liabilities | <u>32,633,010</u> |
| Total Liabilities | <u>34,127,717</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|---|-------------------|
| Deferred Items - IMRF | <u>44,880</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>34,172,597</u> |

NET POSITION

| | |
|----------------------------------|--------------------------|
| Net Investment in Capital Assets | 2,521,093 |
| Restricted - IMRF | 133,433 |
| Unrestricted | <u>8,431,346</u> |
| Total Net Position | <u><u>11,085,872</u></u> |

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

CITY OF SOUTH BELOIT, ILLINOIS

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Fiscal Year Ended December 31, 2024

| | <u>Sewage Disposal</u> |
|----------------------------------|----------------------------|
| Operating Revenues | |
| Charges for Services | \$ 2,352,727 |
| Operating Expenses | |
| Operations | 1,613,417 |
| Depreciation | 1,473,909 |
| Total Operating Expenses | <u>3,087,326</u> |
| Operating (Loss) | <u>(734,599)</u> |
| Nonoperating Revenues (Expenses) | |
| Investment Income | 412,861 |
| Intergovernmental | 793,278 |
| Other Income | 3,333 |
| Interest Expense | <u>(449,071)</u> |
| | <u>760,401</u> |
| Change in Net Position | 25,802 |
| Net Position - Beginning | <u>11,060,070</u> |
| Net Position - Ending | <u><u>11,085,872</u></u> |

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

CITY OF SOUTH BELOIT, ILLINOIS

**Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended December 31, 2024**

| | <u>Sewage Disposal</u> |
|---|----------------------------|
| Cash Flows from Operating Activities | |
| Receipts from Customers and Users | \$ 4,958,068 |
| Payments to Employees | (609,355) |
| Payments to Suppliers | (3,216,409) |
| | <u>1,132,304</u> |
| Cash Flows from Capital and Related Financing Activities | |
| Purchase of Capital Assets | (1,024,655) |
| Issuance of Debt | 50,000 |
| Principal Paid on Debt | (1,068,026) |
| Interest Paid on Debt | (449,071) |
| | <u>(2,491,752)</u> |
| Cash Flows from Investing Activities | |
| Investment Income | <u>412,861</u> |
| Net Change in Cash and Cash Equivalents | (946,587) |
| Cash and Cash Equivalents - Beginning | <u>9,175,017</u> |
| Cash and Cash Equivalents - Ending | <u><u>8,228,430</u></u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities | |
| Operating (Loss) | (734,599) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) | |
| Operating Activities | |
| Depreciation | 1,473,909 |
| Other Income | 796,611 |
| (Increase) Decrease in Current Assets | 1,808,730 |
| Increase (Decrease) in Current Liabilities | (2,212,347) |
| Net Cash Provided by Operating Activities | <u><u>1,132,304</u></u> |

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

CITY OF SOUTH BELOIT, ILLINOIS

Statement of Fiduciary Net Position

December 31, 2024

| | <u>Pension Trusts</u> |
|---|---------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 145,325 |
| Investments | |
| Illinois Police Officers' Pension Investment Fund | 6,756,796 |
| Illinois Firefighters' Pension Investment Fund | <u>3,420,040</u> |
| Total Assets | 10,322,161 |
| LIABILITIES | |
| Accounts Payable | <u>4,278</u> |
| NET POSITION | |
| Net Position Restricted for Pensions | <u><u>10,317,883</u></u> |

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

CITY OF SOUTH BELOIT, ILLINOIS

**Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended December 31, 2024**

| | <u>Pension Trusts</u> |
|----------------------------------|---------------------------|
| Additions | |
| Contributions - Employer | \$ 439,997 |
| Contributions - Plan Members | <u>101,907</u> |
| Total Contributions | <u>541,904</u> |
| Investment Income | |
| Interest Earned | 112,239 |
| Net Change in Fair Value | <u>745,832</u> |
| Net Investment Income | <u>858,071</u> |
| Total Additions | <u>1,399,975</u> |
| Deductions | |
| Administration | 22,102 |
| Benefits and Refunds | <u>526,263</u> |
| Total Deductions | <u>548,365</u> |
| Change in Fiduciary Net Position | 851,610 |
| Net Position - Beginning | <u>9,466,273</u> |
| Net Position - Ending | <u><u>10,317,883</u></u> |

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

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of South Beloit (the City) operates under a Commission form of government. The City's major operations include: public safety, sewer system, street, and general administrative services.

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

REPORTING ENTITY

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

Police Pension Employees Retirement System

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

Firefighters' Pension Employees Retirement System

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

REPORTING ENTITY - Continued

Discretely Presented Component Unit

Discretely presented component units are separate legal entities that meet the component unit criteria described in GASB Statement No. 61 and GASB Statement No. 84 but do not meet the criteria for blending.

South Beloit Public Library

The South Beloit Public Library (the Library) operates and maintains the Library's facilities. The Library's board is appointed by the Mayor with the consent of the City Council. The Library may not issue bonded debt and its annual budget and property tax levy requests are subject to the City Council's approval. The Library is considered a component unit of the City of South Beloit, Illinois for purposes of these financial statements. Complete financial statements for the Library may be obtained at the Library: 630 Blackhawk Boulevard, South Beloit, Illinois 61080.

BASIS OF PRESENTATION

Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, economic development, planning and zoning, and general administrative services are classified as governmental activities. The City's sewerage activities are classified as business-type activities.

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

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general government, public safety, public works, sanitation, culture and recreation, etc.) The functions are supported by general government revenues (property, sales, income, and use taxes, certain intergovernmental revenues, fines, permits, and charges for services, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (general government, public safety, public works, sanitation, culture and recreation, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales, income, and use taxes, certain intergovernmental revenues, fines, permits, and charges for services, etc.).

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements

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

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

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

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

Governmental Funds

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

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

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains seven nonmajor special revenue funds. The Motor Fuel Tax Fund, a major fund, is used to account for motor fuel tax allocations from the State of Illinois and expenditures related to the City's annual road rehabilitation and construction program.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds). The Capital Projects Fund is treated as a major fund.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Proprietary Funds

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

Enterprise Funds are required to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Sewage Disposal Fund, a major fund, is used to account for the costs related to operations of the City sewage disposal plant, funding is provided by user fees.

Fiduciary Funds

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

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

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and custodial). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Measurement Focus - Continued

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

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

Basis of Accounting

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

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

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, investment income, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Cash and Investments

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

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

Receivables

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

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Internal service fund services provided and used are not eliminated in the process of consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Prepays

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000, depending on asset class, or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

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

| | |
|----------------|--------------|
| Infrastructure | 5 - 40 Years |
| Buildings | 5 - 40 Years |
| Equipment | 3 - 10 Years |
| Vehicles | 3 - 10 Years |

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Long-Term Obligations - Continued

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

Compensated Absences

The City's policy allows employees to accrue both vacation and sick leave at varying rates based on years of continuous service.

Employees are eligible to accrue vacation leave at a rate between 3.3 to 16.7 hours per month. Vacation pay shall be paid at the rate of the employee's regular straight-time hourly rate of pay in effect for the employee's regular job classification at the time of the employee's vacation. Employees shall receive compensation for all earned but unused vacation as of the employee's date of termination.

An employee, who has completed one (1) full month of continuous service, shall accrue eight (8) hours of sick leave for each completed month of service, provided that the number of accumulated sick leave hours shall not exceed six hundred forty (640) hours at any one time. If an employee, who has accumulated 120 hours (15 days) of sick leave and maintained the 120 hours (15 days) balance for one fiscal year, uses no sick leave during the following fiscal year, the employee shall receive 8 hours of pay. An employee who has accumulated 480 hours of sick leave, shall be compensated at retirement for 120 hours said sick leave at the employee's regular straight time hourly rate of pay. Retirement shall be defined as a minimum of 50 years of age and 20 years of service. Time should be taken in eight (8) hour increments.

Net Position

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

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

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

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

Use of Estimates

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual operating budgets are adopted each fiscal year through the passage of an annual budget ordinance and amended as required. A budget was not adopted for the Foreign Fire Insurance Fund, Police Pension Fund, and Firefighters' Pension Fund. The budget was approved December 4, 2023.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- At least 15 days prior to the enactment of the budget, the City Administrator, Finance Director/Budget Officer, and the Department Heads submit to the City Council a proposed means of financing and expenditure appropriation for the fiscal year.
- Public hearings are conducted to obtain taxpayer comments.
- Budgeted amounts are as originally reported or as amended by the City Council.
- Budgets are adopted and formal budgetary integration is employed as management control device during the year for general, special revenue funds and enterprise funds.
- The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.
- The City prepares their budget on the modified accrual basis of accounting, which is the same method used in preparing their financial statements.
- State law requires that “expenditures be made in conformity with appropriations/budget.” As under the budget act, transfers between line items, departments and funds may be made by administrative action. The final budget reflects all amendments made. The level of legal control is at the fund level.

EXCESS OF ACTUAL EXPENSES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenses over budget as of the date of this report:

| Fund | Excess |
|-----------------|----------|
| Hotel Tax | \$ 2,066 |
| Sewage Disposal | 12,926 |

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

The Illinois Public Reserves Investment Management Trust (IPRIME) is an investment opportunity and cash management service for Illinois Municipal Treasurers acting on behalf of counties, townships, cities, towns, villages, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, and all other political corporations or subdivisions of the State of Illinois. Participation in IPRIME is voluntary. IPRIME is not registered with the SEC as an Investment Company. Investments in IPRIME are valued at the share price, the price for which the investment could be sold.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, which is the price for which the investment could be sold.

City

Deposits. At year-end, the carrying amount of the City’s deposits for governmental and business-type activities totaled \$17,501,474 and the bank balances totaled \$17,528,279.

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

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-----------------|------------------|----------------------------------|----------|----------|----------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Municipal Bonds | \$ 781,347 | — | — | — | 781,347 |
| IPRIME | 1,292,191 | 1,292,191 | — | — | — |
| Illinois Funds | 1,235,239 | 1,235,239 | — | — | — |
| Totals | 3,308,777 | 2,527,430 | — | — | 781,347 |

The City has the following recurring fair value measurements as of year-end:

- Municipal Bonds of \$781,347 are valued using a matrix pricing model (Level 2 inputs)
- IPRIME of \$1,292,191 are measured at the Net Asset Value (NAV) per share as determined by the pool.
- Illinois Funds of \$1,235,239 are measured at the Net Asset Value (NAV) per share as determined by the pool.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short-term and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy does not specifically address credit risk. At year-end, the City's investment in municipal bonds was not rated, the investments in IPRIME was rated AAAM by Standard & Poor's, and Illinois Funds investments was rated AAmmf by Fitch.

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

City - Continued

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy requires that funds on deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage must be secured at least 110% of the fair market value of the net amount of the funds secured. Pledged collateral is to be held by an independent third party depository. At year-end, the entire amount of the bank balance of deposits was covered by collateral, federal depository or equivalent insurance.

Custodial Credit Risk - Investments. For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the City's investment policy requires all security transactions that are exposed to custodial credit risk to be processed with the underlying investments held by a third party custodian and held in the City's name. At year-end, the City's investments in the Illinois Fund and IPRIME are not subject to custodial credit risk.

Concentration Risk. This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City's investment policy requires diversification of investments to avoid unreasonable risk but does not contain any specific diversification targets. At year-end, the City does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Police Pension Fund

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

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IPOPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$99,236 and the bank balances totaled \$99,236.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy states that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Police Pension Fund - Continued

Investments. At year-end the Fund has \$6,756,796 invested in IPOPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org. Investments in IPOPIF are valued at IPOPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The fund may redeem shares with a seven calendar day notice. IPOPIF may, at its sole discretion and based on circumstances, process redemption requests with fewer than a seven calendar day notice. Regular redemptions of the same amount on a particular day of the month may be arranged with IPOPIF.

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

Rate of Return. For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

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

Deposits. The Fund retains all its available cash with one financial institution. Available cash is determined to be that amount which is required for the current expenditures of the Fund. The excess of available cash is required to be transferred to IFPIF for purposes of the long-term investment for the Fund. At year-end, the carrying amount of the Fund's cash on hand totaled \$46,089 and the bank balances totaled \$46,455.

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy states that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default. At year-end, the entire carrying amount of the bank balance of deposits is covered by federal depository or equivalent insurance.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Firefighters' Pension Fund - Continued

Investments. At year-end the Fund has \$3,420,040 invested in IFPIF. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org. Investments in IFPIF are valued at IFPIF's share price, which is the price the investment could be sold. There are no unfunded commitments at year-end. The plan may redeem shares by giving notice by 5:00 pm central time on the 1st of each month. Requests properly submitted on or before the 1st of each month will be processed for redemption by the 14th of the month. Expedited redemptions may be processed at the sole discretion of IFPIF.

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

Rate of Return. For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.92%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Component Unit - Library

Deposits. At year-end, the carrying amount of the Library's deposits totaled \$1,505,387 and the bank balances totaled \$1,505,387.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Library limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short-term and long-term cash flow needs while providing a reasonable rate of return based on the current market.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library's investment policy does not specifically address credit risk.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library's policy requires that funds on deposits in excess of the Federal Deposit Insurance Corporation (FDIC) coverage must be secured at least 110% of the fair market value of the net amount of the funds secured. Pledged collateral is to be held by an independent third party depository. At year-end \$37,152 of the bank balance of the deposits was not covered by federal depository or equivalent insurance.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Component Unit - Library - Continued

Custodial Credit Risk - Investments. For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. To limit its exposure, the Library's investment policy requires all security transactions that are exposed to custodial credit risk to be processed with the underlying investments held by a third party custodian and held in the Library's name.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Library's investment in a single issuer. The Library's investment policy requires diversification of investments to avoid unreasonable risk but does not contain any specific diversification targets. At year-end, the Library does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

INTERFUND TRANSFERS

Interfund transfers for the fiscal year consisted of the following:

| Transfer In | Transfer Out | Amount |
|-----------------------|--------------|-------------------------|
| Capital Projects | General | \$ 1,253,800 |
| Nonmajor Governmental | General | <u>30,000</u> |
| | | <u><u>1,283,800</u></u> |

Transfers are used to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS

Governmental Activities

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|------------------|----------------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 662,996 | 50,000 | — | 712,996 |
| Construction in Progress | 462,466 | 10,832 | 431,771 | 41,527 |
| | <u>1,125,462</u> | <u>60,832</u> | <u>431,771</u> | <u>754,523</u> |
| Depreciable Capital Assets | | | | |
| Infrastructure | 8,554,903 | 1,159,173 | — | 9,714,076 |
| Buildings | 2,747,265 | 492,775 | — | 3,240,040 |
| Equipment | 3,058,735 | 31,195 | — | 3,089,930 |
| Vehicles | 3,106,163 | 685,882 | 104,684 | 3,687,361 |
| | <u>17,467,066</u> | <u>2,369,025</u> | <u>104,684</u> | <u>19,731,407</u> |
| Less Accumulated Depreciation | | | | |
| Infrastructure | 3,229,902 | 459,559 | — | 3,689,461 |
| Buildings | 2,172,655 | 41,473 | — | 2,214,128 |
| Equipment | 2,590,299 | 83,980 | — | 2,674,279 |
| Vehicles | 2,406,248 | 319,610 | 104,684 | 2,621,174 |
| | <u>10,399,104</u> | <u>904,622</u> | <u>104,684</u> | <u>11,199,042</u> |
| Total Net Depreciable Capital Assets | <u>7,067,962</u> | <u>1,464,403</u> | <u>—</u> | <u>8,532,365</u> |
| Total Net Capital Assets | <u>8,193,424</u> | <u>1,525,235</u> | <u>431,771</u> | <u>9,286,888</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------|----------------|
| General Government | \$ 124,758 |
| Public Safety | 149,891 |
| Public Works | 623,423 |
| Culture and Recreation | <u>6,550</u> |
| | <u>904,622</u> |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Business-Type Activities

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|------------------|-----------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 148,000 | — | — | 148,000 |
| Construction in Progress | 289,630 | 49,998 | — | 339,628 |
| | <u>437,630</u> | <u>49,998</u> | <u>—</u> | <u>487,628</u> |
| Depreciable Capital Assets | | | | |
| Infrastructure | 9,753,603 | 974,657 | — | 10,728,260 |
| Buildings | 13,659,065 | — | — | 13,659,065 |
| Equipment | 20,024,279 | — | — | 20,024,279 |
| Vehicles | 472,212 | — | — | 472,212 |
| | <u>43,909,159</u> | <u>974,657</u> | <u>—</u> | <u>44,883,816</u> |
| Less Accumulated Depreciation | | | | |
| Infrastructure | 3,047,406 | 235,890 | — | 3,283,296 |
| Buildings | 1,630,807 | 375,855 | — | 2,006,662 |
| Equipment | 2,813,207 | 828,899 | — | 3,642,106 |
| Vehicles | 167,963 | 33,265 | — | 201,228 |
| | <u>7,659,383</u> | <u>1,473,909</u> | <u>—</u> | <u>9,133,292</u> |
| Total Net Depreciable Capital Assets | <u>36,249,776</u> | <u>(499,252)</u> | <u>—</u> | <u>35,750,524</u> |
| Total Net Capital Assets | <u>36,687,406</u> | <u>(449,254)</u> | <u>—</u> | <u>36,238,152</u> |

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

| | |
|-----------------|---------------------|
| Sewage Disposal | <u>\$ 1,473,909</u> |
|-----------------|---------------------|

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

CAPITAL ASSETS - Continued

Component Unit - Library

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|-----------------|-----------|--------------------|
| Nondepreciable Capital Assets | | | | |
| Land | \$ 3,827 | — | — | 3,827 |
| Depreciable Capital Assets | | | | |
| Land Improvements | 31,380 | — | — | 31,380 |
| Building | 537,224 | — | — | 537,224 |
| Equipment | 939,378 | — | — | 939,378 |
| | <u>1,507,982</u> | <u>—</u> | <u>—</u> | <u>1,507,982</u> |
| Less Accumulated Depreciation | | | | |
| Land Improvements | 6,494 | 784 | — | 7,278 |
| Building | 260,177 | 13,430 | — | 273,607 |
| Equipment | 728,158 | 8,587 | — | 736,745 |
| | <u>994,829</u> | <u>22,801</u> | <u>—</u> | <u>1,017,630</u> |
| Total Net Depreciable Capital Assets | <u>513,153</u> | <u>(22,801)</u> | <u>—</u> | <u>490,352</u> |
| Total Net Capital Assets | <u>516,980</u> | <u>(22,801)</u> | <u>—</u> | <u>494,179</u> |

Depreciation expense was charged to Library activities as follows:

| | |
|---------|------------------|
| Library | <u>\$ 22,801</u> |
|---------|------------------|

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

PROPERTY TAXES

Property taxes for 2023 attach as an enforceable lien on January 1, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments, on or about July and September. The County collect such taxes and remit them periodically.

LONG-TERM DEBT

Illinois Environmental Protection Agency (IEPA) Loans Payable

The City has entered into an agreement with the IEPA to provide low interest financing for sewerage improvements. IEPA revenue bonds currently outstanding are as follows:

| Issue | Fund Debt Retired by | Beginning Balances | Issuances | Retirements | Ending Balances |
|--|-------------------------|-----------------------|---------------|------------------|--------------------|
| \$577,430 IEPA Loan of 2015, due in semi-annual installments of \$1,447,387, including interest of 2.00% through August 17, 2035. | Sewage Disposal | \$ 326,523 | — | 24,339 | 302,184 |
| \$38,994,395 IEPA Loan of 2018, due in semi-annual installments of \$202,949, including interest of 1.32% through September 1, 2050. | Sewage Disposal | 34,408,562 | 50,000 | 1,043,687 | 33,414,875 |
| | | <u>34,735,085</u> | <u>50,000</u> | <u>1,068,026</u> | <u>33,717,059</u> |

Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

| | |
|---|--------------------------|
| Assessed Valuation - 2023 | \$ 160,043,847 |
| Legal Debt Limit - 8.625% of Assessed Value | 13,803,782 |
| Amount of Debt Applicable to Limit | <u>—</u> |
| Legal Debt Margin | <u><u>13,803,782</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Long-Term Liabilities Activity

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

| Type of Liability | Beginning Balances as Restated | Additions | Deductions | Ending Balances | Amounts Due within One Year |
|---|--------------------------------------|---------------|------------------|--------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Compensated Absences | \$ 168,379 | — | 29,991 | 138,388 | 27,678 |
| Net Pension Liability - Police Pension | 3,620,873 | 8,010 | — | 3,628,883 | — |
| Net Pension Liability - Firefighters' Pension | 299,252 | — | 182,534 | 116,718 | — |
| | <u>4,088,504</u> | <u>8,010</u> | <u>212,525</u> | <u>3,883,989</u> | <u>27,678</u> |
| Business-Type Activities | | | | | |
| Compensated Absences | 31,850 | — | 612 | 31,238 | 6,248 |
| IEPA Loans Payable | 34,735,085 | 50,000 | 1,068,026 | 33,717,059 | 1,109,039 |
| | <u>34,766,935</u> | <u>50,000</u> | <u>1,068,638</u> | <u>33,748,297</u> | <u>1,115,287</u> |

For governmental activities, the General Fund makes payments on the net pension liabilities. For the business-type activities, the IEPA loans are being liquidated by the Sewage Disposal Fund.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

LONG-TERM DEBT - Continued

Debt Service Requirements to Maturity

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

| Fiscal Year | Business-Type Activities | |
|----------------|--------------------------|---------------|
| | IEPA Loans | |
| | Payable* | |
| | Principal | Interest |
| 2024 | \$ 24,827 | 5,905 |
| 2025 | 25,324 | 5,408 |
| 2026 | 25,832 | 4,900 |
| 2027 | 26,350 | 4,382 |
| 2028 | 26,878 | 3,854 |
| 2029 | 27,417 | 3,315 |
| 2030 | 27,967 | 2,765 |
| 2031 | 28,528 | 2,204 |
| 2032 | 29,100 | 1,632 |
| 2033 | 29,683 | 1,049 |
| 2034 | 30,278 | 453 |
| Totals | <u>302,184</u> | <u>35,867</u> |

* IEPA Loan of 2018 is not included due to final repayment schedule not being available.

FUND BALANCE CLASSIFICATIONS

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

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

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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

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

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

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

| | General | Special Revenue Motor Fuel Tax | Capital Projects | Nonmajor | Totals |
|-----------------------|------------|---|---------------------|-----------|------------|
| Fund Balances | | | | | |
| Nonspendable | | | | | |
| Prepays | \$ 322,549 | — | — | — | 322,549 |
| Restricted | | | | | |
| Tourism | — | — | — | 303,173 | 303,173 |
| Highways and Streets | — | 427,654 | — | — | 427,654 |
| Community Development | — | — | — | 2,678,172 | 2,678,172 |
| Public Safety | — | — | — | 114,736 | 114,736 |
| Capital Projects | — | — | 4,383,119 | — | 4,383,119 |
| | — | 427,654 | 4,383,119 | 3,096,081 | 7,906,854 |
| Unassigned | 4,836,633 | — | — | — | 4,836,633 |
| Total Fund Balances | 5,159,182 | 427,654 | 4,383,119 | 3,096,081 | 13,066,036 |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following as of December 31, 2024:

| | |
|--|---------------------|
| Governmental Activities | |
| Capital Assets - Net of Accumulated Depreciation | \$ 9,286,888 |
| Less Capital Related Debt: | <u>—</u> |
| Investment in Capital Assets | <u>9,286,888</u> |
| Business-Type Activities | |
| Capital Assets - Net of Accumulated Depreciation | 36,238,152 |
| Less Capital Related Debt: | |
| IEPA Loans Payable | <u>(33,717,059)</u> |
| Net Investment in Capital Assets | <u>2,521,093</u> |

REPORTING UNITS AFFECTED BY ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

Change in Accounting Principle. The City is implementing the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the financial statements of the current fiscal year.

| | |
|---|-------------------|
| | Governmental |
| | <u>Activities</u> |
| Beginning Net Position as Previously Reported | \$ 18,063,697 |
| Change in Accounting Principle | |
| GASB 68 | <u>622,355</u> |
| Beginning Net Position as Restated | <u>18,686,052</u> |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION

CONTINGENT LIABILITIES

Litigation

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

Grants

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

SALES TAX REBATES

The City has an agreement with DYN Commercial Holdings and Mid-States Concrete Industries, based upon cannabis tax revenue generated during the fiscal year. The City may agree to share or rebate a portion of any retailer's occupation taxes received by the City that were generated by the development or redevelopment over a period of time. The agreement expires on January 1, 2029. For the year ended December 31, 2024, the City collected and rebated \$761,392 to DYN Commercial Holdings and \$9,063 to Mid-State Concrete Industries.

RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to the City's employees. The City has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system, the Police Pension Plan which is a single-employer pension plan, and the Firefighters' Pension Plan which is a single-employer pension plan. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

The aggregate amounts recognized for the pension plans are:

| | Pension Expense/ (Revenue) | Net Pension Liability/ (Asset) | Deferred Outflows | Deferred Inflows |
|-----------------------|----------------------------------|--------------------------------------|----------------------|---------------------|
| IMRF | | | | |
| City | \$ 401,997 | (610,233) | 147,925 | 205,252 |
| Library | 68,506 | (81,784) | 19,825 | 27,509 |
| Police Pension | (141,656) | 3,628,883 | — | 74,703 |
| Firefighters' Pension | 1,204,261 | 116,718 | 59,244 | 88,764 |
| | <u>1,533,108</u> | <u>3,053,584</u> | <u>226,994</u> | <u>396,228</u> |

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

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

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Benefits Provided - Continued. 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.

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

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | 26 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 23 |
| Active Plan Members | <u>20</u> |
| Total | <u><u>69</u></u> |

Contributions. As set by statute, the City's Regular 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. For the fiscal year-ended December 31, 2024, the City's and Library's contribution was 0.82% of covered payroll.

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

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

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

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions - Continued. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

Discount Rate

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

Discount Rate Sensitivity

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---------------------|------------------------|-------------------------------------|------------------------|
| City | \$ (35,404) | (610,233) | (1,066,904) |
| Library | (4,745) | (81,784) | (142,987) |
| Net Pension (Asset) | (40,149) | (692,017) | (1,209,891) |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension (Asset)

| | City | Library | Totals |
|--|-----------|----------|-----------|
| Total Pension Liability | | | |
| Service Cost | \$ 85,335 | 11,437 | 96,772 |
| Interest | 365,875 | 58,023 | 423,898 |
| Differences Between Expected and Actual Experience | (265,554) | (35,590) | (301,144) |
| Change of Assumptions | — | — | — |
| Benefit Payments, Including Refunds of Member Contributions | (269,521) | (36,121) | (305,642) |
| Net Change in Total Pension Liability | (83,865) | (2,251) | (86,116) |
| Total Pension Liability - Beginning | 5,219,725 | 731,579 | 5,951,304 |
| Total Pension Liability - Ending | 5,135,860 | 729,328 | 5,865,188 |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | 7,952 | 1,066 | 9,018 |
| Contributions - Members | 43,639 | 5,848 | 49,487 |
| Net Investment Income | 593,350 | 79,521 | 672,871 |
| Benefit Payments, Including Refunds of Member Contributions | (269,521) | (36,121) | (305,642) |
| Other (Net Transfer) | (430,824) | (57,739) | (488,563) |
| Net Change in Plan Fiduciary Net Position | (55,404) | (7,425) | (62,829) |
| Plan Net Position - Beginning | 5,801,497 | 818,537 | 6,620,034 |
| Plan Net Position - Ending | 5,746,093 | 811,112 | 6,557,205 |
| Employer's Net Pension (Asset) | (610,233) | (81,784) | (692,017) |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the fiscal year ended December 31, 2024, the City recognized pension expense of \$401,997, and the Library recognized pension expense of \$68,506. At December 31, 2024, the City and Library reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

| | City | | Library | | Totals |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|-----------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | |
| Difference Between Expected and Actual Experience | \$ 30,710 | (204,283) | 4,116 | (27,379) | (196,836) |
| Change in Assumptions | — | (969) | — | (130) | (1,099) |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 117,215 | — | 15,709 | — | 132,924 |
| Total Deferred Amounts Related to IMRF | 147,925 | (205,252) | 19,825 | (27,509) | (65,011) |

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

| Fiscal Year | Net Deferred Outflows/(Inflows) of Resources | | |
|-------------|--|----------|-----------|
| | City | Library | Totals |
| 2025 | \$ (8,893) | (1,193) | (10,086) |
| 2026 | 88,930 | 11,918 | 100,848 |
| 2027 | (98,638) | (13,219) | (111,857) |
| 2028 | (38,726) | (5,190) | (43,916) |
| 2029 | — | — | — |
| Thereafter | — | — | — |
| Totals | (57,327) | (7,684) | (65,011) |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan

Plan Descriptions

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

Plan Membership. At December 31, 2024, the measurement date, membership consisted of the following:

| | |
|--|------------------|
| Inactive Plan Members Currently Receiving Benefits | 5 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 5 |
| Active Plan Members | <u>12</u> |
| Total | <u><u>22</u></u> |

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

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Covered employees hired before January 1, 2011 (Tier 1), attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit of $\frac{1}{2}$ of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75 percent of such salary. Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the original pension and 3 percent compounded annually thereafter.

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the fiscal year-ended December 31, 2024, the City's contribution was 24.42% of covered payroll.

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

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

| | |
|----------------------------|------------------|
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Actuarial Assumptions | |
| Interest Rate | 6.75% |
| Salary Increases | 4.00% - 11.97% |
| Cost of Living Adjustments | 2.50% |
| Inflation | 2.50% |

Mortality rates were based on the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are improved generationally using MP-2021 improvement rates.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Discount Rate

A Single Discount Rate of 5.49% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.75%, the municipal bond rate is 4.08%, and the resulting single discount rate is 5.49%.

Discount Rate Sensitivity

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

| | 1% Decrease (4.49%) | Current Discount Rate (6.75%) | 1% Increase (6.49%) |
|-----------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability | \$ 5,638,119 | 3,628,883 | 2,040,390 |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2023 as Restated | \$ 9,867,930 | 6,247,057 | 3,620,873 |
| Changes for the Year: | | | |
| Service Cost | 342,901 | — | 342,901 |
| Interest on the Total Pension Liability | 533,400 | — | 533,400 |
| Changes of Benefit Terms | (61) | — | (61) |
| Difference Between Expected and Actual Experience of the Total Pension Liability | — | — | — |
| Changes of Assumptions | — | — | — |
| Contributions - Employer | — | 247,956 | (247,956) |
| Contributions - Employees | — | 100,052 | (100,052) |
| Net Investment Income | — | 521,017 | (521,017) |
| Benefit Payments, Including Refunds of Employee Contributions | (261,870) | (261,870) | — |
| Other (Net Transfer) | — | (795) | 795 |
| Net Changes | 614,370 | 606,360 | 8,010 |
| Balances at December 31, 2024 | 10,482,300 | 6,853,417 | 3,628,883 |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Police Pension Plan - Continued

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

For the fiscal year ended December 31, 2024, the City recognized pension revenue of \$141,656. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|---|--------------------------------------|-------------------------------------|----------|
| Difference Between Expected and Actual Experience | \$ — | (51) | (51) |
| Change in Assumptions | — | — | — |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | — | (74,652) | (74,652) |
| Total Deferred Amounts Related to Police Pension | — | (74,703) | (74,703) |

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

| Fiscal Year | Net Deferred (Inflows) of Resources |
|----------------|---|
| 2025 | \$ (18,673) |
| 2026 | (18,673) |
| 2027 | (18,673) |
| 2028 | (18,673) |
| 2029 | (10) |
| Thereafter | (1) |
| Total | (74,703) |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan

Plan Descriptions

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

Plan Membership. At December 31, 2024, the measurement date, membership consisted of the following:

| | |
|--|-----------------|
| Inactive Plan Members Currently Receiving Benefits | 3 |
| Inactive Plan Members Entitled to but not yet Receiving Benefits | 3 |
| Active Plan Members | <u>2</u> |
| Total | <u><u>8</u></u> |

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

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

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

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Plan Descriptions - Continued

Contributions. Covered employees are required to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. However, effective January 1, 2011, ILCS requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the fiscal year-ended December 31, 2024, the City's contribution was 183.55% of covered payroll.

Concentrations. At year end, the Pension Plan had no investments (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) in any one organization that represent 5 percent or more of net plan position available for benefits.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

| | |
|----------------------------|------------------|
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Fair Value |
| Actuarial Assumptions | |
| Interest Rate | 6.75% |
| Salary Increases | 3.50% |
| Cost of Living Adjustments | 2.50% |
| Inflation | 2.50% |

Mortality rates were based on the PubS-2010(A) Study improved to 2021 using MP-2021 Improvement Rates. These rates are improved generationally using MP-2021 improvement rates.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

Discount Rate Sensitivity

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

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|----------------------------------|------------------------|-------------------------------------|------------------------|
| Net Pension Liability/(Asset) \$ | 650,553 | 116,718 | (311,101) |

Changes in the Net Pension Liability

| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|
| Balances at December 31, 2023 as Restated | \$ 3,518,468 | 3,219,216 | 299,252 |
| Changes for the Year: | | | |
| Service Cost | 20,375 | — | 20,375 |
| Interest on the Total Pension Liability | 231,124 | — | 231,124 |
| Changes of Benefit Terms | — | — | — |
| Difference Between Expected and Actual Experience of the Total Pension Liability | 75,610 | — | 75,610 |
| Changes of Assumptions | — | — | — |
| Contributions - Employer | — | 192,041 | (192,041) |
| Contributions - Employees | — | 1,855 | (1,855) |
| Net Investment Income | — | 337,054 | (337,054) |
| Benefit Payments, Including Refunds of Employee Contributions | (264,393) | (264,393) | — |
| Other (Net Transfer) | — | (21,307) | 21,307 |
| Net Changes | 62,716 | 245,250 | (182,534) |
| Balances at December 31, 2024 | 3,581,184 | 3,464,466 | 116,718 |

CITY OF SOUTH BELOIT, ILLINOIS

Notes to the Financial Statements

December 31, 2024

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLANS - Continued

Firefighters' Pension Plan - Continued

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

For the fiscal year ended December 31, 2024, the City recognized pension expense of \$1,204,261. At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Totals |
|--|--------------------------------------|-------------------------------------|-----------------|
| Difference Between Expected and Actual Experience | \$ 59,244 | — | 59,244 |
| Change in Assumptions | — | — | — |
| Net Difference Between Projected and Actual | | | |
| Earnings on Pension Plan Investments | — | (88,764) | (88,764) |
| Total Deferred Amounts Related to Firefighters' Pension | 59,244 | (88,764) | (29,520) |

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

| Fiscal Year | Net Deferred (Inflows) of Resources |
|----------------|---|
| 2025 | \$ (5,825) |
| 2026 | (5,825) |
| 2027 | (5,825) |
| 2028 | (12,045) |
| 2029 | — |
| Thereafter | — |
| Total | (29,520) |

OTHER POST-EMPLOYMENT BENEFITS

The City has not obtained an independent actuarial valuation required under the provisions of *Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*. The amount by which this departure would affect the assets, liabilities, deferred outflows of resources, deferred inflows of resources, and net position has not been determined as of December 31, 2024. For this reason, a modified opinion with regards to the total OPEB liability and related items has been issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

- Budgetary Comparison Schedules
 - General Fund
 - Motor Fuel Tax - Special Revenue Fund

Notes to the Required Supplementary Information

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

CITY OF SOUTH BELOIT, ILLINOIS

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2024**

| Fiscal Year | | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|---------|-------------------------------------|--|-----------------------------------|--------------------------|--|
| 2015 | Totals | \$ 66,269 | \$ 69,205 | \$ 2,936 | \$ 747,110 | 9.26% |
| 2016 | Totals | 57,437 | 57,437 | — | 752,771 | 7.63% |
| 2017 | Totals | 47,625 | 48,755 | 1,130 | 629,955 | 7.74% |
| 2018 | Totals | 49,687 | 49,803 | 116 | 702,792 | 7.09% |
| 2019 | Totals | 24,456 | 24,456 | — | 727,850 | 3.36% |
| 2020 | Totals | 56,207 | 56,207 | — | 805,247 | 6.98% |
| 2021 | Totals | 50,419 | 50,419 | — | 840,325 | 6.00% |
| 2022 | Totals | 36,587 | 36,743 | 156 | 965,359 | 3.81% |
| 2023 | Totals | 8,440 | 8,440 | — | 1,004,726 | 0.84% |
| 2024 | City | 7,952 | 7,952 | — | 969,744 | 0.82% |
| | Library | 1,066 | 1,066 | — | 129,966 | 0.82% |
| Totals | | 9,018 | 9,018 | — | 1,099,710 | 0.82% |

Notes to the Required Supplementary Information:

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

CITY OF SOUTH BELOIT, ILLINOIS

Police Pension Fund

Schedule of Employer Contributions - Last Ten Fiscal Years

December 31, 2024

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|--------------------------|--|
| 12/31/2015 | \$ 217,947 | \$ 217,947 | \$ — | \$ 2,863,010 | 7.61% |
| 12/31/2016 | 264,810 | 264,810 | — | 2,977,814 | 8.89% |
| 12/31/2017 | 305,171 | 306,802 | 1,631 | 3,074,593 | 9.98% |
| 12/31/2018 | 326,883 | 304,520 | (22,363) | N/A | N/A |
| 12/31/2019 | 244,923 | 245,226 | 303 | N/A | N/A |
| 12/31/2020 | 351,803 | 350,198 | (1,605) | N/A | N/A |
| 12/31/2021 | 351,254 | 347,423 | (3,831) | N/A | N/A |
| 12/31/2022 | 288,051 | 294,935 | 6,884 | N/A | N/A |
| 12/31/2023 | 264,080 | 262,224 | (1,856) | N/A | N/A |
| 12/31/2024 | 248,322 | 247,956 | (366) | 1,015,231 | 24.42% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 18 Years |
| Asset Valuation Method | Market Value |
| Inflation | 2.50% |
| Salary Increases | 3.00% |
| Investment Rate of Return | 6.80% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | PubS-2010 Adjusted for Plan Status & Demographics, as Described |

N/A - The City did not perform actuary calculations from 2018-2023

CITY OF SOUTH BELOIT, ILLINOIS

**Firefighters' Pension Fund
Schedule of Employer Contributions - Last Ten Fiscal Years
December 31, 2024**

| Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Excess/ (Deficiency) | Covered Employee Payroll | Contributions as a Percentage of Covered Payroll |
|-------------|-------------------------------------|--|-----------------------------------|--------------------------|--|
| 12/31/2015 | \$ 87,987 | \$ 92,759 | \$ 4,772 | \$ 255,592 | 36.29% |
| 12/31/2016 | 83,660 | 92,200 | 8,540 | 263,366 | 35.01% |
| 12/31/2017 | 94,497 | 94,900 | 403 | 193,172 | 49.13% |
| 12/31/2018 | 130,295 | 430,229 | 299,934 | N/A | N/A |
| 12/31/2019 | 155,931 | 439,979 | 284,048 | N/A | N/A |
| 12/31/2020 | 156,866 | 156,260 | (606) | N/A | N/A |
| 12/31/2021 | 88,117 | 147,985 | 59,868 | N/A | N/A |
| 12/31/2022 | 106,903 | 172,488 | 65,585 | N/A | N/A |
| 12/31/2023 | 90,997 | 190,104 | 99,107 | N/A | N/A |
| 12/31/2024 | 5,304 | 192,041 | 186,737 | 104,624 | 183.55% |

Notes to the Required Supplementary Information:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level % Pay (Closed) |
| Remaining Amortization Period | 18 Years |
| Asset Valuation Method | Market Value |
| Inflation | 2.25% |
| Salary Increases | 4.00% - 12.50% |
| Investment Rate of Return | 7.125% |
| Retirement Age | See the Notes to the Financial Statements |
| Mortality | Pubs-2010 Adjusted for Plan Status & Demographics, as Described |

N/A - The City did not perform actuary calculations from 2018-2023

CITY OF SOUTH BELOIT, ILLINOIS

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset) - Last Ten Fiscal Years

December 31, 2024

| | 12/31/2015 | 12/31/2016 | 12/31/2017 | 12/31/2018 |
|--|------------|------------|------------|------------|
| | Totals | Totals | Totals | Totals |
| Total Pension Liability | | | | |
| Service Cost | \$ 83,612 | 87,273 | 80,925 | 69,094 |
| Interest | 377,310 | 393,748 | 399,202 | 390,683 |
| Differences Between Expected and Actual Experience | 60,584 | (76,511) | (95,312) | (272,735) |
| Change of Assumptions | — | — | (161,210) | 140,578 |
| Benefit Payments, Including Refunds of Member Contributions | (298,769) | (309,547) | (347,691) | (314,858) |
| Net Change in Total Pension Liability | 222,737 | 94,963 | (124,086) | 12,762 |
| Total Pension Liability - Beginning | 5,138,374 | 5,361,111 | 5,456,074 | 5,331,988 |
| Total Pension Liability - Ending | 5,361,111 | 5,456,074 | 5,331,988 | 5,344,750 |
| Plan Fiduciary Net Position | | | | |
| Contributions - Employer | \$ 69,205 | 57,437 | 48,755 | 49,803 |
| Contributions - Members | 33,934 | 33,875 | 28,952 | 31,754 |
| Net Investment Income | 27,023 | 368,432 | 946,047 | (353,485) |
| Benefit Payments, Including Refunds of Member Contributions | (298,769) | (309,547) | (347,691) | (314,858) |
| Other (Net Transfer) | (25,914) | 8,380 | (206,543) | (250,305) |
| Net Change in Plan Fiduciary Net Position | (194,521) | 158,577 | 469,520 | (837,091) |
| Plan Net Position - Beginning | 5,502,363 | 5,307,842 | 5,466,419 | 5,935,939 |
| Plan Net Position - Ending | 5,307,842 | 5,466,419 | 5,935,939 | 5,098,848 |
| Employer's Net Pension Liability/(Asset) | \$ 53,269 | (10,345) | (603,951) | 245,902 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 99.01% | 100.19% | 111.33% | 95.40% |
| Covered Payroll | \$ 747,110 | 752,771 | 629,955 | 702,792 |
| Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll | 7.13% | (1.37%) | (95.87%) | 34.99% |

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

| 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 | | |
|------------|------------|-------------|-------------|------------|------------|----------|-----------|
| Totals | Totals | Totals | Totals | Totals | City | Library | Totals |
| 74,869 | 80,288 | 91,963 | 82,472 | 90,760 | 85,335 | 11,437 | 96,772 |
| 379,877 | 390,685 | 403,644 | 384,401 | 415,597 | 365,875 | 58,023 | 423,898 |
| (9,179) | 60,540 | (371,083) | 365,648 | (65,510) | (265,554) | (35,590) | (301,144) |
| — | (49,367) | — | — | (2,805) | — | — | — |
| (284,999) | (313,398) | (305,100) | (465,282) | (302,284) | (269,521) | (36,121) | (305,642) |
| 160,568 | 168,748 | (180,576) | 367,239 | 135,758 | (83,865) | (2,251) | (86,116) |
| 5,344,750 | 5,505,318 | 5,674,066 | 5,493,490 | 5,860,729 | 5,219,725 | 731,579 | 5,951,304 |
| 5,505,318 | 5,674,066 | 5,493,490 | 5,860,729 | 5,996,487 | 5,135,860 | 729,328 | 5,865,188 |
| 24,456 | 56,207 | 50,419 | 36,743 | 8,440 | 7,952 | 1,066 | 9,018 |
| 32,753 | 38,123 | 37,815 | 43,558 | 45,213 | 43,639 | 5,848 | 49,487 |
| 981,214 | 849,351 | 1,119,173 | (965,050) | 700,371 | 593,350 | 79,521 | 672,871 |
| (284,999) | (313,398) | (305,100) | (465,282) | (347,467) | (269,521) | (36,121) | (305,642) |
| 13,503 | 56,349 | (86,292) | 167,213 | 27,873 | (430,824) | (57,739) | (488,563) |
| 766,927 | 686,632 | 816,015 | (1,182,818) | 434,430 | (55,404) | (7,425) | (62,829) |
| 5,098,848 | 5,865,775 | 6,552,407 | 7,368,422 | 6,185,604 | 5,801,497 | 818,537 | 6,620,034 |
| 5,865,775 | 6,552,407 | 7,368,422 | 6,185,604 | 6,620,034 | 5,746,093 | 811,112 | 6,557,205 |
| (360,457) | (878,341) | (1,874,932) | (324,875) | (623,547) | (610,233) | (81,784) | (692,017) |
| 106.55% | 115.48% | 134.13% | 105.54% | 110.40% | 111.88% | 111.21% | 111.80% |
| 727,850 | 805,247 | 840,325 | 965,359 | 1,004,726 | 969,744 | 129,966 | 1,099,710 |
| (49.52%) | (109.08%) | (223.12%) | (33.65%) | (62.06%) | (62.93%) | (62.93%) | (62.93%) |

CITY OF SOUTH BELOIT, ILLINOIS

Police Pension Fund

Schedule of Changes in the Employer's Net Pension Liability - Last Ten Fiscal Years

December 31, 2024

| | 12/31/2015 | 12/31/2016 | 12/31/2017 |
|---|--------------|------------|-------------|
| Total Pension Liability | | | |
| Service Cost | \$ 264,554 | 278,870 | 282,785 |
| Interest | 325,572 | 380,163 | 409,626 |
| Differences Between Expected and Actual Experience | (29,710) | (3,003) | (1,004,995) |
| Change of Assumptions | 305,292 | (162,419) | 796,729 |
| Benefit Payments, Including Refunds of Member Contributions | (100,035) | (71,640) | (73,790) |
| Net Change in Total Pension Liability | 765,673 | 421,971 | 410,355 |
| Total Pension Liability - Beginning as Restated | 4,701,053 | 5,466,726 | 5,888,697 |
| Total Pension Liability - Ending | 5,466,726 | 5,888,697 | 6,299,052 |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 217,947 | 264,810 | 306,802 |
| Contributions - Members | 91,403 | 95,587 | 88,990 |
| Net Investment Income | 3,882 | 161,302 | 510,257 |
| Benefit Payments, Including Refunds of Member Contributions | (100,035) | (71,640) | (73,790) |
| Administrative Expenses | (5,252) | (5,757) | (7,169) |
| Net Change in Plan Fiduciary Net Position | 207,945 | 444,302 | 825,090 |
| Plan Net Position - Beginning as Restated | 2,707,446 | 2,915,391 | 3,359,693 |
| Plan Net Position - Ending | 2,915,391 | 3,359,693 | 4,184,783 |
| Employer's Net Pension Liability | \$ 2,551,335 | 2,529,004 | 2,114,269 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 53.33% | 57.05% | 66.44% |
| Covered Payroll | \$ 891,222 | 965,994 | 694,794 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 286.27% | 261.80% | 304.30% |

Notes: This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

N/A - The City did not perform actuary calculations from 2018 - 2023.

| 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 |
|------------|------------|------------|------------|------------|------------|------------|
| N/A | N/A | N/A | N/A | N/A | N/A | 342,901 |
| N/A | N/A | N/A | N/A | N/A | N/A | 533,400 |
| N/A | N/A | N/A | N/A | N/A | N/A | — |
| N/A | N/A | N/A | N/A | N/A | N/A | (61) |
| N/A | N/A | N/A | N/A | N/A | N/A | — |
| N/A | N/A | N/A | N/A | N/A | N/A | (261,870) |
| — | — | — | — | — | — | 614,370 |
| 6,299,052 | 6,299,052 | 6,299,052 | 6,299,052 | 6,299,052 | 6,299,052 | 9,867,930 |
| 6,299,052 | 6,299,052 | 6,299,052 | 6,299,052 | 6,299,052 | 6,299,052 | 10,482,300 |
| N/A | N/A | N/A | N/A | N/A | N/A | 247,956 |
| N/A | N/A | N/A | N/A | N/A | N/A | 100,052 |
| N/A | N/A | N/A | N/A | N/A | N/A | 521,017 |
| N/A | N/A | N/A | N/A | N/A | N/A | (261,870) |
| N/A | N/A | N/A | N/A | N/A | N/A | (795) |
| — | — | — | — | — | — | 606,360 |
| 4,184,783 | 4,184,783 | 4,184,783 | 4,184,783 | 4,184,783 | 4,184,783 | 6,247,057 |
| 4,184,783 | 4,184,783 | 4,184,783 | 4,184,783 | 4,184,783 | 4,184,783 | 6,853,417 |
| 2,114,269 | 2,114,269 | 2,114,269 | 2,114,269 | 2,114,269 | 2,114,269 | 3,628,883 |
| 66.44% | 66.44% | 66.44% | 66.44% | 66.44% | 66.44% | 65.38% |
| — | — | — | — | — | — | 1,015,231 |
| N/A | N/A | N/A | N/A | N/A | N/A | 357.44% |

CITY OF SOUTH BELOIT, ILLINOIS

Firefighters' Pension Fund

Schedule of Changes in the Employer's Net Pension Liability - Last Ten Fiscal Years

December 31, 2024

| | 12/31/2015 | 12/31/2016 | 12/31/2017 |
|---|--------------|------------|------------|
| Total Pension Liability | | | |
| Service Cost | \$ 51,684 | 56,919 | 55,982 |
| Interest | 166,936 | 183,550 | 185,267 |
| Differences Between Expected and Actual Experience | (81,047) | (102,437) | 266,969 |
| Change in Assumptions | 124,995 | (67,946) | 985,292 |
| Benefit Payments, Including Refunds of Member Contributions | (25,230) | (25,230) | (65,897) |
| Net Change in Total Pension Liability | 237,338 | 44,856 | 1,427,613 |
| Total Pension Liability - Beginning as Restated | 2,397,422 | 2,634,760 | 2,679,616 |
| Total Pension Liability - Ending | 2,634,760 | 2,679,616 | 4,107,229 |
| Plan Fiduciary Net Position | | | |
| Contributions - Employer | \$ 92,759 | 92,200 | 94,900 |
| Contributions - Members | 23,570 | 24,538 | 20,589 |
| Net Investment Income | 28,152 | 30,192 | 189,673 |
| Benefit Payments, Including Refunds of Member Contributions | (25,230) | (25,230) | (65,897) |
| Administrative Expenses | (2,106) | (2,215) | (3,664) |
| Net Change in Plan Fiduciary Net Position | 117,145 | 119,485 | 235,601 |
| Plan Net Position - Beginning as Restated | 1,206,787 | 1,323,932 | 1,443,417 |
| Plan Net Position - Ending | 1,323,932 | 1,443,417 | 1,679,018 |
| Employer's Net Pension Liability | \$ 1,310,828 | 1,236,199 | 2,428,211 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 50.25% | 53.87% | 40.88% |
| Covered Payroll | \$ 255,692 | 263,366 | 193,172 |
| Employer's Net Pension Liability as a Percentage of Covered Payroll | 512.66% | 469.38% | 1257.02% |

N/A - The City did not perform actuary calculations from 2018 - 2023.

| 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 | 12/31/2022 | 12/31/2023 | 12/31/2024 |
|------------|------------|------------|------------|------------|------------|------------|
| N/A | N/A | N/A | N/A | N/A | N/A | 20,375 |
| N/A | N/A | N/A | N/A | N/A | N/A | 231,124 |
| N/A | N/A | N/A | N/A | N/A | N/A | — |
| N/A | N/A | N/A | N/A | N/A | N/A | 75,610 |
| N/A | N/A | N/A | N/A | N/A | N/A | — |
| N/A | N/A | N/A | N/A | N/A | N/A | (264,393) |
| — | — | — | — | — | — | 62,716 |
| 4,107,229 | 4,107,229 | 4,107,229 | 4,107,229 | 4,107,229 | 4,107,229 | 3,518,468 |
| 4,107,229 | 4,107,229 | 4,107,229 | 4,107,229 | 4,107,229 | 4,107,229 | 3,581,184 |
| N/A | N/A | N/A | N/A | N/A | N/A | 192,041 |
| N/A | N/A | N/A | N/A | N/A | N/A | 1,855 |
| N/A | N/A | N/A | N/A | N/A | N/A | 337,054 |
| N/A | N/A | N/A | N/A | N/A | N/A | (264,393) |
| N/A | N/A | N/A | N/A | N/A | N/A | (21,307) |
| — | — | — | — | — | — | 245,250 |
| 1,679,018 | 1,679,018 | 1,679,018 | 1,679,018 | 1,679,018 | 1,679,018 | 3,219,216 |
| 1,679,018 | 1,679,018 | 1,679,018 | 1,679,018 | 1,679,018 | 1,679,018 | 3,464,466 |
| 2,428,211 | 2,428,211 | 2,428,211 | 2,428,211 | 2,428,211 | 2,428,211 | 116,718 |
| 40.88% | 40.88% | 40.88% | 40.88% | 40.88% | 40.88% | 96.74% |
| — | — | — | — | — | — | 104,624 |
| N/A | N/A | N/A | N/A | N/A | N/A | 111.56% |

CITY OF SOUTH BELOIT, ILLINOIS

Police Pension Fund

Schedule of Investment Returns - Last Ten Fiscal Years

December 31, 2024

| Fiscal Year | Annual Money- Weighted Rate of Return, Net of Investment Expense |
|----------------|--|
| 12/31/2015 | N/A |
| 12/31/2016 | 5.37% |
| 12/31/2017 | 14.67% |
| 12/31/2018 | (2.42%) |
| 12/31/2019 | 16.70% |
| 12/31/2020 | 13.13% |
| 12/31/2021 | 9.09% |
| 12/31/2022 | (16.19%) |
| 12/31/2023 | 13.66% |
| 12/31/2024 | 9.59% |

N/A - Not Available

CITY OF SOUTH BELOIT, ILLINOIS

Firefighters' Pension Fund

Schedule of Investment Returns - Last Ten Fiscal Years

December 31, 2024

| Fiscal Year | Annual Money- Weighted Rate of Return, Net of Investment Expense |
|----------------|--|
| 12/31/2015 | N/A |
| 12/31/2016 | 2.24% |
| 12/31/2017 | 12.74% |
| 12/31/2018 | 0.94% |
| 12/31/2019 | 9.11% |
| 12/31/2020 | 10.11% |
| 12/31/2021 | 11.59% |
| 12/31/2022 | (14.67%) |
| 12/31/2023 | 15.36% |
| 12/31/2024 | 10.92% |

N/A - Not Available

CITY OF SOUTH BELOIT, ILLINOIS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|--|--------------------|--------------------|-------------------------|
| Revenues | | | |
| Taxes | \$ 2,823,100 | 2,823,100 | 2,891,846 |
| Intergovernmental | 5,337,400 | 5,337,400 | 4,753,281 |
| Charges for Services | 885,000 | 885,000 | 772,739 |
| Licenses, Permits, and Fees | 394,800 | 394,800 | 399,876 |
| Fines and Forfeitures | 106,500 | 106,500 | 113,751 |
| Investment Income | 150,000 | 150,000 | 233,974 |
| Miscellaneous | 49,000 | 49,000 | 136,285 |
| Total Revenues | <u>9,745,800</u> | <u>9,745,800</u> | <u>9,301,752</u> |
| Expenditures | | | |
| General Government | 3,329,200 | 3,317,700 | 2,632,996 |
| Public Safety | 3,715,900 | 3,729,400 | 3,311,238 |
| Public Works | 749,500 | 749,500 | 681,700 |
| Sanitation | 450,000 | 450,000 | 457,962 |
| Culture and Recreation | 165,400 | 165,400 | 94,217 |
| Capital Outlay | 52,000 | 50,000 | 15,936 |
| Total Expenditures | <u>8,462,000</u> | <u>8,462,000</u> | <u>7,194,049</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>1,283,800</u> | <u>1,283,800</u> | <u>2,107,703</u> |
| Other Financing Sources (Uses) | | | |
| Disposal of Capital Assets | — | — | 9,516 |
| Transfers Out | (1,283,800) | (1,283,800) | (1,283,800) |
| | <u>(1,283,800)</u> | <u>(1,283,800)</u> | <u>(1,274,284)</u> |
| Net Change in Fund Balance | <u>—</u> | <u>—</u> | 833,419 |
| Fund Balance - Beginning | | | <u>4,325,763</u> |
| Fund Balance - Ending | | | <u><u>5,159,182</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

Motor Fuel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|------------------|-----------------------|
| Revenues | | | |
| Intergovernmental | | | |
| Motor Fuel Tax | \$ 351,000 | 351,000 | 355,112 |
| Investment Income | 20,000 | 20,000 | 24,806 |
| Total Revenues | <u>371,000</u> | <u>371,000</u> | <u>379,918</u> |
| Expenditures | | | |
| Capital Outlay | <u>600,000</u> | <u>600,000</u> | <u>378,923</u> |
| Net Change in Fund Balance | <u>(229,000)</u> | <u>(229,000)</u> | 995 |
| Fund Balance - Beginning | | | <u>426,659</u> |
| Fund Balance - Ending | | | <u><u>427,654</u></u> |

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

INDIVIDUAL FUND SCHEDULES

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

Motor Fuel Tax Fund

The Motor Fuel Tax Fund is used to account for motor fuel tax allocations from the State of Illinois and expenditures related to the City's annual road rehabilitation and construction program.

Hotel Tax Fund

The Hotel Tax Fund is used to account for the revenues and expenditures derived from the collection of the City of South Beloit's hotel taxes.

Illinois Housing Development Grant Fund

The Illinois Housing Development Grant Fund is used to account for the revenues and expenditures related to the grant funds received from the Illinois Housing Development Authority.

Gardner Blackhawk TIF Fund

The Gardner Blackhawk TIF Fund is used to account for the revenue and expenditures related to the Gardner Blackhawk tax increment designated areas within the City.

Gardner Park TIF Fund

The Gardner Park TIF Fund is used to account for the revenue and expenditures related to the Gardner Park tax increment designated areas within the City.

Community Development Fund

The Community Development Fund is used to account for revenues and expenditures of funds transferred from the General Fund for the purpose of making improvements in the City to enhance future development in the City.

Foreign Fire Insurance Tax Fund

The Foreign Fire Insurance Fund is used to account for the revenues and expenditures related to the 2% Foreign Fire Insurance Tax.

INDIVIDUAL FUND SCHEDULES - Continued

SPECIAL REVENUE FUNDS - Continued

Revolving Loan Fund

The Revolving Loan Fund is used to account for revolving loans made to stimulate economic development within the City.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital assets (other than those financed by business-type/proprietary funds).

ENTERPRISE FUND

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

Sewage Disposal Fund

The Sewage Disposal Fund is used to account for the costs related to operation of the City sewage disposal plant. Funding is provided by user fees.

PENSION TRUST FUNDS

Police Pension Fund

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

Firefighters' Pension Fund

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

CITY OF SOUTH BELOIT, ILLINOIS

General Fund

Schedule of Revenues - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|------------------------------------|--------------------|------------------|------------------|
| Taxes | | | |
| Property Tax | \$ 1,463,100 | 1,463,100 | 1,529,649 |
| Utility Tax - Electric | 360,000 | 360,000 | 346,087 |
| Utility Tax - Gas | 260,000 | 260,000 | 218,524 |
| Utility Tax - Water | 120,000 | 120,000 | 124,075 |
| Video Gaming Tax | 540,000 | 540,000 | 596,803 |
| Telecommunications Tax | 80,000 | 80,000 | 76,708 |
| | <u>2,823,100</u> | <u>2,823,100</u> | <u>2,891,846</u> |
| Intergovernmental | | | |
| Sales Tax | 2,760,000 | 2,760,000 | 2,528,627 |
| Income Tax | 1,340,000 | 1,340,000 | 1,375,265 |
| Use Tax | 340,000 | 340,000 | 283,928 |
| Replacement Tax | 545,000 | 545,000 | 498,654 |
| Grants | 352,400 | 352,400 | 66,807 |
| | <u>5,337,400</u> | <u>5,337,400</u> | <u>4,753,281</u> |
| Charges for Services | | | |
| Public Safety | 400,000 | 400,000 | 282,443 |
| Public Works | 45,000 | 45,000 | 47,014 |
| Sanitation | 440,000 | 440,000 | 443,282 |
| | <u>885,000</u> | <u>885,000</u> | <u>772,739</u> |
| Licenses, Permits, and Fees | | | |
| General Government | 374,800 | 374,800 | 385,202 |
| Public Works | 14,000 | 14,000 | 10,780 |
| Culture and Recreation | 6,000 | 6,000 | 3,894 |
| | <u>394,800</u> | <u>394,800</u> | <u>399,876</u> |
| Fines and Forfeitures | | | |
| General Government | 15,000 | 15,000 | 27,210 |
| Public Safety | 91,500 | 91,500 | 86,541 |
| | <u>106,500</u> | <u>106,500</u> | <u>113,751</u> |
| Investment Income | <u>150,000</u> | <u>150,000</u> | <u>233,974</u> |
| Miscellaneous | <u>49,000</u> | <u>49,000</u> | <u>136,285</u> |
| Total Revenues | <u>9,745,800</u> | <u>9,745,800</u> | <u>9,301,752</u> |

CITY OF SOUTH BELOIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|--------------------------|--------------------|------------------|------------------|
| General Government | | | |
| Public Affairs | | | |
| Personal Services | \$ 192,200 | 193,200 | 193,902 |
| Contractual Services | 1,777,900 | 1,763,400 | 1,461,823 |
| Commodities | 2,000 | 4,000 | 2,567 |
| | <u>1,972,100</u> | <u>1,960,600</u> | <u>1,658,292</u> |
| Liability Insurance | | | |
| Personal Services | 7,700 | 7,700 | 5,780 |
| Contractual Services | 300,000 | 300,000 | 300,006 |
| | <u>307,700</u> | <u>307,700</u> | <u>305,786</u> |
| FICA and Medicare | | | |
| Personal Services | 116,900 | 116,900 | 106,071 |
| Accounts and Finance | | | |
| Personal Services | 188,800 | 188,800 | 174,629 |
| Contractual Services | 195,500 | 195,500 | 190,049 |
| Commodities | 6,000 | 6,000 | 6,642 |
| | <u>390,300</u> | <u>390,300</u> | <u>371,320</u> |
| Public Property | | | |
| Contractual Services | 380,800 | 380,800 | 60,441 |
| Community Development | | | |
| Personal Services | 127,900 | 127,900 | 111,998 |
| Contractual Services | 31,500 | 31,500 | 18,736 |
| Commodities | 2,000 | 2,000 | 352 |
| | <u>161,400</u> | <u>161,400</u> | <u>131,086</u> |
| Total General Government | <u>3,329,200</u> | <u>3,317,700</u> | <u>2,632,996</u> |
| Public Safety | | | |
| Police Department | | | |
| Personal Services | 1,801,500 | 1,801,500 | 1,773,967 |
| Contractual Services | 310,700 | 339,200 | 333,456 |
| Commodities | 51,000 | 36,000 | 34,175 |
| | <u>2,163,200</u> | <u>2,176,700</u> | <u>2,141,598</u> |

CITY OF SOUTH BELOIT, ILLINOIS

General Fund

Schedule of Expenditures - Budget and Actual - Continued

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| Public Safety - Continued | | | |
| Fire Department | | | |
| Personal Services | \$ 978,900 | 930,900 | 653,000 |
| Contractual Services | 529,300 | 576,300 | 488,985 |
| Commodities | 44,500 | 45,500 | 27,655 |
| | <u>1,552,700</u> | <u>1,552,700</u> | <u>1,169,640</u> |
| Total Public Safety | <u>3,715,900</u> | <u>3,729,400</u> | <u>3,311,238</u> |
| Public Works | | | |
| Street and Public Improvement | | | |
| Personal Services | 380,000 | 396,300 | 390,876 |
| Contractual Services | 175,400 | 174,300 | 158,081 |
| Commodities | 194,100 | 178,900 | 132,743 |
| | <u>749,500</u> | <u>749,500</u> | <u>681,700</u> |
| Total Public Works | <u>749,500</u> | <u>749,500</u> | <u>681,700</u> |
| Sanitation | | | |
| Garbage Collection and Recycling | | | |
| Contractual Services | 450,000 | 450,000 | 457,962 |
| | <u>450,000</u> | <u>450,000</u> | <u>457,962</u> |
| Culture and Recreation | | | |
| Public Parks | | | |
| Personal Services | 75,900 | 75,900 | 68,473 |
| Contractual Services | 88,500 | 86,500 | 23,253 |
| Commodities | 1,000 | 3,000 | 2,491 |
| | <u>165,400</u> | <u>165,400</u> | <u>94,217</u> |
| Total Culture and Recreation | <u>165,400</u> | <u>165,400</u> | <u>94,217</u> |
| Capital Outlay | <u>52,000</u> | <u>50,000</u> | <u>15,936</u> |
| Total Expenditures | <u><u>8,462,000</u></u> | <u><u>8,462,000</u></u> | <u><u>7,194,049</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|--|--------------------|------------------|-------------------------|
| Revenues | | | |
| Licenses, Permits and Fees | \$ 350,000 | 350,000 | 346,087 |
| Investment Income | 75,000 | 75,000 | 210,398 |
| Total Revenues | <u>425,000</u> | <u>425,000</u> | <u>556,485</u> |
| Expenditures | | | |
| Capital Outlay | <u>1,748,000</u> | <u>2,248,000</u> | <u>1,707,094</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,323,000) | (1,823,000) | (1,150,609) |
| Other Financing Sources | | | |
| Transfers In | <u>1,253,800</u> | <u>1,753,800</u> | <u>1,253,800</u> |
| Net Change in Fund Balance | <u>(69,200)</u> | <u>(69,200)</u> | 103,191 |
| Fund Balance - Beginning | | | <u>4,279,928</u> |
| Fund Balance - Ending | | | <u><u>4,383,119</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

**Nonmajor Governmental
Combining Balance Sheet
December 31, 2024**

See Following Page

CITY OF SOUTH BELOIT, ILLINOIS

**Nonmajor Governmental
Combining Balance Sheet
December 31, 2024**

| | Hotel Tax | Illinois Housing Development Grant |
|-------------------------------------|--------------|---|
| ASSETS | | |
| Cash and Investments | \$ 275,173 | 13,130 |
| Receivables - Net of Allowances | | |
| Other Taxes | — | — |
| Accounts | 30,748 | — |
| Accrued Interest | 1,990 | — |
| | <hr/> | <hr/> |
| Total Assets | 307,911 | 13,130 |
| | <hr/> <hr/> | <hr/> <hr/> |
| LIABILITIES | | |
| Accounts Payable | 4,738 | 4,608 |
| FUND BALANCES | | |
| Restricted | 303,173 | 8,522 |
| | <hr/> | <hr/> |
| Total Liabilities and Fund Balances | 307,911 | 13,130 |
| | <hr/> <hr/> | <hr/> <hr/> |

| Special Revenue | | | | | |
|-----------------------------|------------------------|--------------------------|----------------------------------|-------------------|-----------|
| Gardner Blackhawk TIF | Gardner Park TIF | Community Development | Foreign Fire Insurance Tax | Revolving Loan | Totals |
| 539,622 | 22,220 | 1,976,246 | 85,141 | 235,396 | 3,146,928 |
| — | — | — | 29,595 | — | 29,595 |
| — | — | — | — | 4 | 30,752 |
| 3,897 | 165 | 14,276 | — | 1,700 | 22,028 |
| 543,519 | 22,385 | 1,990,522 | 114,736 | 237,100 | 3,229,303 |
| 36,810 | — | 87,066 | — | — | 133,222 |
| 506,709 | 22,385 | 1,903,456 | 114,736 | 237,100 | 3,096,081 |
| 543,519 | 22,385 | 1,990,522 | 114,736 | 237,100 | 3,229,303 |

CITY OF SOUTH BELOIT, ILLINOIS

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended December 31, 2024

| | Hotel Tax | Illinois Housing Development Grant |
|--|-----------------------|---|
| Revenues | | |
| Taxes | \$ 72,004 | — |
| Intergovernmental | — | 48,771 |
| Investment Income | 13,691 | 46 |
| Total Revenues | <u>85,695</u> | <u>48,817</u> |
| Expenditures | | |
| General Government | 32,066 | 133,336 |
| Capital Outlay | — | — |
| Total Expenditures | <u>32,066</u> | <u>133,336</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 53,629 | (84,519) |
| Other Financing Sources | | |
| Transfers In | — | <u>30,000</u> |
| Net Change in Fund Balances | 53,629 | (54,519) |
| Fund Balances - Beginning | <u>249,544</u> | <u>63,041</u> |
| Fund Balances - Ending | <u><u>303,173</u></u> | <u><u>8,522</u></u> |

| Special Revenue | | | | | |
|-----------------------------|------------------------|--------------------------|----------------------------------|-------------------|-----------|
| Gardner Blackhawk TIF | Gardner Park TIF | Community Development | Foreign Fire Insurance Tax | Revolving Loan | Totals |
| 297,761 | 50,949 | — | 29,594 | — | 450,308 |
| — | — | — | — | — | 48,771 |
| 40,042 | 1,559 | 113,374 | 10 | 16,322 | 185,044 |
| 337,803 | 52,508 | 113,374 | 29,604 | 16,322 | 684,123 |
| 573,254 | 40,759 | 577,357 | 136 | — | 1,356,908 |
| — | — | — | 76,404 | 46,291 | 122,695 |
| 573,254 | 40,759 | 577,357 | 76,540 | 46,291 | 1,479,603 |
| (235,451) | 11,749 | (463,983) | (46,936) | (29,969) | (795,480) |
| — | — | — | — | — | 30,000 |
| (235,451) | 11,749 | (463,983) | (46,936) | (29,969) | (765,480) |
| 742,160 | 10,636 | 2,367,439 | 161,672 | 267,069 | 3,861,561 |
| 506,709 | 22,385 | 1,903,456 | 114,736 | 237,100 | 3,096,081 |

CITY OF SOUTH BELOIT, ILLINOIS

Hotel Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|-----------------|----------------|
| Revenues | | | |
| Taxes | | | |
| Hotel Tax | \$ 75,000 | 75,000 | 72,004 |
| Investment Income | 6,500 | 6,500 | 13,691 |
| Total Revenues | <u>81,500</u> | <u>81,500</u> | <u>85,695</u> |
| Expenditures | | | |
| General Government | | | |
| Contractual Services | <u>30,000</u> | <u>30,000</u> | <u>32,066</u> |
| Net Change in Fund Balance | <u>51,500</u> | <u>51,500</u> | 53,629 |
| Fund Balance - Beginning | | | <u>249,544</u> |
| Fund Balance - Ending | | | <u>303,173</u> |

CITY OF SOUTH BELOIT, ILLINOIS

Illinois Housing Development Authority - Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|--|--------------------|-----------------|---------------------|
| Revenues | | | |
| Intergovernmental | | | |
| Grants | \$ 318,500 | 318,500 | 48,771 |
| Investment Income | — | — | 46 |
| Total Revenues | <u>318,500</u> | <u>318,500</u> | <u>48,817</u> |
| Expenditures | | | |
| General Government | | | |
| Contractual Services | 351,000 | 351,000 | 133,336 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (32,500) | (32,500) | (84,519) |
| Other Financing Sources | | | |
| Transfers In | 30,000 | 30,000 | 30,000 |
| Net Change in Fund Balance | <u>(2,500)</u> | <u>(2,500)</u> | (54,519) |
| Fund Balance - Beginning | | | <u>63,041</u> |
| Fund Balance - Ending | | | <u><u>8,522</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

Gardner Blackhawk TIF - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|------------------|-----------------------|
| Revenues | | | |
| Taxes | | | |
| Property Tax | \$ 230,000 | 230,000 | 297,761 |
| Investment Income | 42,000 | 42,000 | 40,042 |
| Total Revenues | <u>272,000</u> | <u>272,000</u> | <u>337,803</u> |
| Expenditures | | | |
| General Government | | | |
| Contractual Services | 1,000,500 | 1,000,500 | 573,254 |
| Net Change in Fund Balance | <u>(728,500)</u> | <u>(728,500)</u> | (235,451) |
| Fund Balance - Beginning | | | <u>742,160</u> |
| Fund Balance - Ending | | | <u><u>506,709</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

Gardner Park TIF - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|-----------------|---------------|
| Revenues | | | |
| Taxes | | | |
| Property Tax | \$ 42,000 | 49,400 | 50,949 |
| Investment Income | — | — | 1,559 |
| Total Revenues | <u>42,000</u> | <u>49,400</u> | <u>52,508</u> |
| Expenditures | | | |
| General Government | | | |
| Contractual Services | <u>33,600</u> | <u>41,000</u> | <u>40,759</u> |
| Net Change in Fund Balance | <u>8,400</u> | <u>8,400</u> | 11,749 |
| Fund Balance - Beginning | | | <u>10,636</u> |
| Fund Balance - Ending | | | <u>22,385</u> |

CITY OF SOUTH BELOIT, ILLINOIS

Community Development - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|--------------------|------------------|
| Revenues | | | |
| Investment Income | \$ 60,000 | 60,000 | 113,374 |
| Expenditures | | | |
| General Government | | | |
| Other | 2,400,000 | 2,400,000 | 577,357 |
| Net Change in Fund Balance | <u>(2,340,000)</u> | <u>(2,340,000)</u> | (463,983) |
| Fund Balance - Beginning | | | <u>2,367,439</u> |
| Fund Balance - Ending | | | <u>1,903,456</u> |

CITY OF SOUTH BELOIT, ILLINOIS

Revolving Loan - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------|--------------------|------------------|-----------------------|
| Revenues | | | |
| Investment Income | \$ 11,000 | 11,000 | 16,322 |
| Expenditures | | | |
| Capital Outlay | 215,000 | 215,000 | 46,291 |
| Net Change in Fund Balance | <u>(204,000)</u> | <u>(204,000)</u> | (29,969) |
| Fund Balance - Beginning | | | <u>267,069</u> |
| Fund Balance - Ending | | | <u><u>237,100</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

Sewage Disposal - Enterprise Fund

Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

For the Fiscal Year Ended December 31, 2024

| | Original Budget | Final Budget | Actual |
|----------------------------------|--------------------|-----------------|------------|
| Operating Revenues | | | |
| Charges for Services | \$ 2,321,000 | 2,321,000 | 2,352,727 |
| Operating Expenses | | | |
| Operations | | | |
| Personal Services | 545,100 | 559,500 | 609,355 |
| Contractual Services | 847,300 | 809,900 | 793,965 |
| Commodities | 189,000 | 205,000 | 210,097 |
| Depreciation | 1,500,000 | 1,500,000 | 1,473,909 |
| Total Operating Expenses | 3,081,400 | 3,074,400 | 3,087,326 |
| Operating (Loss) | (760,400) | (753,400) | (734,599) |
| Nonoperating Revenues (Expenses) | | | |
| Investment Income | 300,000 | 300,000 | 412,861 |
| Intergovernmental | 2,200 | 2,200 | 793,278 |
| Other Income | 1,000 | 1,000 | 3,333 |
| Interest Expense | (440,000) | (447,000) | (449,071) |
| | (136,800) | (143,800) | 760,401 |
| Change in Net Position | (897,200) | (897,200) | 25,802 |
| Net Position - Beginning | | | 11,060,070 |
| Net Position - Ending | | | 11,085,872 |

CITY OF SOUTH BELOIT, ILLINOIS

**Component Unit - South Beloit Public Library
Statement of Net Position and Balance Sheet
December 31, 2024**

| | South Beloit Public Library | Adjustments | Statement of Net Position |
|---|--------------------------------|----------------|------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Investments | \$ 1,505,387 | — | 1,505,387 |
| Receivables - Net of Allowances | | | |
| Property Taxes | 297,109 | — | 297,109 |
| Due from Other Governments | 1,013 | — | 1,013 |
| Total Current Assets | <u>1,803,509</u> | <u>—</u> | <u>1,803,509</u> |
| Noncurrent Assets | | | |
| Capital Assets | | | |
| Nondepreciable | — | 3,827 | 3,827 |
| Depreciable | — | 1,507,982 | 1,507,982 |
| Accumulated Depreciation | — | (1,017,630) | (1,017,630) |
| Total Capital Assets | <u>—</u> | <u>494,179</u> | <u>494,179</u> |
| Other Assets | | | |
| Net Pension Asset - IMRF | — | 81,784 | 81,784 |
| Total Noncurrent Assets | <u>—</u> | <u>575,963</u> | <u>575,963</u> |
| Total Assets | <u>1,803,509</u> | <u>575,963</u> | <u>2,379,472</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Items - IMRF | — | 19,825 | 19,825 |
| Total Assets and Deferred Outflows of Resources | <u>1,803,509</u> | <u>595,788</u> | <u>2,399,297</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts Payable | 24,669 | — | 24,669 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property Taxes | 297,109 | — | 297,109 |
| Deferred Items - IMRF | — | 27,509 | 27,509 |
| Total Deferred Inflows of Resources | <u>297,109</u> | <u>27,509</u> | <u>324,618</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>321,778</u> | <u>27,509</u> | <u>349,287</u> |
| FUND BALANCES/NET POSITION | | | |
| Investment in Capital Assets | — | 494,179 | 494,179 |
| Restricted | | | |
| Library | 1,481,731 | — | 1,481,731 |
| IMRF | — | 81,784 | 81,784 |
| Unrestricted | <u>—</u> | <u>(7,684)</u> | <u>(7,684)</u> |
| Total Net Position | <u>1,481,731</u> | <u>568,279</u> | <u>2,050,010</u> |

CITY OF SOUTH BELOIT, ILLINOIS

Component Unit - South Beloit Public Library

Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Fiscal Year Ended December 31, 2024

| | South Beloit Public Library | Adjustments | Statement of Activities |
|--|--------------------------------|-----------------------|----------------------------|
| Revenues | | | |
| Taxes | | | |
| Property Tax | \$ 290,167 | — | 290,167 |
| Intergovernmental | | | |
| Replacement Tax | 60,403 | — | 60,403 |
| Grants | 11,864 | — | 11,864 |
| Charges for Services | 3,305 | — | 3,305 |
| Investment Income | 22,426 | — | 22,426 |
| Miscellaneous | 2,906 | — | 2,906 |
| Total Revenues | <u>391,071</u> | <u>—</u> | <u>391,071</u> |
| Expenditures | | | |
| Library | 244,572 | 90,241 | 334,813 |
| Capital Outlay | 27,210 | — | 27,210 |
| Total Expenditures | <u>271,782</u> | <u>90,241</u> | <u>362,023</u> |
| Net Change in Fund Balances/Net Position | 119,289 | (90,241) | 29,048 |
| Fund Balance/Net Position - Beginning | <u>1,362,442</u> | <u>658,520</u> | <u>2,020,962</u> |
| Fund Balances/Net Position - Ending | <u><u>1,481,731</u></u> | <u><u>568,279</u></u> | <u><u>2,050,010</u></u> |

CITY OF SOUTH BELOIT, ILLINOIS

Pension Trust Funds

Combining Statement of Fiduciary Net Position

December 31, 2024

| | Police Pension | Firefighters' Pension | Totals |
|---|-------------------|--------------------------|------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 99,236 | 46,089 | 145,325 |
| Investments | | | |
| Illinois Police Officers' Pension Investment Fund | 6,756,796 | — | 6,756,796 |
| Illinois Firefighters' Pension Investment Fund | — | 3,420,040 | 3,420,040 |
| Total Assets | 6,856,032 | 3,466,129 | 10,322,161 |
| LIABILITIES | | | |
| Accrued Payroll | 2,615 | 1,663 | 4,278 |
| NET POSITION | | | |
| Net Position Restricted for Pensions | 6,853,417 | 3,464,466 | 10,317,883 |

CITY OF SOUTH BELOIT, ILLINOIS

Pension Trust Funds

Combining Statement of Changes in Fiduciary Net Position

For the Fiscal Year Ended December 31, 2024

| | Police Pension | Firefighters' Pension | Totals |
|---|-------------------|--------------------------|-------------------|
| Additions | | | |
| Contributions - Employer | \$ 247,956 | 192,041 | 439,997 |
| Contributions - Plan Members | 100,052 | 1,855 | 101,907 |
| Total Contributions | <u>348,008</u> | <u>193,896</u> | <u>541,904</u> |
| Investment Income | | | |
| Interest Earned | 47,355 | 64,884 | 112,239 |
| Net Change in Fair Value | 473,662 | 272,170 | 745,832 |
| Net Investment Income | <u>521,017</u> | <u>337,054</u> | <u>858,071</u> |
| Total Additions | <u>869,025</u> | <u>530,950</u> | <u>1,399,975</u> |
| Deductions | | | |
| Administration | 795 | 21,307 | 22,102 |
| Benefits and Refunds | 261,870 | 264,393 | 526,263 |
| Total Deductions | <u>262,665</u> | <u>285,700</u> | <u>548,365</u> |
| Change in Fiduciary Net Position | 606,360 | 245,250 | 851,610 |
| Net Position Restricted for Pensions | | | |
| Beginning | <u>6,247,057</u> | <u>3,219,216</u> | <u>9,466,273</u> |
| Ending | <u>6,853,417</u> | <u>3,464,466</u> | <u>10,317,883</u> |

SUPPLEMENTAL SCHEDULES

CITY OF SOUTH BELOIT, ILLINOIS

**Schedule of Assessed Valuations, Tax Rates and Extension - Last Eight Tax Levy Years
December 31, 2024**

See Following Page

CITY OF SOUTH BELOIT, ILLINOIS

**Schedule of Assessed Valuations, Tax Rates and Extension - Last Eight Tax Levy Years
December 31, 2024**

| | 2016 | 2017 |
|-----------------------|----------------|-------------|
| Assessed Valuation | \$ 106,188,364 | 109,852,436 |
| Tax Rates | | |
| Corporate | 0.3995 | 0.4136 |
| Liability Insurance | 0.1601 | 0.1558 |
| Social Security | 0.0471 | 0.0459 |
| Fire Protection | 0.1309 | 0.1297 |
| Firefighters' Pension | 0.0890 | 0.0843 |
| Police Protection | 0.0547 | 0.0537 |
| Police Pension | 0.2877 | 0.2795 |
| Library | 0.2115 | 0.2118 |
| Total Tax Rates | 1.3805 | 1.3743 |
| Tax Extensions | | |
| Corporate | \$ 425,778 | 451,401 |
| Liability Insurance | 170,631 | 170,039 |
| Social Security | 50,198 | 50,095 |
| Fire Protection | 139,511 | 141,554 |
| Firefighters' Pension | 94,854 | 92,005 |
| Police Protection | 58,298 | 58,298 |
| Police Pension | 306,624 | 306,624 |
| Library | 225,412 | 231,157 |
| Total Tax Extensions | 1,471,306 | 1,501,173 |

| 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 114,521,059 | 122,030,225 | 127,584,837 | 131,713,759 | 144,189,193 | 160,043,847 |
| 0.4113 | 0.4114 | 0.3935 | 0.3956 | 0.4214 | 0.4340 |
| 0.1485 | 0.1393 | 0.1333 | 0.1291 | 0.1206 | 0.1252 |
| 0.0437 | 0.0410 | 0.0392 | 0.0380 | 0.0355 | 0.0321 |
| 0.0682 | 0.0631 | 0.1137 | 0.0965 | 0.1015 | 0.1477 |
| 0.1363 | 0.1287 | 0.0698 | 0.0813 | 0.0646 | 0.0065 |
| 0.1040 | 0.0098 | 0.0095 | 0.0570 | 0.0710 | 0.0739 |
| 0.2140 | 0.2885 | 0.2759 | 0.2194 | 0.1880 | 0.1605 |
| 0.2071 | 0.2008 | 0.1968 | 0.1946 | 0.1920 | 0.1869 |
| 1.3331 | 1.2826 | 1.2317 | 1.2115 | 1.1946 | 1.1668 |
| 471,025 | 501,178 | 509,282 | 530,787 | 607,613 | 694,591 |
| 170,064 | 170,110 | 172,522 | 173,217 | 173,892 | 200,375 |
| 50,046 | 50,032 | 50,734 | 50,986 | 51,187 | 51,374 |
| 78,103 | 77,001 | 147,155 | 129,476 | 146,352 | 236,385 |
| 156,092 | 157,053 | 90,338 | 109,082 | 93,146 | 10,403 |
| 119,102 | 12,081 | 12,295 | 76,478 | 102,374 | 118,272 |
| 245,075 | 352,057 | 357,080 | 294,374 | 271,076 | 256,870 |
| 237,173 | 245,037 | 254,706 | 261,099 | 276,843 | 276,843 |
| 1,526,680 | 1,564,549 | 1,594,112 | 1,625,499 | 1,722,483 | 1,845,113 |

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



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

September 17, 2025

The Honorable Mayor
Members of the Board of Commissioners
City of South Beloit, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Beloit (the City), Illinois, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated September 17, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

City of South Beloit, Illinois
September 17, 2025

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP