CITY OF RED BUD, ILLINOIS

AUDITED FINANCIAL STATEMENTS

APRIL 30, 2026

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Red Bud, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Red Bud, Illinois, as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the City of Red Bud, Illinois' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City of Red Bud, Illinois, as of April 30, 2026, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Red Bud, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Red Bud, Illinois' basic financial statements. The accompanying consolidated year-end financial report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated year-end financial report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules and related notes and the schedule of assessed valuation but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2026, on our consideration of the City of Red Bud, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Red Bud, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Red Bud, Illinois' internal control over financial reporting and compliance.

F.E.W. CPAs

F.E.W. CPAs
Columbia, Illinois
September 30, 2026

BASIC FINANCIAL STATEMENTS

CITY OF RED BUD, ILLINOIS
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
APRIL 30, 2026

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 7,568,198	$ 4,186,882	$ 11,755,080
Certificates of deposit	1,677,995	950,000	2,627,995
Loans receivable, current	108,248	-	108,248
Total current assets	9,354,441	5,136,882	14,491,323
Noncurrent assets			
Loans receivable	302,923	-	302,923
Capital assets, net of depreciation	7,572,273	7,997,004	15,569,277
Total noncurrent assets	7,875,196	7,997,004	15,872,200
Total assets	$ 17,229,637	$ 13,133,886	$ 30,363,523
LIABILITIES			
Current liabilities			
Note payable, current	$ -	$ 14,517	$ 14,517
Total current liabilities	-	14,517	14,517
Noncurrent liabilities			
Consumer deposits	-	111,583	111,583
Note payable	-	50,810	50,810
Total noncurrent liabilities	-	162,393	162,393
Total liabilities	$ -	$ 176,910	$ 176,910
NET POSITION			
Net investment in capital assets	$ 7,572,273	$ 7,931,677	$ 15,503,950
Restricted:			
ARPA funds	299,462	-	299,462
Culture and recreation	1,246,596	-	1,246,596
Highways and streets	1,425,437	-	1,425,437
Unrestricted	6,685,869	5,025,299	11,711,168
Total net position	$ 17,229,637	$ 12,956,976	$ 30,186,613

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2026

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Fees, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total
Primary government:							
Governmental activities:							
General government	$ 444,738	$ 96,013	$ 57,565	$ 911,682	$ 620,522	$ -	$ 620,522
Public safety	1,256,437	-	-	-	(1,256,437)	-	(1,256,437)
Highways and streets	1,126,874	-	-	-	(1,126,874)	-	(1,126,874)
Culture and recreation	639,217	46,908	8,181	-	(584,128)	-	(584,128)
Total governmental activities	3,467,266	142,921	65,746	911,682	(2,346,917)	-	(2,346,917)
Business-type activities:							
Electric	6,461,267	6,063,986	-	-	-	(397,281)	(397,281)
Gas	1,623,117	1,606,255	-	-	-	(16,862)	(16,862)
Water	1,021,158	846,006	-	-	-	(175,152)	(175,152)
Sewer	593,951	508,799	-	-	-	(85,152)	(85,152)
Total business-type activities	9,699,493	9,025,046	-	-	-	(674,447)	(674,447)
Total	$ 13,166,759	$ 9,167,967	$ 65,746	$ 911,682	(2,346,917)	(674,447)	(3,021,364)
General revenues:							
Taxes:							
Property					639,922	181,033	820,955
Intergovernmental:							
Sales taxes					1,289,959	-	1,289,959
Use taxes					34,126	-	34,126
Replacement taxes					20,639	-	20,639
Motor fuel taxes					174,778	-	174,778
Income taxes					692,335	-	692,335
Excise taxes					2,777	-	2,777
Hotel motel taxes					8,691	-	8,691
Cannabis use taxes					5,667	-	5,667
Gaming taxes					156,460	-	156,460
Interest income					178,732	74,507	253,239
Rents					40,020	-	40,020
Reimbursements					38,633	-	38,633
Other					150,317	57,529	207,846
Gain from sale of capital assets					12,281	35,000	47,281
Total general revenues					3,445,337	348,069	3,793,406
Changes in net position					1,098,420	(326,378)	772,042
Net position - beginning					16,131,217	13,283,354	29,414,571
Net position - ending					$ 17,229,637	$ 12,956,976	$ 30,186,613

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2026

	General Fund	Park Fund	Library Fund	Motor Fuel Tax Fund	Total
ASSETS					
Cash and cash equivalents	$ 5,462,474	$ 930,302	$ 316,294	$ 859,128	$ 7,568,198
Certificates of deposit	1,111,686	-	-	566,309	1,677,995
Internal balances	-	-	12,583	-	12,583
Loans receivable, current	108,248	-	-	-	108,248
Total assets	$ 6,682,408	$ 930,302	$ 328,877	$ 1,425,437	$ 9,367,024
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Internal balances	$ 12,583	$ -	$ -	$ -	$ 12,583
Total liabilities	12,583	-	-	-	12,583
FUND BALANCES					
Restricted	299,462	930,302	316,294	1,425,437	2,971,495
Committed	108,248	-	12,583	-	120,831
Unassigned	6,262,115	-	-	-	6,262,115
Total fund balances	6,669,825	930,302	328,877	1,425,437	9,354,441
Total liabilities and fund balances	$ 6,682,408	$ 930,302	$ 328,877	$ 1,425,437	$ 9,367,024

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

CITY OF RED BUD
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2026

Total fund balances - governmental funds	$	9,354,441
Amounts reported for *governmental activities* in the Statement of Net position - Modified Cash Basis are different than amounts reported in the Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis for governmental funds due to the following items:		
Capital assets, net of depreciation used in *governmental activities* are not financial resources and therefore are not reported in the funds.		7,572,273
Noncurrent receivables are not financial resources that can be utilized within a one year period and therefore are not reported in the governmental funds Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis.		302,923
Net position of *governmental activities*	$	17,229,637

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2026

	General Fund	Park Fund	Library Fund	Motor Fuel Tax Fund	Total
REVENUES					
Taxes:					
Property	$ 457,556	$ 69,348	$ 113,018	$ -	639,922
Intergovernmental:					
Sales taxes	1,289,959	-	-	-	1,289,959
Use taxes	34,126	-	-	-	34,126
Replacement taxes	15,189	-	5,450	-	20,639
Motor fuel taxes	-	-	-	174,778	174,778
Income taxes	692,335	-	-	-	692,335
Excise taxes	2,777	-	-	-	2,777
Hotel motel taxes	8,691	-	-	-	8,691
Cannabis use taxes	5,667	-	-	-	5,667
Gaming taxes	-	156,460	-	-	156,460
Grants - state	911,682	-	8,181	-	919,863
Grants - other	57,565	-	-	-	57,565
Licenses and permits	30,704	-	-	-	30,704
Fines and forfeitures	8,891	-	-	-	8,891
Charges for services	56,418	20,457	6,980	-	83,855
Interest income	113,690	6,119	1,464	57,459	178,732
Rents	38,350	1,670	-	-	40,020
Franchise fees	-	19,471	-	-	19,471
Reimbursements	38,633	-	-	-	38,633
Other	140,304	8,993	1,020	-	150,317
Total revenues	3,902,537	282,518	136,113	232,237	4,553,405
EXPENDITURES					
Current:					
General government	404,939	-	-	-	404,939
Public safety	1,192,100	-	-	-	1,192,100
Highways and streets	740,469	-	-	343,683	1,084,152
Culture and recreation	135,035	295,878	117,838	-	548,751
Capital outlay	1,882,512	84,074	-	-	1,966,586
Total expenditures	4,355,055	379,952	117,838	343,683	5,196,528
Excess (deficiency) of revenues over expenditures	(452,518)	(97,434)	18,275	(111,446)	(643,123)
OTHER FINANCING SOURCES (USES)					
Classification of long-term loans receivable	(216,762)	-	-	-	(216,762)
Proceeds from sale of capital assets	14,500	1,226	-	-	15,726
Transfers between funds	(137,889)	95,730	42,159	-	-
Net other financing sources (uses)	(340,151)	96,956	42,159	-	(201,036)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(792,669)	(478)	60,434	(111,446)	(844,159)
Fund balances - beginning	7,462,494	930,780	268,443	1,536,883	10,198,600
Fund balances - ending	$ 6,669,825	$ 930,302	$ 328,877	$ 1,425,437	$ 9,354,441

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

CITY OF RED BUD, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2026

Net change in fund balances - total governmental funds		$ (844,159)
Amounts reported for *governmental activities* in the Statement of Activities - Modified Cash Basis are different than amounts reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis due to the following items:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities - Modified Cash Basis the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	1,966,586	
Depreciation expense	(237,324)	1,729,262
Sales of capital assets are reported as proceeds received in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis. In the government-wide Statement of Activities - Modified Cash Basis, only the resulting gain or loss on the disposition is recognized. The gain or loss is the difference between the proceeds received and the net book value of the capital assets disposed of.		(3,445)
Classification of long-term loans receivable are recorded as other financing uses. However, the loans receivable remain on the Statement of Net Position - Modified Cash Basis.		216,762
Net change in net position of *governmental activities* for the Statement of Activities - Modified Cash Basis - government-wide		$ 1,098,420

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2026

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total
ASSETS						
Current assets						
Cash and cash equivalents	$ 2,675,507	$ 926,564	$ 294,272	$ 165,579	$ 124,960	$ 4,186,882
Certificates of deposit	750,000	200,000	-	-	-	950,000
Total current assets	3,425,507	1,126,564	294,272	165,579	124,960	5,136,882
Noncurrent assets						
Capital assets, net of depreciation	3,709,732	1,356,765	1,882,898	1,047,609	-	7,997,004
Total noncurrent assets	3,709,732	1,356,765	1,882,898	1,047,609	-	7,997,004
Total assets	$ 7,135,239	$ 2,483,329	$ 2,177,170	$ 1,213,188	$ 124,960	$ 13,133,886
LIABILITIES						
Current liabilities						
Note payable, current	$ -	$ -	$ 14,517	$ -	$ -	$ 14,517
Total current liabilities	-	-	14,517	-	-	14,517
Noncurrent liabilities						
Consumer deposits	-	-	-	-	111,583	111,583
Note payable	-	-	50,810	-	-	50,810
Total noncurrent liabilities	-	-	50,810	-	111,583	162,393
Total liabilities	$ -	$ -	$ 65,327	$ -	$ 111,583	$ 176,910
NET POSITION						
Net investment in capital assets	$ 3,709,732	$ 1,356,765	$ 1,817,571	$ 1,047,609	$ -	$ 7,931,677
Unrestricted	3,425,507	1,126,564	294,272	165,579	13,377	5,025,299
Total net position	$ 7,135,239	$ 2,483,329	$ 2,111,843	$ 1,213,188	$ 13,377	$ 12,956,976

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2026

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total
OPERATING REVENUES						
Charges for services	$ 6,063,986	$ 1,606,255	$ 846,006	$ 508,799	$ -	$ 9,025,046
Other	35,807	979	-	20,743	-	57,529
Total operating revenues	6,099,793	1,607,234	846,006	529,542	-	9,082,575
OPERATING EXPENSES						
Personal services	892,673	394,115	362,376	188,657	-	1,837,821
Operating expenses	4,844,365	1,110,704	409,555	155,840	-	6,520,464
Repairs and maintenance	417,242	52,090	117,139	71,586	-	658,057
Insurance	82,810	1,693	19,271	30,144	-	133,918
Depreciation	216,531	64,515	112,817	147,724	-	541,587
Other	7,646	-	-	-	-	7,646
Total operating expenses	6,461,267	1,623,117	1,021,158	593,951	-	9,699,493
Total operating income	(361,474)	(15,883)	(175,152)	(64,409)	-	(616,918)
NON-OPERATING REVENUES (EXPENSES)						
Taxes:						
Property	90,023	38,345	34,109	18,556	-	181,033
Gain from sale of capital assets	25,000	10,000	-	-	-	35,000
Interest income	55,350	13,443	1,973	2,874	867	74,507
Total non-operating revenues (expenses)	170,373	61,788	36,082	21,430	867	290,540
Change in net position	(191,101)	45,905	(139,070)	(42,979)	867	(326,378)
Net position - beginning	7,326,340	2,437,424	2,250,913	1,256,167	12,510	13,283,354
Net position - ending	$ 7,135,239	$ 2,483,329	$ 2,111,843	$ 1,213,188	$ 13,377	$ 12,956,976

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

CITY OF RED BUD, ILLINOIS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2026

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Security Deposit Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	$ 6,099,793	$ 1,607,234	$ 846,006	$ 529,542	$ 15,980	$ 9,098,555
Payments to suppliers	(5,352,063)	(1,164,487)	(545,965)	(257,570)	(13,083)	(7,333,168)
Payments to employees	(892,673)	(394,115)	(362,376)	(188,657)	-	(1,837,821)
Total operating activities	(144,943)	48,632	(62,335)	83,315	2,897	(72,434)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Purchase of capital assets	(134,099)	(119,099)	(76,975)	(195,680)	-	(525,853)
Payment of principal	-	-	(14,517)	-	-	(14,517)
Proceeds from sale of capital assets	25,000	10,000	-	-	-	35,000
Total capital financing activities	(109,099)	(109,099)	(91,492)	(195,680)	-	(505,370)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of certificates of deposit	-	(50,000)	-	-	-	(50,000)
Redemption of certificates of deposit	-	-	-	100,000	-	100,000
Interest income	55,350	13,443	1,973	2,874	867	74,507
Total investing activities	55,350	(36,557)	1,973	102,874	867	124,507
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Property taxes	90,023	38,345	34,109	18,556	-	181,033
Total non-capital financing activities	90,023	38,345	34,109	18,556	-	181,033
Net increase (decrease) in cash	(108,669)	(58,679)	(117,745)	9,065	3,764	(272,264)
Cash and cash equivalents - beginning	2,784,176	985,243	412,017	156,514	121,196	4,459,146
Cash and cash equivalents - ending	$ 2,675,507	$ 926,564	$ 294,272	$ 165,579	$ 124,960	$ 4,186,882
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income	$ (361,474)	$ (15,883)	$ (175,152)	$ (64,409)	$ -	$ (616,918)
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation	216,531	64,515	112,817	147,724	-	541,587
Increase (decrease) in consumer deposits	-	-	-	-	2,897	2,897
Net cash provided by operating activities	$ (144,943)	$ 48,632	$ (62,335)	$ 83,315	$ 2,897	$ (72,434)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Red Bud, Illinois (the "City") conform to the modified cash basis of accounting as described below. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

Reporting Entity

As required under the modified cash basis of accounting, these financial statements present the results of the City's cash transactions.

The City has developed criteria to determine whether outside agencies with activities that benefit the City should be included within its financial reporting entity. The criteria for including other organizations within the City's financial statements, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended, is financial accountability.

The City is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City because the City approved their budget, the issuance of debt or the levying of taxes. The City has no component units.

Government-Wide and Fund Financial Statements

The Statement of Net Position - Modified Cash Basis and the Statement of Activities - Modified Cash Basis display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities - Modified Cash Basis presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) operating and capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category-*governmental* and *proprietary* are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City has elected to report all funds as major funds and maintains the following governmental funds:

General Fund
This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Park Fund
This is the City's fund, for financial statement purposes, that operates and maintains the City's network of public parks.

Library Fund
This is the City's fund, for financial statement purposes, that operates and maintains the City's library.

Motor Fuel Tax Fund
The Motor Fuel Tax Fund is used to account for motor fuel taxes received from the State of Illinois and restricted to expenditures for specified purposes.

The City reports the following proprietary funds:

Electric Fund
Accounts for the activities of the City in providing electricity services to the public.

Gas Fund
Accounts for the activities of the City in providing natural gas services to the public.

Water Fund
Accounts for the activities of the City in providing water services to the public.

Sewer Fund
Accounts for the activities of the City in providing sewer services to the public.

Security Deposit Fund
Accounts for interest earned on and expenditures of accumulated interest earned on previous years' security deposits placed by utility service users.

Measurement Focus and Basis of Accounting
The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the modified cash basis of accounting. The modifications to the cash basis include certificates of deposit, capital assets, loans receivable, note payable, and consumer deposits. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. Revenue from property taxes, grants and donations is recognized when received.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting, which is described in the previous paragraph.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital asset acquisitions are reported as expenditures in the governmental funds and as assets in the government-wide financial statements. Payments on long-term debt and capital leases are reported as debt service in the governmental funds and the remaining balances as liabilities in the government-wide financial statements.

Cash, Cash Equivalents and Certificates of Deposit
The City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Certificates of deposit held at banks with an original maturity in excess of three months are reported at cost.

Internal Balances and Interfund Transfers
In the process of aggregating the financial information for the government-wide Statement of Net Position - Modified Cash Basis, amounts, if any, reported as internal balances in the fund financial statements are eliminated.

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purposes of the Statement of Activities - Modified Cash Basis, all interfund transfers between individual governmental funds have been eliminated.

Long-Term Debt
All long-term debt arising from cash transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

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

Use of Estimates
The preparation of basic financial statements in conformity with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect the reported amounts in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Net Position
Net Position represents the difference between assets and liabilities. Net investment in capital assets represents the cost of capital assets, net of depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire capital assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

It is the City’s policy to first use restricted net position amounts prior to the use of unrestricted net position amounts when an expense is incurred for purposes for which both restricted and unrestricted net position amounts are available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The City accounts for infrastructure within the guidelines promulgated by GASBS 34. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $10,000 for equipment and vehicles and $50,000 for buildings, improvements and infrastructure is used in the government-wide and proprietary funds to report capital assets.

The range of estimated useful lives by type of asset is as follows:

Asset Class	Estimated Useful Lives
Infrastructure	50
Buildings and improvements	25-75
Equipment and vehicles	5-25
Utility systems	25-50
Land improvements	10-20

Property Taxes

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments. The City received significant distributions of tax receipts approximately one month after these due dates. Property tax collections reflected in the City's financial statements for the year ended April 30, 2026 represent taxes received for the 2024 and prior tax levies.

Governmental Fund Balances

Fund balance is the difference between assets and liabilities in a Governmental Fund. In accordance with Governmental Accounting Standards Board Statement No. 54**,** *Fund Balance Reporting and Governmental Fund Type Definitions*, the following types of fund balances are presented in the Governmental Funds Statement of Assets, Liabilities and Fund Balances - Modified Cash Basis.

Restricted - the portion of a Governmental Fund's balance that are subject to external enforceable legal restrictions. The following fund balances are restricted by City ordinance, taxing authority or grant agreements: General, Park, Library, and Motor Fuel Tax.

Committed - the portion of a Governmental Fund's balance with self-imposed constraints or limitations that have been placed by the City Council, the City's highest level of decision-making authority. The committed fund balances are made up of Council-approved funds set aside: General and Library.

Unassigned - available expendable financial resources in a governmental fund that are not designated for a specific purpose. The following fund comprises the unassigned fund balance: General.

The City uses restricted amounts first when both restricted and unassigned fund balances are available, unless there are legal contracts that prohibit doing this.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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; injuries to employees; natural disasters and workers compensation. The City purchases commercial insurance coverage for such risks.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City is a member of the Illinois Municipal League Risk Management Association, a group self-insured pool providing for the defense and payment when due of all compensation and other benefits under the Illinois Workers' Compensation and Occupational Diseases Laws and providing means to manage risk of loss from events involving tort, theft of, damage to, or destruction of assets, errors or omissions, and acts of God by offering general liability, property damage, and public official liability insurance coverage on behalf of fire prevention Cities, public entities and agencies, and other units of government within the State of Illinois. The Association has the responsibilities and duties of premium collection from members, claims administration and payment, loss control, acquisition of excess liability insurance coverage and reinsurance, and general fund administration. The City has the responsibilities and duties of timely payment of calculated premiums, remaining financially sound, employing generally acceptable financial practices, demonstrating good safety practices and programs, implementing recommendations of loss control or safety inspections, and maintaining general membership eligibility requirements.

Tax Abatements

Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, defines tax abatement, for financial reporting purposes, as a reduction in tax revenue resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take specific action after the agreement has been entered into that contributes to economic development or other benefits the governments or the citizens of those governments. As of April 30, 2026, the City has granted property tax abatements for (1) new industrial and/or commercial firms locating in the City, or (2) existing firms expanding their facilities and increasing assessed valuations. Although taxes are collected and distributed by Randolph County, the abatements are authorized by the City and reduce its property tax revenue. The total amount abated was $49,688.

NOTE 2 - COMPENSATED ABSENCES

Effective September 26, 2007, all full-time employees earn sick leave at the rate of four hours per pay period. On the first pay date in October of each year, the City will pay out to each employee at the rate of pay then in effect for that employee, the balance of any unused sick leave for the first forty hours of sick leave earned but not used through the last full pay period of leave. The remaining unused sick leave will accumulate indefinitely as unused sick leave and will be applied to the Illinois Municipal Retirement Fund pension as time of service, according to Illinois State Statute. The total balance of accumulated sick leave to be paid out in future periods as of April 30, 2026, was $386,317. This is disclosed for informational purposes and is not recorded as a liability under the modified cash basis of accounting.

NOTE 3 - CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

The City has adopted a formal written investment and cash management policy. The City is restricted to investments outlined in the Public Funds Investment Act of the State of Illinois.

Deposits
At year-end, the carrying amount of the City's deposits totaled $14,383,075 (including $2,627,995 in certificates of deposit) and bank balances totaled $14,405,167.

Custodial Credit Risk
Custodial credit risk is the risk that, in the event of a financial institution's failure, the City's deposits may not be returned. As of April 30, 2026, the City's bank and certificate of deposit balances were insured up to $250,000 per institution, per deposit category, by the Federal Deposit Insurance Corporation (FDIC). The remaining $12,766,500 in deposits were either secured by pledged securities or otherwise exempt from custodial credit risk. As of April 30, 2026, there were no deposits exposed to custodial credit risk.

Illinois Funds
The City participates in The Illinois Funds external investment pool, which is available to Custodians of Public Funds, as defined by the Public Funds Investment Act (30 ILCS 235/1). The pool is not registered with the SEC. It is the policy of the Treasurer of the State of Illinois to invest funds pooled by local governments in the Money Market Fund within Illinois Funds in a manner that will provide the highest investment return using authorized instruments while meeting the daily cash flow demands of participants and conforming to all state statutes governing the investment of public funds. It is the policy of Illinois Funds to operate in a manner consistent with SEC Rule 2a7. The fair value of the position in the pool is the same value as the pool shares. The City's deposits with Illinois Funds are not subject to custodial credit risk.

NOTE 4 - POST-EMPLOYMENT HEALTH CARE BENEFITS

The City provides post-employment health care benefits to all full-time employees hired prior to August 1, 1997, that retire with the City. The City contributes 3.0% of the premium for each year of completed service for individual coverage. Currently, the City has no retirees that meet the eligibility requirements. Expenditures for post-employment health care benefits are recognized on a pay-as-you-go basis. For fiscal years 2024, 2025, and 2026, the City recorded actual expenditures of $8,245, $0 and $0, respectively.

NOTE 5 - LEGAL DEBT MARGIN

The legal debt margin for the City is calculated as follows:

Assessed valuation - 2025 payable in 2026	$	117,009,511
Legal debt limit - 8.625% of assessed valuation		10,092,070
Amount of debt applicable to debt limit		-
Legal debt margin	$	10,092,070

NOTE 6 - CONTINGENCIES

Grants

The City has received funding from state grants in the current and prior years, which are subject to audits by the granting agencies. The City's Board believes any adjustments that may arise from those audits will not be significant to City operations.

Legal Matters

As of April 30, 2026, the City is aware of a potential claim that has been reported to the City's insurance carrier. No formal claim or litigation has been filed as of the date of the financial statements. The insurance carrier is handling the matter, including any potential defense and settlement negotiations. Management is not aware of any potential loss that would be material to the financial statements as a whole and believes any potential liability arising from the matter would be covered by the City's insurance coverage.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended April 30, 2026, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated				
Land	$ 1,210,645	$ -	$ -	$ 1,210,645
Construction in progress	-	1,709,996	-	1,709,996
Total capital assets not being depreciated	1,210,645	1,709,996	-	2,920,641
Capital assets being depreciated				
Buildings and improvements	4,426,962	47,744	-	4,474,706
Machinery and equipment	1,753,431	145,772	88,984	1,810,219
Infrastructure	2,084,015	63,074	-	2,147,089
Total capital assets being depreciated	8,264,408	256,590	88,984	8,432,014
Less accumulated depreciation for				
Buildings and improvements	2,016,406	79,568	-	2,095,974
Machinery and equipment	1,255,835	93,789	85,539	1,264,085
Infrastructure	356,356	63,967	-	420,323
Total accumulated depreciation	3,628,597	237,324	85,539	3,780,382
Capital assets being depreciated, net	4,635,811	19,266	3,445	4,651,632
Governmental activity capital assets, net	$ 5,846,456	$ 1,729,262	$ 3,445	$ 7,572,273

Depreciation expense was charged to the functions in the Statement of Activities - Modified Cash Basis as follows:

Governmental activities:	
General government	$ 39,799
Public safety	64,337
Highway and streets	42,722
Culture and recreation	90,466
Total Governmental activities	$ 237,324

NOTE 7 - CAPITAL ASSETS (continued)

Capital asset activity for business-type activities for the year ended April 30, 2026, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated				
Land	$ 325,042	$ -	$ -	$ 325,042
Total capital assets not being depreciated	325,042	-	-	325,042
Capital assets being depreciated				
Machinery and equipment	2,705,273	479,472	175,190	3,009,555
Utility property and improvements	18,698,544	46,381	-	18,744,925
Total capital assets being depreciated	21,403,817	525,853	175,190	21,754,480
Less accumulated depreciation for				
Machinery and equipment	1,755,781	141,356	175,190	1,721,947
Utility property and improvements	11,960,340	400,231	-	12,360,571
Total accumulated depreciation	13,716,121	541,587	175,190	14,082,518
Capital assets being depreciated, net	7,687,696	(15,734)	-	7,671,962
Business-type activities capital assets, net	$ 8,012,738	$ (15,734)	$ -	$ 7,997,004

Depreciation expense was charged to business-type funds in the Statement of Activities - Modified Cash Basis as follows:

Business-type activities:	
Electric	$ 216,531
Gas	64,515
Water	112,817
Sewer	147,724
Total Business-type activities	$ 541,587

NOTE 8 - LOANS RECEIVABLE

On December 11, 2015, the City loaned $150,000 to First Stage Fabrication, Inc., funded through the General Fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of $1,347 over a period of 10 years, beginning January 28, 2016. The balance at April 30, 2026, was $0.

On December 28, 2017, the City loaned $450,000 to Mike and Kim Moll, funded through the General Fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of $4,238 over a period of 10 years, beginning July 28, 2018. The balance at April 30, 2026, was $83,653.

On June 17, 2019, the City loaned $100,000 to First Stage Fabrication, Inc., funded through the General Fund. The loan bears interest at an annual rate of 1.5% and is payable in monthly installments of $1,255 over a period of 7 years, beginning July 28, 2019. The balance at April 30, 2026, was $2,508.

NOTE 8 - LOANS RECEIVABLE (continued)

On March 25, 2020, the City loaned $30,000 to DE Vinos, funded through the General Fund. The loan bears interest at an annual rate of 3.0% and is payable in monthly installments of $539 over a period of 5 years, beginning June 20, 2020. The balance at April 30, 2026, was $0.

On April 7, 2025, the City loaned $140,000 to First Stage Fabrication, Inc., funded through the General Fund. The loan bears interest at an annual rate of 4.5% and is payable in monthly installments of $1,946 over a period of 7 years, beginning June 30, 2025. The balance at April 30, 2026, was $124,072.

On June 11, 2025, the City entered into a construction loan agreement with Kristen Rahn, funded through the General Fund. The construction loan operates similar to a line of credit, with a maximum borrowing amount of $550,000. The loan bears interest at an annual rate of 3.0%. The full amount is expected to be drawn by December 31, 2026, and repaid by June 1, 2035. The balance at April 30, 2026, was $114,687, with interest-only payments being made on outstanding construction draws until the first principal payment is due on January 31, 2027.

On August 18, 2025, the City loaned $50,000 to No Jacks South, funded through the General Fund. The loan bears interest at an annual rate of 4.5% and is payable in monthly installments of $932 over a period of 5 years, beginning October 18, 2025. The balance at April 30, 2026, was $44,728.

On October 6, 2025, the City loaned $45,000 to Trevor Stellhorn, funded through the General Fund. The loan bears interest at an annual rate of 4.25% and is payable in monthly installments of $814 over a period of 5 years, beginning November 30, 2025. The balance at April 30, 2026, was $41,523.

NOTE 9 - PENSION PLAN

Illinois Municipal Retirement Fund

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 City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your City Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2025 was 5.44 percent. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The City's required contribution for calendar year 2025 was $121,282.

NOTE 10 - RELATED PARTY TRANSACTION

The City remits a quarterly subsidy in the amount of $6,550 for an annual total of $26,200 to the Red Bud Fire Department No. 1, an organization which operates on City premises and whose service area includes the City boundaries.

NOTE 11 - LONG-TERM COMMITMENTS

The following is a summary of changes in long-term commitments:

Business-type activities:	April 30, 2025 Balance	Additions	Retirements	April 30, 2026 Balance	Due Within One Year
IEPA Note	$ 79,844	$ -	$ 14,517	$ 65,327	$ 14,517
Consumer deposits	108,686	15,980	13,083	111,583	-
Totals	$ 188,530	$ 15,980	$ 27,600	$ 176,910	$ 14,517

Note Payable - Illinois Environmental Protection Agency

On November 3, 2009, the City entered into a note agreement with the Illinois Environmental Protection Agency in the amount of $375,000, with the proceeds used to fund a water facility upgrade project. Of the original $375,000 note, $93,750 was forgiven, leaving a remaining principal balance of $281,250 to be repaid. The note has a 0.0% annual interest rate. As of April 30, 2026, the outstanding balance was $65,327. The principal and interest payments required for the fiscal years ending April 30, are as follows:

Year Ending April 30,	Principal	Interest	Total Payments
2027	$ 14,517	$ -	$ 14,517
2028	14,517	-	14,517
2029	14,517	-	14,517
2030	14,517	-	14,517
2031	7,259	-	7,259
	$ 65,327	$ -	$ 65,327

NOTE 12 - INTERNAL BALANCES AND INTERFUND TRANSFERS

Interfund transfers for the year ended April 30, 2026, were as follows:

Fund	Transfer In	Transfer Out
General	$ -	$ 137,889
Park	95,730	-
Library	42,159	-
	$ 137,889	$ 137,889

NOTE 12 - INTERNAL BALANCES AND INTERFUND TRANSFERS (continued)

The General Fund transferred funds to the Library and Park Funds to assist with payments of current expenditures.

The composition of internal balances as of April 30, 2026, is as follows:

Receivable Fund	Payable Fund	Total
Library	General	$ 12,583

The internal balance relates to costs incurred for operating activities. The balance is expected to be repaid within one year.

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, management evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which was the date on which the financial statements were available to be issued, and noted the following:

Construction Loan Agreement with Kristen Rahn
Subsequent to year end, the City made additional advances under its existing construction loan agreement with Kristen Rahn to provide financing for ongoing construction activities. The outstanding balance of the construction loan as of the independent auditors' report date was $124,906. Management expects the outstanding loan balance to increase to $550,000 by the end of December 2026 as additional advances are made under the agreement.

SUPPLEMENTARY INFORMATION

CITY OF RED BUD, ILLINOIS
CONSOLIDATED YEAR-END FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2026

Program Name	CSFA #	State	Federal	Other	Total
Energy Transition Community Grant	420-35-3071	$ 95,251	$ -	$ -	$ 95,251
RISE Implementation Grant	420-35-3304	38,443	-	-	38,443
Illinois Regional Site Readiness	420-35-3429	825,242	-	-	825,242
Total Expenditures		**$ 958,936**	**$ -**	**$ -**	**$ 958,936**

OTHER INFORMATION

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2026

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Original-to-Final Variance	Final	Amounts	Positive/(Negative
REVENUES					
Taxes:					
Property	$ 386,515	$ -	$ 386,515	$ 457,556	$ 71,041
Intergovernmental:					
Sales taxes	770,000	-	770,000	1,289,959	519,959
Use taxes	92,000	-	92,000	34,126	(57,874)
Replacement taxes	12,000	-	12,000	15,189	3,189
Income taxes	430,000	-	430,000	692,335	262,335
Excise taxes	1,900	-	1,900	2,777	877
Hotel motel taxes	3,000	-	3,000	8,691	5,691
Cannabis use taxes	4,410	-	4,410	5,667	1,257
Grants - state	123,243	-	123,243	911,682	788,439
Grants - other	63,000	-	63,000	57,565	(5,435)
Licenses and permits	20,605	-	20,605	30,704	10,099
Fines and forfeitures	3,655	-	3,655	8,891	5,236
Charges for services	57,275	-	57,275	56,418	(857)
Interest income	18,776	-	18,776	113,690	94,914
Rents	39,920	-	39,920	38,350	(1,570)
Reimbursements	42,000	-	42,000	38,633	(3,367)
Other	9,850	-	9,850	140,304	130,454
Total revenues	2,078,149	-	2,078,149	3,902,537	1,824,388
EXPENDITURES					
Current:					
General government	561,647	(12,000)	573,647	404,939	168,708
Public safety	1,424,932	-	1,424,932	1,192,100	232,832
Highways and streets	1,029,865	12,600	1,017,265	740,469	276,796
Culture and recreation	534,822	-	534,822	135,035	399,787
Capital outlay	3,426,500	-	3,426,500	1,882,512	1,543,988
Total expenditures	6,977,766	600	6,977,166	4,355,055	2,622,111
Excess (deficiency) of revenues over expenditures	(4,899,617)	600	(4,899,017)	(452,518)	4,446,499
OTHER FINANCING SOURCES (USES)					
Classification of long-term loans receivable	-	-	-	(216,762)	(216,762)
Proceeds from sale of capital assets	-	-	-	14,500	14,500
Transfers between funds	(11,576)	(600)	(12,176)	(137,889)	(125,713)
Net other financing sources (uses)	(11,576)	(600)	(12,176)	(340,151)	(327,975)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ (4,911,193)	$ -	$ (4,911,193)	(792,669)	$ 4,118,524
Fund balance - beginning				7,462,494	
Fund balance - ending				$ 6,669,825	

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
PARK FUND
FOR THE YEAR ENDED APRIL 30, 2026

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Original-to-Final Variance	Final	Amounts	Positive/(Negative
REVENUES					
Taxes:					
Property	$ 65,021	$ -	$ 65,021	$ 69,348	$ 4,327
Intergovernmental:					
Gaming taxes	122,291	-	122,291	156,460	34,169
Charges for services	-	-	-	20,457	20,457
Interest income	4,980	-	4,980	6,119	1,139
Rents	1,083	-	1,083	1,670	587
Franchise fees	15,000	-	15,000	19,471	4,471
Other	16,500	-	16,500	8,993	(7,507)
Total revenues	224,875	-	224,875	282,518	57,643
EXPENDITURES					
Current:					
Culture and recreation	224,876	(100,727)	325,603	295,878	29,725
Capital outlay	256,000	100,727	155,273	84,074	71,199
Total expenditures	480,876	-	480,876	379,952	100,924
Excess (deficiency) of revenues over expenditures	(256,001)	-	(256,001)	(97,434)	158,567
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	1,226	1,226
Transfers between funds	-	-	-	95,730	95,730
Net other financing sources (uses)	-	-	-	96,956	96,956
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ (256,001)	$ -	$ (256,001)	(478)	$ 255,523
Fund balance - beginning				930,780	
Fund balance - ending				$ 930,302	

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
LIBRARY FUND
FOR THE YEAR ENDED APRIL 30, 2026

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Original-to-Final Variance	Final	Amounts	Positive/(Negative
REVENUES					
Taxes:					
Property	$ 105,158	$ -	$ 105,158	$ 113,018	$ 7,860
Intergovernmental:					
Replacement taxes	4,700	-	4,700	5,450	750
Grants - state	10,283	-	10,283	8,181	(2,102)
Charges for services	3,796	-	3,796	6,980	3,184
Interest income	116	-	116	1,464	1,348
Other	579	-	579	1,020	441
Total revenues	124,632	-	124,632	136,113	11,481
EXPENDITURES					
Current:					
Culture and recreation	123,527	(5,000)	128,527	117,838	10,689
Capital outlay	5,000	5,000	-	-	-
Total expenditures	128,527	-	128,527	117,838	10,689
Excess (deficiency) of revenues over expenditures	(3,895)	-	(3,895)	18,275	22,170
OTHER FINANCING SOURCES (USES)					
Transfers between funds	11,576	-	11,576	42,159	30,583
Net other financing sources (uses)	11,576	-	11,576	42,159	30,583
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	$ 7,681	$ -	$ 7,681	60,434	$ 52,753
Fund balance - beginning				268,443	
Fund balance - ending				$ 328,877	

CITY OF RED BUD, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2026

	Budgeted Amounts			Actual	Variance with Final Budget
	Original	Original-to-Final Variance	Final	Amounts	Positive/(Negative
REVENUES					
Taxes:					
Motor fuel	$ 170,000	$ -	$ 170,000	$ 174,778	$ 4,778
Interest income	48,500	-	48,500	57,459	8,959
Total revenues	218,500	-	218,500	232,237	13,737
EXPENDITURES					
Current:					
Highways and streets	355,000	-	355,000	343,683	11,317
Total expenditures	355,000	-	355,000	343,683	11,317
Excess (deficiency) of revenues over expenditures	$ (136,500)	$ -	$ (136,500)	(111,446)	$ 25,054
Fund balance - beginning				1,536,883	
Fund balance - ending				$ 1,425,437	

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

The City Council follows the procedures outlined below in establishing the budgetary data reflected in the basic financial statements:

1. Formal budgetary integration is employed as a management control device during the year for all governmental funds. The budgets are adopted on a modified cash basis of accounting.

2. The City Council approves the tax rate by ordinance. Once this rate has been established, the Board approves the total budget appropriation and amendments.

3. Unused appropriations lapse at the end of the year.

CITY OF RED BUD, ILLINOIS
SCHEDULE OF ASSESSED VALUATION - TAX RATES
TAXES EXTENDED AND COLLECTED FOR TAX YEARS 2023, 2024, AND 2025

	Tax Year		
	2023	2024	2025
ASSESSED VALUATION:	$ 100,757,555	$ 107,639,391	$ 117,009,511
TAX RATES PER $100 OF ASSESSED VALUATION:			
General	0.19665	0.19480	0.20349
I.M.R.F	0.15448	0.15184	0.14566
Library	0.10891	0.10705	0.10269
Audit	0.01209	0.01189	0.01141
FICA	0.16681	0.16396	0.15728
Park/Park Maintenance	0.06784	0.06668	0.06397
Emergency Service and Disaster	0.00320	0.00315	-
School Crossing Guard	0.00884	0.00869	-
	0.71882	0.70806	0.68450
TAXES EXTENDED:			
General	$ 198,140	$ 209,682	$ 238,103
I.M.R.F	155,650	163,440	170,436
Library	109,735	115,228	120,157
Audit	12,182	12,799	13,351
FICA	168,074	176,486	184,033
Park/Park Maintenance	68,354	71,774	74,851
Emergency Service and Disaster	3,224	3,391	-
School Crossing Guard	8,907	9,354	-
	$ 724,266	$ 762,154	$ 800,931
TAXES COLLECTED:	$ 791,680	$ 820,955	
Less: Road and Bridge Taxes	(115,549)	(120,282)	
ADJUSTED TAXES COLLECTED:	$ 676,131	$ 700,673	
% COLLECTED ON THOSE EXTENDED:	93.35%	91.93%	

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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 City Council
City of Red Bud, 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, and each major fund of the City of Red Bud, Illinois (the "City"), as of and for the year ended April 30, 2026, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 30, 2026.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

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.

F.E.W. CPAs

F.E.W. CPAs
Columbia, Illinois
September 30, 2026

CITY OF RED BUD, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
APRIL 30, 2026

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified	_____Yes	__X__No
Significant deficiencies identified that are not considered to be material weaknesses	_____Yes	__X__No
Noncompliance material to financial statements noted?	_____Yes	__X__No

Federal Awards

The City did not expend $1,000,000 or more in federal awards for the year ended April 30, 2026; therefore, a Single Audit in accordance with 2 CFR 200, Subpart F, was not required.

Internal control over major programs:

Material weaknesses identified?	N/A
Significant deficiencies identified that are not considered to be material weaknesses	N/A
Type of auditors' report issued on compliance for major programs:	N/A
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	N/A

Identification of major programs:

Assistance Listing Numbers	***Name of Federal Program or Cluster***
N/A	N/A

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,000,000
Auditee qualified as low risk auditee?	N/A

CITY OF RED BUD, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
APRIL 30, 2026

Section II - Financial Statement Findings

There are no matters to disclose.

Section III - Federal Award Findings and Questioned Costs

There are no federal award findings to disclose.

CITY OF RED BUD, ILLINOIS
SCHEDULE OF RESOLUTION OF PRIOR YEAR AUDIT FINDINGS
APRIL 30, 2026

There were no prior year audit findings.