



Annual  
Financial Statements  
and  
Independent Auditors' Report

City of Anna, Illinois

For the year ended April 30, 2025

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## Independent Auditors' Report

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Mayor and City Council  
City of Anna  
Anna, Illinois

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anna, Illinois (the City), as of and for the year ended April 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anna, Illinois as of April 30, 2025 and the respective changes in financial position - modified cash basis, and, where applicable, cash flows - modified cash basis, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note A.

#### **Basis for Opinions**

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

#### **Emphasis of Matter - Basis of Accounting**

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

#### **Other Matter**

The financial statements of the City for the year ended April 30, 2024 were audited by another auditor who expressed unmodified opinions on those statements on December 17, 2024.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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

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

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The budgetary comparison statements, the combining and individual nonmajor fund financial statements, and the consolidated year-end financial report (CYEFR) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and consolidated year-end financial report (CYEFR) are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the consolidated year-end financial report (CYEFR) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The budgetary comparison statements are presented to supplement the basic financial statements. Such information is the responsibility of management. We have applied certain limited procedures to the budgetary comparison statements, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026 on our consideration of the City of Anna, Illinois’ internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Anna, Illinois’ internal control over financial reporting and compliance.

*Keber, Eck & Braeckel, LLP*

Marion, Illinois  
May 13, 2026

**City of Anna, Illinois**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**April 30, 2025**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,989,268	\$ 3,926,015	\$ 10,915,283
Investments	2,178,020	1,450,241	3,628,261
Capital assets net of accumulated depreciation	6,818,947	7,607,682	14,426,629
<b>Total assets</b>	<b>\$ 15,986,235</b>	<b>\$ 12,983,938</b>	<b>\$ 28,970,173</b>
<b>LIABILITIES</b>			
Current liabilities			
Customer deposits	\$ -	\$ 111,634	\$ 111,634
Current portion of notes payable	33,530	62,599	96,129
<b>Total current liabilities</b>	<b>33,530</b>	<b>174,233</b>	<b>207,763</b>
Noncurrent liabilities			
Notes payable	240,622	528,583	769,205
<b>Total noncurrent liabilities</b>	<b>240,622</b>	<b>528,583</b>	<b>769,205</b>
<b>Total liabilities</b>	<b>274,152</b>	<b>702,816</b>	<b>976,968</b>
<b>NET POSITION</b>			
Net investment in capital assets	6,544,795	7,016,500	13,561,295
Restricted for:			
Community development	234,053	-	234,053
Streets and highways	609,747	-	609,747
Public safety	19,541	-	19,541
Unrestricted	8,303,947	5,264,622	13,568,569
<b>Total net position</b>	<b>\$ 15,712,083</b>	<b>\$ 12,281,122</b>	<b>\$ 27,993,205</b>

*The accompanying notes are an integral part of this statement.*

City of Anna, Illinois  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
For the year ended April 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ (653,712)	\$ 587,472	\$ 669,205	\$ -	\$ 602,965	\$ -	\$ 602,965
Public safety	(1,788,612)	-	-	-	(1,788,612)	-	(1,788,612)
Public works	(605,763)	-	-	-	(605,763)	-	(605,763)
Streets and highways	(614,294)	-	-	-	(614,294)	-	(614,294)
Community development	(185,903)	-	-	-	(185,903)	-	(185,903)
Parks and pools	(321,901)	-	-	-	(321,901)	-	(321,901)
Employee benefits	(128,898)	-	-	-	(128,898)	-	(128,898)
Debt service	(8,770)	-	-	-	(8,770)	-	(8,770)
<b>Total governmental activities</b>	<b>(4,307,853)</b>	<b>587,472</b>	<b>669,205</b>	<b>-</b>	<b>(3,051,176)</b>	<b>-</b>	<b>(3,051,176)</b>
Business-Type activities:							
Water	(1,684,568)	2,074,481	20,000	-	-	409,913	409,913
Sewer	(982,182)	868,643	-	-	-	(113,539)	(113,539)
Gas	(2,091,144)	2,152,867	-	-	-	61,723	61,723
Employee benefits	(97,240)	-	-	-	-	(97,240)	(97,240)
<b>Total business-type activities</b>	<b>(4,855,134)</b>	<b>5,095,991</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>260,857</b>	<b>260,857</b>
<b>Total primary government</b>	<b>(9,162,987)</b>	<b>5,683,463</b>	<b>689,205</b>	<b>-</b>	<b>(3,051,176)</b>	<b>260,857</b>	<b>(2,790,319)</b>
General revenues and transfers:							
Property taxes					762,859	-	762,859
Motor fuel tax					194,413	-	194,413
Foreign firefighters tax					14,786	-	14,786
Intergovernmental - unrestricted							
State income tax					747,881	-	747,881
Sales and use tax					1,939,440	-	1,939,440
Games tax					-	-	-
Replacement taxes					39,802	-	39,802
Cannabis Use Tax					-	-	-
Other intergovernmental revenues					327,562	14,381	341,943
Investment earnings					342,811	195,642	538,453
Miscellaneous					162,735	19,163	181,898
Transfers					(204,527)	204,527	-
<b>Total general revenues and transfers</b>					<b>4,327,762</b>	<b>433,713</b>	<b>4,761,475</b>
Change in net position					1,276,586	694,570	1,971,156
Net Position, April 30, 2024, as previously stated					12,771,130	11,807,775	24,578,905
Correction of Error					1,664,367	(221,223)	1,443,144
Net Position, April 30, 2024, as adjusted or restated					14,435,497	11,586,552	26,022,049
Net Position, April 30, 2025					\$ 15,712,083	\$ 12,281,122	\$ 27,993,205

The accompanying notes are an integral part of this statement.

**City of Anna, Illinois**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the year ended April 30, 2025**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,901,061	\$ 107,823	\$ -	\$ 863,341	\$ 6,872,225
Investments	1,574,252	-	-	-	1,574,252
<b>Total assets</b>	<b>\$ 7,475,313</b>	<b>\$ 107,823</b>	<b>\$ -</b>	<b>\$ 863,341</b>	<b>\$ 8,446,477</b>
<b>LIABILITIES</b>					
Other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted for:					
Community development	-	-	-	234,053	234,053
Streets and highways	-	-	-	609,747	609,747
Public safety	-	-	-	19,541	19,541
Committed	-	107,823	-	-	107,823
Unassigned	7,475,313	-	-	-	7,475,313
<b>Total fund balances</b>	<b>7,475,313</b>	<b>107,823</b>	<b>-</b>	<b>863,341</b>	<b>8,446,477</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,475,313</b>	<b>\$ 107,823</b>	<b>\$ -</b>	<b>\$ 863,341</b>	<b>\$ 8,446,477</b>

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position:

Total fund balance for governmental funds	8,446,477
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet, net of accumulated depreciation of \$3,803,435	6,818,947
Internal service funds are used by management to charge the cost of certain services to individual funds. A percentage of assets of the internal service funds are included in the governmental activities in the statement of net position.	720,811
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.	(274,152)
	<u>\$ 15,712,083</u>

*The accompanying notes are an integral part of this statement.*

**City of Anna, Illinois**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the year ended April 30, 2025**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Property tax	\$ 599,169	\$ -	\$ -	\$ 163,690	\$ 762,859
Sales tax	1,939,440	-	-	-	1,939,440
Replacement tax	39,802	-	-	-	39,802
Income tax	747,881	-	-	-	747,881
Intergovernmental revenue	308,498	-	-	209,199	517,697
Licenses, permits & franchises	63,050	-	-	-	63,050
Fines and fees	77,925	-	-	-	77,925
Charges for services	446,497	-	-	-	446,497
Interest income	289,109	293	-	25,603	315,005
Grant revenue	8,815	660,390	-	-	669,205
Miscellaneous income	155,041	7,694	-	-	162,735
<b>Total revenues</b>	<b>4,675,227</b>	<b>668,377</b>	<b>-</b>	<b>398,492</b>	<b>5,742,096</b>
<b>EXPENDITURES</b>					
General government and administrative	465,944	-	-	13,949	479,893
Public safety	1,582,565	-	-	-	1,582,565
Public works and maintenance	605,763	-	-	-	605,763
Streets and highways	583,760	-	-	-	583,760
Community development	-	169,059	-	16,844	185,903
Parks and pools	243,580	-	-	-	243,580
Employee benefits	57,299	-	-	-	57,299
Capital outlay and improvements	254,981	895,374	-	216,430	1,366,785
Debt Service					
Principal	32,532	-	-	-	32,532
Interest	8,770	-	-	-	8,770
<b>Total expenditures</b>	<b>3,835,194</b>	<b>1,064,433</b>	<b>-</b>	<b>247,223</b>	<b>5,146,850</b>
Excess (Deficiency) of Revenues Over Expenditures	840,033	(396,056)	-	151,269	595,246
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	19,911	-	-	19,911
Transfers out	(224,438)	-	-	-	(224,438)
<b>Total other financing sources (Uses)</b>	<b>(224,438)</b>	<b>19,911</b>	<b>-</b>	<b>-</b>	<b>(204,527)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>615,595</b>	<b>(376,145)</b>	<b>-</b>	<b>151,269</b>	<b>390,719</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY STATED</b>	<b>7,389,390</b>	<b>-</b>	<b>612,462</b>	<b>99,610</b>	<b>8,101,462</b>
<b>CHANGE IN REPORTING ENTITY</b>	<b>-</b>	<b>-</b>	<b>(612,462)</b>	<b>612,462</b>	<b>-</b>
<b>CORRECTION OF ERROR</b>	<b>(529,672)</b>	<b>483,968</b>	<b>-</b>	<b>-</b>	<b>(45,704)</b>
<b>FUND BALANCES, AS ADJUSTED OR RESTATED</b>	<b>6,859,718</b>	<b>483,968</b>	<b>-</b>	<b>712,072</b>	<b>8,055,758</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 7,475,313</b>	<b>\$ 107,823</b>	<b>\$ -</b>	<b>\$ 863,341</b>	<b>\$ 8,446,477</b>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances for governmental funds	\$ 390,719
Governmental funds report capital outlays as expenditures. In the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset purchases capitalized	1,366,785
Depreciation expense	(431,421)
	<u>935,364</u>
Internal service funds are used by management to charge the cost of certain services to individual funds. A percentage of net revenues of the internal service funds are included in the governmental activities in the statement of activities.	(82,029)

Amounts reported for governmental activities in the Statement of Activities are different because:

Repayment of debt	<u>32,532</u>
	<u>32,532</u>
	<u>\$ 1,276,586</u>

*The accompanying notes are an integral part of this statement.*

City of Anna, Illinois  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**April 30, 2025**

	Enterprise Funds				Internal Service Fund
	Water Fund	Sewer Fund	Gas Fund	Total Enterprise Funds	Retiree Health Insurance Fund
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 606,229	\$ 1,435,686	\$ 1,795,805	\$ 3,837,720	\$ 205,338
Investments	106,636	520,767	367,364	994,767	1,059,243
Total current assets	712,865	1,956,453	2,163,169	4,832,487	1,264,581
<b>NONCURRENT ASSETS</b>					
Capital assets (net of accumulated depreciation)	3,449,852	2,760,174	1,397,656	7,607,682	-
Total noncurrent assets	3,449,852	2,760,174	1,397,656	7,607,682	-
Total assets	\$ 4,162,717	\$ 4,716,627	\$ 3,560,825	\$ 12,440,169	\$ 1,264,581
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Customer deposits	\$ 41,153	\$ -	\$ 70,481	\$ 111,634	\$ -
Current portion of notes payable	52,327	10,272	-	62,599	-
Total current liabilities	93,480	10,272	70,481	174,233	-
<b>NONCURRENT LIABILITIES</b>					
Notes payable	454,834	73,749	-	528,583	-
Total noncurrent liabilities	454,834	73,749	-	528,583	-
Total liabilities	548,314	84,021	70,481	702,816	-
<b>NET POSITION</b>					
Net investment in capital assets	2,942,691	2,676,153	1,397,656	7,016,500	-
Unrestricted	671,712	1,956,453	2,092,688	4,720,853	1,264,581
Total net position	\$ 3,614,403	\$ 4,632,606	\$ 3,490,344	\$ 11,737,353	\$ 1,264,581

Reconciliation of the Balance Sheet of Enterprise Funds to the Statement of Net Position:

Total fund balance for enterprise funds \$ 11,737,353

Amounts reported for governmental activities in the statement of net position are different because:

Internal service funds are used by management to charge the cost of certain services to individual funds. A percentage of assets of the internal service funds are included in the business-type activities in the statement of net position.

543,769

\$ 12,281,122

*The accompanying notes are an integral part of this statement.*

**City of Anna, Illinois**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**For the year ended April 30, 2025**

	<b>Enterprise Funds</b>				<b>Internal Service Fund</b>
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Gas Fund</b>	<b>Total Enterprise Funds</b>	<b>Retiree Health Insurance Fund</b>
<b>Operating Revenues</b>					
Service charges	\$ 2,074,481	\$ 868,643	\$ 2,152,867	\$ 5,095,991	\$ -
City contributions	-	-	-	-	33,445
Total operating revenues	2,074,481	868,643	2,152,867	5,095,991	33,445
<b>Operating Expenses</b>					
Purchase of water	1,062,695	-	-	1,062,695	-
Gas purchases	-	-	1,194,449	1,194,449	-
Personnel	263,947	232,330	433,672	929,949	-
Contractual	157,247	340,401	219,654	717,302	-
Maintenance	2,133	154,568	2,060	158,761	-
Other charges	62,541	51,474	129,313	243,328	-
Depreciation	129,704	201,306	111,996	443,006	-
Health insurance premiums	-	-	-	-	226,138
Total operating expenses	1,678,267	980,079	2,091,144	4,749,490	226,138
Operating loss	396,214	(111,436)	61,723	346,501	(192,693)
<b>Nonoperating Revenues (Expenses)</b>					
Investment income	51,585	64,920	58,161	174,666	48,782
Miscellaneous income	1,271	579	17,313	19,163	-
Grant Income	20,000	-	-	20,000	-
Interest expense	(6,301)	(2,103)	-	(8,404)	-
Total nonoperating revenues (expenses)	66,555	63,396	75,474	205,425	48,782
Income (loss) before transfers	462,769	(48,040)	137,197	551,926	(143,911)
Transfers (to)/from other funds	340,276	(115,000)	(20,749)	204,527	-
Change in net position	803,045	(163,040)	116,448	756,453	(143,911)
<b>Net position - beginning of year as previously stated</b>	3,128,003	5,079,549	3,600,223	11,807,775	-
<b>Correction of error</b>	(316,645)	(283,903)	(226,327)	(826,875)	1,408,492
<b>Net position - beginning of year as restated or adjusted</b>	2,811,358	4,795,646	3,373,896	10,980,900	1,408,492
<b>Net position at end of year</b>	\$ 3,614,403	\$ 4,632,606	\$ 3,490,344	\$ 11,737,353	\$ 1,264,581

Reconciliation of the Statement of Revenues, Expenditures and Changes in Net Position of Enterprise Funds to the Statement of Activities:

Amounts reported for business-type activities in the statement of activities are different because:

Net change in net position for enterprise funds \$ 756,453

Internal service funds are used by management to charge the cost of certain services to individual funds. A percentage of net revenues of the internal service funds are included in the business-type activities in the statement of activities.

(61,883)

\$ 694,570

*The accompanying notes are an integral part of this statement.*

**City of Anna, Illinois**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUND - WATER AND SEWER**  
**For the year ended April 30, 2025**

	Enterprise Funds				Internal Service Fund
	Water Fund	Sewer Fund	Gas Fund	Total Enterprise Funds	Retiree Health Insurance Fund
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 2,076,791	\$ 869,222	\$ 2,161,850	\$ 5,107,863	\$ 33,445
Payments to suppliers	(1,284,616)	(546,443)	(1,545,476)	(3,376,535)	(226,138)
Payments to employees	(263,947)	(232,330)	(433,672)	(929,949)	-
<b>Net cash provided by (used in) operating activities</b>	<b>528,228</b>	<b>90,449</b>	<b>182,702</b>	<b>801,379</b>	<b>(192,693)</b>
<b>Cash flows from noncapital financing activities</b>					
Transfers (to)/from other funds	340,276	(115,000)	(20,749)	204,527	-
<b>Total cash flows provided by (used in) noncapital financing activities</b>	<b>340,276</b>	<b>(115,000)</b>	<b>(20,749)</b>	<b>204,527</b>	<b>-</b>
<b>Cash flows from capital and related financing activities</b>					
Acquisition and construction of capital assets	(1,047,285)	-	-	(1,047,285)	-
Gain/(Loss) on disposal of capital assets	28,981	-	2,068	31,049	-
Principal payments on debt	(51,704)	(10,155)	-	(61,859)	-
Interest paid	(6,301)	(2,103)	-	(8,404)	-
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(1,076,309)</b>	<b>(12,258)</b>	<b>2,068</b>	<b>(1,086,499)</b>	<b>-</b>
<b>Cash flows from investing activities</b>					
Investment income	51,585	64,920	58,161	174,666	-
Net sale of investments	(3,581)	(10,694)	(10,113)	(24,388)	-
Grant income	20,000	-	-	20,000	-
<b>Net cash provided by investing activities</b>	<b>68,004</b>	<b>54,226</b>	<b>48,048</b>	<b>170,278</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(139,801)</b>	<b>17,417</b>	<b>212,069</b>	<b>89,685</b>	<b>(192,693)</b>
<b>Cash and cash equivalents, May 1, 2024, as originally reported</b>	<b>1,272,423</b>	<b>2,409,109</b>	<b>2,412,452</b>	<b>6,093,984</b>	<b>-</b>
Error correction	(526,393)	(990,840)	(828,716)	(2,345,949)	398,031
<b>Cash and cash equivalents, May 1, 2024, as restated</b>	<b>746,030</b>	<b>1,418,269</b>	<b>1,583,736</b>	<b>3,748,035</b>	<b>398,031</b>
<b>Cash and cash equivalents, April 30, 2025</b>	<b>\$ 606,229</b>	<b>\$ 1,435,686</b>	<b>\$ 1,795,805</b>	<b>\$ 3,837,720</b>	<b>\$ 205,338</b>
<b>Reconciliation of operating income (loss) to net cash from operating activities</b>					
Operating loss	\$ 396,214	\$ (111,436)	\$ 61,723	\$ 346,501	\$ (192,693)
<b>Items not requiring (providing) cash:</b>					
Depreciation	129,704	201,306	111,996	443,006	-
<b>Changes in:</b>					
Accrued expenses	1,039	-	(8,330)	(7,291)	-
Miscellaneous receipts	1,271	579	17,313	19,163	-
<b>Net cash provided by operating activities</b>	<b>\$ 528,228</b>	<b>\$ 90,449</b>	<b>\$ 182,702</b>	<b>\$ 801,379</b>	<b>\$ (192,693)</b>

*The accompanying notes are an integral part of this statement.*

**City of Anna, Illinois**  
**STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**April 30, 2025**

	<u>Pension Trust Funds</u>		
	<b>Police Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Total Fiduciary Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 112,146	\$ 35,318	\$ 147,464
Investments, at fair value			
Money Market	1,130,154	414,549	1,544,703
Certificates of deposit	451,371	150,000	601,371
Mutual fund	-	41,113	41,113
Illinois Police Officers' Pension Investment Fund, pooled	1,569,483	-	1,569,483
Illinois Firefighters' Pension Investment Fund, pooled	-	1,177,737	1,177,737
Total investments	<u>3,151,008</u>	<u>1,783,399</u>	<u>4,934,407</u>
Total assets	<u>\$ 3,263,154</u>	<u>\$ 1,818,717</u>	<u>\$ 5,081,871</u>
 <b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	 <u>\$ 3,263,154</u>	 <u>\$ 1,818,717</u>	 <u>\$ 5,081,871</u>

*The accompanying notes are an integral part of this statement.*

**City of Anna, Illinois**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS - PENSION TRUST FUNDS**  
**For the Year ended April 30, 2025**

	<b>Pension Trust Funds</b>		
	<b>Police Pension Fund</b>	<b>Firefighters' Pension Fund</b>	<b>Total Fiduciary Funds</b>
<b>ADDITIONS</b>			
Contributions			
Property and replacement taxes	\$ 219,049	\$ 110,954	\$ 330,003
Employer contributions	111,558	150,913	262,471
Employee contributions	44,038	-	44,038
Total contributions	374,645	261,867	636,512
Investment income			
Interest and dividends	70,058	41,324	111,382
Net appreciation in fair value of investments	130,898	91,104	222,002
Net investment income (loss)	200,956	132,428	333,384
Total additions	575,601	394,295	969,896
<b>DEDUCTIONS</b>			
Benefits and refunds of contributions	325,793	243,207	569,000
Administrative expense	4,215	2,400	6,615
Other expense	13,658	15,107	28,765
Total deductions	343,666	260,714	604,380
<b>INCREASE IN NET POSITION HELD IN TRUST FOR PENSION BENEFITS</b>	231,935	133,581	365,516
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEINNING OF YEAR AS PREVIOUSLY STATED</b>	3,258,426	1,929,168	5,187,594
<b>CORRECTION OF ERROR</b>	(227,207)	(244,032)	(471,239)
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, BEINNING OF YEAR AS PREVIOUSLY RESTATED</b>	3,031,219	1,685,136	4,716,355
<b>NET POSITION HELD IN TRUST FOR PENSION BENEFITS, END OF YEAR</b>	\$ 3,263,154	\$ 1,818,717	\$ 5,081,871

*The accompanying notes are an integral part of this statement.*

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note A, these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

*1. Reporting Entity*

The City of Anna (the City) was incorporated in 1865, and operates as a non-home-rule municipality, located in Union County, Illinois. The City functions under a Mayor-Commissioner form of government and provides the following services: police and fire protection, public works, water, sewer and gas services, public improvements, planning and zoning, and general administrative services.

A blended component unit, although a legally separate entity, is, in substance, a part of the government's operations and so data from this unit is combined with data from the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

At April 30, 2025, the City did not have any discretely presented or blended component units.

Excluded from the reporting entity:

Union County, Anna Township and Anna Community Consolidated Unit School District #37, Anna-Jonesboro Community High School District #81: These potential component units have separate elected and/or appointed boards and provide services to residents, generally within the geographic boundaries of the government. These are excluded from the reporting entity because the government does not have the ability to exercise influence or control over their daily operations, approve budgets or provide funding.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2. *Basis of Presentation*

Government-wide financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which are normally supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes or other charges between the City's water and sewer function and various other functions of the government. Eliminations of those charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Government-wide financial statements

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 are charges to customers for sales and services, rental charges and fines. Operating expenses for proprietary 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 Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2. *Basis of Presentation*

Fund financial statements

Fund financial statements of the City are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City's fiduciary funds are presented separately. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c. In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is used to account for all financial transactions which are not required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including police and fire protection and public works.

The Capital Projects Fund is used to account for all major governmental construction or special purpose projects within the City. Revenues are generally received from outside sources, such as grants or loans, and disbursements are related to the construction or development of projects within the community.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

2. *Basis of Presentation*

The City reports the following major proprietary funds:

The Water Utility Fund provides for the operation and maintenance of the municipal water distribution systems.

The Sewer Utility Fund provides for the operation and maintenance of the municipal wastewater treatment facilities.

The Gas Utility Fund provides for the operation and maintenance of the municipal gas distribution system.

Internal Service Funds are established to account for services and commodities furnished by a department of the City to other departments within the City.

- a. The Retiree Health Insurance Fund is used to account for the City's portion of retiree's health insurance premiums, which are furnished by the City. The Fund is administered by the City Administration office.

Additionally, the government reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (other than debt service and major capital projects) that are restricted or committed to expenditure for specific purposes. A substantial portion of the revenue within the fund must be from a restricted or committed source.

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others. The following are the City's fiduciary fund types:

- a. Pension Trust Funds are used to account for pension plans established by state and local governments. This fund type includes the Police and Firefighters' Pension funds.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

3. *Measurement Focus and Basis of Accounting*

The government-wide, Governmental fund financial statements, proprietary, and fiduciary fund financial statements are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for internal balances in the government-wide statements, and a provision for interfund receivables/payables in proprietary funds statements. The proprietary fund also makes a provision for capital assets, depreciation, and debt. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

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

The Fiduciary Funds are presented on the modified cash basis of accounting as described in the previous paragraphs. The fiduciary funds are not part of the primary government and are therefore not a part of the government-wide financial statements.

4. *Cash and Cash Equivalents*

The City maintains all deposits in bank accounts in the name of the City. The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

5. *Investments*

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*6. Interfund receivables and payables*

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

*7. Capital Assets and Depreciation*

The accounting treatment over capital assets depends on whether the assets are used in the governmental fund operations or proprietary funds operations and whether they are reported in the government-wide or fund financial statements.

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activity, business-type activity and component unit columns in the government-wide financial statements. Expenditures that improve or extend the useful life of an asset are capitalized. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Water System	5 to 40 years
Sewer System	5 to 40 years
General Infrastructure	5 to 40 years
Buildings & Improvements	5 to 40 years
Equipment	5 to 10 years
Vehicles	5 to 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures for the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for as assets on the statement of net position the same as in the government-wide financial statements.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

8. *Compensated Absences*

Most City employees are covered under a union contract and are entitled to certain compensated absences based on their employment contract. These compensated absences do accumulate if not used by the employee by the end of the fiscal year. Upon termination, employees are compensated for unused vacation and sick pay. As a result of the use of the modified cash basis accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenses related to compensated absences are recorded when paid.

9. *Long-Term Debt*

All long-term debt arising from cash transactions to be repaid from governmental resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures.

10. *Fund Equity and Net Position*

The following classifications describe the relative strength for the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - includes fund balance amounts that cannot be spent either because it is not in spendable form (such as inventory) or because of legal or contractual constraints.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; 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 - amounts a government intends to use for specific purposes; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*10. Fund Equity and Net Position*

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

The City uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City does not have a formal stabilization policy or minimum fund balance policy.

The City reports three types of net position in its government-wide statement of net position:

Net investment in capital assets - consists of capital asset balances less accumulated depreciation and reduced by outstanding balances of debt used to acquire, construct, or improve those assets.

Restricted - net positions are considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as creditors, grantors, or laws or regulations of other governments.

Unrestricted - consists of all other net positions that do not meet the definitions of the above two components and are available for the City's general use.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*11. Budgetary Accounting Procedures*

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

- Prior to May 1, the budget officer submits to the City Council a proposed operating budget for the fiscal year commencing April 30. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to enactment, a public hearing is held on the proposed budget to obtain citizen comments.
- Subsequent to the public hearing and prior to May 1, the budget is enacted by passage in a City Council meeting.
- Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
- Budgets for the General and Special Revenue Funds are adopted on a cash basis.
- The City Council may make transfers between the various items in any fund not exceeding in aggregate 10% of the total of such fund as set forth in the budget.
- The City Council may amend the budget by the same procedures required of its original adoption. The original budget was not amended.

*12. Concentration of Credit Risk*

Credit is extended to utility customers on a partially secured basis with a cash deposit required at the inception of service. See deposits and investments note for additional disclosures on custodial credit risk.

*13. Property Taxes*

Property taxes attach as an enforceable lien on real estate as of January 1 of each year. The County bills and collects real estate taxes for all taxing bodies within the County. Taxes are normally remitted to the City by the County in varying amounts and on various dates beginning in August or September of the next calendar year. Therefore, at year-end, the City was owed the entire levy for the 2024 calendar year.

No provision for bad debts is provided because over time substantially all property taxes are collected. Since the City is on the modified cash basis of accounting, the 2024 property taxes are not recorded as a receivable in the financial statements.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*14. Management Estimates*

The preparation of the financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

*15. Differences from GAAP*

As discussed previously in Note A, the City reports the government-wide, governmental, proprietary and fiduciary fund financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP).

*16. Encumbrances*

The City does not maintain an encumbrance accounting system. Therefore, no reservations of fund balance have been made for outstanding purchase orders, contracts or other commitments.

*17. Change in Accounting Principle*

Effective May 1, 2024 the City adopted Governmental Accounting Standards Board (GASB) new guidance for accounting changes and error corrections (GASB Statement 100), which replaced most existing accounting guidance on this topic. The objective of this standard is to provide clear, more concise reporting requirements for accounting changes and error corrections. As such, this standard primarily focuses on the presentation of the financial statements and note disclosures. See note disclosure J for information regarding changes and corrections for the fiscal year presented in accordance with GASB Statement 100.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE B | DEPOSITS AND INVESTMENTS**

*1. Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may not be returned to the City. It is the City’s policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance or Securities Investor Protection Corporation (SIPC).

At year-end the carrying amount of the City’s deposits totaled \$16,878,195 and the bank balances totaled \$17,084,199. Of the bank balances, \$974,061 were covered by federal depository insurance, \$500,000 covered by SIPC insurance and \$14,088,535 are collateralized by U.S. Government securities held by the pledging institution’s trust department in the City’s name, and \$1,521,603 were uninsured/uncollateralized. The Police Pension Fund and Firefighters’ Pension Fund do not have a deposit policy for custodial credit risk, although their investment policies recommend that the funds be fully invested in the consolidated pension fund.

As of April 30, 2025, a reconciliation of cash and investments (including fiduciary fund assets) as shown on the Statement of Net Position is as follows:

Cash on hand	\$ 280
Carrying amount of cash and cash equivalents	11,062,467
Carrying amount of investments	<u>5,815,448</u>
Total	<u>\$ 16,878,195</u>
Government-wide financial statement net position:	
Cash and cash equivalents	\$ 10,915,283
Certificates of deposit	<u>3,628,261</u>
Total	<u>\$ 14,543,544</u>
Statement of fiduciary net position:	
Cash and cash equivalents	\$ 147,464
Certificates of deposits	601,371
Investments in Edward Jones	<u>1,585,816</u>
Total	<u>\$ 2,334,651</u>

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE B | DEPOSITS AND INVESTMENTS**

2. *Investments – Police Officers’ and Firefighters Pension Trust*

State statutes authorize the City to invest only in direct obligations of the U.S. Government or its agencies; direct obligations of any financial institution that is insured by the Federal Deposit Insurance Corporation; short-term obligations of corporations rated A or better by at least two standard rating services; obligations of the State of Illinois and its political subdivisions; insured accounts of credit unions located in the State of Illinois; certain money market mutual funds where the portfolio is limited to U.S. Government securities; and certain repurchase agreements. The only other investments held by the primary government are certificates of deposit at local financial institutions.

Illinois Public Act 101-0610 consolidated the assets of the state’s more than 650 downstate and suburban public safety pension funds into two consolidated investment funds and required the Firefighters’ Pension Funds and Police Officers’ Pension Funds to pool their funds for investment purposes. Illinois Firefighters’ Pension Investment Fund (IFPIF) and Illinois Police Officers’ Pension Investment Fund (IPOPf) are not registered with the SEC as an investment company but operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in IPOPf and IFPIF are valued at Illinois Fund’s share price, the price for which the investments could be sold. IFPIF and IPOPf act as the investment custodian under the Treasury and Security Division.

The Pension Fund's investment policy, in accordance with Illinois Statutes, establishes a target allocation across asset classes. The target allocation tables are available at [www.ifpif.org](http://www.ifpif.org) and [www.ipopif.org](http://www.ipopif.org).

*Investment Policy:* The Pension Fund’s current investment policy was adopted by the Board of Trustees on April 12, 2024 and June 17, 2022 for IPOPf and IFPIF, respectively. IPOPf and IFPIF are authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). IPOPf and 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.

At year ending April 30, 2025 the Pension Fund’s allocated value of investments with IPOPf and IFPIF are stated below and measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of investments as noted in the target allocation table available on each respective website.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE B | DEPOSITS AND INVESTMENTS**

2. *Investments - Police Officers' and Firefighters Pension Trust*

	<u>Amortized Cost</u>	<u>Fair Value</u>
Money market	\$ 1,544,703	\$ 1,544,703
Certificates of deposit	601,371	601,371
Mutual funds	41,113	41,113
Illinois Police Officers' Pension Investment Funds, pooled	1,569,483	1,569,483
Illinois Firefighters' Pension Investment Funds, pooled	1,177,737	1,177,737
	<hr/>	<hr/>
Total Investments	<u>\$ 4,934,407</u>	<u>\$ 4,934,407</u>

The Police Officers' and Firefighters' Pension Funds invests in certificates of deposits, mutual funds, IPOPIF and IFPIF which includes various investments in equity, credit, fixed income and real estate investments. Investments of this type are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of plan net position.

Credit risk: The Pension Funds limits exposure to credit risk, the risk that the issuer of debt security will not pay its par value upon maturity, by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. In order to reduce the risk of default, the investment policies state the portfolio shall not exceed the following diversification limits:

- Interest bearing obligations that are fully guaranteed or insured as to payment of principal and interest by the United States of America.
- Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America.
- Certificates of Deposit issued by State or Federally Chartered Savings and Loans or Banks that are fully insured by the Federal Deposit Insurance Corporation.
- Separate accounts of a life insurance company, authorized to do business in Illinois, comprised of investments in common or preferred stocks, bonds, money market instruments, real estate, or first or second mortgage loans on real estate. The Pension Fund may invest up to ten percent of its assets in these contracts.
- Mutual funds and corporate bonds, with certain limitations.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE B | DEPOSITS AND INVESTMENTS**

*2. Investments - Police Officers' and Firefighters Pension Trust*

Custodial credit risk: Custodial risk is the risk that, in the event of the failure of the counterparty, the respective Pension Boards will not be able to recover the value of their investments that are in the possession of an outside party. Since the Police Officers' and Firefighters' Pension Boards released custody of the funds to the IPOPIF and IFPIF, respectively, the Boards are released from their custodial credit risk. The risk lies with the IPOPIF and IFPIF boards.

*3. Fair Value*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying financial statements, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

*Securities, U.S. Treasuries, Municipal Bonds and Annuities*

Where quoted market prices are available in an active market, securities, U.S. Treasuries, Municipal Bonds and Annuities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing service and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy; however, no Level 3 securities exist at April 30, 2025.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE B | DEPOSITS AND INVESTMENTS**

3. *Fair Value*

Investments in mutual funds and revenue bonds actively traded and therefore have been classified as Level 1 valuations.

*Certificates of Deposit*

Certificates of deposit with local financial institutions are recorded at cost plus earnings which approximates fair value and are considered Level 2 valuations. Certificates of deposit included in brokerage accounts are traded on an open market and therefore have been classified as Level 1 valuations.

*Fair Value Measurements*

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2025:

Input levels by investment category of the primary government’s financial instruments at April 30, 2025 are as follows:

<u>Investment Category</u>	<u>Fair Value</u>	Level 1 <u>Input</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>
Certificates of deposit	\$ 3,628,261	\$ 3,628,261	\$ -	\$ -
	<u>\$ 3,628,261</u>	<u>\$ 3,628,261</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE B | DEPOSITS AND INVESTMENTS**

3. *Fair Value*

Input levels by investment category of the Police and Firefighters' Pension Funds' financial instruments at April 30, 2025 are as follows:

<u>Investment Category</u>	<u>Fair Value</u>	Level 1 <u>Input</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>
Money market	\$ 1,544,703	\$ 1,544,703	\$ -	\$ -
Certificates of deposit	601,371	601,371	-	-
Mutual funds	41,113	41,113	-	-
	<u>\$ 2,187,187</u>	<u>\$ 2,187,187</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE C | PROPERTY TAXES**

A tax levy ordinance is prepared and adopted by the City Council and filed with the County Clerk by the 4<sup>th</sup> Tuesday in December. The taxes upon real property, together with all penalties, interest and costs that may accrue thereon, become a prior and first lien on such real property, superior to all other liens and encumbrances, from and including the first day of January in the year in which the taxes are levied until the taxes, penalties, interest and costs are repaid. Property taxes are payable in two installments generally in August and October. The City receives significant distributions of tax receipts approximately one month after these due dates. For the fiscal year ended April 30, 2025, the City received payments from the 2023 tax levy payable in 2024. A total amount of \$558,600 was levied for 2024, which includes amounts levied for general purposes, pension funds, social security, and retirement contributions. Of the total 2024 levy, three installments were received in August 2024, October 2024, and March 2025 totaling \$599,169. Additional property taxes were received for the tax increment funds totaling \$163,690 and are restricted for use within the tax increment funds.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

**NOTE D | CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2025 was as follows:

	Primary Government			Balance April 30, 2025
	Restated Balance April 30, 2024	Additions	Deductions and Transfers	
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,467,459	\$ -	\$ -	\$ 1,467,459
Construction in progress	-	889,689	-	889,689
Total capital assets, not being depreciated	1,467,459	889,689	-	2,357,148
Capital assets, being depreciated				
Vehicles	2,199,092	193,637	(868,930)	1,523,799
Buildings	5,618,830	-	(229,206)	5,389,624
Equipment	2,052,996	67,029	(984,644)	1,135,381
Infrastructure	-	216,430	-	216,430
Total capital assets, being depreciated	9,870,918	477,096	(2,082,780)	8,265,234
Less accumulated depreciation for:				
Vehicles	(1,054,166)	(144,804)	229,206	(969,764)
Buildings	(2,985,028)	(190,338)	852,407	(2,322,959)
Equipment	(1,335,145)	(96,279)	920,712	(510,712)
Infrastructure	-	-	-	-
Total accumulated depreciation	(5,374,339)	(431,421)	2,002,325	(3,803,435)
Total capital assets, being depreciated, net	4,496,579	45,675	(80,455)	4,461,799
Governmental-type activities capital assets, net	\$ 5,964,038	\$ 935,364	\$ (80,455)	\$ 6,818,947

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE D | CAPITAL ASSETS**

Construction in progress of the governmental type activities consists of amounts expended for the following major projects at April 30, 2025:

<u>Project</u>	<u>CIP Balance</u>	<u>Estimated Total Cost to Complete Project</u>	<u>Funding Source</u>
Park Project	\$ 262,526	Unknown	Grant & Local Funding
Davie Street Project	\$ 627,163	Unknown	Grant & Local Funding

The Park project is in beginning stages and pending grant approval for continued progress.

The Davie Street project is in beginning stages and pending grant approval for continued progress.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

**NOTE D | CAPITAL ASSETS**

	Business-type Activities			
	Restated Balance April 30, <u>2024</u>	<u>Additions</u>	<u>Deductions and Transfers</u>	Balance April 30, <u>2025</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	182,515	580,310	-	762,825
<b>Total capital assets, not being depreciated</b>	<b>182,515</b>	<b>580,310</b>	<b>-</b>	<b>762,825</b>
Capital assets, being depreciated				
Vehicles	567,828	15,000	(297,536)	285,292
Buildings	460,186	-	(7,978)	452,208
Equipment	855,161	-	(258,608)	596,553
Plant and Distribution system	14,373,552	451,975	(215,895)	14,609,632
<b>Total capital assets, being depreciated</b>	<b>16,256,727</b>	<b>466,975</b>	<b>(780,017)</b>	<b>15,943,685</b>
Less accumulated depreciation for:				
Vehicles	(416,627)	(24,152)	294,011	(146,768)
Buildings	(222,525)	(11,341)	5,352	(228,514)
Equipment	(693,779)	(24,582)	257,996	(460,365)
Plant and Distribution system	(8,071,859)	(382,931)	191,609	(8,263,181)
<b>Total accumulated depreciation</b>	<b>(9,404,790)</b>	<b>(443,006)</b>	<b>748,968</b>	<b>(9,098,828)</b>
<b>Total capital assets, being depreciated, net</b>	<b>6,851,937</b>	<b>23,969</b>	<b>(31,049)</b>	<b>6,844,857</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 7,034,452</b>	<b>\$ 604,279</b>	<b>\$ (31,049)</b>	<b>\$ 7,607,682</b>

Construction in progress of the business-type activities consists of amounts expended for the following major projects at April 30, 2025:

<u>Project</u>	<u>CIP Balance</u>	Estimated Total Cost to Complete <u>Project</u>	<u>Funding Source</u>
Rural Development Water Project	\$ 762,825	Unknown	Grant & Local Funding

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE D | CAPITAL ASSETS**

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 116,519
Public Safety	206,047
Parks and pools	78,321
Transportation and Public Works	<u>30,534</u>
Total Governmental Activities Depreciation Expense	<u>\$ 431,421</u>
Business-type Activities	
Water	\$ 129,704
Sewer	201,306
Gas	<u>111,996</u>
Total Business-type Activities Depreciation Expense	<u>\$ 443,006</u>

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE E | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS**

The City has financed certain capital expenditures through bank borrowings and other loan agreements at April 30, 2025 as follows:

Governmental Activities:

Bank loan payable in monthly installments, with a final payment in September 2032, of \$3,442, including principal and interest of 3.00%	<u>274,152</u>
Total Governmental Activities debt	<u>\$ 274,152</u>

The governmental activity notes payable were used in the acquisition of equipment.

The annual requirements to amortize all governmental activity long-term debt notes payable as of April 30 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 33,530	\$ 7,772	\$ 41,302
2027	34,389	6,752	41,141
2028	35,584	5,714	41,298
2029	36,681	4,518	41,199
2030	37,797	3,701	41,498
Thereafter	<u>96,171</u>	<u>3,652</u>	<u>99,823</u>
	<u>\$ 274,152</u>	<u>\$ 32,109</u>	<u>\$ 306,261</u>

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

**NOTE E | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS**

Business-Type Activities:

The business-type activity notes payable at April 30, 2025, are described as follows:

ILEPA Drinking Water Revolving Fund Loan dated September 2011 for \$1,179,885, less forgiveness of \$300,000, due in semi-annual installments beginning February 2014 through February 2033, including interest of 1.25%	\$ 387,000
ILEPA Drinking Water Revolving Fund Loan dated May 2022 for \$365,225, less forgiveness of \$237,807, due in semi-annual installments beginning April 2024 through October 2044, including interest of 0.83%	120,161
ILEPA Clean Water Revolving Fund Loan dated July 2012 for \$380,959, less forgiveness of \$189,599, due in semi-annual installments beginning November 2013 through November 2032, including interest of 2.295%	<u>84,021</u>
Total Business-type Activities debt	<u>\$ 591,182</u>

The Business-Type note payables were used in the acquisition and construction of capital assets.

The schedule of future payments for April 30 is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 62,599	\$ 7,665	\$ 70,264
2027	63,466	6,797	70,263
2028	64,347	5,916	70,263
2029	65,242	5,022	70,264
2030	66,149	4,114	70,263
2031-2035	216,986	7,845	224,831
2036-2040	33,332	1,768	35,100
2041-2045	19,061	403	19,464
	<u>\$ 591,182</u>	<u>\$ 39,530</u>	<u>\$ 630,712</u>

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE E | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS**

Long-term liability activity for the year ended April 30, 2025, was as follows:

	Balance April 30, <u>2024</u>	<u>Additions</u>	<u>Retirement</u>	Balance April 30, <u>2025</u>	Due Within <u>One year</u>
<u>Governmental Activities:</u>					
Notes Payable	\$ 306,684	\$ -	\$ (32,532)	\$ 274,152	\$ 33,530
Governmental Activities long-term liabilities	<u>\$ 306,684</u>	<u>\$ -</u>	<u>\$ (32,532)</u>	<u>\$ 274,152</u>	<u>\$ 33,530</u>
	Balance April 30, <u>2024</u>	<u>Additions</u>	<u>Retirement</u>	Balance April 30, <u>2025</u>	Due Within <u>One year</u>
<u>Business-type Activities:</u>					
Notes Payable	\$ 653,041	\$ -	\$ (61,859)	\$ 591,182	\$ 62,599
Business-type Activities long-term liabilities	<u>\$ 653,041</u>	<u>\$ -</u>	<u>\$ (61,859)</u>	<u>\$ 591,182</u>	<u>\$ 62,599</u>

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE F | RETIREMENT PLANS**

The employees of the City of Anna are covered by one of the following defined benefit plans: the Illinois Municipal Retirement Fund (IMRF), the Police Officers' Pension Plan, or the Firefighters' Pension Plan. The Police Officers' Pension and Firefighters' Pension are accounted for as pension trust funds in the City's financial statements. The Illinois Municipal Retirement Fund is not included in the balances shown in the financial statements, except for the contributions made during the year and charged to operating expenditures or expenses. City contributions to these pension plans are funded with property taxes, replacement taxes and general operating revenues.

1. Illinois Municipal Retirement Plan (Regular Plan)

*a. Plan Description*

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*b. Funding Policy*

As set by statute, IMRF plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2024 used by the employer was 13.40%. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*c. Annual Pension Cost*

The required contribution for calendar year 2024 was \$161,711.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE F | RETIREMENT PLANS**

2. Police Officers' and Firefighters' Pension

*a. Plan Description*

The Police Officers' Pension Plan and the Firefighters' Pension Plan cover sworn police and fire personnel, respectively. The Police Officers' and Firefighters' Pension Plans are multi-employer defined benefit pension plans that provide retirement, disability, and death benefits to plan members and their beneficiaries. The defined benefits and employee and employer contribution levels are governed by Illinois State Statutes, Chapter 40 5/3-4, Article 3-4, and may be amended only by the Illinois legislature. The City accounts for the plans as pension trust funds. The Police Officers' and Firefighters' Pension Plans also issue separate publicly available financial reports. Those reports may be obtained by writing to the City of Anna, Illinois, City Administrator, 103 Market Street, Anna, IL 62906.

*b. Basis of Accounting*

The Police Officers' and Firefighters' Pension Plans' statements are presented as Pension Trust Funds, which are prepared using the modified cash basis of accounting. Revenues are recognized when they result from cash transactions.

*c. Method Used to Value Investments*

The Illinois Police Officers' Pension Investment Fund (IPOPFI) and the Firefighters' Pension Investment Funds (IFPIF) are managed as two consolidated portfolios and entities that transferred assets to the portfolios are considered Participant Members. Each Participant Member owns a percentage of the overall pool, and their allocated fund is based on the initial in-kind asset transfer and additional cash contributions and withdrawals submitted to the fund. Percentage ownerships for all Participant Member Funds are recalculated each time a contribution or withdrawal is received and invested (or redeemed) from the consolidated portfolios. Income and Expense activity for each month is earned at the consolidated portfolio level and is then allocated to each member fund based on the weighted average of the percentage ownership during the month. Participant Member Funds do not own the underlying assets in the consolidated portfolios but instead own a percentage of the overall Net Asset Value (NAV) of the consolidated funds.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE F | RETIREMENT PLANS**

2. Police Officers’ and Firefighters’ Pension

*d. Funding Policy*

The contribution requirements of plan members and the City are established and may be amended by the state legislature. Plan members of the Police Officers’ and Firefighters’ Pension Plans are required to contribute 9.91% and 9.455%, respectively, of their base salary. If an employee terminates 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 as actuarially determined by an enrolled actuary. Administrative costs are funded through investment earnings.

*e. Police Officers’ Pension and Firefighters’ Pension Membership Information*

At April 30, 2025, the Police Officers’ Pension Plan and Firefighters’ Pension Plan memberships were as follows:

	<u>Police</u>	<u>Fire</u>
Retirees and beneficiares:		
Currently receiving benefits	8	5
Entitled to benefits but not yet receiving them	-	-
Current members		
Active	8	-
Inactive, non-retired members	5	-
	<hr/>	<hr/>
Total members	<u>21</u>	<u>5</u>

*f. Police Officers’ Pension Plan Provisions*

These provisions are as stated by Illinois State Statutes. The Police Officers’ Pension Plan provides retirement benefits as well as death and disability benefits.

Tier I - Membership started prior to January 1, 2011:

A police officer aged 50 or more with 20 years or more of creditable service who is no longer in service as a police officer, shall receive 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service. The annual pension shall be increased by 2½% of such annual salary for each additional year of service from 20 years of service to 30 years of service, up to a maximum of 75%.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE F | RETIREMENT PLANS**

3. Police Officers' and Firefighters' Pension

*f. Police Officers' Pension Plan Provisions*

A police officer who is separated from service having between 8 and 20 years of creditable service, who is not entitled to receive a disability pension, and who did not apply for a refund of contributions at separation of service, shall receive an annual pension upon attainment of age 60 in the amount of 2½% of the annual salary held in the year preceding termination times the number of years of creditable service or 2½% of the annual salary held on the last day of service times the number of years of creditable service, whichever is greater.

The annual pension of a police officer retired from service with 20 or more years of creditable service shall increase annually, 3% of the original pension amount after the attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the amount of pension payable at the time of increase on each January 1 thereafter.

Tier II - Membership started after April 30, 2010

A police officer aged 55 or more with 10 years of creditable service who is no longer in service as a police officer, shall receive 2½% of the final average salary for each year of service. The final average salary is defined as the average salary based on the highest consecutive 96 months of the final 120 months of service.

A police officer who is separated from service having between 8 and 20 years of creditable service, who is not entitled to receive a disability pension, and who did not apply for a refund of contributions at separation of service, shall receive an annual pension upon attainment of age 60 in the amount of 2½% of the annual salary held in the year preceding termination times the number of years of creditable service or 2½% of the annual salary held on the last day of service times the number of years of creditable service, whichever is greater.

Early retirement is offered for police officers at age 50 or greater with 10 or more creditable years of service, but with a penalty of ½% for each month prior to age 55.

The annual pension of a police officer retired from service with 20 or more years of creditable service shall increase annually by the lessor of ½ of the Consumer Price Index - all urban consumers (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional increase of the lessor of ½ of the CPI-U or 3% of the original pension amount on each January 1 thereafter.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE F | RETIREMENT PLANS**

3. Police Officers' and Firefighters' Pension

*f. Police Officers' Pension Plan Provisions*

The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Members that terminate their participation may withdraw their contributions and forfeit future benefits.

*g. Firefighters' Pension Plan Provisions*

Tier 1 - Membership started prior to January 1, 2011:

A firefighter age 50 or more with 20 years or more of creditable service who is no longer in service as a firefighter, shall receive 50% of the monthly salary held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2½% of such monthly salary for each additional month over 20 years of service to 30 years of service, up to a maximum of 75%.

A firefighter who retires or is separated from service having between 10 and 20 years of creditable service, who is not entitled to receive a disability pension, and who did not apply for a refund of contributions at separation of service, shall receive a reduced monthly pension upon attainment of age 60 based on the monthly salary attached to rank in the fire service on the date of retirement or separation of service, according to the following years of service: for 10 years, 15% of salary; for 11 years, 17.6% of salary; for 12 years, 20.4% of salary; for 13 years, 23.4% of salary; for 14 years, 26.6% of salary; for 15 years, 30% of salary; for 16 years, 33.6% of salary; for 17 years, 37.4% of salary; for 18 years, 41.4% of salary; for 19 years, 45.6% of salary.

The monthly pension of a firefighter retired from service with 20 or more years of creditable service after January 1, 1987, shall increase annually, 3% of the original pension amount after the attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the amount of pension payable at the time of increase on each January 1 thereafter.

Tier II - Membership started after April 30, 2010:

A firefighter aged 55 or more with 10 years of creditable service who is no longer in service as a firefighter, shall receive 2½% of the final average salary for each year of service. The final average salary is defined as the average salary based on the highest consecutive 96 months of the final 120 months of service.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE F | RETIREMENT PLANS**

3. Police Officers' and Firefighters' Pension

*g. Firefighters' Pension Plan Provisions*

Early retirement is offered for firefighters at age 55 or greater with 10 or more creditable years of service, but with a penalty of ½% for each month prior to age 55.

The annual pension of a firefighter retired from service with 20 or more years of creditable service shall increase annually by the lessor of ½ of the Consumer Price Index - all urban consumers (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional increase of the lessor of ½ of the CPI-U or 3% of the original pension amount on each January 1 thereafter.

The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Members that terminate their participation may withdraw their contributions and forfeit future benefits.

*h. Annual Pension Cost and Net Pension Obligation*

The contribution requirements were computed as part of an actuarial valuation performed by the Illinois Department of Insurance as of April 30, 2024. The most recent actuarial valuation performed as of April 30, 2025, is not yet available.

The City's annual pension cost and net pension obligation of the Police Officers' and Firefighters' Pension Plans for the year ended April 30, 2025, was \$219,049 and \$110,954.

The annual required contribution was determined as part of the April 30, 2024 actuarial valuation for the Police Officers' Pension and Firefighters' Pension Plans using funding method, amortization method and asset valuation method. The actuarial assumptions included (a) 6.80% interest rate of return (net of expenses) for the Police Officers' Pension Plan and 7.125% interest rate of return (net of expenses) for the Firefighters' Pension Plan and (b) projected salary increases of 3.5% to 11% for the Police Officers' Pension Plan and 4.0% to 12.5% for the Firefighters' Pension Plan.

The City fully funds the actuarially determined employer contributions through property and replacement tax monies. These contributions lag behind the actuarially required contributions by two years due to the time necessary to complete the tax levy cycle.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE G | INTERFUND TRANSFERS**

The following is a schedule of transfers as included in the Statement of Activities of the City:

Fund	<u>Transfers in</u>	<u>Transfers out</u>
Governmental Funds:		
General Fund	\$ -	\$ 224,438
Capital Projects Fund	19,911	-
	<hr/>	<hr/>
Total Governmental Funds	19,911	224,438
Proprietary Funds:		
Water	340,276	-
Sewer	-	115,000
Gas	-	20,749
	<hr/>	<hr/>
Total Proprietary Funds	340,276	135,749
Total All Funds	<u>\$ 360,187</u>	<u>\$ 360,187</u>

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

**NOTE H | EXPENDITURES IN EXCESS OF BUDGET**

Excess of expenditures over appropriations in individual funds for the year ended April 30, 2025, are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>
Firefighters Tax Fund	\$ 13,486	\$ -
TIF Fund	\$ 16,844	\$ 7,500
Sewer Fund	\$ 980,079	\$ 868,450

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

**NOTE I | RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; lawsuits; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE J | CHANGE IN ACCOUNTING PRINCIPLE, ESTIMATE OR ERROR CORRECTION**

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances								
	Funds								
	General Fund	Capital		Motor Fuel Tax Fund	Non-major Special Revenue Funds		Retiree Health Insurance Fund	Water fund	Sewer Fund
April 30, 2024, as previously reported		\$ 7,389,390	\$ -		\$ 612,462	\$ 99,610			
Change in reporting entity	-	-	(612,462)	612,462	-	-	-	-	
Correction of error	(529,672)	483,968	-	-	1,408,492	(316,645)	(283,903)	(226,327)	
April 30, 2024, as adjusted or restated	\$ 6,859,718	\$ 483,968	\$ -	\$ 712,072	\$ 1,408,492	\$ 2,811,358	\$ 4,795,646	\$ 3,373,896	

While examining prior year reporting of the financial statements, management decided that the Capital Projects Fund and the Retiree Health Insurance Fund should be reported separately at the fund level, instead of allocated to various other funds. A correction of error was necessary to report those two funds separately.

Other errors were found during the audit, including capital assets that should have been disposed previously, errors in cash reconciliations, and software issues that were all corrected by management.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Government-Wide	
	Governmental Activities	Business-Type Activities
April 30, 2024, as previously reported	\$ 12,771,130	\$ 11,807,775
Correction of error	1,664,367	(221,223)
April 30, 2024, as adjusted or restated	\$ 14,435,497	\$ 11,586,552

The Statement of Net Position and Statement of Activities were also affected by the previously mentioned items that management corrected during the fiscal year 2025 audit. Additionally, the Retiree Health Insurance Fund, as an internal service fund, was allocated among governmental activities and business-type activities in these statements, causing additional changes and corrections.

**City of Anna, Illinois**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**April 30, 2025**

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**NOTE J | CHANGE IN ACCOUNTING PRINCIPLE, ESTIMATE OR ERROR CORRECTION**

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Fiduciary Funds			
		Police Pension		Firefighters' Pension
April 30, 2024, as previously reported	\$	3,258,426	\$	1,929,168
Correction of error		(227,207)		(244,032)
April 30, 2024, as adjusted or restated	\$	3,031,219	\$	1,685,136

The modified cash basis of accounting, which management has determined the financial reporting basis the City reports, excludes certain items from the financial statements, including accounts receivable, accruals and other allowance accounts. During the audit, we found that these items had been improperly included in the previous financial statements and a correction was necessary to adjust the net position of the fiduciary funds.

**NOTE K | SUBSEQUENT EVENT**

Management evaluated all events and transactions that occurred after April 30, 2025 through May 13, 2026 the issue date of these financial statements. No subsequent events were identified.

**City of Anna, Illinois**  
**BUDGETARY COMPARISON STATEMENT - MODIFIED CASH BASIS (UNAUDITED)**  
**GENERAL FUND**  
**For the year ended April 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property tax	\$ 592,915	\$ 592,915	\$ 599,169	\$ 6,254
Sales tax	1,990,000	1,990,000	1,939,440	(50,560)
Replacement tax	62,000	62,000	39,802	(22,198)
Income tax	690,000	690,000	747,881	57,881
Intergovernmental revenue	310,500	310,500	308,498	(2,002)
Licenses, permits & franchises	57,050	57,050	63,050	6,000
Fines and fees	85,233	85,233	77,925	(7,308)
Charges for services	426,201	426,201	446,497	20,296
Interest income	137,500	137,500	289,109	151,609
Grant revenue	42,000	42,000	8,815	(33,185)
Miscellaneous income	47,250	47,250	155,041	107,791
<b>Total revenues</b>	<b>4,440,649</b>	<b>4,440,649</b>	<b>4,675,227</b>	<b>234,578</b>
<b>Expenditures</b>				
General government and administrative	594,605	594,605	465,944	128,661
Public safety	1,614,202	1,614,202	1,582,565	31,637
Public works and maintenance	636,725	636,725	605,763	30,962
Streets and highways	788,050	788,050	583,760	204,290
Parks and pools	324,065	324,065	243,580	80,485
Employee benefits	-	-	57,299	(57,299)
Capital outlay and improvements	325,000	325,000	254,981	70,019
Debt Service				
Principal	32,620	32,620	32,532	88
Interest	8,682	8,682	8,770	(88)
<b>Total expenditures</b>	<b>4,323,949</b>	<b>4,323,949</b>	<b>3,835,194</b>	<b>488,755</b>
<b>Excess of revenues over expenditures</b>	<b>116,700</b>	<b>116,700</b>	<b>840,033</b>	<b>723,333</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(224,438)	(224,438)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(224,438)</b>	<b>(224,438)</b>
<b>Net change in fund balance</b>	<b>\$ 116,700</b>	<b>\$ 116,700</b>	<b>615,595</b>	<b>\$ 498,895</b>
<b>Fund balance, beginning of year as previously stated</b>			7,389,390	
<b>Correction of error</b>			(529,672)	
<b>Fund balance, as adjusted or restated</b>			6,859,718	
<b>Fund balance, end of year</b>			<u>\$ 7,475,313</u>	

**City of Anna, Illinois**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**April 30, 2025**

	<b>Special Revenue</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>TIF Fund</b>	<b>Motor Fuel Tax Fund</b>	<b>Foreign Fire Fund</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 234,053	\$ 609,747	\$ 19,541	\$ 863,341
Total assets	<u>\$ 234,053</u>	<u>\$ 609,747</u>	<u>\$ 19,541</u>	<u>\$ 863,341</u>
<b>Liabilities:</b>				
Other liabilities	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>				
Restricted	234,053	609,747	19,541	863,341
Total fund balances	<u>234,053</u>	<u>609,747</u>	<u>19,541</u>	<u>863,341</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 234,053</u>	<u>\$ 609,747</u>	<u>\$ 19,541</u>	<u>\$ 863,341</u>

**City of Anna, Illinois**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended April 30, 2025**

	<u>Special Revenue</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>TIF Fund</b>	<b>Motor Fuel Tax Fund</b>	<b>Foreign Fire Fund</b>	
<b>Revenues:</b>				
Property tax	\$ 163,690	\$ -	\$ -	\$ 163,690
Intergovernmental revenue	-	194,413	14,786	209,199
Interest income	6,301	19,302	-	25,603
<b>Total revenues</b>	<b>169,991</b>	<b>213,715</b>	<b>14,786</b>	<b>398,492</b>
<b>Expenditures:</b>				
General government	-	-	13,949	13,949
Community Development	16,844	-	-	16,844
Capital Outlay	-	216,430	-	216,430
<b>Total expenditures</b>	<b>16,844</b>	<b>216,430</b>	<b>13,949</b>	<b>247,223</b>
<b>Excess (Deficiency) of revenue received over expenditures disbursed</b>	<b>153,147</b>	<b>(2,715)</b>	<b>837</b>	<b>151,269</b>
<b>Other financing sources:</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>153,147</b>	<b>(2,715)</b>	<b>837</b>	<b>151,269</b>
<b>Fund balance, April 30, 2024 as previously reported</b>	<b>80,906</b>	<b>-</b>	<b>18,704</b>	<b>99,610</b>
<b>Change in reporting entity</b>	<b>-</b>	<b>612,462</b>	<b>-</b>	<b>612,462</b>
<b>Fund balance, April 30, 2024 as restated or adjusted</b>	<b>80,906</b>	<b>612,462</b>	<b>18,704</b>	<b>712,072</b>
<b>Fund balance, April 30, 2025</b>	<b>\$ 234,053</b>	<b>\$ 609,747</b>	<b>\$ 19,541</b>	<b>\$ 863,341</b>

**Independent Auditors' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

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Mayor and City Council  
City of Anna  
Anna, Illinois

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Anna, Illinois (the City), as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Anna, Illinois' basic financial statements and have issued our report thereon dated May 13, 2026.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001, 2025-002, 2025-003 that we consider to be material weaknesses. We also included an item we noted that we did not consider to be a material weakness or significant deficiency, but warranted mentioning as an other matter.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Anna, Illinois' financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

**City of Anna, Illinois' Response to Findings**

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

**Purpose of this Report**

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

*Herber, Eck & Braeckel, LLP*

Marion, Illinois

May 13, 2026

**City of Anna, Illinois**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the year ended April 30, 2025**

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**MATERIAL WEAKNESS**

**Finding Number 2025-001**

Criteria

Segregation of Duties

Condition and Context

During the audit, we noted segregation of duties in some of the key financial processes:

- The Treasurer has significant control over the entire financial reporting process. This includes the following duties:
  - Receipt process: opening mail, preparing deposits, making deposits, validating deposit slip to bank statement, posting to general ledger, preparing bank reconciliation, reviewing bank reconciliation, recording receipts on the general ledger.
  - Disbursement process: control of the master vendor file, approving changes to the master vendor file, printing checks, signing checks, mailing or otherwise disbursing of vendor checks, clearing any discrepancies with vendor checks, recording disbursements on the general ledger.
  - Payroll process: access to employee master file, sign checks, approve payroll file, reconcile payroll to general ledger, review payroll reports.
- The Payroll/HR employee has significant control over the payroll process, including the following duties:
  - Access to the master vendor file, hiring and termination decisions, generating payroll checks, initiating direct deposits, distribute payroll checks and check stubs.

Cause

Due to limited staff at the City, separating certain duties may not be possible. Other mitigating controls should be put in place where duties cannot be segregated.

Effect

Segregation of duties is a key control in the accounting system. Allowing one individual to perform too many steps in an accounting process could enable an individual to commit fraud and/or conceal a fraudulent act.

**City of Anna, Illinois**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the year ended April 30, 2025**

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**Finding Number 2025-001**

Recommendation

We recommend the following changes to the Treasurer's duties:

- Remove the Treasurer as a signor for all City accounts for vendor disbursement and payroll. While we understand she should maintain access, especially for online review, since she participates in multiple areas of the financial reporting process, another employee should be signing checks.
- Consider having another employee routinely make deposits on all City accounts, or have another employee prepare the deposit and validate the deposit slip after the deposit is made.
- Remove the Treasurer as a reviewer of the bank reconciliations. Since she is the preparer of the reconciliations, another employee should be reviewing this information.
- Consider requesting another employee to mail or otherwise disburse vendor and payroll checks after they are signed. The signed checks should not be returned to the employee who printed them.

We recommend the following changes to the City Administrator's duties:

- The City Administrator should be the primary check signor.
- The City Administrator should review all cash reconciliations.
- Consider assigning a clerk or other assistant to distribute vendor and payroll checks.

We recommend the following changes to the Payroll/HR employee duties:

- This employee should not be distributing payroll checks. Checks should not be returned to the employee who is responsible for generating or printing the checks.

Views of the responsible officials and planned corrective actions

Management agrees that certain duties should be segregated. They will examine duties in the coming fiscal years and make necessary changes where they are able.

Official Responsible for Ensuring the Corrective Action Plan is Implemented

Steve Hartline, Mayor, and Dori Bigler, City Administrator

Planned Completion Date for the Corrective Action Plan

Recommendations are considered at the issuance of the report, May 13, 2026, however due to limited staffing, these recommendations may not be able to be implemented.

**City of Anna, Illinois**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the year ended April 30, 2025**

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**Finding Number 2025-002**

Journal Entries

Criteria

Thirty-two journal entries were made during the audit process from information obtained as audit evidence. Correction of error entries were also necessary on the government-wide statement of net position and statement activities to correct prior year balances.

Condition and Context

Thirty-two journal entries were made during the audit process to correct various balances and agree to supporting documentation.

Cause

The City's internal control process for review and approval of journal entries, reconciliations and other documentation did not adequately prevent or detect and correct misstatements to the financial statements.

Effect

It's imperative that internal control processes, especially those of review and approval, are properly performed to provide accurate financial statement information to the users of the financial statements. As a result of the review and approval process not being performed properly, several transactions were recorded incorrectly.

Included in these entries were a back-log of items recorded as due to/from internal balances. These are primarily used when one fund needs to remit a vendor check for another fund, and should be reimbursed by the appropriate fund. The accounting software is set up to auto-generate an entry, however procedures within the City do not correspond with this auto-entry.

Recommendation

We recommend that management continuously improve the review and approval process and determine if and where problems persist. We have also recommended that management discuss turning off the auto-entry portion of the accounting software if that function is going to continue to not be used correctly.

Views of the responsible officials and planned corrective actions

Management agrees that the review and approval process may need to be examined and refined to ensure financial information is properly recorded.

Official Responsible for Ensuring the Corrective Action Plan is Implemented

Steve Hartline, Mayor, and Dori Bigler, City Administrator.

Planned Completion Date for the Corrective Action Plan

Recommendations are considered at the issuance of the report, May 13, 2026.

**City of Anna, Illinois**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the year ended April 30, 2025**

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**Finding Number 2025-003**

Assets not disposed of in prior periods.

Criteria

Management had not reviewed a capital asset listing in prior years to determine if items were still in use.

Condition and Context

The capital asset listing included several items that had been disposed of in a prior period but not removed from the asset listing.

Cause

Management had not reviewed a capital asset listing. The predecessor auditor maintained this listing.

Effect

Correction of error entries were necessary on all funds and departments that maintained capital assets to agree the listing and associated accumulated depreciation, to items that are currently in use.

Recommendation

We recommend that the City review the listing on a regular basis. Management has currently contracted with KEB to assist with maintaining this listing, and the listing will be provided during the audit and at the conclusion, allowing management to have the most up-to-date listing available. Management should also make note during the year of when items are disposed of or purchased to inform KEB during the audit to make the appropriate adjustments to the asset listing.

Views of the responsible officials and planned corrective actions

Management agrees with this assessment. Management has also recently acquired the capital asset module of their accounting software and intends to migrate the information maintained by KEB to their own software. Management anticipates full migration during fiscal year 2027.

Official Responsible for Ensuring the Corrective Action Plan is Implemented

Steve Hartline, Mayor, and Dori Bigler, City Administrator

Planned Completion Date for the Corrective Action Plan

Recommendations are considered at the issuance of the report, May 13, 2026.

**City of Anna, Illinois**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the year ended April 30, 2025**

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**OTHER MATTERS**

Cash Reconciliation for General Fund Accounts

During our examination of the general fund cash accounts, we discussed the reconciliation with management. The reconciliation was difficult to follow and required additional reports to support the information. Entries were required to agree cash between the general ledger, confirmations and the reconciliation. Per discussions with management, this has always been a difficult process and these cash accounts have had variances for several years.

We thoroughly examined transactions for several months, and compared the information between bank statements and the general ledger. We do believe that current transactions are being recorded properly. Management agreed to make entries to agree the accounts, then perform new reconciliations on the accounts for fiscal year 2026.

We would also recommend examining the format of the cash reconciliation spreadsheet to make it easier to read and understand.

**City of Anna, Illinois**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the fiscal year ended April 30, 2025**

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Prior Audit Findings

- Predecessor auditor did not issue any comments.

**Illinois Grant Accountability and Transparency  
Consolidated Year-End Financial Report**

<b>Grantee Name</b>	City of Anna
<b>ID Numbers</b>	<b>Audit:</b> 57090 <b>Grantee:</b> 687846 <b>UEI:</b> L595PMPCFXS4 <b>FEIN:</b> 376002190
<b>Audit Period</b>	5/1/2024 12:00:00 AM - 4/30/2025 12:00:00 AM
<b>Last Update</b>	5/1/2026 2:14:55 PM
<b>Program Count</b>	4

**EXPENDITURES BY PROGRAM**

CSFA #	Program Name	State	Federal	Total	Match
532-60-3017	Lead Service Line Inventory Grant Program	0.00	21,047.79	21,047.79	0.00
422-11-1165	Park and Recreational Facility Construction	257,526.00	0.00	257,526.00	0.00
420-27-2729	Rebuild Downtowns & Main Streets Capital Grant	588,934.30	0.00	588,934.30	0.00
420-00-1758	Site Improvements	0.00	0.00	0.00	0.00
	All other federal expenditures		443,101.07	443,101.07	
	TOTALS	846,460.30	464,148.86	1,310,609.16	0.00

**EXPENDITURES BY CATEGORY**

Amount	Category
21,047.79	Contractual Services
257,526.00	Construction
588,934.30	Expenditures for all budget lines for DCEO grants
867,508.09	TOTAL