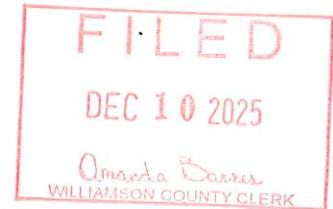




SHELLY HUGGINS, RMC, CMC
CITY CLERK
CITY OF HERRIN
300 NORTH PARK AVENUE
HERRIN, ILLINOIS 62948
(618)942-3175 · Fax (618)988-9115
Email: shuggins@cityofherrin.com

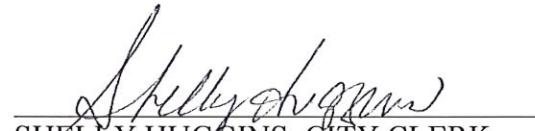
STATE OF ILLINOIS
WILLIAMSON COUNTY
CITY OF HERRIN



I, SHELLY HUGGINS, DO HEREBY CERTIFY that I am the duly qualified City Clerk of the City of Herrin, Illinois, Williamson County, and as such clerk, I am the keeper of the records and files of the City Council of said City.

I do hereby certify that the following is a true and correct copy of the City of Herrin's Annual Audit for Fiscal Year May 1, 2024 to April 30, 2025 that was passed by the City of Herrin Council at the regular meeting of said Council on December 8, 2025.

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of the City of Herrin, Illinois at my office this 8th day of December, 2025.



SHELLY HUGGINS, CITY CLERK
HERRIN, ILLINOIS

SEAL



Annual
Financial Statements
and
Independent Auditors' Report



City of Herrin, Illinois

Fiscal Year Ended April 30, 2025

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET POSITION	8
STATEMENT OF ACTIVITIES	10
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET - GOVERNMENTAL FUNDS	11
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	12
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	14
STATEMENT OF NET POSITION - PROPRIETARY FUNDS	15
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS	16
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS	17
STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS	18
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS	19
NOTES TO FINANCIAL STATEMENTS	20
REQUIRED SUPPLEMENTARY INFORMATION	
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - IMRF REGULAR PLAN	78
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - IMRF SLEP PLAN	79
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - FIREFIGHTERS' PENSION PLAN	80
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - POLICE PENSION PLAN	81
MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 CALENDAR YEARS	82
MULTIYEAR SCHEDULE OF CONTRIBUTIONS - LAST 10 FISCAL YEARS	83
BUDGETARY COMPARISON STATEMENT - GENERAL FUND	84

CONTENTS

	<u>PAGE</u>
BUDGETARY COMPARISON STATEMENT - MAJOR SPECIAL REVENUE FUNDS	90
BUDGETARY COMPARISON STATEMENT - WATER FUND	93
BUDGETARY COMPARISON STATEMENT - SEWER FUND	94
 COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS	
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	95
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES	
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	96
COMBINING STATEMENT OF FIDUCIARY NET POSITION - PENSION TRUST FUNDS	97
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -	
PENSION TRUST FUNDS	98
COMBINING STATEMENT OF NET POSITION - ACCRUAL BASIS - COMPONENT UNITS	99
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -	
ACCRUAL BASIS - COMPONENT UNITS	100
CONSOLIDATED YEAR-END FINANCIAL REPORT	101
 FEDERAL FINANCIAL ASSISTANCE	
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	102
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR	
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED	
BY THE UNIFORM GUIDANCE	104
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	107
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	108
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	109
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	115

Independent Auditors' Report

To the Honorable Mayor and City Council
City of Herrin, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Herrin, 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 present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Herrin, Illinois, as of April 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

Responsibilities of Management for the Financial Statements

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

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

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 *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 84 through 94 and the retirement plans' schedules of changes in net pension liability and related ratios, and schedules of contributions on pages 78 through 83 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Herrin, Illinois basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The consolidated year-end financial report is presented for the purposes of additional analysis as required by the Illinois Grant Accountability and Transparency Act (GATA) and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and consolidated year-end financial report are the responsibility of management and were derived from and relate 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, schedule of expenditures of federal awards and consolidated year-end financial report are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kerber, Eich + Brackel, LLP

Marion, Illinois

November 25, 2025

City of Herrin, Illinois
STATEMENT OF NET POSITION
April 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total		Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 12,683,326	\$ 3,219,999	\$ 15,903,325	\$ 772,789	
Investments	1,308,486	-	1,308,486	522,025	
Receivables					
Property taxes	2,455,624	-	2,455,624	237,700	
Other governments and agencies	1,549,602	-	1,549,602	-	
Consumers	112,338	479,836	592,174	-	
Lease receivable	555,680	111,451	667,131	-	
Internal balance	-	-	-	-	
Total current assets	<u>18,665,056</u>	<u>3,811,286</u>	<u>22,476,342</u>	<u>1,532,514</u>	
NONCURRENT ASSETS					
Subscription-based IT agreement, net of accumulated amortization	262,048	120,781	382,829	-	
Capital assets not being depreciated	8,403,352	40,000	8,443,352	258,060	
Capital assets being depreciated, net	6,519,953	16,847,231	23,367,184	600,621	
Total noncurrent assets	<u>15,185,353</u>	<u>17,008,012</u>	<u>32,193,365</u>	<u>858,681</u>	
Total assets	<u>33,850,409</u>	<u>20,819,298</u>	<u>54,669,707</u>	<u>2,391,195</u>	
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - IMRF regular	770,128	423,182	1,193,310	50,947	
Deferred outflows - IMRF SLEP	14,390	-	14,390	-	
Deferred outflows - Firefighter's Pension	692,116	-	692,116	-	
Deferred outflows - Police Pension	1,437,763	-	1,437,763	-	
Total deferred outflows of resources	<u>2,914,397</u>	<u>423,182</u>	<u>3,337,579</u>	<u>50,947</u>	
Total assets & deferred outflows of resources	<u>\$ 36,764,806</u>	<u>\$ 21,242,480</u>	<u>\$ 58,007,286</u>	<u>\$ 2,442,142</u>	

See accompanying notes to financial statements.

City of Herrin, Illinois
STATEMENT OF NET POSITION - CONTINUED
April 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total		Total
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 444,515	\$ 147,088	\$ 591,603	\$ 228,793	
Accrued expenses	154,453	33,259	187,712	11,884	
General obligation bonds, current portion	1,949,005	-	1,949,005	-	
Notes payable, current portion	16,930	-	16,930	-	
Leases, current portion	79,923	73,267	153,190	-	
SBITA liability, current portion	74,866	31,433	106,299	-	
Accrued interest	500,896	-	500,896	-	
Deferred revenue	1,267,541	-	1,267,541	-	
Consumer deposits	-	412,651	412,651	-	
Total current liabilities	4,488,129	697,698	5,185,827	240,677	
NONCURRENT LIABILITIES					
General obligation bonds	30,528,948	-	30,528,948	-	
Notes payable	155,234	-	155,234	-	
Leases	321,911	439,019	760,930	-	
SBITA liability	187,926	90,971	278,897	-	
Compensated absences	1,276,393	305,606	1,581,999	-	
Net pension liability - IMRF	636,872	349,960	986,832	42,132	
Net pension liability - IMRF SLEP	32,846	-	32,846	-	
Net pension liability - Firefighter's Pension	90,942	-	90,942	-	
Net pension liability - Police Pension	664,381	-	664,381	-	
Total noncurrent liabilities	33,895,453	1,185,556	35,081,009	42,132	
Total liabilities	38,383,582	1,883,254	40,266,836	282,809	
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Leases	459,344	76,836	536,180	-	
Deferred inflows - IMRF regular	75,631	41,560	117,191	5,003	
Deferred inflows - IMRF SLEP	-	-	-	-	
Deferred inflows - Firefighter's Pension	502,868	-	502,868	-	
Deferred inflows - Police Pension	1,037,777	-	1,037,777	-	
Total deferred inflows of resources	2,075,620	118,396	2,194,016	5,003	
Total liabilities and deferred inflows of resources	\$ 40,459,202	\$ 2,001,650	\$ 42,460,852	\$ 287,812	
NET POSITION					
Net investment in capital assets	\$ 4,035,261	\$ 16,495,726	\$ 20,530,987	\$ 858,681	
Restricted for					
Debt service	331,324	-	331,324	-	
Maintenance of roadways	1,897,087	-	1,897,087	-	
Economic development	3,891,414	-	3,891,414	-	
Foreign fire insurance	34,261	-	34,261	-	
Local resident housing improvements	30,348	-	30,348	-	
Projects and improvements	4,872	-	4,872	-	
Unrestricted (deficit)	(13,918,963)	2,745,104	(11,173,859)	1,295,649	
Total net position	\$ (3,694,396)	\$ 19,240,830	\$ 15,546,434	\$ 2,154,330	

See accompanying notes to financial statements.

City of Herrin, Illinois
STATEMENT OF ACTIVITIES
For the fiscal year ended April 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Service Charges, Permits, and Fees	Operating Grants and Contributions	Primary Government			Component Units	
				Governmental Activities	Business-Type Activities	Total		
Primary government								
Governmental activities								
General government	\$ (2,938,166)	\$ 385,962	\$ -	\$ (2,552,204)	\$ -	\$ (2,552,204)	\$ -	
Public safety	(5,946,756)	227,277	168,000	(5,551,479)	-	(5,551,479)	-	
Transportation and public works	(2,712,787)	1,250,924	-	(1,461,863)	-	(1,461,863)	-	
Community development	(2,743,299)	-	432,047	(2,311,252)	-	(2,311,252)	-	
Interest on long-term debt	(1,260,997)	-	-	(1,260,997)	-	(1,260,997)	-	
Total governmental activities	(15,602,005)	1,864,163	600,047	(13,137,795)	-	(13,137,795)	-	
Business-type activities								
Water	(2,894,558)	3,013,666	-	-	119,108	119,108	-	
Solid waste	(1,426,123)	1,787,860	-	-	361,737	361,737	-	
Total business-type activities	(4,320,681)	4,801,526	-	-	480,845	480,845	-	
Total primary government	\$ (19,922,686)	\$ 6,665,689	\$ 600,047	(13,137,795)	480,845	(12,656,950)	-	
Component unit								
Public Library	\$ (371,681)	\$ 8,757	\$ 23,717	-	-	-	\$ (339,207)	
Civic Center	(243,408)	105,024	2,851	-	-	-	(135,533)	
Total component unit	\$ (615,089)	\$ 113,781	\$ 26,568	-	-	-	\$ (474,740)	
General Revenues								
Taxes								
Property tax			5,883,886	-	5,883,886	240,785		
Sales tax			2,273,769	-	2,273,769	-		
Gaming tax			320,367	-	320,367	-		
Home rule tax			2,663,814	-	2,663,814	191,168		
Gas tax			200,876	-	200,876	-		
Income tax			2,196,852	-	2,196,852	-		
Replacement tax			100,975	-	100,975	600		
Telecommunications tax			111,150	-	111,150	-		
Use tax			351,084	-	351,084	-		
Auto rental tax			12	-	12	-		
Cannabis tax			19,354	-	19,354	-		
Foreign fire tax			41,403	-	41,403	-		
Motor fuel tax			653,575	-	653,575	-		
Investment earnings			187,228	96,471	283,699	27,004		
Coronavirus State and Local Fiscal Recovery Funds			251,260	-	251,260	-		
Miscellaneous income			1,011,565	-	1,011,565	100,108		
Interfund transfers			728,015	(728,015)	-	-		
Total general revenues			16,995,185	(631,544)	16,363,641	559,665		
Change in net position			3,857,390	(150,699)	3,706,691	84,925		
Net position, beginning of year, as previously reported			(7,501,102)	19,565,934	12,064,832	2,069,405		
Change in accounting principle (GASB 101)			(50,684)	(174,405)	(225,089)	-		
Net position, beginning of year, as restated			(7,551,786)	19,391,529	11,839,743	2,069,405		
Net position, end of year			\$ (3,694,396)	\$ 19,240,830	\$ 15,546,434	\$ 2,154,330		

See accompanying notes to financial statements.

City of Herrin, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2025

	General	Tax Increment Fund #1	Grant Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,605,582	\$ 1,817,123	\$ 1,277,711	\$ 832,220	\$ 4,150,690	\$ 12,683,326
Receivables						
Property taxes	2,455,624	-	-	-	-	2,455,624
Fees receivable from consumers	112,338	-	-	-	-	112,338
Other governments and agencies	1,504,958	-	-	-	44,644	1,549,602
Due from other funds	-	32,000	-	-	-	32,000
Investments	1,308,486	-	-	-	-	1,308,486
Lease receivable	555,680	-	-	-	-	555,680
Total assets	<u>10,542,668</u>	<u>1,849,123</u>	<u>1,277,711</u>	<u>832,220</u>	<u>4,195,334</u>	<u>18,697,056</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
Total assets & deferred outflows of resources	<u>\$ 10,542,668</u>	<u>\$ 1,849,123</u>	<u>\$ 1,277,711</u>	<u>\$ 832,220</u>	<u>\$ 4,195,334</u>	<u>\$ 18,697,056</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts payable	\$ 279,870	\$ 23,095	\$ 5,298	\$ -	\$ 136,252	\$ 444,515
Accrued expenses	154,453	-	-	-	-	154,453
Accrued interest	-	-	-	500,896	-	500,896
Deferred revenue	-	-	1,267,541	-	-	1,267,541
Due to other funds	-	-	-	-	32,000	32,000
Total liabilities	<u>434,323</u>	<u>23,095</u>	<u>1,272,839</u>	<u>500,896</u>	<u>168,252</u>	<u>2,399,405</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - Property taxes	2,455,624	-	-	-	-	2,455,624
Deferred inflows - Leases	459,344	-	-	-	-	459,344
Total deferred inflows of resources	<u>2,914,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,914,968</u>
Fund balance						
Nonspendable	-	-	-	-	-	-
Restricted	-	1,826,028	4,872	331,324	4,027,082	6,189,306
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	7,193,377	-	-	-	-	7,193,377
Total fund balances	<u>7,193,377</u>	<u>1,826,028</u>	<u>4,872</u>	<u>331,324</u>	<u>4,027,082</u>	<u>13,382,683</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,542,668</u>	<u>\$ 1,849,123</u>	<u>\$ 1,277,711</u>	<u>\$ 832,220</u>	<u>\$ 4,195,334</u>	<u>\$ 18,697,056</u>

See accompanying notes to financial statements.

City of Herrin, Illinois
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
April 30, 2025

Total net position reported for governmental activities in the statement of net position is different because:

Total fund balances for governmental funds	\$ 13,382,683
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:	
Land	84,907
Buildings, net of \$3,707,934 accumulated depreciation	193,863
Building improvements, net of \$181,650 accumulated depreciation	109,734
Improvements other than buildings, net of \$179,758 accumulated depreciation	82,789
Equipment, net of \$5,501,590 accumulated depreciation	874,577
Infrastructure, net of \$3,099,164 accumulated depreciation	4,935,989
Right-of-use asset, net of \$229,954 accumulated amortization	323,001
Construction in progress	<u>8,318,445</u>
Total capital assets	14,923,305
 Subscription-based information technology arrangements of \$373,400, net of accumulated amortization of \$111,352, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
	262,048
 Other long-term assets which are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
	2,455,624
 Deferred outflows and deferred inflows of resources are created because of various related to pensions that are not recognized in the governmental funds	
Deferred outflows - Illinois Municipal Retirement Fund	2,914,397
Deferred inflows - Illinois Municipal Retirement Fund	<u>(1,616,276)</u>
Total deferred outflows and inflows related to pension benefits	1,298,121
 Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities consist of:	
GOB bonds payable	(32,130,000)
Finance leases	(401,834)
Notes payable	(172,164)
Bond premium	(589,046)
Bond discount	241,093
Subscription-based IT arrangement liability	(262,792)
Compensated absences	<u>(1,276,393)</u>
Net pension liability	<u>(1,425,041)</u>
Total long-term liabilities	<u>(36,016,177)</u>
Total net position of governmental activities	<u>\$ (3,694,396)</u>

See accompanying notes to financial statements.

City of Herrin, Illinois
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the fiscal year ended April 30, 2025

	General	Tax Increment Fund #1	Grant Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property tax	\$ 2,411,058	\$ 2,319,356	\$ -	\$ -	\$ 960,181	\$ 5,690,595
Intergovernmental revenue	8,406,253	-	-	-	1,127,025	9,533,278
Licenses, & permits	280,608	-	-	-	-	280,608
Fines and fees	259,009	-	-	-	-	259,009
Charges for services	1,268,257	-	-	-	-	1,268,257
Interest income	79,616	53,958	1,308	1,868	50,478	187,228
Miscellaneous income	1,067,854	-	251,260	-	-	1,319,114
Total revenues	13,772,655	2,373,314	252,568	1,868	2,137,684	18,538,089
EXPENDITURES						
General government and administrative	2,922,919	-	-	301	-	2,923,220
Public safety	5,470,556	-	-	-	57,625	5,528,181
Transportation and public works	1,898,633	-	251,260	-	310,983	2,460,876
Community development	-	1,968,280	-	-	775,019	2,743,299
Capital outlay	1,383,459	-	-	5,476,249	-	6,859,708
Debt Service						
Principal	92,655	-	-	1,835,000	-	1,927,655
Interest	28,990	-	-	1,232,007	-	1,260,997
Total expenditures	11,797,212	1,968,280	251,260	8,543,557	1,143,627	23,703,936
Excess (Deficiency) of revenues over expenditures	1,975,443	405,034	1,308	(8,541,689)	994,057	(5,165,847)
OTHER FINANCING SOURCES (USES)						
Issuance of bonds	-	-	-	-	-	-
Bonds issuance costs	-	-	-	-	-	-
Premium on bond issuance	-	-	-	-	-	-
Transfers in	2,669,661	-	-	2,675,373	-	5,345,034
Transfers out	(4,543,709)	-	-	-	(73,310)	(4,617,019)
Total other financing sources (uses)	(1,874,048)	-	-	2,675,373	(73,310)	728,015
NET CHANGE IN FUND BALANCES	101,395	405,034	1,308	(5,866,316)	920,747	(4,437,832)
FUND BALANCES, BEGINNING OF YEAR	7,091,982	1,420,994	3,564	6,197,640	3,106,335	17,820,515
FUND BALANCES, END OF YEAR	\$ 7,193,377	\$ 1,826,028	\$ 4,872	\$ 331,324	\$ 4,027,082	\$ 13,382,683

See accompanying notes to financial statements.

City of Herrin, Illinois
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the fiscal year ended April 30, 2025

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances - total governmental funds \$ (4,437,832)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$6,859,708) exceed depreciation (\$591,645) in the current period. 6,268,063

Subscription-based information technology arrangements used in governmental activities are not financial resources and, therefore, are not reported in the funds. This is the amount by which payments on the liability exceeded amortization of the asset. (744)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences (431,299)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment on long-term debt	1,927,655
Amortization of discount on bonds	(15,068)
Amortization bond premium	<u>69,073</u>
	1,981,660

The net effect of the change in deferred revenues. Revenues in the statement of activities that do not provide current financial resources are not reported in the funds. 193,291

Governmental funds report pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 284,251

Change in net position of governmental activities \$ 3,857,390

See accompanying notes to financial statements.

City of Herrin, Illinois
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2025

Business-type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Total		
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,379,827	\$ 1,389,060	\$ 2,768,887		
Accounts receivable					
Consumers	308,597	171,239	479,836		
Lease receivable	111,451	-	111,451		
Restricted assets					
Cash	451,112	-	451,112		
Total current assets	2,250,987	1,560,299	3,811,286		
NONCURRENT ASSETS					
Subscription-based IT agreement, net of accumulated amortization	120,781	-	120,781		
Capital assets not being depreciated	40,000	-	40,000		
Capital assets being depreciated, net	6,667,472	10,179,759	16,847,231		
Total noncurrent assets	6,828,253	10,179,759	17,008,012		
Total assets	9,079,240	11,740,058	20,819,298		
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - IMRF regular	304,824	118,358	423,182		
Total deferred outflows of resources	304,824	118,358	423,182		
Total assets and deferred outflows of resources	\$ 9,384,064	\$ 11,858,416	\$ 21,242,480		
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	\$ 107,280	\$ 39,808	\$ 147,088		
Accrued expenses	23,254	10,005	33,259		
Current portion of leases	17,178	56,089	73,267		
Current portion of SBITA liability	31,433	-	31,433		
Consumer deposits	412,651	-	412,651		
Total current liabilities	591,796	105,902	697,698		
NONCURRENT LIABILITIES					
Leases, noncurrent portion	26,821	412,198	439,019		
SBITA liability	90,971	-	90,971		
Compensated absences	133,164	172,442	305,606		
Net pension liability	252,081	97,879	349,960		
Total noncurrent liabilities	503,037	682,519	1,185,556		
Total liabilities	1,094,833	788,421	1,883,254		
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - Leases	76,836	-	76,836		
Deferred inflows - IMRF regular	29,936	11,624	41,560		
Total deferred inflows of resources	106,772	11,624	118,396		
Total liabilities and deferred inflows or resources	\$ 1,201,605	\$ 800,045	\$ 2,001,650		
NET POSITION					
Net investment in capital assets	\$ 6,784,254	\$ 9,711,472	\$ 16,495,726		
Unrestricted	1,398,205	1,346,899	2,745,104		
Total net position	\$ 8,182,459	\$ 11,058,371	\$ 19,240,830		

See accompanying notes to financial statements.

City of Herrin, Illinois
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the fiscal year ended April 30, 2025

Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for services	\$ 3,013,666	\$ 1,787,860	\$ 4,801,526
Total operating revenues	3,013,666	1,787,860	4,801,526
OPERATING EXPENSES			
Salaries	832,279	352,181	1,184,460
Employee benefits	37,096	84,110	121,206
Purchase of water	1,055,742	-	1,055,742
Audit	18,875	-	18,875
Utilities	41,079	161,906	202,985
Postage	46,060	-	46,060
Insurance	64,711	32,356	97,067
Health insurance claims	135,704	-	135,704
Office supplies	7,176	-	7,176
Legal and engineering	5,511	5,708	11,219
Permits	-	17,500	17,500
Supplies	170,953	44,002	214,955
Clothing allowance	12,176	4,930	17,106
Other	61,810	30,495	92,305
Repair and maintenance	3,514	250,309	253,823
Depreciation and amortization	399,338	431,033	830,371
Total operating expenses	2,892,024	1,414,530	4,306,554
Operating income (loss)	121,642	373,330	494,972
NONOPERATING REVENUES (EXPENSES)			
Interest income	58,458	38,013	96,471
Interest expense	(2,534)	(11,593)	(14,127)
Total nonoperating revenues (expenses)	55,924	26,420	82,344
TRANSFERS			
Transfer in	-	-	-
Transfer out	(268,740)	(459,275)	(728,015)
Total transfers in (out)	(268,740)	(459,275)	(728,015)
CHANGE IN NET POSITION	(91,174)	(59,525)	(150,699)
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	8,393,112	11,172,822	19,565,934
Change in accounting principle (GASB 101)	(119,479)	(54,926)	(174,405)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	8,273,633	11,117,896	19,391,529
NET POSITION, END OF YEAR	\$ 8,182,459	\$ 11,058,371	\$ 19,240,830

See accompanying notes to financial statements.

City of Herrin, Illinois
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the fiscal year ended April 31, 2025

Business-type Activities - Enterprise Funds					
	Water Fund	Sewer Fund	Total		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 3,045,268	\$ 1,819,445	\$ 4,864,713		
Receipts from leases and interest	16,067	-	16,067		
Payments to suppliers	(1,602,405)	(543,239)	(2,145,644)		
Payments to employees	(1,114,984)	(514,290)	(1,629,274)		
Net cash provided by operating activities	343,946	761,916	1,105,862		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(268,740)	(459,275)	(728,015)		
Net cash used in noncapital financing activities	(268,740)	(459,275)	(728,015)		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on capital leases	(40,038)	(27,066)	(67,104)		
Principal payments on SBITA liability	(29,404)	-	(29,404)		
Interest and agent fees paid	(2,534)	(11,593)	(14,127)		
Net cash used in capital and related financing activities	(71,976)	(38,659)	(110,635)		
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	58,458	38,013	96,471		
Net cash provided by investing activities	58,458	38,013	96,471		
Net change in cash	61,688	301,995	363,683		
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,769,251	1,087,065	2,856,316		
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,830,939</u>	<u>\$ 1,389,060</u>	<u>\$ 3,219,999</u>		
NONCASH INVESTING AND FINANCING ACTIVITIES					
Purchase of equipment through issuance of capital leases	\$ -	\$ 455,906	\$ 455,906		
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ 121,642	\$ 373,330	\$ 494,972		
Adjustments to reconcile operating income (loss) to net cash from operating activities	399,338	431,033	830,371		
Depreciation and amortization	39,690	31,585	71,275		
Changes in assets and liabilities	13,676	3,967	17,643		
Accounts receivable	(78,095)	(16,096)	(94,191)		
Accounts payable	7,230	-	7,230		
Accrued salaries	(44,920)	(16,917)	(61,837)		
Deposits payable	(43,568)	(14,301)	(57,869)		
Deferred outflows of resources	7,979	-	7,979		
Deferred inflows of resources	(79,026)	(30,685)	(109,711)		
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 343,946</u>	<u>\$ 761,916</u>	<u>\$ 1,105,862</u>		
CASH AND CASH EQUIVALENTS					
Cash and cash equivalents	\$ 1,379,827	\$ 1,389,060	\$ 2,768,887		
Restricted cash	451,112	-	451,112		
TOTAL CASH AND INVESTMENTS	<u>\$ 1,830,939</u>	<u>\$ 1,389,060</u>	<u>\$ 3,219,999</u>		

See accompanying notes to financial statements.

City of Herrin, Illinois
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2025

	Pension Trust Funds
ASSETS	
Cash	\$ 485,113
Receivables	
Property taxes	765,576
Employee contributions receivable	-
Accrued interest	-
	<hr/>
Total receivables	765,576
Investments, at fair value	
Illinois Police Officers Pension Investment Funds, pooled	31,562,608
Illinois Firefighters Pension Investment Funds, pooled	<u>21,454,490</u>
	<hr/>
Total investments	53,017,098
	<hr/>
Total assets	\$ 54,267,787
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows	-
	<hr/>
Total deferred outflows of resources	-
	<hr/>
LIABILITIES	
Federal withholding	4,468
Due to City of Herrin	<u>164</u>
	<hr/>
Total liabilities	4,632
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - property taxes	765,576
	<hr/>
Total deferred inflows of resources	765,576
	<hr/>
NET POSITION	
Held in trust for pension benefits	\$ 53,497,579

See accompanying notes to financial statement.

City of Herrin, Illinois
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the fiscal year ended April 30, 2025

	Pension Trust Funds
ADDITIONS	
Contributions	
Property taxes	\$ 765,576
Plan member	306,275
Municipal contributions	300,032
Other income	-
	<hr/>
Total contributions	<u>1,371,883</u>
Investment income	
Net appreciation (depreciation) in fair value of investments	3,531,613
Gain (loss) on sale of investments	813,335
Capital gains	174,519
Dividends	125,946
Interest	<u>302,349</u>
	<hr/>
Net investment income (loss)	<u>4,947,762</u>
Total additions	<u>6,319,645</u>
DEDUCTIONS	
Benefits	2,428,078
Legal fees	16,053
Investment fees	53,177
Refund of contributions	-
Audit and actuarial fees	14,668
Other expenses	<u>21,884</u>
	<hr/>
Total deductions	<u>2,533,860</u>
Change in net position held in trust for pension benefits	3,785,785
NET POSITION, BEGINNING OF YEAR	<u>49,711,794</u>
NET POSITION, END OF YEAR	<u>\$ 53,497,579</u>

See accompanying notes to financial statements.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

The City of Herrin, Illinois (the City) was incorporated April 17, 1900. The City operates as a home rule municipality under a Mayor-Aldermanic form of government comprised of the Mayor and eight alderman, who are elected for four year terms. Other officers of the City include the City Clerk and Treasurer who are elected for four year terms. Department Heads and related staff are appointed by the Mayor with the consent of the City Council. The City's major operations include police and fire protection, development services, public works, water and sewer, library, civic center, and general administrative services. The accounting policies of the City conform to United States generally accepted accounting principles (GAAP) as applicable to governments.

As required by GAAP, these financial statements present the government and its component units, an entity for which the government is considered to be financially accountable. A blended component unit, although legally a 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.

The Herrin City Library is included in the City's reporting entity as a discrete component unit. The Mayor and Council have control over the Library Board. The City Council sets the annual tax levy which is the major financing source of the Library.

The Herrin Civic Center is included in the City's reporting entity as a discrete component unit. The Mayor and Council have control over the Civic Center's Board.

As of April 30, 2025, the City did not have any blended component units.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Government-Wide and Fund 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 and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given functional category are offset by program revenues. Direct expenses are those that are clearly identifiable within 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.

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 enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City normally considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures, other than compensated absences and principal and interest on long-term debt which are recorded when due, are recorded when the related liability is incurred.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. See Note C for property tax accrual policy.

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, street and equipment repairs and maintenance, cemeteries, development services and administration.

The Tax Increment Fund #1 is used to account for the revenues and expenses associated with Tax Increment Financing District #1.

The Grant Projects Fund is used to account for grants or similar revenue and the expenses on the specific projects in accordance with the requirements of the associated grant agreements.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The City reports the following major proprietary funds:

The Water Fund is used to account for provision of water to the residents of the City. Activities include administration, operations and maintenance of the water systems, and billing and collection of charges.

The Sewer Fund is used to account for provision of sanitation services to the residents of the City. Activities include administration, operations and maintenance of the sewer systems, and billing and collection of charges.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Additionally, the government reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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. The measurement focus is based on the flow of economic resources and the accrual basis of accounting.
 - i. The Firefighter's Pension Fund is used to account for the accumulation of resources for pension benefit payments to qualified firemen.
 - ii. The Police Pension Fund is used to account for the accumulation of resources for pension benefit payments to qualified policemen.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust and agency). Since by definition these assets are being held for benefit of a third party and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements. Separately issued financial statements of the pension funds may be obtained from the City.

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.

Amounts reported as program revenues include 1) charges to customers or applicant for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

4. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund.

5. Cash and Cash Equivalents

Except where otherwise required, the City maintains all deposits in various bank accounts in the name of the City. These deposits are invested on a short-term basis with interest income being allocated to the funds based on their respective balance. The City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

6. Investments

Investments held by governmental funds are stated at fair value based upon quoted market prices.

Investments held by the fiduciary funds are managed as a single consolidated portfolio and entities that transferred assets to the portfolio 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 portfolio. 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 fund.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7. Accounts Receivable

Accounts receivable consists primarily of property taxes recorded in the government funds, and charges for services accounted for in the enterprise funds. Charges for water services are accounted for in the Water Fund, sewer services are accounted for in the Sewer Fund, and garbage services in the General Fund. All receivables are recorded net of any allowances for doubtful accounts.

Credit is extended to utility customers on a partially-secured basis with a cash deposit required at the inception of service. Property tax receivables are secured by a lien on the related real estate. Other receivables are generally unsecured.

8. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of \$10,000 or more and an estimated useful life greater than one year. Such assets are recorded at cost or estimated original cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Right-to-use leased assets are recorded at cost based on the present value of expected payments over the lease term of the respective lease plus any payments made to the lessor at or before the commencement of the lease term.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs are capitalized on capital assets of business-type activities as a component of construction in progress, based on actual interest cost of the project, less interest income earned on temporary investments of project funds. No interest expense or interest income was charged to construction in progress in Fiscal Year 2025.

Property, plant, and equipment and right-to-use lease assets of the City, as well as its component units, are depreciated and amortized using the straight-line method over the estimated useful life of each asset.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

8. Capital Assets

The estimated useful lives are as follows:

Land improvements	5-25 years
Buildings	5-50 years
Building Improvements	5-50 years
Equipment	3-20 years
Infrastructure	10-50 years

9. Subscription Assets

Subscription assets are recorded at the initial measurement of the subscription liability which simulates present value, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line bases over the shorter of the SBITA term or the useful life of the underlying asset.

10. Compensated Absences

Employees accrue vacation and sick time based on the employment policy or union contract applicable to their position at the City which varies by department. In general, the City's policy permits employees to accumulate earned but unused vacation benefits (earned on a hire-date basis), which are eligible for payment upon separation from government service. Employees earn sick leave (rate of one day per month) which shall be paid at fifty percent of the employees current rate of pay upon retirement. Sick leave is not paid upon an employee's resignation or discharge. Accumulated unpaid vacation and vested sick pay are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City includes in the compensated absences liability an amount of accrued sick leave that is more likely than not to be used for time off based on historical experience. The liability for compensated absences includes salary-related benefits, where applicable.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

11. Long-Term Liabilities

In the government-wide financial statements and the enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts.

In the fund financial statements long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a liability of a governmental fund.

12. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The governmental funds have no items that qualify for reporting in this category.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow (revenue) until that time. The City has two types of items that qualify for the reporting in this category. Accordingly, the items, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and lease revenue, in this category. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. In the government-wide financial statements the City reports deferred amounts related to leases and deferred amounts related to pensions.

13. Leases

As the lessee, the City determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as short-term leases. Lease agreements that transfer ownership of the underlying asset to the City at the end of the contract are recorded as a finance purchase with a related lease liability.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

13. Leases

Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right to use lease asset. An intangible right to use lease asset represents the City's right to use an underlying asset during the lease term and the lease liability represents the City's obligation to make lease payments arising from the lease. Intangible right to use lease assets and lease liabilities are recognized at lease commencement based upon the estimated present value of unpaid lease payments over the lease term. The City uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the City applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments

14. Fund Balance and Net Position

The following classifications describe spending constraints placed on the purposes for which resources can be used in the fund financial statements:

Non-spendable 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.

Unassigned fund balance - amounts 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. Assigned fund balance is established by the 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). Assigned fund balance can also be established by the passage of a resolution, or by the city manager.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

14. Fund Balance and Net Position

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 position - net position is considered restricted if its 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 net position - consists of all other net position that does not meet the definitions of the above two components and are available for the City's general use.

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the general-purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

16. New Accounting Pronouncements

Effective for the year ending April 30, 2025, the City adopted Statement No. 100 of the Governmental Accounting Standards Boards Accounting Changes and Error Corrections (GASB No. 100) and Statement No. 101 of the Governmental Auditing Standards Board Compensated Absences (GASB No. 101).

GASB No. 100 enhances accounting and financial reporting requirements when there is an accounting change or error correction to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City had a change in accounting principal that were described in a detailed note disclosure as a result of implementation of GASB No. 100.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE A | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

16. New Accounting Pronouncements

GASB No. 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. It further requires that a liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB No. 101 further outlines what types of leave qualify for liability reporting and measurement practices regarding rate of pay and associated payroll costs and benefits. The impact of adoption is reflected as a change in accounting principle on the statement of activities.

NOTE B | DEPOSITS AND INVESTMENTS

1. Deposits

Custodial Credit Risk

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.

At year-end the carrying amount of the City's deposits totaled \$17,211,811 and the bank balances (including certificates of deposit) totaled \$17,613,580. Of the bank balances, \$1,107,514 were covered by federal depository insurance and \$16,506,066 of that amount was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the City's name.

Reconciliation to Government-Wide Statement of Net Position:

Cash and cash equivalents	\$ 15,903,325
Investments in certificates of deposit	<u>1,308,486</u>
	<u>\$ 17,211,811</u>

Fiduciary Funds:

At year-end the carrying amount of the Fiduciary Fund's deposits totaled \$485,113 and the bank balances totaled \$480,268. Of the bank balances, \$455,647 were covered by federal depository insurance and \$24,621 were uninsured/uncollateralized.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE B | DEPOSITS AND INVESTMENTS

Component Unit:

At year-end the carrying amount of the City's component units deposits totaled \$1,294,814 and the bank balances totaled \$1,355,800. Of the bank balances, \$825,138 were covered by federal depository insurance, \$124,877 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging or financial institution's trust department or agent, but not in the City's name, and \$405,785 was uninsured/uncollateralized.

Reconciliation to Government-Wide Statement of Net Position:

Cash and cash equivalents	\$ 772,789
Investments in certificates of deposit	<u>522,025</u>
	<u>\$ 1,294,814</u>

2. *Investments*

Police Pension Fund

The Illinois Police Officers' Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police officer pension funds. IPOPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IPOPIF by Illinois suburban and downstate police officer pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, please refer to their annual report as of June 30, 2024. A copy of that report can be obtained from IPOPIF at 456 Fulton Street, Suite 402, Peoria, Illinois 61602 or at www.ipopif.org.

IPOPIF is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in the Illinois Police Officers' Pension Investment Fund are valued at Illinois Fund's share price, the price for which the investments could be sold. IPOPIF acts as the investment custodian under the Treasury and Security Division.

The Police Officers' Pension Fund's investment policy, in accordance with Illinois Statutes, establishes a target allocation across asset classes. The target allocation table is available at www.ipopif.org.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE B | DEPOSITS AND INVESTMENTS

Investment Policy: IPOPIF's current investment policy was adopted by the Board of Trustees on December 17, 2021, revised April 14, 2024. IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

Investments: At year end, the Fund's allocated value of investments with the Illinois Police Officers' Pension Investment Fund were \$31,562,608 measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ipopif.org.

Firefighters' Pension Fund

The Illinois Firefighters' Pension Investment Fund (IFPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate firefighter pension funds. IFPIF was created by Public Act 101-0610, and codified within the Illinois Pension Code to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds. Participation in IFPIF by Illinois suburban and downstate firefighter pension funds is mandatory. Investments of the Fund are combined in a commingled external investment pool and held by IFPIF. A schedule of investment expenses is included in IFPIF's annual report. For additional information on IFPIF's investments, please refer to their annual report as of June 30, 2024. A copy of that report can be obtained from IFPIF at 1919 South Highland Avenue, Building A, Suite 237, Lombard, IL 60148 or at www.ifpif.org.

IFPIF is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in the Illinois Firefighters' Pension Investment Fund are valued at Illinois Fund's share price, the price for which the investments could be sold. IFPIF acts as the investment custodian under the Treasury and Security Division.

The Firefighters' Pension Fund's investment policy, in accordance with Illinois Statutes, establishes a target allocation across asset classes. The target allocation table is available at www.ifpif.org.

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

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE B | DEPOSITS AND INVESTMENTS

Investments: At year end, the Fund's allocated value of investments with the Illinois Firefighters' Pension Investment Fund were \$21,454,490 measured at the Net Asset Value (NAV) per share as determined by the pool. The pooled investments consist of the investments as noted in the target allocation table available at www.ifpif.org.

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.

Certificates of Deposit- Certificates of deposit are recorded at cost plus earnings which approximates fair value.

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:

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE B | DEPOSITS AND INVESTMENTS

Input levels by investment category of the governmental activities financial instruments at April 30, 2025 are as follows:

<u>Investment Category</u>	<u>Fair Value</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>
Certificates of Deposit	\$ 1,308,486	\$ -	\$ 1,308,486	\$ -

Input levels by investment category of the component units' financial instruments at April 30, 2025 are as follows:

<u>Investment Category</u>	<u>Fair Value</u>	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>
Certificates of Deposit	\$ 522,025	\$ -	\$ 522,025	\$ -

Credit risk is the risk that an insurer of an investment will not fulfil its obligation to the holder of the investment.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of credit risk is the risk of loss that may be caused by the City's investments in a single issuer. The City places no limit on the amount that may be invested in any one issuer.

NOTE C | PROPERTY TAXES

A tax levy ordinance is prepared and adopted by the City Council and filed with the County Clerk on or before the last 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.

Property taxes are recognized as revenue when they become available to finance expenditures. This occurs when the taxes have been collected. Accordingly, assessed but uncollected taxes are reported in the City's financial statements as receivables fully offset by deferred revenue accounts.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE D | CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2025 for the primary government is as follows:

	<u>Balance</u> <u>April 30,</u> <u>2024</u>	<u>Additions</u>	<u>Deductions</u> and <u>Transfers</u>	<u>Balance</u> <u>April 30,</u> <u>2025</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 84,907	\$ -	\$ -	\$ 84,907
Construction in Progress	1,672,552	6,645,893	-	8,318,445
Total capital assets, not being depreciated	1,757,459	6,645,893	-	8,403,352
Capital assets, being depreciated:				
Land Improvements	262,547	-	-	262,547
Buildings	3,901,797	-	-	3,901,797
Building Improvements	291,384	-	-	291,384
Equipment	6,162,352	213,815	-	6,376,167
Infrastructure	8,035,153	-	-	8,035,153
Right-to-use lease assets				
Vehicles	425,490	-	-	425,490
Equipment	127,465	-	-	127,465
Total capital assets, being depreciated	19,206,188	213,815	-	19,420,003
Less accumulated depreciation for:				
Land improvements	(167,965)	(11,793)	-	(179,758)
Buildings	(3,693,098)	(14,836)	-	(3,707,934)
Building improvements	(173,847)	(7,803)	-	(181,650)
Equipment	(5,247,944)	(253,646)	-	(5,501,590)
Infrastructure	(2,899,050)	(200,114)	-	(3,099,164)
Right-to-use lease assets				
Vehicles	(94,635)	(51,221)	-	(145,856)
Equipment	(31,866)	(52,232)	-	(84,098)
Total accumulated depreciation	(12,308,405)	(591,645)	-	(12,900,050)
Total capital assets, being depreciated, net	6,897,783	(377,830)	-	6,519,953
Governmental activities capital assets, net	\$ 8,655,242	\$ 6,268,063	\$ -	\$ 14,923,305

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE D | CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2025 for the business-type activities is as follows:

	Balance April 30, <u>2024</u>	Additions	Deductions and <u>Transfers</u>	Balance April 30, <u>2025</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in Progress	-	-	-	-
 Total capital assets, not being depreciated	 40,000	 -	 -	 40,000
Capital assets, being depreciated:				
Buildings	10,884,423	-	-	10,884,423
Building Improvements	36,386	-	-	36,386
Equipment	1,299,935	-	-	1,299,935
Infrastructure	22,031,326	-	-	22,031,326
Right-to-use lease assets				
Vehicles	158,082	455,907	-	613,989
Equipment	156,745	-	-	156,745
 Total capital assets, being depreciated	 34,566,897	 455,907	 -	 35,022,804
Less accumulated depreciation for:				
Buildings	(7,910,743)	(137,494)	-	(8,048,237)
Building Improvements	(22,568)	(1,471)	-	(24,039)
Equipment	(1,192,258)	(32,860)	-	(1,225,118)
Infrastructure	(8,100,250)	(558,758)	-	(8,659,008)
Right-to-use lease assets				
Vehicles	(58,443)	(27,373)	-	(85,816)
Equipment	(91,967)	(41,388)	-	(133,355)
 Total accumulated depreciation	 (17,376,229)	 (799,344)	 -	 (18,175,573)
 Total capital assets, being depreciated, net	 17,190,668	 (343,437)	 -	 16,847,231
 Business-type activities capital assets, net	 \$ 17,230,668	 \$ (343,437)	 \$ -	 \$ 16,887,231

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE D | CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2025 for the component units' is as follows:

	Balance April 30, <u>2024</u>	Additions	Deductions and Transfers	Balance April 30, <u>2025</u>
Capital assets, not being depreciated:				
Land	\$ 49,833	\$ -	\$ -	\$ 49,833
Construction in progress	-	208,227	-	208,227
Total capital assets, not being depreciated				
	<u>49,833</u>	<u>208,227</u>	-	<u>258,060</u>
Capital assets, being depreciated:				
Land Improvements	13,095	-	-	13,095
Buildings	1,253,444	-	-	1,253,444
Building Improvements	279,641	-	-	279,641
Equipment	694,878	1,460	-	696,338
Total capital assets, being depreciated				
	<u>2,241,058</u>	<u>1,460</u>	-	<u>2,242,518</u>
Less accumulated depreciation for:				
Land improvements	(13,095)	-	-	(13,095)
Buildings	(700,870)	(31,336)	-	(732,206)
Building improvements	(194,947)	(9,393)	-	(204,340)
Equipment	(690,800)	(1,456)	-	(692,256)
Total accumulated depreciation				
	<u>(1,599,712)</u>	<u>(42,185)</u>	-	<u>(1,641,897)</u>
Total capital assets, being depreciated, net				
	<u>641,346</u>	<u>(40,725)</u>	-	<u>600,621</u>
Component units capital assets, net				
	<u>\$ 691,179</u>	<u>\$ 167,502</u>	<u>\$ -</u>	<u>\$ 858,681</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE D | CAPITAL ASSETS

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 36,464
Public Safety	201,221
Public works	<u>353,960</u>
Total depreciation expense - governmental activities	<u>\$ 591,645</u>

At fiscal year end, construction in progress for governmental activities included two large projects for a new fire station and animal control building, both set to be completed within the next fiscal year. The construction in progress for the component units was for a new roof at the civic center which will be complete in the next fiscal year.

NOTE E | SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The City utilizes Tyler Technologies, a full service accounting software with an initial term of one year beginning in 2025. The agreement automatically renews annually if not canceled. Initial payments of \$43,340 were paid during fiscal year 2025 and will continue until canceled. The SBITA asset value is based on the present value of these payments using an interest rate of 6.80% and the assumption that the contract would last for 5 years. The City also contracts with Novacom, Inc. to provide on-going information technology assistance. The initial contract term of 5 years beginning September 2023 at a cost of \$60,000 annually. The SBITA asset value is based on the present value of these payments using an interest rate of 5.35%. The asset and liability for both are allocated to both governmental and business-type activities of the City due to the nature of the agreements covering software and information technology support across multiple departments of the City.

	Status	Net Asset Balance	Accumulated Amortization	Gross Asset Balance
SBITA Description				
Governmental funds				
General Fund				
SBITA - Tyler Technologies	Active, Original	78,688	19,672	98,360
SBITA - NovaCom, Inc.	Active, Original	183,360	91,680	275,040
		<u>\$ 262,048</u>	<u>\$ 111,352</u>	<u>\$ 373,400</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE E | SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

SBITA Description	Status	Net Asset Balance	Accumulated Amortization	Gross Asset Balance
Proprietary funds				
Water Fund				
SBITA - Tyler Technologies	Active, Original	104,141	26,035	130,176
SBITA - NovaCom, Inc.	Active, Original	16,640	8,320	24,960
		<u>\$ 120,781</u>	<u>\$ 34,355</u>	<u>\$ 155,136</u>

The future payments on the SBITA's as of April 30, 2025, for governmental activities were as follows:

Fiscal Year Ending <u>April 30,</u>	Principal	Interest	Total
2026	\$ 74,866	\$ 14,059	\$ 88,925
2027	74,866	10,054	84,920
2028	74,866	6,049	80,915
2029	38,194	2,043	40,237
 Totals	<u>\$ 262,792</u>	<u>\$ 32,205</u>	<u>\$ 294,997</u>

The future payments on the SBITA's as of April 30, 2025, for business-type activities were as follows:

Fiscal Year Ending <u>April 30,</u>	Principal	Interest	Total
2026	\$ 31,433	\$ 6,549	\$ 37,982
2027	31,433	4,867	36,300
2028	31,433	3,185	34,618
2029	28,105	1,504	29,609
 Totals	<u>\$ 122,404</u>	<u>\$ 16,105</u>	<u>\$ 138,509</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE F | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

General Obligation Bonds - Governmental Activities

General obligation bonds payable at April 30, 2025 are comprised of the following:

Governmental Activities

\$6,835,000 general obligation bonds dated July 24, 2023 due annually from December 1, 2023 through December 1, 2048 installments of \$135,000 to \$430,000. Interest is payable each June 1 and December 1 beginning December 1, 2023 with interest at 4.38% to 5%.	\$ 6,345,000
\$25,195,000 general obligation bonds dated April 1, 2022 due annually from December 1, 2022 through December 1, 2040 installments of \$755,000 to \$1,820,000. Interest is payable each June 1 and December 1 beginning December 1, 2022 with interest at 1.48% to 4.20%.	22,405,000
\$1,920,000 general obligation bonds dated September 29, 2021 due annually from December 1, 2011 through December 1, 2027 installments of \$10,000 to \$365,000. Interest is payable each June 1 and December 1 beginning June 1, 2022 with interest at 3%.	905,000
\$210,000 general obligation bonds dated September 29, 2021 due annually from December 1, 2021 through December 1, 2028 installments of \$20,000 to \$135,000. Interest is payable each June 1 and December 1 beginning June 1, 2022 with interest at 1% to 3%.	105,000
\$2,020,000 general obligation bonds dated September 29, 2021 due annually from December 1, 2021 through December 1, 2032 installments of \$70,000 to \$255,000. Interest is payable each June 1 and December 1 beginning June 1, 2022 with interest at 3%.	1,570,000

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE F | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

Governmental Activities

\$1,155,000 general obligation bonds dated April 5, 2016 due annually from December 1, 2016 through December 1, 2035 installments of \$45,000 to \$85,000. Interest is payable each June 1 and December 1 beginning June 1, 2016 with interest at 1.35% to 4.5%.

720,000

\$565,000 general obligation bonds dated May 22, 2017 due annually from December 1, 2018 through December 1, 2025 installments of \$55,000 to \$80,000. Interest is payable each June 1 and December 1 beginning December 1, 2018 with interest at 1.75% to 3%.

80,000

Remaining unamortized discount on bond issuance	32,130,000
Remaining unamortized premium on bond issuance	(241,093)
	<u>589,046</u>
	<u>\$ 32,477,953</u>

\$6,835,000 in general obligation bonds issued on July 24, 2023 were used to fund a portion of the costs of (i) the construction/equipping of a new fire station, as well as possible land acquisition and site improvements related to the station and (ii) payment of costs associated with the issuance of bonds.

\$25,195,000 in general obligation bonds issued on April 1, 2022 were used to (i) fund a portion of the unfunded liabilities of the City's Police Plan and Fire Plan and (ii) pay costs associated with the issuance of the Bonds.

\$1,920,000 in general obligation refunding bonds, series 2021A issued on September 29, 2021 were used to refund \$2,006,255 of the City's general obligation bonds dated September 28, 2011 and October 11, 2017 and pay issuance costs associated with the issuance of the bonds.

\$210,000 in general obligation refunding bonds, series 2021B issued on September 29, 2021 were used to refund \$199,904 of the City's general obligation bonds dated December 4, 2009 and pay issuance costs associated with the issuance of the bonds.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE F | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

Governmental Activities

\$2,020,000 in general obligation refunding bonds, series 2021C issued on September 29, 2021 were used to refund \$2,184,759 of the City's capital lease for the Johnson Control Project dated December 29, 2017 and pay issuance costs associated with the issuance of the bonds.

\$1,155,000 in general obligation bonds issued on April 5, 2016 were used for the wastewater collection system improvements and the construction of the Beltz and Vet Lift Station and force main project costs.

\$565,000 in general obligation refunding bonds issued on May 22, 2017 were used to finance water system projects including waterline replacement projects.

The City of Herrin is a "Home Rule" unit as established by the 1970 Illinois Constitution. As a Home Rule Community, no statutory debt limit exists.

The annual requirements to amortize all bonds outstanding as of April 30, 2025 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>April 30,</u>		
2026	1,895,000	1,256,157
2027	1,875,000	1,193,257
2028	1,755,000	1,124,404
2029	1,625,000	1,057,892
2030	1,655,000	1,005,945
2031-2035	8,800,000	4,097,590
2036-2040	9,465,000	2,340,425
2041-2045	3,460,000	756,925
2046-2050	1,600,000	263,016
	<u>\$ 32,130,000</u>	<u>\$ 13,095,611</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE F | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

1. Governmental Activity Long-Term Debt Notes Payable

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

All the governmental activity notes payable were used in the acquisition of equipment and vehicles for use by the City.

Term bank loans, due in monthly installments for an annual amount of \$24,051; term of the loans varies through May 2033; interest rates range from 3.24% to 4.33%. \$ 172,164
\$ 172,164

The annual requirements to amortize all governmental activity long-term debt notes payable as of April 30, 2025 are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	16,930	7,121
2027	17,678	6,374
2028	18,459	5,593
2029	19,274	4,777
2030	20,125	3,926
<u>2031-2035</u>	<u>79,698</u>	<u>6,486</u>
	<u>\$ 172,164</u>	<u>\$ 34,277</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE F | LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS

1. *Governmental Activity Long-Term Debt Notes Payable*

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

<u>Governmental activities</u>	Restated Balance April 30, 2024	Additions	Reductions	Balance April 30, 2025	Due Within One Year
General obligation bonds	\$ 33,965,000	\$ -	\$ (1,835,000)	\$ 32,130,000	\$ 1,895,000
Bond premium	658,119	-	(69,073)	589,046	69,073
Bond discount	(256,161)	-	15,068	(241,093)	(15,068)
Notes payable	188,378	-	(16,214)	172,164	16,930
Leases	478,275	-	(76,441)	401,834	79,923
SBITA liability	238,368	98,360	(73,936)	262,792	74,866
Compensated absences	845,094	856,473	(425,174)	1,276,393	-
Net pension liability (asset)	3,250,844	-	(1,825,803)	1,425,041	-
Government activity					
Long-term liabilities	<u>\$ 39,367,917</u>	<u>\$ 954,833</u>	<u>\$ (4,306,573)</u>	<u>\$ 36,016,177</u>	<u>\$ 2,120,724</u>

2. *Business-Type Activity*

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

<u>Business-type activities</u>	Restated Balance April 30, 2024	Additions	Reductions	Balance April 30, 2025	Due Within One Year
Leases	\$ 123,484	\$ 455,906	\$ (67,104)	\$ 512,286	\$ 73,267
SBITA liability	21,632	130,176	(29,404)	122,404	31,433
Compensated absences	413,054	305,606	(413,054)	305,606	-
Net pension liability (asset)	459,671	-	(109,711)	349,960	-
Business-type activity					
Long-term liabilities	<u>\$ 1,017,841</u>	<u>\$ 891,688</u>	<u>\$ (619,273)</u>	<u>\$ 1,290,256</u>	<u>\$ 104,700</u>

Compensated absences and the net pension liability for the business type activities are liquidated by the general fund.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE G | LEASES

1. *Lessee Arrangements – Governmental activities*

The City has entered into various leases for vehicles and equipment with remaining lease terms ranging from three to 10 years. All leases are comprised of fixed lease payments.

The City has financed certain capital expenditures through lease financing arrangements at April 30, 2025 as follows:

Governmental activities

Leases, due in monthly and semiannual installments for an annual amount of \$76,271; term of the leases varies through March 2033; interest rates range from 2.75% to 6.475%.	<u>\$ 401,834</u>
	<u>\$ 401,834</u>

The annual requirements to amortize all governmental activity leases as of April 30, 2025 are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	79,923	17,668
2027	79,448	14,031
2028	75,585	10,374
2029	58,439	6,879
2030	31,843	4,772
2031-2034	<u>76,596</u>	<u>4,580</u>
	<u>\$ 401,834</u>	<u>\$ 58,304</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE G | LEASES

2. Lessee Arrangements – Business-type activities

The City has entered into various leases for vehicles and equipment with remaining lease terms ranging from 1 to 7 years. All leases are comprised of fixed lease payments.

The City has financed certain capital expenditures through lease financing arrangements at April 30, 2025 as follows:

Lease, due in monthly installments of approximately \$1,016 through January 7, 2026.	
The lease bears an interest rate of 2.76%.	\$ 7,944
Lease, due in monthly installments of approximately \$893 through January 5, 2029.	
The lease bears an interest rate of 4.65%.	36,055
Lease, due in monthly installments of approximately \$785 through January 5, 2029.	
The lease bears an interest rate of 4.65%.	31,698
Lease, due in monthly installments of approximately \$5,850 through December 10, 2032.	
The lease bears an interest rate of 5.35%	<u>436,589</u>
	<u>\$ 512,286</u>

All the business-type activity leases were used in the acquisition of equipment for the use of the City.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE G | LEASES

2. Lessee Arrangements – Business-type activities

The annual requirements to amortize all business-type activity capital leases as of April 30, 2025 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
<u>April 30,</u>		
2026	73,267	25,056
2027	68,777	21,533
2028	72,417	17,893
2029	69,496	14,125
2030	59,402	10,772
Thereafter	<u>168,927</u>	<u>41,592</u>
	<u><u>\$ 512,286</u></u>	<u><u>\$ 130,971</u></u>

3. Lessor Arrangements

The City leases buildings, towers and land through its governmental funds and water tower space through proprietary funds to third parties. These agreements have terms ranging from 5 to 32 years. Payments are generally fixed monthly amounts with certain annual increases included in the measurement of the lease receivable. At April 30, 2025, the City recognized \$81,157 in lease revenue, including interest.

NOTE H | RETIREMENT PLANS

The employees of the City of Herrin are covered by one of the following defined benefit pension plans: the Illinois Municipal Retirement Fund (IMRF), the Police Pension Plan, or the Firefighter's Pension Plan. The Police Pension and Firefighter's Pension Plans are single-employer plans and are accounted for as pension trust funds in the City's financial statements. The Illinois Municipal Retirement Fund is a multiple-employer agent PERS (Public Employee Retirement System). 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.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Illinois Municipal Retirement Fund

IMRF 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 managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Illinois Municipal Retirement Fund

Benefits Provided

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Regular Personnel (Non-SLEP)

Employees Covered by Benefit Terms

As of December 31, 2024, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	59
Inactive Plan Members entitled to but not yet receiving benefits	24
Active Plan Members	<u>62</u>
 Total	 <u>145</u>

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2024 was 7.87%. For the fiscal year ended April 30, 2025, the City contributed \$286,236 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Regular Personnel (Non-SLEP)

Net Pension Liability

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

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2024:

- The **Actuarial Cost Method** used was Aggregate Entry Age Normal.
- The **Asset Valuation Method** used was 5-year smoothed market, 20% corridor.
- The **Inflation Rate** was assumed to be 2.25%
- **Salary Increases** were expected to be 2.75% to 13.75%, including inflation.
- The **Investment Rate of Return** was 7.25%

- **Projected Retirement Age** was from the Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
- **Mortality**
 - For **Non-Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
 - For **Disabled Retirees**, the Pub-2010, Amount Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
 - For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Regular Personnel (Non-SLEP)

Actuarial Assumptions

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	33.5%	4.35%
International Equities	18.0%	5.40%
Fixed Income	24.5%	5.20%
Real Estate	10.5%	6.40%
Alternative Investments	12.5%	4.85-6.25%
Cash Equivalents	<u>1.0%</u>	3.60%
Total	<u>100%</u>	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.08%, and the resulting single discount rate is 7.25%.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Regular Personnel (Non-SLEP)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2023	\$ 18,220,277	\$ 16,868,736	\$ 1,351,541
Changes for the year:			
Service Cost	320,354	-	320,354
Interest on the Total Pension Liability	1,296,964	-	1,296,964
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	822,180	-	822,180
Changes of Assumptions	-	-	-
Contributions - Employer	-	286,236	(286,236)
Contributions - Employees	-	163,667	(163,667)
Net Investment Income	-	1,661,720	(1,661,720)
Benefit Payments, including Refunds of Employee Contributions	(982,595)	(982,595)	-
Other (Net Transfer)	-	650,452	(650,452)
Net Changes	1,456,903	1,779,480	(322,577)
Balances at December 31, 2024	<u>\$ 19,677,180</u>	<u>\$ 18,648,216</u>	<u>\$ 1,028,964</u>
Primary government Component unit			
Net pension liability			
Plan fiduciary net position as a percentage of the total pension liability		94.77%	
Covered Valuation payroll		3,637,038	
Net pension liability as a percentage of covered valuation payroll		28.29%	

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Regular Personnel (Non-SLEP)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 22,225,996	\$ 19,677,180	\$ 17,663,268
Plan Fiduciary Net Position	18,648,216	18,648,216	18,648,216
Net Pension Liability	\$ 3,577,780	\$ 1,028,964	\$ (984,948)
Net Pension Liability - Primary Government	\$ 3,431,284	\$ 986,832	\$ (944,618)
Net Pension Liability - Component Unit	146,496	42,132	(40,330)
Net Pension Liability	\$ 3,577,780	\$ 1,028,964	\$ (984,948)

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Regular Personnel (Non-SLEP)

Pension Expense, Deferred Outflow of Resources, and Deferred Inflow of Resources Related to Pensions

For the year ended April 30, 2025, the City recognized pension income of \$359,028. At April 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources			Deferred Inflows of Resources		
	Primary Government	Component Unit	Total	Primary Government	Component Unit	Total
Deferred Amounts to be Recognized in Pension Expense in Future Periods						
Differences between expected and actual experience	\$ 687,474	\$ 29,351	\$ 716,825	\$ (90,345)	\$ (3,857)	\$ (94,202)
Changes of assumptions	3,500	149	3,649	(26,846)	(1,146)	(27,992)
Net difference between projected and actual earning on pension plan investments	415,214	17,727	432,941	-	-	-
Total Deferred Amounts to be recognized in pension expense in future periods	1,106,188	47,227	1,153,415	(117,191)	(5,003)	(122,194)
Pension Contributions made subsequent to the Measurement Date	87,122	3,720	90,842	-	-	-
Total Deferred Amounts Related to Pensions	\$ 1,193,310	\$ 50,947	\$ 1,244,257	\$ (117,191)	\$ (5,003)	\$ (122,194)

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Regular Personnel (Non-SLEP)

Pension Expense, Deferred Outflow of Resources, and Deferred Inflow of Resources Related to Pensions

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

Year Ending <u>December 31,</u>	Net Deferred Outflows of Resources			<u>Total</u>
	Primary Government		Component Unit	
	Government	Unit	Total	
2025	\$ 414,758	\$ 17,708	\$ 432,466	
2026	658,304	28,106	686,410	
2027	(52,868)	(2,257)	(55,125)	
2028	55,924	2,388	58,312	
2029	-	-	-	
Thereafter	-	-	-	
Total	\$ 1,076,118	\$ 45,945	\$ 1,122,063	

Sheriff's Law Enforcement (SLEP)

Employees Covered by Benefit Terms

As of December 31, 2024, the following employees were covered by the benefit terms:

IMRF

Retirees and Beneficiaries currently receiving benefits	1
Inactive Plan Members entitled to but not yet receiving benefits	0
Active Plan Members	0
Total	1

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Sheriff's Law Enforcement (SLEP)

Contributions

As set by statute, the City's SLEP Plan Members are required to contribute 7.25% 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 City's annual contribution rate for calendar year 2024 was 12.48%. For the fiscal year ended April 30, 2025, the City contributed \$2,332 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

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

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2024:

- The **Actuarial Cost Method** used was Aggregate Entry Age Normal.
- The **Asset Valuation Method** used was 5 year smoothed market, 20% corridor.
- The **Inflation Rate** was assumed to be 2.25%
- **Salary Increases** were expected to be 2.75% to 13.75%, including inflation.
- The **Investment Rate of Return** was 7.25%
- **Projected Retirement Age** was from the Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
- **Mortality**
 - For **Non-Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020.
 - For **Disabled Retirees**, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Sheriff's Law Enforcement (SLEP)

Actuarial Assumptions

- For **Active Members**, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	33.5%	4.35%
International Equities	18.0%	5.40%
Fixed Income	24.5%	5.20%
Real Estate	10.5%	6.40%
Alternative Investments	12.5%	4.85-6.25%
Cash Equivalents	<u>1.0%</u>	3.60%
Total	<u>100%</u>	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.08%, and the resulting single discount rate is 7.25%.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Sheriff's Law Enforcement (SLEP)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2023	\$ 560,096	\$ 522,770	\$ 37,326
Changes for the year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	38,964	-	38,964
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(12,779)	-	(12,779)
Changes of Assumptions	-	-	-
Contributions - Employer	-	-	-
Contributions - Employees	-	-	-
Net Investment Income	-	55,670	(55,670)
Benefit Payments, including Refunds of Employee Contributions	(45,311)	(45,311)	-
Other (Net Transfer)	-	(25,005)	25,005
Net Changes	(19,126)	(14,646)	(4,480)
Balances at December 31, 2024	<u>\$ 540,970</u>	<u>\$ 508,124</u>	<u>\$ 32,846</u>
Plan fiduciary net position as a percentage of the total pension liability			93.93%
Covered Valuation payroll	\$ -		
Net pension liability as a percentage of covered valuation payroll			0.00%

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Sheriff's Law Enforcement (SLEP)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 589,214	\$ 540,970	\$ 499,124
Plan Fiduciary Net Position	508,124	508,124	508,124
Net Pension Liability	\$ 81,090	\$ 32,846	\$ (9,000)

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Sheriff's Law Enforcement (SLEP)

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

For the year ended April 30, 2025, the City recognized pension expense of \$15,183. At April 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	<u>13,611</u>	-
Total Deferred Amounts to be recognized in pension expense in future periods	<u>13,611</u>	-
Pension Contributions made subsequent to the Measurement Date	<u>779</u>	-
Total Deferred Amounts Related to Pensions	<u>\$ 14,390</u>	\$ -

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Sheriff's Law Enforcement (SLEP)

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

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2025	\$ 7,910
2026	19,412
2027	(8,870)
2028	(4,062)
2029	-
Thereafter	-
 Total	 <u>\$ 14,390</u>

Firefighters' Pension Fund

Plan Description

The Plan is a single-employer defined benefit pension plan that covers all sworn fire personnel. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The defined benefits and the employee and employer contribution levels are governed by Illinois State Statutes, Chapter 40 5/4, Article 4, and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

Membership of the plan consisted of the following at April 30, 2025 the date of the latest actuarial valuation:

Active members	16
Retirees and beneficiaries	15
Inactive, non-retiring members	<u>0</u>
 Total	 <u>31</u>
 Participating employers	 <u>1</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Firefighters' Pension Fund

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the State legislature. Plan members are required to contribute 9.455% of their base salary to the Firefighter's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs of the plan are financed through investment earnings.

Benefit Provisions

Tier I - 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 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%.

A firefighter who 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 an annual pension upon attainment of age 60 based on the monthly salary attached to rank in the fire services on the date of retirement or separation of service according to the following years of service: for 10 years, 15%; for 11 years, 17.6%; for 12 years, 20.4%; for 13 years, 23.4%; for 14 years, 26.6%; for 15 years, 30%; for 16 years, 33.6%; for 17 years, 37.4%; for 18 years, 41.4%; for 19 years, 45.6% of salary.

The annual pension of a firefighter 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 December 31, 2010

A firefighter age 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 48 months of the final 60 months of service.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Firefighters' Pension Fund

Benefit Provisions

A firefighter who 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 an annual pension upon attainment of age 60 based on the monthly salary attached to rank in the fire services on the date of retirement or separation of service according to the following years of service: for 10 years, 15%; for 11 years, 17.6%; for 12 years, 20.4%; for 13 years, 23.4%; for 14 years, 26.6%; for 15 years, 30%; for 16 years, 33.6%; for 17 years, 37.4%; for 18 years, 41.4%; for 19 years, 45.6% of salary.

Early retirement is offered for firefighters at age 50 or greater with 10 or more creditable years of service, but with a penalty of $\frac{1}{2}\%$ for each month that the firefighters' age is between 50 and 55.

The annual pension of a firefighter retired from service with 20 or more years of creditable service shall increase annually by the lesser of $\frac{1}{2}\%$ 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 lesser of $\frac{1}{2}\%$ 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.

Net Pension Liability

The City's net pension liability was measured as of April 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Firefighters' Pension Fund

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at April 30, 2025:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was 5 year smoothed fair value.
- The **Inflation Rate** was assumed to be 2.25%
- **Individual Payroll Increases** were graded by years of service from 3.50% to 9.45%
- The expected **Investment Rate of Return** was 6.50%
- **Mortality:** Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described

A complete detailed description of the actuarial assumptions and methods can be found in the May 1, 2024 actuarial valuation report.

Single Discount Rate

A single Discount Rate of 6.50% was used to measure the total pension liability. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects:

1. A long-term expected rate of return on pension plan investments (to the extent that the plan's net fiduciary position is projected to be sufficient to pay benefits) and
2. A tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary position is insufficient to pay benefits).

For the purposes of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 5.24%; and the resulting single discount rate is 6.50%.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Firefighters' Pension Fund

Single Discount Rate

Expected contributions are developed based on the following:

- Employee contributions for current participants
- Normal cost contributions for current participants
- Unfunded Accrued Liability (UAL) contributions for current and future participants

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Firefighters' Pension Fund

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2024	\$ 20,652,116	\$ 20,248,081	\$ 404,035
Changes for the year:			
Service Cost	359,813	-	359,813
Interest on the Total Pension Liability	1,309,863	-	1,309,863
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	21,112	-	21,112
Changes of Assumptions	457,090	-	457,090
Contributions - Employer	-	261,502	(261,502)
Contributions - Employees	-	137,494	(137,494)
Net Investment Income	-	2,084,741	(2,084,741)
Benefit Payments, including Refunds of Employee Contributions	(1,050,665)	(1,050,665)	-
Other (Net Transfer)	-	(22,766)	22,766
Net Changes	1,097,213	1,410,306	(313,093)
Balances at April 30, 2025	<u>\$ 21,749,329</u>	<u>\$ 21,658,387</u>	<u>\$ 90,942</u>

Plan fiduciary net position as a percentage of the total
pension liability 99.58%

Covered Valuation payroll \$ 1,387,018

Net pension liability as a percentage
of covered valuation payroll 6.56%

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Firefighters' Pension Fund

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.5%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	5.50%	6.50%	7.50%
Net Pension Liability	\$ 2,949,422	\$ 90,942	\$ (2,268,815)

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

For the year ended April 30, 2025, the City recognized pension income of \$199,939. At April 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Aggregate Deferred Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	\$ 303,249	\$ (276,185)	\$ 27,064
Changes of assumptions	388,867	(1,086)	387,781
Net difference between projected and actual earning on pension plan investments	-	(225,597)	(225,597)
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 692,116	\$ (502,868)	\$ 189,248

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Firefighters' Pension Fund

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

<u>Year Ending</u> <u>April 30,</u>	<u>Net Deferred Outflows</u> <u>of Resources</u>	
2026	\$	249,205
2027		72,164
2028		(169,034)
2029		(67,046)
2030		54,007
Thereafter		<u>49,952</u>
 Total	 \$	 <u>189,248</u>

Police Pension Fund

Plan Description

The Plan is a single employer defined benefit pension plan that covers all sworn police personnel. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The defined benefits and the employee and employer contribution levels are governed by Illinois State Statutes, Chapter 40 5/4, Article 3, and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

Membership of the plan consisted of the following at April 30, 2025, the date of the latest actuarial valuation:

Active members	21
Retirees and beneficiaries	14
Inactive, non-retired members	<u>6</u>
 Total	 <u>41</u>
 Participating employers	 <u>1</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Police Pension Fund

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the State legislature. Plan members are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Administrative costs of the plan are financed through investment earnings.

Benefit Provisions

Tier I - Membership started prior to January 1, 2011

A police officer age 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%.

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 December 31, 2010

A police officer age 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.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Police Pension Fund

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 lesser 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 lesser 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.

Net Pension Liability

The City's net pension liability was measured as of April 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at April 30, 2025:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was 5 year smoothed fair value.
- The **Inflation Rate** was assumed to be 2.50%
- **Payroll Increases** were graded by years of service from 3.50% to 11.00%
- The **Investment Rate of Return** was 6.50%
- **Mortality**
 - For **Active Members**, PubS-2010, unadjusted, with generational improvements with most recent projection scale MP-2021.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Police Pension Fund

Actuarial Assumptions

- For **Disabled Retirees**, PubS-2010, adjusted by a factor of 1.08 for male disabled members and unadjusted for female disabled members, with generational improvements with most recent projection scale MP-2021.
- For **Non-Disabled Retirees**, PubS-2010, adjusted by a factor of 1.15 for male retirees and unadjusted for female retirees, with generational improvements with the most recent projection scale MP-2021.

A complete detailed description of the actuarial assumptions and methods can be found in the May 1, 2025 actuarial valuation report.

Single Discount Rate

A single Discount Rate of 6.50% was used to measure the total pension liability.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Police Pension Fund

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at April 30, 2024	\$ 31,436,666	\$ 29,463,713	\$ 1,972,953
Changes for the year:			
Service Cost	448,317	-	448,317
Interest on the Total Pension Liability	2,027,189	-	2,027,189
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(313,700)	-	(313,700)
Changes of Assumptions	-	-	-
Contributions - Employer	-	504,074	(504,074)
Contributions - Employees	-	168,780	(168,780)
Contributions - Buy Back	300,032	300,032	-
Net Investment Income	-	2,809,844	(2,809,844)
Benefit Payments, including Refunds of Employee Contributions	(1,394,932)	(1,394,932)	-
Other (Net Transfer)	-	(12,320)	12,320
Net Changes	1,066,906	2,375,478	(1,308,572)
Balances at April 30, 2025	<u>\$ 32,503,572</u>	<u>\$ 31,839,191</u>	<u>\$ 664,381</u>

Plan fiduciary net position as a percentage of the total pension liability 97.96%

Covered Valuation payroll \$ 1,703,128

Net pension liability as a percentage of covered valuation payroll 39.01%

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Police Pension Fund

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.5%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	Current Single Discount		
	1% Decrease	Rate Assumption	1% Increase
	5.50%	6.50%	7.50%
Net Pension Liability	\$ 5,573,531	\$ 664,381	\$ (3,290,451)

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

For the year ended April 30, 2025, the City recognized pension expense of \$303,297. At April 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Aggregate Deferred Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	\$ 1,437,763	\$ (565,917)	\$ 871,846
Changes of assumptions	-	-	-
Net difference between projected and actual earning on pension plan investments	-	(471,860)	(471,860)
Total Deferred Amounts to be recognized in pension expense in future periods	\$ 1,437,763	\$ (1,037,777)	\$ 399,986

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE H | RETIREMENT PLANS

Police Pension Fund

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

<u>Year Ending</u> <u>April 30,</u>	<u>Net Deferred Outflows</u> <u>of Resources</u>	
2026	\$	389,351
2027		(15,214)
2028		(173,073)
2029		80,967
2030		162,769
Thereafter		<u>(44,814)</u>
 Total	 \$	 <u>399,986</u>

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE I | INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables at April 30, 2025:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Tax Increment Fund #1	Tax Increment Fund #2	\$ <u>32,000</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made.

Interfund balances are not expected to be repaid within one year.

The following is a schedule of operating transfers for the year ended April 30, 2025:

Transfers in:			
	General Fund	Debt Service Fund	Total
Transfers out:			
Governmental funds			
General Fund	\$ 2,596,351	\$ 1,947,358	\$ 4,543,709
Motor Fuel Tax Fund	73,310	-	73,310
Proprietary funds			
Water Fund	-	268,740	268,740
Sewer Fund	-	459,275	459,275
Total	\$ 2,669,661	\$ 2,675,373	\$ 5,345,034

Transfers are used to (1) move revenues from the funds that statute or budget requires to collect them to the fund that 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.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE J | EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The City only files a formal budget for the General, Water, Sewer and Library. Excess of expenditures over appropriations in individual funds for the year ended April 30, 2025 are as follows and include those funds that do not have a formal budget:

<u>Fund</u>	<u>Expenditures</u>	<u>Budget</u>
<u>Formal Budget Ordinance</u>		
General	\$ 11,797,212	\$ 10,043,567
Water	\$ 2,894,558	\$ 2,748,132
Sewer	\$ 1,426,123	\$ 1,258,725
Library	\$ 371,681	\$ 353,883
<u>Funds not Formally Budgeted</u>		
TIF #1	\$ 1,968,280	<i>Not Applicable</i>
Debt Service	\$ 8,543,557	<i>Not Applicable</i>
Motor Fuel Tax	\$ 310,983	<i>Not Applicable</i>
TIF #2	\$ 309,144	<i>Not Applicable</i>
TIF #3	\$ 28,729	<i>Not Applicable</i>
TIF #4	\$ 35,347	<i>Not Applicable</i>
TIF #5	\$ -	<i>Not Applicable</i>
Foreign Fire Insurance Board	\$ 57,625	<i>Not Applicable</i>
Grant Projects	\$ 251,260	<i>Not Applicable</i>
Housing	\$ 401,799	<i>Not Applicable</i>
Civic Center	\$ 243,408	<i>Not Applicable</i>

NOTE K | FUND DEFICITS

Tax Increment Fund #5 had a deficit fund balance of (\$22,702) as of April 30, 2025.

City of Herrin, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2025

NOTE L | RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions 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 M | ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

During fiscal year 2025, the City adopted Statement No. 101 of the Governmental Accounting Standards Board Compensated Absences that resulted in adjustments to and restatements of beginning net position and fund net positions, as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Funds		Government-Wide	
	Water Fund	Sewer Fund	Governmental Activities	Business-Type Activities
April 30, 2024, as previously reported	\$ 8,393,112	\$ 11,172,822	\$ (7,501,102)	\$ 19,565,934
Change in accounting principle (GASB 101)	(119,479)	(54,926)	(50,684)	(174,405)
April 30, 2024, as adjusted or restated	\$ 8,273,633	\$ 11,117,896	\$ (7,551,786)	\$ 19,391,529

NOTE N | SUBSEQUENT EVENT

Management evaluated all events and transactions that occurred after April 30, 2025 through November 25, 2025 the issue date of these financial statements. No subsequent events were identified.

**Required Supplementary
Information**

City of Herrin, Illinois

REQUIRED SUPPLEMENTARY INFORMATION

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

IMRF REGULAR PLAN

Last 10 Calendar Years

Calendar year ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 320,354	\$ 312,204	\$ 287,602	\$ 267,545	\$ 298,488	\$ 282,860	\$ 278,136	\$ 297,319	\$ 265,290	\$ 274,774
Interest on the total pension liability	1,296,964	1,261,693	1,215,281	1,184,852	1,153,348	1,173,817	1,142,175	1,146,941	1,054,011	994,215
Benefit changes	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	822,180	(116,808)	102,295	(87,380)	155,945	(868,823)	(101,578)	(174,270)	608,221	193,216
Assumption changes	-	5,849	-	-	(259,567)	-	493,311	(558,376)	(58,730)	17,799
Benefit payments and refunds	(982,595)	(978,429)	(976,205)	(934,471)	(861,945)	(894,033)	(811,625)	(719,513)	(684,861)	(629,119)
Net change in total pension liability	1,456,903	484,509	628,973	430,546	486,269	(306,179)	1,000,419	(7,899)	1,183,931	850,885
Total pension liability - beginning	18,220,277	17,735,768	17,106,795	16,676,249	16,189,980	16,496,159	15,495,740	15,503,639	14,319,708	13,468,823
Total pension liability - ending (a)	\$ 19,677,180	\$ 18,220,277	\$ 17,735,768	\$ 17,106,795	\$ 16,676,249	\$ 16,189,980	\$ 16,496,159	\$ 15,495,740	\$ 15,503,639	\$ 14,319,708
Plan fiduciary net position										
Employer contributions	\$ 286,236	\$ 271,215	\$ 350,084	\$ 421,453	\$ 408,843	\$ 313,721	\$ 344,927	\$ 385,351	\$ 448,162	\$ 341,635
Employee contributions	163,667	160,167	147,096	141,084	134,749	129,170	124,302	128,128	148,412	115,664
Pension plan net investment income	1,661,720	1,722,557	(2,355,755)	2,776,343	2,065,869	2,431,835	(764,674)	2,230,550	803,493	56,392
Benefit payments and refunds	(982,595)	(978,429)	(976,205)	(934,471)	(861,945)	(894,033)	(811,625)	(719,513)	(684,861)	(629,119)
Other	650,452	210,431	(222,905)	(284,920)	140,596	(565,353)	30,750	(448,543)	453,934	199,791
Net change in plan fiduciary net position	1,779,480	1,385,941	(3,057,685)	2,119,489	1,888,112	1,415,340	(1,076,320)	1,575,973	1,169,140	84,363
Plan fiduciary net position - beginning	16,868,736	15,482,795	18,540,480	16,420,991	14,532,879	13,117,539	14,193,859	12,617,886	11,448,746	11,364,383
Plan fiduciary net position - ending (b)	\$ 18,648,216	\$ 16,868,736	\$ 15,482,795	\$ 18,540,480	\$ 16,420,991	\$ 14,532,879	\$ 13,117,539	\$ 14,193,859	\$ 12,617,886	\$ 11,448,746
Net pension liability/(asset) - ending (a) - (b)	1,028,964	1,351,541	2,252,973	(1,433,685)	255,258	1,657,101	3,378,620	1,301,881	2,885,753	2,870,962
Plan fiduciary net position as a percentage of total pension liability	94.77%	92.58%	87.30%	108.38%	98.47%	89.76%	79.52%	91.60%	81.39%	79.95%
Cover valuation payroll	\$ 3,637,038	\$ 3,559,260	\$ 3,268,801	\$ 3,099,439	\$ 2,994,427	\$ 2,828,868	\$ 2,677,994	\$ 2,808,008	\$ 2,826,136	\$ 2,549,519
Net pension liability as a percentage of covered valuation payroll	28.29%	37.97%	68.92%	-46.26%	8.52%	58.58%	126.16%	46.36%	102.11%	112.61%

(see independent auditors' report)

City of Herrin, Illinois

REQUIRED SUPPLEMENTARY INFORMATION

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

IMRF SLEP PLAN

Last 10 calendar years

Calendar year ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest on the total pension liability	38,964	39,121	39,151	39,124	39,035	38,939	39,108	39,694	38,521	38,215
Benefit changes										
Difference between expected and actual experience	(12,779)	4,455	4,265	4,139	3,699	3,437	3,135	2,871	2,985	2,881
Assumption changes	-	(918)	-	-	468	-	13,544	(11,169)	(51,469)	(3,417)
Benefit payments and refunds	(45,311)	(44,321)	(43,347)	(42,430)	(41,518)	(40,595)	(39,669)	(38,752)	(37,873)	(36,962)
Net change in total pension liability	(19,126)	(1,663)	69	833	1,684	1,781	16,118	(7,356)	(47,836)	717
Total pension liability - beginning	560,096	561,759	561,690	560,857	559,173	557,392	541,274	548,630	596,466	595,749
Total pension liability - ending (a)	\$ 540,970	\$ 560,096	\$ 561,759	\$ 561,690	\$ 560,857	\$ 559,173	\$ 557,392	\$ 541,274	\$ 548,630	\$ 596,466
Plan fiduciary net position										
Employer contributions	\$ -	\$ 3,512	\$ 11,850	\$ 32,684	\$ 40,526	\$ 44,772	\$ 49,347	\$ 44,729	\$ 28,935	\$ 29,201
Employee contributions	-	-	-	-	-	-	-	-	-	-
Pension plan net investment income	55,670	58,682	(97,624)	99,450	71,975	79,877	(29,995)	63,261	20,647	1,417
Benefit payments and refunds	(45,311)	(44,321)	(43,347)	(42,430)	(41,518)	(40,595)	(39,669)	(38,752)	(37,873)	(36,962)
Other	(25,005)	13,297	1,572	120	4,058	1,244	16,241	(10,427)	1,957	19,655
Net change in plan fiduciary net position	(14,646)	31,170	(127,549)	89,824	75,041	85,298	(4,076)	58,811	13,666	13,311
Plan fiduciary net position - beginning	522,770	491,600	619,149	529,325	454,284	368,986	373,062	314,251	300,585	287,274
Plan fiduciary net position - ending (b)	508,124	522,770	491,600	619,149	529,325	454,284	368,986	373,062	314,251	300,585
Net pension liability/(asset) - ending (a) - (b)	32,846	37,326	70,159	(57,459)	31,532	104,889	188,406	168,212	234,379	295,881
Plan fiduciary net position as a percentage of total pension liability	93.93%	93.34%	87.51%	110.23%	94.38%	81.24%	66.20%	68.92%	57.28%	50.39%
Cover valuation payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered valuation payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

(see independent auditors' report)

City of Herrin, Illinois

REQUIRED SUPPLEMENTARY INFORMATION

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

FIREFIGHTER'S PENSION PLAN

Last 10 Fiscal Years

	4/30/2025	4/30/2024	4/30/2023	4/30/2022	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2016
Total pension liability										
Service cost	\$ 359,813	\$ 372,116	\$ 355,624	\$ 326,704	\$ 420,075					
Interest on the total pension liability	1,309,663	1,267,792	1,238,907	1,165,751	1,242,685					
Benefit changes	-	-	(19,398)	-	-					
Difference between expected and actual experience	21,112	(125,950)	532,654	(878,351)	(1,102,005)					
Assumption changes	457,090	-	(2,031)	-	-					
Benefit payments and refunds	(1,050,665)	(1,022,818)	(947,424)	(892,592)	(795,704)					
Net change in total pension liability	1,097,213	491,140	1,158,332	(278,488)	(234,949)					
Total pension liability - beginning	20,652,116	20,160,976	19,002,644	19,281,132	19,516,081					
Total pension liability - ending (a)	\$ 21,749,329	\$ 20,652,116	\$ 20,160,976	\$ 19,002,644	\$ 19,281,132					
Plan fiduciary net position										
Employer contributions	\$ 261,502	\$ 265,844	\$ 393,047	\$ 9,790,573	\$ 913,664					
Employee contributions	137,494	134,939	130,605	110,812	105,058					
Pension plan net investment income	2,084,741	1,942,913	14,124	(747,216)	1,782,770					
Benefit payments and refunds	(1,050,665)	(1,022,818)	(947,424)	(892,592)	(795,704)					
Other	(22,766)	(34,704)	(28,853)	(29,196)	(19,254)					
Net change in plan fiduciary net position	1,410,306	1,286,174	(438,501)	8,232,381	1,986,534					
Plan fiduciary net position - beginning	20,248,081	18,961,907	19,400,408	11,168,027	9,181,493					
Plan fiduciary net position - ending (b)	\$ 21,658,387	\$ 20,248,081	\$ 18,961,907	\$ 19,400,408	\$ 11,168,027					
Net pension liability/(asset) - ending (a) - (b)	90,942	404,035	1,199,069	(397,764)	8,113,105					
Plan fiduciary net position as a percentage of total pension liability	99.58%	98.04%	94.05%	102.09%	57.92%					
Cover valuation payroll	\$ 1,387,018	\$ 1,445,363	\$ 1,399,867	\$ 1,146,639	\$ 1,110,546					
Net pension liability as a percentage of covered valuation payroll	6.56%	27.95%	85.66%	-34.69%	730.55%					

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

(see *independent auditors' report*)

City of Herrin, Illinois

REQUIRED SUPPLEMENTARY INFORMATION

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

POLICE PENSION PLAN

Last 10 Fiscal Years

	4/30/2025	4/30/2024	4/30/2023	4/30/2022	4/30/2021	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2016
Total pension liability										
Service cost	\$ 448,317	\$ 475,989	\$ 456,673	\$ 292,786	\$ 418,833					
Interest on the total pension liability	2,027,189	1,866,496	1,743,514	1,091,319	1,466,027					
Benefit changes	-	-	-	-	-					
Difference between expected and actual experience	(313,700)	1,453,082	699,736	(693,074)	1,067,128					
Assumption changes	-	-	-	-	-					
Contributions - Buy Back	300,032	-	144,802	-	-					
Benefit payments and refunds	(1,394,932)	(1,196,483)	(1,147,530)	(1,148,273)	(907,078)					
Net change in total pension liability	1,066,906	2,599,084	1,897,195	(457,242)	2,044,910					
Total pension liability - beginning	31,436,666	28,837,582	26,940,387	27,397,629	25,352,719					
Total pension liability - ending (a)	<u>\$ 32,503,572</u>	<u>\$ 31,436,666</u>	<u>\$ 28,837,582</u>	<u>\$ 26,940,387</u>	<u>\$ 27,397,629</u>					
Plan fiduciary net position										
Employer contributions	\$ 504,074	\$ 537,995	\$ 382,977	\$ 17,200,872	\$ 1,366,409					
Employee contributions	168,780	147,673	146,763	167,167	121,951					
Contributions - Buy Back	300,032	-	144,802	-	-					
Pension plan net investment income	2,809,844	2,542,401	949,684	(735,025)	2,143,934					
Benefit payments and refunds	(1,394,932)	(1,196,483)	(1,147,530)	(1,148,273)	(907,078)					
Other	(12,320)	(23,604)	(21,987)	(46,197)	(47,068)					
Net change in plan fiduciary net position	2,375,478	2,007,982	454,709	15,438,544	2,678,148					
Plan fiduciary net position - beginning	29,463,713	27,455,731	27,001,022	11,562,479	8,884,331					
Plan fiduciary net position - ending (b)	<u>\$ 31,839,191</u>	<u>\$ 29,463,713</u>	<u>\$ 27,455,731</u>	<u>\$ 27,001,023</u>	<u>\$ 11,562,479</u>					
Net pension liability/(asset) - ending (a) - (b)	664,381	1,972,953	1,381,851	(60,636)	15,835,150					
Plan fiduciary net position as a percentage of total pension liability	97.96%	93.72%	95.21%	100.23%	42.20%					
Cover valuation payroll	\$ 1,703,128	\$ 1,490,141	\$ 1,480,959	\$ 1,205,729	\$ 1,204,601					
Net pension liability as a percentage of covered valuation payroll	39.01%	132.40%	93.31%	-5.03%	1314.56%					

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

(see independent auditors' report)

City of Herrin, Illinois
REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
Last 10 Calendar Years

IMRF - Regular Plan						
Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll	
2024	\$ 286,235 *	\$ 286,236	\$ (1)	\$ 3,637,038	7.87%	
2023	\$ 271,216	\$ 271,215	\$ 1	\$ 3,559,260	7.62%	
2022	\$ 324,592	\$ 350,084	\$ (25,492)	\$ 3,268,801	10.71%	
2021	\$ 373,172	\$ 421,453	\$ (48,281)	\$ 3,099,439	13.60%	
2020	\$ 406,344	\$ 408,843	\$ (2,499)	\$ 2,994,427	13.65%	
2019	\$ 313,721	\$ 313,721	\$ -	\$ 2,828,868	11.09%	
2018	\$ 344,926	\$ 344,927	\$ (1)	\$ 2,677,994	12.88%	
2017	\$ 378,800	\$ 385,351	\$ (6,551)	\$ 2,808,008	13.72%	
2016	\$ 383,507	\$ 448,162	\$ (64,655)	\$ 2,826,136	15.86%	
2015	\$ 341,636	\$ 341,635	\$ 1	\$ 2,549,519	13.40%	

*Estimated based on contribution rate of 7.87% and covered valuation payroll of \$3,637,038.

IMRF - SLEP Plan						
Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll	
2024	\$ -	\$ -	\$ -	\$ -	-	
2023	\$ -	\$ 3,512	\$ (3,512)	\$ -	-	
2022	\$ -	\$ 11,850	\$ (11,850)	\$ -	-	
2021	\$ -	\$ 32,684	\$ (32,684)	\$ -	-	
2020	\$ -	\$ 40,526	\$ (40,526)	\$ -	-	
2019	\$ -	\$ 44,772	\$ (44,772)	\$ -	-	
2018	\$ -	\$ 49,347	\$ (49,347)	\$ -	-	
2017	\$ -	\$ 44,729	\$ (44,729)	\$ -	-	
2016	\$ -	\$ 28,935	\$ (28,935)	\$ -	-	
2015	\$ -	\$ 29,201	\$ (29,201)	\$ -	-	

*Estimated based on contribution rate of 12.48% and covered valuation payroll of \$0

Notes to Schedule:

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

Valuation Date:

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

Methods and Assumptions Used to Determine 2024 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: Non-Taxing bodies: 10-year rolling period
Taxing bodies (Regular, SLEP and ECO groups): 19-year closed period
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 14 years for most employers (five employers were financed over 15 years; one employer was financed over 16 years; two employers were financed over 17 years; one employer was financed over 20 years; three employers were financed over 23 years; four employers were financed over 24 years and one employer was financed over 25 years).

Asset Valuation Method: 5-year smoothed market; 20% corridor
Wage Growth: 2.75%

Price Inflation: 2.25%

Salary Increases: 2.75% to 13.75% including inflation
Investment Rate of Return: 7.25%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017 - 2019.

Mortality: For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:
Notes There were no benefit changes during the year.

**** Based on Valuation Assumptions used in the December 31, 2022 actuarial valuation
(see independent auditors' report)**

City of Herrin, Illinois
REQUIRED SUPPLEMENTARY INFORMATION
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

Firefighter's Pension Plan						
Calendar Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll	
2025	\$ 261,502	\$ 261,502	\$ -	\$ 1,387,018	18.85%	
2024	\$ 265,844	\$ 265,844	\$ -	\$ 1,445,363	18.39%	
2023	\$ 393,047	\$ 393,047	\$ -	\$ 1,399,867	28.08%	
2022	\$ 973,819	\$ 9,790,573	\$ (8,816,754)	\$ 1,146,639	853.85%	
2021	\$ 913,664	\$ 913,664	\$ -	\$ 1,110,546	82.27%	
2020	\$ 720,013	\$ 752,414	\$ (32,401)	\$ 1,106,370	68.01%	
2019	\$ 720,013	\$ 720,013	\$ -	\$ 1,094,974	65.76%	
2018	\$ 720,013	\$ 720,013	\$ -	\$ 1,148,609	62.69%	
2017	\$ 497,853	\$ 600,000	\$ (102,147)	\$ 1,081,165	55.50%	
2016	\$ 514,465	\$ 600,500	\$ (86,035)	\$ 1,044,142	57.51%	

Notes to Schedule:

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

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Equivalent Single Amortization Period	100% funded over 15 years, layered
Asset Valuation Method:	5-year smoothed fair value
Inflation:	2.25%
Total Payroll Increases:	3.25%
Salary Increases:	3.50% to 9.45% including inflation
Investment Rate of Return:	6.50%
Mortality:	PubS-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described.
Retirement Rates:	100% of L&A 2020 Illinois Firefighters Retirement Rates Capped at Age 65
Termination Rates:	100% of L&A 2020 Illinois Firefighters Termination Rates
Disability Rates:	100% of L&A 2020 Illinois Firefighters Disability Rates

Police Pension Plan						
Calendar Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll	
2025	\$ 504,074	\$ 504,074	\$ -	\$ 1,703,128	29.60%	
2024	\$ 530,887	\$ 537,995	\$ (7,108)	\$ 1,490,141	36.10%	
2023	\$ 382,977	\$ 382,977	\$ -	\$ 1,480,959	25.86%	
2022	\$ 1,453,639	\$ 17,200,872	\$ (15,747,233)	\$ 1,205,729	1426.60%	
2021	\$ 1,364,625	\$ 1,366,409	\$ (1,784)	\$ 1,204,601	113.43%	

Notes to Schedule:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Equivalent Single Amortization Period	100% funded over 20 years
Asset Valuation Method:	5-year smoothed fair value
Inflation:	2.50%
Salary Increases:	3.50% to 11.00% including inflation
Investment Rate of Return:	6.50%
Mortality:	For non-disables retirees, PubS-2010, adjusted by a factor of 1.15 for male retirees and unadjusted for female retirees, with generational improvements with the most recent projection scale MP-2021. For disabled retirees, PubS-2010, adjusted by a factor of 1.08 for male disabled members and unadjusted for female disabled members, with generational improvements with most recent projection scale MP-2021. For active members, PubS-2010, unadjusted, with generational improvements with most recent projection scale MP-2021.

Retirement Rates:	Based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.
Termination Rates:	Based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.
Disability Rates:	Based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Other Information:

Notes There were no benefit changes during the year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
For the year ended April 30, 2025

	Budgeted Amounts			Variance Under/(Over)
	Original	Final	Actual	
REVENUES				
Property tax	\$ 2,334,632	\$ 2,334,632	\$ 2,411,058	\$ 76,426
Intergovernmental revenue	8,361,355	8,361,355	8,406,253	44,898
Licenses, & permits	288,825	288,825	280,608	(8,217)
Fines and fees	82,400	82,400	259,009	176,609
Charges for services	1,252,900	1,252,900	1,268,257	15,357
Interest income	-	-	79,616	79,616
Miscellaneous income	203,879	203,879	1,067,854	863,975
Total revenues	12,523,991	12,523,991	13,772,655	1,248,664
EXPENDITURES				
General government and administrative	2,793,014	2,793,014	2,922,919	(129,905)
Public safety	5,242,000	5,242,000	5,470,556	(228,556)
Transportation and public works	1,882,770	1,882,770	1,898,633	(15,863)
Capital outlay	-	-	1,383,459	(1,383,459)
Debt service				
Principal	125,783	125,783	92,655	33,128
Interest	-	-	28,990	(28,990)
Total expenditures	10,043,567	10,043,567	11,797,212	(1,753,645)
Excess (Deficiency) of revenues over expenditures	2,480,424	2,480,424	1,975,443	(504,981)
OTHER FINANCING SOURCES (USES)				
Transfers in	846,731	846,731	2,669,661	1,822,930
Transfers out	(3,327,155)	(3,327,155)	(4,543,709)	1,216,554
Total other financing sources (uses)	(2,480,424)	(2,480,424)	(1,874,048)	3,039,484
NET CHANGE IN FUND BALANCES				
			101,395	2,534,503
FUND BALANCES, BEGINNING OF YEAR				
			<u>7,091,982</u>	
FUND BALANCES, END OF YEAR				
			<u>\$ 7,193,377</u>	

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
For the year ended April 30, 2025

	Budgeted Amounts		Over/ (Under)	
	Original	Final	Actual	
REVENUES				
Property tax				
Property tax	\$ 2,334,632	\$ 2,334,632	\$ 2,411,058	\$ 76,426
Total property tax	2,334,632	2,334,632	2,411,058	76,426
Sales, service, and utility taxes				
Sales tax	2,133,740	2,133,740	2,273,769	140,029
Home rule tax	2,584,000	2,584,000	2,663,814	79,814
Gas tax	187,000	187,000	200,876	13,876
Telecommunication tax	96,200	96,200	111,150	14,950
Income tax	2,133,315	2,133,315	2,196,852	63,537
Replacement tax	200,000	200,000	100,975	(99,025)
Use tax	500,000	500,000	351,084	(148,916)
Gaming tax	340,000	340,000	320,367	(19,633)
Auto rental tax	100	100	12	(88)
Cannabis use tax	19,000	19,000	19,354	354
911 Grant	168,000	168,000	168,000	-
Total sales, service, and utility taxes	8,361,355	8,361,355	8,406,253	44,898
Licenses and permits				
Cable TV fees	52,000	52,000	46,456	(5,544)
Liquor license fees	51,000	51,000	53,740	2,740
Ameren franchise fees	116,825	116,825	116,825	-
Misc licenses	12,000	12,000	12,224	224
Building permits	8,000	8,000	5,663	(2,337)
Occupancy permits	15,000	15,000	12,775	(2,225)
Property owners permits	32,000	32,000	30,025	(1,975)
Golf cart license	2,000	2,000	2,900	900
Total license and permits	288,825	288,825	280,608	(8,217)
Fines fees				
Fines from Williamson County	82,400	82,400	90,043	7,643
Misc police fines and fees	-	-	168,966	168,966
Total fines and fees	82,400	82,400	259,009	176,609
Charges for services				
Garbage fees/collections	1,142,000	1,142,000	1,164,261	22,261
Excavations	21,500	21,500	23,225	1,725
Animal control	7,000	7,000	5,311	(1,689)
Misc. police	16,000	16,000	11,022	(4,978)
Misc. fire	2,000	2,000	1,000	(1,000)
Landfill transfer station	64,400	64,400	63,438	(962)
Total charges for services	1,252,900	1,252,900	1,268,257	15,357
Interest income				
Interest	-	-	79,616	79,616
Total interest income	-	-	79,616	79,616
Miscellaneous income				
Rents	49,929	49,929	41,667	(8,262)
Public hearing ads	250	250	-	(250)
Tile and culvert	5,800	5,800	6,049	249
Reimbursement of police overtime	18,000	18,000	31,188	13,188
School officer reimbursement	135,400	135,400	167,569	32,169
Insurance reimbursement	-	-	17,380	17,380
Sale of property	9,500	9,500	12,900	3,400
Traffic signal reimbursement	15,000	15,000	58,823	43,823
Opiods settlement revenue	-	-	54,358	54,358
Donation reimbursement	-	-	-	-
Railroad revenue	12,000	12,000	8,584	(3,416)
Road maintenance reimbursement MFT	(50,000)	(50,000)	(65,832)	(15,832)
Police equipment revenue	-	-	56,289	56,289
Animal control donations revenue	-	-	604,551	604,551
Notary services	-	-	570	570
Miscellaneous	8,000	8,000	73,758	65,758
Total miscellaneous income	203,879	203,879	1,067,854	863,975
Total revenues	12,523,991	12,523,991	13,772,655	1,248,664

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
For the year ended April 30, 2025

	Budgeted Amounts		Actual	(Over)/ Under
	Original	Final		
EXPENDITURES				
General government and administrative				
Salary of elected officials	\$ 159,100	\$ 159,100	\$ 159,680	\$ (580)
Salary of budget officers	122,000	122,000	124,274	(2,274)
Salary of clerical personnel	45,500	45,500	35,124	10,376
Salary of janitor	14,174	14,174	14,212	(38)
Salary of animal control	79,000	79,000	73,841	5,159
Group health	850,000	850,000	787,616	62,384
Workman's compensation insurance	115,800	115,800	117,231	(1,431)
City 457 expense	1,200	1,200	1,200	-
Fica city contribution	260,000	260,000	266,778	(6,778)
IMRF city contribution	200,000	200,000	183,615	16,385
Expenses by elected officials	33,150	33,150	34,172	(1,022)
Office supplies/equipment	12,500	12,500	22,540	(10,040)
Printing and postage	4,200	4,200	3,471	729
Telephone/communications/computer	6,420	6,420	7,809	(1,389)
Maintenance of building	35,000	35,000	49,908	(14,908)
Computer maintenance/supplies	25,000	25,000	32,626	(7,626)
Utilities	28,900	28,900	30,675	(1,775)
Liability insurance	106,900	106,900	121,090	(14,190)
Unemployment compensation	10,200	10,200	9,658	542
Civic Center expense	170,000	170,000	191,257	(21,257)
Animal control expense	38,800	38,800	51,468	(12,668)
Public notice ads	1,000	1,000	315	685
Demolition expenses	25,000	25,000	24,318	682
Paying Agent Bond Fees	-	-	500	(500)
Engineer's fees	6,800	6,800	13,313	(6,513)
Audit expense	37,850	37,850	36,950	900
Copy machine expense	4,500	4,500	5,423	(923)
Legal services	30,000	30,000	21,513	8,487
Misc expenses	15,000	15,000	16,600	(1,600)
Redco	40,000	40,000	39,444	556
Greater Egypt	3,400	3,400	3,335	65
Library share of replacement	600	600	600	-
New equipment/assets	20,500	20,500	18,927	1,573
Energy sales tax	9,200	9,200	12,232	(3,032)
Library special levies	47,260	47,260	47,260	-
Sales tax contingency	120,000	120,000	166,410	(46,410)
Grand administration fees	40,000	40,000	13,333	26,667
Clothing animal control	1,200	1,200	2,632	(1,432)
Employee health insurance benefit	-	-	919	(919)
Christmas celebration	-	-	18,293	(18,293)
Mechanic tools	17,408	17,408	32,043	(14,635)
Animal control building	48,000	48,000	48,000	-
Legal defense fund	7,452	7,452	1,296	6,156
Payroll taxes/IMRF expense	-	-	(1,820)	1,820
Solicitor permit fees expense	-	-	206	(206)
SIEG pass through account expenses	-	-	82,632	(82,632)
Total general government and administrative	2,793,014	2,793,014	2,922,919	(129,905)

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
For the year ended April 30, 2025

	Budgeted Amounts		Actual	(Over)/ Under
	Original	Final		
Public safety				
Police				
Salary full time police	1,750,000	1,750,000	1,807,610	(57,610)
Salary full time dispatcher	727,000	727,000	759,840	(32,840)
Salary part time police	65,000	65,000	19,515	45,485
Salary part time dispatcher	73,000	73,000	55,096	17,904
Dispatcher court and overtime	30,600	30,600	49,697	(19,097)
Police court and overtime	135,000	135,000	201,029	(66,029)
City 457 expense	41,100	41,100	40,050	1,050
Uniform allowance	37,000	37,000	44,275	(7,275)
Supplies/office/postage	20,000	20,000	18,205	1,795
Gas/oil	70,800	70,800	71,032	(232)
Telephone/communications/computer	17,000	17,000	18,970	(1,970)
Vehicle maintenance	32,400	32,400	39,267	(6,867)
Building maintenance	22,700	22,700	16,807	5,893
Utilities	13,000	13,000	18,332	(5,332)
Unreimbursed liability	1,000	1,000	820	180
Training police	30,000	30,000	38,861	(8,861)
Service agreements	37,200	37,200	43,675	(6,475)
Misc expenses	5,200	5,200	11,101	(5,901)
Leads terminal	14,000	14,000	6,366	7,634
New equipment/cars/bldg	12,500	12,500	13,819	(1,319)
K-9 expenses	-	-	12,296	(12,296)
Police equipment fund	-	-	56,942	(56,942)
IT expenses	45,000	45,000	50,896	(5,896)
HPD towing expense	-	-	3,626	(3,626)
 Total police	 3,179,500	 3,179,500	 3,402,469	 (222,969)

(see *independent auditors' report*)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
For the year ended April 30, 2025

	Budgeted Amounts		(Over)/ Under	
	Original	Final	Actual	
Fire				
Salary full time firemen	1,420,000	1,420,000	1,423,564	(3,564)
Salary codes inspector	62,000	62,000	62,191	(191)
Call back pay	100,000	100,000	117,287	(17,287)
Overtime full time firemen	170,000	170,000	180,026	(10,026)
City 457 expense	18,000	18,000	17,950	50
Uniform allowance	16,300	16,300	16,581	(281)
Station supplies	5,500	5,500	5,875	(375)
Office supplies/equipment	6,100	6,100	6,641	(541)
Fire prevention	1,500	1,500	1,487	13
Volunteer fire expense	5,500	5,500	6,048	(548)
Telephone/communications/computer	10,500	10,500	19,099	(8,599)
Radio maintenance	5,400	5,400	5,272	128
Maintenance of building	10,400	10,400	16,238	(5,838)
Misc equipment/new equipment	56,600	56,600	18,781	37,819
Fuel/equipment maintenance	78,700	78,700	81,808	(3,108)
Utilities	17,600	17,600	26,275	(8,675)
Unreimbursed liability	1,000	1,000	180	820
Training/schools	25,000	25,000	11,210	13,790
General misc expenses	18,300	18,300	17,184	1,116
Misc expenses of codes inspector	5,000	5,000	3,071	1,929
S C B A	21,000	21,000	20,987	13
Fire station expenses	-	-	1,999	(1,999)
Leased equipment	3,600	3,600	3,341	259
Civil defense public warning system	2,000	2,000	1,615	385
EMS Supplies	2,500	2,500	3,377	(877)
Total fire	2,062,500	2,062,500	2,068,087	(5,587)
Total public safety	5,242,000	5,242,000	5,470,556	(228,556)
Transportation and public works				
Streets and alleys				
Salary street and alley	745,900	745,900	760,247	(14,347)
Overtime	5,000	5,000	12,010	(7,010)
City 457 expense	22,000	22,000	23,300	(1,300)
Clothing allowance	19,000	19,000	20,486	(1,486)
Gas & oil	75,000	75,000	72,086	2,914
Street and alley materials	30,000	30,000	19,753	10,247
Street signs	4,000	4,000	5,633	(1,633)
Traffic signals	40,000	40,000	60,796	(20,796)
Telephone/communications/computer	5,700	5,700	8,500	(2,800)
Building maintenance	6,100	6,100	8,549	(2,449)
Street maintenance	30,000	30,000	17,917	12,083
Utilities	105,000	105,000	116,010	(11,010)
Unreimbursed liability	1,200	1,200	1,875	(675)
Misc expenses of street and alley	80,000	80,000	85,789	(5,789)
Customer tile/culvert	6,500	6,500	5,587	913
Training	4,000	4,000	-	4,000
Total streets and alleys	1,179,400	1,179,400	1,218,538	(39,138)
Garbage				
Salary - garbage	230,400	230,400	225,185	5,215
Overtime	15,000	15,000	6,716	8,284
Total garbage	245,400	245,400	231,901	13,499

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
For the year ended April 30, 2025

	Budgeted Amounts		(Over)/ Under	
	Original	Final	Actual	
Transportation and public works				
Landfill				
Landfill analysis & reporting	30,000	30,000	48,175	(18,175)
Garbage dumping fees	131,500	131,500	152,069	(20,569)
Landfill closure	32,000	32,000	9,762	22,238
Total landfill	193,500	193,500	210,006	(16,506)
Cemetery				
Salaries cemetery	58,020	58,020	24,870	33,150
Overtime	1,000	1,000	-	1,000
Clothing allowance	1,000	1,000	992	8
Supplies/office/postage	4,800	4,800	12,768	(7,968)
Building maintenance	1,300	1,300	2,980	(1,680)
Vehicle/equipment maint	2,500	2,500	3,525	(1,025)
Utilities	1,900	1,900	3,701	(1,801)
New equipment	500	500	800	(300)
Total cemetery	71,020	71,020	49,636	21,384
City garage				
Salary mechanic	82,950	82,950	81,274	1,676
Overtime	2,300	2,300	-	2,300
Garage supplies	25,000	25,000	21,777	3,223
Telephone/communications/computer	3,200	3,200	4,472	(1,272)
Vehicle maint	80,000	80,000	81,029	(1,029)
Total city garage	193,450	193,450	188,552	4,898
Total transportation and public works	1,882,770	1,882,770	1,898,633	(15,863)
Capital outlay				
Capital outlay	-	-	1,383,459	(1,383,459)
Total capital outlay	-	-	1,383,459	(1,383,459)
Debt service				
Principal	125,783	125,783	92,655	33,128
Interest	-	-	28,990	(28,990)
Total debt service	125,783	125,783	121,645	4,138
Total expenditures	10,043,567	10,043,567	11,797,212	(1,753,645)
Excess (Deficiency) of revenues over expenditures	2,480,424	2,480,424	1,975,443	(504,981)
Other financing sources (uses)				
Transfers in	846,731	846,731	2,669,661	1,822,930
Transfers out	(3,327,155)	(3,327,155)	(4,543,709)	1,216,554
Total other financing sources (uses)	(2,480,424)	(2,480,424)	(1,874,048)	3,039,484
NET CHANGE IN FUND BALANCES	-	-	101,395	2,534,503
FUND BALANCES, BEGINNING OF YEAR			<u>7,091,982</u>	
FUND BALANCES, END OF YEAR			<u>\$ 7,193,377</u>	

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
TAX INCREMENT FUND #1
For the Year ended April 30, 2025

	Budgeted Amounts		Actual	Variance Under/(Over)
	Original	Final		
REVENUES				
Property tax	\$ -	\$ -	\$ 2,319,356	\$ (2,319,356)
Interest income	-	-	53,958	(53,958)
Total revenues	-	-	2,373,314	(2,373,314)
EXPENDITURES				
Community development	-	-	1,968,280	(1,968,280)
Total expenditures	-	-	1,968,280	(1,968,280)
Excess (Deficiency) of revenues over expenditures	-	-	405,034	(405,034)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	405,034	(405,034)
FUND BALANCES, BEGINNING OF YEAR			<u>1,420,994</u>	
FUND BALANCES, END OF YEAR			<u>\$ 1,826,028</u>	

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
GRANT PROJECTS FUND
For the year ended April 30, 2025

	Budgeted Amounts		Actual	Variance Under/(Over)
	Original	Final		
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	1,308	(1,308)
Miscellaneous income	-	-	251,260	(251,260)
Total Revenues	-	-	252,568	(252,568)
EXPENDITURES				
General government and administrative	-	-	-	-
Transportation and public works	-	-	251,260	(251,260)
Total expenditures	-	-	251,260	(251,260)
Excess (Deficiency) of revenues over expenditures	-	-	1,308	(1,308)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total financing sources (uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	1,308	(1,308)
FUND BALANCES, BEGINNING OF YEAR			3,564	
FUND BALANCES, END OF YEAR			<u>\$ 4,872</u>	

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
DEBT SERVICE FUND
For the Year ended April 30, 2025

	Budgeted Amounts		Actual	Variance Under/(Over)
	Original	Final		
REVENUES				
Property tax	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	1,868	(1,868)
Total revenues	-	-	1,868	(1,868)
EXPENDITURES				
General government and administrative	-	-	301	(301)
Capital outlay	-	-	5,476,249	(5,476,249)
Debt Service				
Principal	-	-	1,835,000	(1,835,000)
Interest	-	-	1,232,007	(1,232,007)
Total expenditures	-	-	8,543,557	(8,543,557)
Excess (Deficiency) of revenues over expenditures	-	-	(8,541,689)	8,541,689
OTHER FINANCING SOURCES (USES)				
Issuance of bonds	-	-	-	-
Bonds issuance costs	-	-	-	-
Premium on bond issuance	-	-	-	-
Transfers in	-	-	2,675,373	(2,675,373)
Transfers out	-	-	-	-
Total financing sources (uses)	-	-	2,675,373	(2,675,373)
NET CHANGE IN FUND BALANCES	-	-	(5,866,316)	5,866,316
FUND BALANCES, BEGINNING OF YEAR			6,197,640	
FUND BALANCES, END OF YEAR			<u>\$ 331,324</u>	

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
WATER FUND
For the fiscal year ended April 30, 2025

	Budgeted Amounts		Variance Under/(Over)	
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services	\$ 3,016,872	\$ 3,016,872	\$ 3,013,666	\$ 3,206
Total operating revenues	3,016,872	3,016,872	3,013,666	3,206
OPERATING EXPENSES				
Salaries	874,358	874,358	832,279	42,079
Employee benefits	230,980	230,980	37,096	193,884
Purchase of water	975,000	975,000	1,055,742	(80,742)
Audit	18,875	18,875	18,875	-
Utilities	24,900	24,900	41,079	(16,179)
Postage	38,000	38,000	46,060	(8,060)
Insurance	64,113	64,113	64,711	(598)
Health insurance claims	165,000	165,000	135,704	29,296
Office supplies	11,300	11,300	7,176	4,124
Legal and engineering	5,100	5,100	5,511	(411)
Supplies	160,300	160,300	170,953	(10,653)
Clothing allowance	12,100	12,100	12,176	(76)
Other	143,106	143,106	61,810	81,296
Repair and maintenance	25,000	25,000	3,514	21,486
Depreciation and amortization	-	-	399,338	(399,338)
Total operating expenses	2,748,132	2,748,132	2,892,024	(143,892)
Operating income (loss)	268,740	268,740	121,642	147,098
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	-	58,458	(58,458)
Interest expense	-	-	(2,534)	2,534
Total nonoperating revenues (expenses)	-	-	55,924	(55,924)
TRANSFERS				
Transfer in				-
Transfer out	(268,740)	(268,740)	(268,740)	-
Total transfers in (out)	(268,740)	(268,740)	(268,740)	-
CHANGE IN NET POSITION				
			(91,174)	91,174
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			8,393,112	
Change in accounting principle (GASB 101)			(119,479)	
NET POSITION, BEGINNING OF YEAR, AS RESTATED			8,273,633	
NET POSITION, END OF YEAR			\$ 8,182,459	

(see independent auditors' report)

City of Herrin, Illinois
BUDGETARY COMPARISON STATEMENT
SEWER FUND
For the Fiscal year ended April 30, 2025

	Budgeted Amounts			Variance Under/(Over)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services	\$ 1,718,000	\$ 1,718,000	\$ 1,787,860	\$ (69,860)
Total operating revenues	1,718,000	1,718,000	1,787,860	(69,860)
OPERATING EXPENSES				
Salaries	334,670	334,670	352,181	(17,511)
Employee benefits	153,360	153,360	84,110	69,250
Utilities	115,500	115,500	161,906	(46,406)
Insurance	32,060	32,060	32,356	(296)
Legal and engineering	15,000	15,000	5,708	9,292
Permits	17,500	17,500	17,500	-
Supplies	50,000	50,000	44,002	5,998
Clothing allowance	5,000	5,000	4,930	70
Other	102,296	102,296	30,495	71,801
Repair and maintenance	433,339	433,339	250,309	183,030
Depreciation	-	-	431,033	(431,033)
Total operating expenses	1,258,725	1,258,725	1,414,530	(155,805)
Operating income (loss)	459,275	459,275	373,330	85,945
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	-	38,013	(38,013)
Interest expense	-	-	(11,593)	11,593
Total nonoperating revenues (expenses)	-	-	26,420	(26,420)
TRANSFERS				
Transfer in	-	-	-	-
Transfer out	(459,275)	(459,275)	(459,275)	-
Total transfers in (out)	(459,275)	(459,275)	(459,275)	-
CHANGE IN NET POSITION				
FUND BALANCES, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED			11,172,822	
Change in accounting principle (GASB 101)			(54,926)	
NET POSITION, BEGINNING OF YEAR, AS RESTATED			11,117,896	
FUND BALANCES, END OF YEAR			\$ 11,058,371	

(see independent auditors' report)

Combining Individual Fund Financial Statements

City of Herrin, Illinois
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
April 30, 2025

	Special Revenue							Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Tax Increment Fund #2	Tax Increment Fund #3	Tax Increment Fund #4	Tax Increment Fund #5	Foreign Fire Insurance Board	Housing Fund	
ASSETS								
Restricted assets								
Cash and cash equivalents	\$ 1,961,749	\$ 1,959,856	\$ 54,538	\$ 73,694	\$ 9,298	\$ 34,261	\$ 57,294	\$ 4,150,690
Receivables								
Other governments and agencies	44,644	-	-	-	-	-	-	44,644
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 2,006,393	\$ 1,959,856	\$ 54,538	\$ 73,694	\$ 9,298	\$ 34,261	\$ 57,294	\$ 4,195,334
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ 109,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,946	\$ 136,252
Accrued interest	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	32,000	-	-	32,000
Total liabilities	109,306	-	-	-	32,000	-	26,946	168,252
FUND BALANCES								
Nonspendable								
Restricted	1,897,087	1,959,856	54,538	73,694	(22,702)	34,261	30,348	4,027,082
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Total fund balances	1,897,087	1,959,856	54,538	73,694	(22,702)	34,261	30,348	4,027,082
Total liabilities and fund balances	\$ 2,006,393	\$ 1,959,856	\$ 54,538	\$ 73,694	\$ 9,298	\$ 34,261	\$ 57,294	\$ 4,195,334

City of Herrin, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended April 30, 2025

	Special Revenue							Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Tax Increment Fund #2	Tax Increment Fund #3	Tax Increment Fund #4	Tax Increment Fund #5	Foreign Fire Insurance Board	Housing Fund	
REVENUES								
Property tax	\$ -	\$ 811,329	\$ 55,697	\$ 87,458	\$ 5,697	\$ -	\$ -	\$ 960,181
Intergovernmental revenue	653,575	-	-	-	-	41,403	432,047	1,127,025
Interest income	1,787	48,646	18	25	2	-	-	50,478
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	655,362	859,975	55,715	87,483	5,699	41,403	432,047	2,137,684
EXPENDITURES								
General government and administrative	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	57,625	-	57,625
Transportation and public works	310,983	-	-	-	-	-	-	310,983
Community development	-	309,144	28,729	35,347	-	-	401,799	775,019
Health and welfare	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total expenditures	310,983	309,144	28,729	35,347	-	57,625	401,799	1,143,627
Excess (Deficiency) of revenues over expenditures	344,379	550,831	26,986	52,136	5,699	(16,222)	30,248	994,057
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(73,310)	-	-	-	-	-	-	(73,310)
Total financing sources (uses)	(73,310)	-	-	-	-	-	-	(73,310)
NET CHANGE IN FUND BALANCES								
	271,069	550,831	26,986	52,136	5,699	(16,222)	30,248	920,747
FUND BALANCE, APRIL 30, 2024	1,626,018	1,409,025	27,552	21,558	(28,401)	50,483	100	3,106,335
FUND BALANCE, APRIL 30, 2025	\$ 1,897,087	\$ 1,959,856	\$ 54,538	\$ 73,694	\$ (22,702)	\$ 34,261	\$ 30,348	\$ 4,027,082

City of Herrin, Illinois
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS
April 30, 2025

	Firemen's Pension Fund	Police Pension Fund	Totals
ASSETS			
Cash	\$ 203,897	\$ 281,216	\$ 485,113
Receivables			
Property taxes	261,502	504,074	765,576
Employee contributions receivable	-	-	-
Accrued interest	-	-	-
Total receivables	261,502	504,074	765,576
Investments, at fair value			
Illinois Police Officers Pension Investment Funds, pooled	-	31,562,608	31,562,608
Illinois Firefighters Pension Investment Funds, pooled	21,454,490	-	21,454,490
Total investments	21,454,490	31,562,608	53,017,098
Total assets	<u>\$ 21,919,889</u>	<u>\$ 32,347,898</u>	<u>\$ 54,267,787</u>
LIABILITIES			
Federal withholding	\$ -	\$ 4,468	\$ 4,468
Due to City of Herrin	-	164	164
Total current liabilities	-	4,632	4,632
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	261,502	504,074	765,576
Total deferred inflows of resources	261,502	504,074	765,576
NET POSITION			
Held in trust for pension benefits	<u>\$ 21,658,387</u>	<u>\$ 31,839,192</u>	<u>\$ 53,497,579</u>

City of Herrin, Illinois
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS
For the fiscal year ended April 30, 2025

	Firemen's Pension Fund	Police Pension Fund	Totals
ADDITIONS			
Contributions			
Property taxes	\$ 261,502	\$ 504,074	\$ 765,576
Plan member	137,494	168,781	306,275
Municipal contributions	-	300,032	300,032
Other income	-	-	-
Total contributions	<u>398,996</u>	<u>972,887</u>	<u>1,371,883</u>
Investment income			
Net appreciation (depreciation) in fair value of investments	1,458,236	2,073,377	3,531,613
Gain (loss) on sale of investments	244,963	568,372	813,335
Capital gains	-	174,519	174,519
Dividends	125,946	-	125,946
Interest	288,675	13,674	302,349
Net investment income (loss)	<u>2,117,820</u>	<u>2,829,942</u>	<u>4,947,762</u>
Total additions	<u>2,516,816</u>	<u>3,802,829</u>	<u>6,319,645</u>
DEDUCTIONS			
Benefits	1,050,665	1,377,413	2,428,078
Legal fees	7,000	9,053	16,053
Investment fees	33,079	20,098	53,177
Refund of Contributions	-	-	-
Audit and actuarial fees	11,400	3,268	14,668
Other expenses	4,366	17,518	21,884
Total deductions	<u>1,106,510</u>	<u>1,427,350</u>	<u>2,533,860</u>
Change in net position held in trust for pension benefits	<u>1,410,306</u>	<u>2,375,479</u>	<u>3,785,785</u>
NET POSITION, BEGINNING OF YEAR	<u>20,248,081</u>	<u>29,463,713</u>	<u>49,711,794</u>
NET POSITION, END OF YEAR	<u>\$ 21,658,387</u>	<u>\$ 31,839,192</u>	<u>\$ 53,497,579</u>

City of Herrin, Illinois
COMBINING STATEMENT OF NET POSITION - ACCRUAL BASIS
COMPONENT UNITS
April 30, 2025

	Component Units		
	City Library	Civic Center	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 258,241	\$ 514,548	\$ 772,789
Investments	454,436	67,589	522,025
Accounts receivable			
Property taxes	237,700	-	237,700
Other	-	-	-
Total current assets	950,377	582,137	1,532,514
NONCURRENT ASSETS			
Capital assets not being depreciated	5,000	253,060	258,060
Capital assets being depreciated, net	527,971	72,650	600,621
Total noncurrent assets	532,971	325,710	858,681
Total assets	1,483,348	907,847	2,391,195
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - IMRF regular	50,947	-	50,947
Total deferred outflows of resources	50,947	-	50,947
Total assets and deferred outflows of resources	\$ 1,534,295	\$ 907,847	\$ 2,442,142
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 10,835	\$ 217,958	\$ 228,793
Accrued expenses	9,633	2,251	11,884
Total current liabilities	20,468	220,209	240,677
NONCURRENT LIABILITIES			
Net pension liability	42,132	-	42,132
Total noncurrent liabilities	42,132	-	42,132
Total liabilities	62,600	220,209	282,809
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows - IMRF regular	5,003	-	5,003
Total deferred inflows of resources	5,003	-	5,003
Total liabilities and deferred inflows of resources	\$ 67,603	\$ 220,209	\$ 287,812
NET POSITION			
Net investment in capital assets	\$ 532,971	\$ 325,710	\$ 858,681
Unrestricted	933,721	361,928	1,295,649
Total net position	\$ 1,466,692	\$ 687,638	\$ 2,154,330

City of Herrin, Illinois**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ACCRUAL BASIS****COMPONENT UNITS****For the fiscal year ended April 30, 2025**

	Component Units		
	City Library	Civic Center	Total
REVENUES			
Property taxes	\$ 240,785	\$ -	\$ 240,785
Intergovernmental	66,203	191,168	257,371
Fees and fines	8,757	-	8,757
Interest income	25,881	1,123	27,004
Miscellaneous	58,222	107,875	166,097
 Total revenues	 399,848	 300,166	 700,014
EXPENSES			
Culture and recreation	371,681	243,408	615,089
 Total expenses	 371,681	 243,408	 615,089
 Excess (Deficiency) of revenues over expenses	 28,167	 56,758	 84,925
OTHER FINANCING SOURCES (USES)			
Transfer in	-	-	-
Transfer out	-	-	-
 Total other financing sources (uses)	 -	 -	 -
CHANGE IN NET POSITION	 28,167	 56,758	 84,925
NET POSITION, BEGINNING OF YEAR	 1,438,525	 630,880	 2,069,405
NET POSITION, END OF YEAR	 \$ 1,466,692	 \$ 687,638	 \$ 2,154,330

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

Page 1 of 5

06/23/25

Grantee Name	City of Herrin			
ID Numbers	Audit: 56742 Grantee: 676987 UEI: RAVZRV8S63Y7 FEIN: 376002360			
Audit Period	5/1/2024 - 4/30/2025			
Last Update	6/23/2025 10:28:40 AM			
Program Count	4			

EXPENDITURES BY PROGRAM

CSFA #	Program Name	State	Federal	Total	Match
420-75-1633	Community Development Block Grant Housing Rehabilitation Program	0.00	401,799.00	401,799.00	0.00
546-00-2094	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	0.00	82,632.01	82,632.01	0.00
532-60-3017	Lead Service Line Inventory Grant Program	0.00	0.00	0.00	0.00
494-10-0343	State and Community Highway Safety/National Priority Safety Program	4,704.18	0.00	4,704.18	0.00
	All other federal expenditures		386,013.75	386,013.75	
	TOTALS	4,704.18	870,444.76	875,148.94	0.00

EXPENDITURES BY CATEGORY

Amount	Category
87,336.19	Personal Services (Salaries and Wages)
374,853.00	Expenditures for all budget lines for DCEO grants
462,189.19	TOTAL

Federal Financial Assistance

**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**

To the Honorable Mayor and City Council
City of Herrin, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Herrin, Illinois, as of and for the year ended April 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Herrin, Illinois' basic financial statements and have issued our report thereon dated November 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Herrin, 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 Herrin, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Herrin, Illinois' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2025-001 through 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Herrin, 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 or other matters that are required to be reported under *Government Auditing Standards*.

City of Herrin, Illinois' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Herrin, Illinois' response to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Herrin, 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

November 25, 2025

**Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control Over Compliance
In Accordance with the Uniform Guidance**

To the Honorable Mayor and City Council
City of Herrin, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Herrin, Illinois and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we considered to be material weaknesses.

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

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-003 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Kerber, Eck + Baeckel, LLP

Marion, Illinois

November 25, 2025

City of Herrin, Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended April 30, 2025

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
<i>Cluster Programs</i>				
<i>Highway Safety Cluster</i>				
Department of Transportation				
State and Community Highway Safety/National Priority Safety Program	20.600	Illinois Department of Transportation		\$ 6,720
Total State and Community Highway Safety/National Priority Safety Program		HS-24-0082, HS-25-0199, CSFA 494-10-0343		<u>6,720</u>
Total Department of Transportation				<u>6,720</u>
<i>Total Highway Safety Cluster</i>				<u>6,720</u>
<i>Total Cluster Programs</i>				6,720
<i>Other Programs</i>				
Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	Illinois Criminal Justice Information Authority	\$ 82,632	\$ 82,632
Total Edward Byrne Memorial Justice Assistance Grant Program (JAG)		419215		<u>82,632</u>
<i>Total Department of Justice</i>				<u>82,632</u>
Department of Housing and Urban Development				
Community Development Block Grant Housing Rehabilitation Program	14.228	Illinois Department of Commerce and Economic Opportunity	\$ 401,799	\$ 401,799
Total Community Development Block Grant Housing Rehabilitation Program		22-243007		<u>401,799</u>
<i>Total Department of Housing and Urban Development</i>				<u>401,799</u>
Department of Treasury				
Local Coronavirus Urgent Remediation Emergency Support Program	21.019	Illinois Department of Commerce and Economic Opportunity	\$ 128,033	\$ 128,033
Total Local Coronavirus Urgent Remediation Emergency Support Program		20-494430		<u>128,033</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	Williamson County, Illinois	\$ 251,260	\$ 251,260
Total Coronavirus State and Local Fiscal Recovery Funds				<u>251,260</u>
<i>Total Department of Treasury</i>				<u>379,293</u>
<i>Total Other Programs</i>				863,724
<i>Total Federal Expenditures</i>				<u>\$ 870,444</u>

The accompanying notes are an integral part of this schedule.

* Denotes major program

City of Herrin, Illinois

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

April 30, 2025

NOTE 1 | BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Herrin, Illinois under programs of the federal government for the year ended April 30, 2025. The information in this Schedule is presented in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Herrin, Illinois, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Herrin, Illinois.

NOTE 2 | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 | SUBRECIPIENTS

The City of Herrin, Illinois received funding through the Edward Byrne Memorial Justice Assistance Program (JAG) from the Illinois Criminal Justice Information Authority passed through from the Department of Justice, which they awarded to the Southern Illinois Enforcement Group (SIEG). SIEG is a multi-jurisdictional, Metropolitan Enforcement Group empowered by Illinois Statutes to conduct drug and drug related crime investigations which was established in April 7th, 1978 and operates in Williamson, Jackson, Johnson and Saline Counties. SIEG was awarded \$82,632 in grant funds in the fiscal year ending April 30, 2025.

NOTE 4 | NON-CASH ASSISTANCE, INSURANCE OR LOANS

As required by Uniform Guidance section 310(b)(6), City of Herrin, Illinois did not receive or administer any insurance and had no loans or loan guarantees outstanding at year ended April 30, 2025.

Non-cash assistance was not received or reported on the Schedule of Expenditures of Federal Awards.

NOTE 5 | INDIRECT COST RATE

The Corporation has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditors' report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

Assistance Listing Number(s) *Name of Federal Program or Cluster*

14.228 Community Development Block Grant Housing Rehabilitation Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

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

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

Finding Number 2025-001 - repeat

Criteria

Audit Journal Entries and Year-end Close

Condition and Context

Errors noted in the year end balances indicate issues with the year-end close process.

Cause

The City contracts with a firm to assist with the year-end close process. Not all accounts were reconciled properly. The firm assisting with year-end close had not made sure transfers net to zero and had not properly calculated and recorded GASB No. 101 and GASB No. 96. In addition, other accounts were not reconciled properly.

Effect

As a result, there was a total of 14 audit journal entries.

Recommendation

We recommend management formally document year-end financial closing procedures. This would include developing a list that identifies specific asset and liability accounts which needs to be reviewed and reconciled to supporting documentation. Maintaining appropriate workpapers that documents and references the conversion process provides a clear trail of the work performed. This would allow a member of management to review the work in an efficient manner. In addition, changes in key personnel due to turnover or extended periods of absence would not significantly impact the conversion process.

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

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

Finding Number 2025-001 - repeat

Management Response

The City acknowledges that additional audit journal entries were necessary during the FY 2025 audit process. Management recognizes that communication with the firm assisting with closing the books about significant transactions that occur during the year would better ensure they incorporate procedures to properly record.

Official Responsible for Ensuring the Corrective Action Plan is implemented

Carl Goodwin, Treasurer

Planned Completion Date for the Corrective Action Plan

Recommendations are considered at the issuance of the report and it is planned the correction be implemented for the next fiscal year end April 30, 2026.

Finding Number 2025-002-repeat

Criteria

Segregation of Duties

Condition and Context

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

- An individual in the Treasurer's office is responsible for preparing the bank reconciliations and is also involved in preparing accounts payable, recording invoices, and printing checks.
- An individual in the Treasurer's office responsible for recording vendor invoices and printing checks, also maintains the vendor master file.
- An individual in the Treasurer's office responsible for maintaining the employee master file is also involved in processing payroll and printing payroll checks.

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

Section II – Financial Statement Findings

MATERIAL WEAKNESSES

Finding Number 2025-002 - repeat

Due to limited staff at the City, separating the incompatible duties may not be possible or cost effective.

Cause

Limited staffing available to better segregate duties.

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 and conceal a fraudulent act.

Recommendation

While separating the incompatible duties may not always be possible, we recommend that the City take any steps to better separate the above segregation of duties issues. In addition, we recommend the City periodically review their internal controls over processing procedures and staffing assignments for any potential incompatible duties or other internal control weakness.

Management Response

The City of Herrin continues to strive to improve its internal controls. It will take any steps possible to better separate incompatible duties. The City does contract with a third party certified public accountant who provides additional oversight and review of the financial statements and therefore mitigates some of the risk related to the incompatible duties outlined above. In addition, the treasurer reviews all bank reconciliations.

Official Responsible for Ensuring the Corrective Action Plan is implemented

Carl Goodwin, Treasurer

Planned Completion Date for the Corrective Action Plan

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

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

Section III – Federal Award Findings and Questioned Costs

MATERIAL WEAKNESSES

Finding Number 2025-003

Criteria

Entities that receive federal grants or programs are required to know the source of all grants and awards as the requirements of the U.S. Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule (Uniform Guidance). Entities must be able to document the key components of the schedule of expenditures of federal awards.

Condition and Context

There was no schedule of expenditures of federal awards provided by management.

Cause

The City of Herrin has not had an audit requirement under Uniform Guidance in several years and therefore the current budget officer has not had to provide the detailed information every year.

Effect

The audit firm assisted with compiling all the necessary information to ensure the schedule of federal awards was complete and accurate.

Recommendation

We recommend management incorporate proper training and education on the information and amounts that must be outlined in the schedule of expenditures of federal awards and further we recommend that management prepare the schedule at least annually including in those years when they are not required to have an audit of federal awards under the Uniform Guidance.

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

Section III – Federal Award Findings and Questioned Costs

MATERIAL WEAKNESSES

Finding Number 2025-003

Management Response

Management will prepare the schedule of expenditures of federal awards as part of the year-end closing process each year to determine their audit requirements under the Uniform Guidance and provide the schedule and all backup used to prepare it to the audit firm during the financial audit process.

Official Responsible for Ensuring the Corrective Action Plan is implemented

Carl Goodwin, Treasurer

Planned Completion Date for the Corrective Action Plan

Recommendations are considered at the issuance of the report and it is planned the correction be implemented for the next fiscal year end April 30, 2026.

City of Herrin, Illinois
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the fiscal year ended April 30, 2024

MATERIAL WEAKNESSES

2024-01 – Audit Journal Entries and Year-End-Close – repeated in 2025 as finding 2025-001

2024-02 – Segregation of Duties – repeated in 2025 as finding 2025-002