

CITY OF CHARLESTON, ILLINOIS

FINANCIAL STATEMENTS
For the Year Ended April 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charleston, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Charleston, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charleston, Illinois, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 19 and other required supplementary information on pages 86 through 96 be presented to supplement the basic financial statements. Such 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Charleston, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, consolidated year-end financial report, and other information section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The other information section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020 on our consideration of the City of Charleston, 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 Charleston, 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 Charleston, Illinois' internal control over financial reporting and compliance.

Gilbert, Metzger & Madigan, LLP

December 21, 2020

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

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Charleston, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Charleston, Illinois' basic financial statements and have issued our report thereon dated December 21, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Charleston, Illinois' internal control over financial reporting (internal control) to determine the 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 City of Charleston, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Charleston, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described below, that we consider to be a significant deficiency.

2020-1 Accounts Payable Cutoff:

Expenses should be recorded in the period in which the goods are received or the services rendered. We noted multiple invoices which were recorded in the wrong fiscal year. We recommend the City review invoices more closely to reflect proper cutoff of accounts payable at year-end and ensure expenses are reported in the proper period.

Management's Response: Management agrees with the finding and corrective action will be implemented.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Charleston, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 Charleston's Response to Findings

City of Charleston's response to the findings identified in our audit are described above. City of Charleston's response was not subjected to the auditing procedure applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Gilbert, Metzger & Madigan, LLP

December 21, 2020

City of Charleston, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2020

As the management of the City of Charleston, we offer the readers of the City's financial statements this narrative analysis and overview of the financial activities of the City for the fiscal year ended April 30, 2020. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements which begin on page 20.

Financial Highlights

- At April 30, 2020, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$2.4 million. In accordance with governmental accounting standards, this includes all of the City's infrastructure assets (net of depreciation).
- Most of the City's net position consists of \$43.4 million in capital assets, net of related debt. Restricted net position of \$1.8 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining amount of (\$42.9) million in unrestricted net position includes funds that may be used to meet the City's ongoing obligations to citizens and creditors along with the net pension liabilities of the City's pension plans.
- Expenses of \$23.9 million during the year exceeded revenues of \$23 million, decreasing the City's total net position by \$931,298. The decrease in net position consists of a \$1.6 million decrease in net position of the City's governmental activities and a \$633,168 increase in net position related to the City's business-type activities.
- At the end of the fiscal year, the City's total fund balances in its governmental funds were \$7.1 million, a \$284,136 increase from the prior year balances of \$6.8 million.
- At April 30, 2020, approximately \$5.2 million (or 74%) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned). Unassigned fund balance decreased \$30,223 from prior year. Of the restricted fund balances, 58% (\$899,998) is restricted for highways and streets and 36% (\$547,912) is restricted for culture and recreation. Governmental funds have a committed or assigned fund balance of \$249,335 and nonspendable fund balance of \$48,819.
- The City had \$63.3 million in long-term liabilities at the end of the year, including bonded general obligation debt of \$2.8 million, bonded alternative revenue debt of \$1.9 million, and \$50 million net pension liability. Outstanding long-term liabilities decreased by \$3 million from prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Charleston's basic financial statements. The City of Charleston's basic financial statements are comprised of three primary components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements.

This report also contains supplementary information in addition to the basic financial statements.

This financial report includes not only the City of Charleston itself (known as the "primary government"), but also one additional entity, the Library Fund which operates the Carnegie Public Library. Although legally separate, the City of Charleston includes this component unit in its financial report in accordance with governmental accounting standards. The Library Fund's governing board is appointed by the City's governing body (City Council). Separately issued financial statements of the Library may be obtained by writing to Carnegie Public Library, 712 6th Street, Charleston, IL 61920.

Government-Wide Financial Statements:

The government-wide financial statements are designed to provide readers with a broad overview of the City of Charleston's finances, in a manner similar to a private-sector business and are presented on the full accrual basis of accounting.

Government-wide financial statements distinguish functions of the City of Charleston that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City of Charleston include activities such as general government, public safety, highways and streets, health and welfare, culture and recreation, urban redevelopment and housing, and economic development and assistance. The business-type activities of the City include water and sewer utility services.

The following two statements make up the government-wide financials:

The *Statement of Net Position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City of Charleston is improving or deteriorating.

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

The government-wide financial statements may be found on pages 20-23 of this report.

Fund Financial Statements:

The fund financial statements provide supplementary detailed information about the City's most significant funds, but not the City as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Charleston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City has three types of funds: Governmental, Proprietary, and Fiduciary.

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

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

The City of Charleston has presented seven governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the general fund which is considered a major fund. The remaining governmental funds are combined into a single, aggregated presentation termed non-major governmental funds. Individual fund data for each non-major governmental fund is provided in the form of combining statements elsewhere in this report.

The City adopts an annual budget for its governmental funds. This report includes a budgetary comparison statement for the major funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 24-37 of this report.

Proprietary funds – The City of Charleston maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type funds to account for its water and sewer utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Charleston's various functions.

The City of Charleston uses internal service funds to account for employee and retiree group healthcare. Because these services benefit the governmental and business-type functions, these services have been allocated between governmental and business-type activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The City adopts an annual budget for its proprietary fund.

The basic proprietary fund financial statements can be found on pages 38-44 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of the funds are not available to support the City of Charleston's own programs. The accounting used for fiduciary funds is similar to the procedures used by proprietary funds. The City has numerous fiduciary funds including the police pension and firefighter's pension funds, several agency funds affiliated with the Playground and Recreation Fund, and one agency fund affiliated with the Charleston Police Department. The City is the trustee for these two pension funds and it is responsible to ensure the assets reported in these funds are used only for the purpose intended. The affiliate agency funds are purely custodial in nature.

The basic fiduciary fund financial statements can be found on pages 45-46 of this report.

Notes to the Financial Statements:

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

The notes to the financial statements can be found on pages 47-85 of this report.

Required Supplementary Information:

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information in regards to the City of Charleston's progress in funding obligation to provide benefits to its employees.

Required supplemental information can be found on pages 86-96 of this report.

Other Information:

The combining statements referred to earlier in connection with the non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 97-111 of this report.

Government-Wide Financial Analysis

Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred inflows of resources exceed liabilities and deferred inflows of resources by \$2.4 million at year ended April 30, 2020. The following table reflects the condensed Statement of Net Position of the current year as compared to the previous year.

Table 1- Statement of Net Position as of April 30, 2020						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current assets and other	\$ 12,894,931	\$ 12,116,071	\$ 4,541,632	\$ 4,097,693	\$ 17,436,563	\$ 16,213,764
Capital assets	20,919,983	20,705,258	31,705,549	32,577,739	52,625,532	53,282,997
Total assets	33,814,914	32,821,329	36,247,181	36,675,432	70,062,095	69,496,761
Deferred Outflows of Resources	7,562,179	10,379,782	409,713	2,066,649	7,971,892	12,446,431
Liabilities:						
Current liabilities	1,087,642	904,080	250,361	280,687	1,338,003	1,184,767
Noncurrent liabilities	56,030,336	56,641,699	7,233,605	9,632,009	63,263,941	66,273,708
Total liabilities	57,117,978	57,545,779	7,483,966	9,912,696	64,601,944	67,458,475
Deferred Inflows of Resources	10,233,763	10,065,514	806,976	1,096,601	11,040,739	11,162,115
Net position:						
Net investment in capital assets, net of related debt	17,536,994	16,929,223	25,899,160	25,577,531	43,436,154	42,506,754
Restricted	1,591,905	1,238,340	250,000	243,750	1,841,905	1,482,090
Unrestricted	(45,103,547)	(42,577,745)	2,216,792	1,911,503	(42,886,755)	(40,666,242)
Total net position	\$ (25,974,648)	\$ (24,410,182)	\$ 28,365,952	\$ 27,732,784	\$ 2,391,304	\$ 3,322,602

The City's governmental total net position decreased from \$(24.4) million in 2019 to \$(26) million in 2020 which is a decrease in net position of \$1.6 million. Business-type activities saw an increase of \$633,168. The City's combined net position decreased by \$931,298 from prior year balances.

City of Charleston's net position includes \$43.4 million as investment in capital assets (e.g. land, buildings, equipment, and infrastructure); less any related debt still outstanding that was used to acquire those assets. The City of Charleston uses these capital resources to provide services to citizens. Thus, these resources are not available for future spending. Although the City's investment in capital assets is reported net of related debt in the net position section, the reader must bear in mind the resources to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$1.8 million of the City's net position represents resources that are subject to external restrictions on their use. The City's unrestricted net position includes \$4.1 million which can be used to finance day-to-day operations. The remaining negative balance primarily reflects the net pension liability of the City's pension plans.

Deferred Outflows primarily reflect the difference between pension plans: 1) expected and actual participant experience, 2) changes in plan assumptions, and 3) projected and actual earnings on investments. Deferred Inflows primarily reflect property tax revenues and deferred pensions which are deferred as revenue until the beginning of the subsequent fiscal year to ensure proper revenue recognition with the receipt of the property tax installments.

Changes in Net Position - The following table compares government-wide revenues and expenditures for the current and previous fiscal year.

Table 2- Changes in Net Position For Fiscal Year Ended April 30, 2020

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,952,193	\$ 2,426,384	\$ 5,730,674	\$ 5,754,638	\$ 8,682,867	\$ 8,181,022
Operating grants	987,978	653,905	17,016	700	1,004,994	654,605
Capital grants	714,417	214,022	193,822	81,200	908,239	295,222
Total program revenues	4,654,588	3,294,311	5,941,512	5,836,538	10,596,100	9,130,849
General revenues:						
Property taxes	4,642,840	4,486,892	-	-	4,642,840	4,486,892
Income taxes	2,148,531	2,259,256	-	-	2,148,531	2,259,256
Sales taxes	3,239,297	3,143,748	-	-	3,239,297	3,143,748
Other general revenues	2,223,867	1,987,416	111,653	111,154	2,335,520	2,098,570
Total general revenues	12,254,535	11,877,312	111,653	111,154	12,366,188	11,988,466
Total Revenues	16,909,123	15,171,623	6,053,165	5,947,692	22,962,288	21,119,315
Expenses:						
General government	3,258,065	2,963,873	-	-	3,258,065	2,963,873
Public safety	12,239,725	11,297,051	-	-	12,239,725	11,297,051
Highways and streets	1,666,781	1,736,774	-	-	1,666,781	1,736,774
Health and welfare	63,318	80,513	-	-	63,318	80,513
Culture and recreation	819,543	831,128	-	-	819,543	831,128
Urban redevelopment and housing	425,743	392,324	-	-	425,743	392,324
Economic development and assist	95,462	168,103	-	-	95,462	168,103
Interest expense	78,181	89,252	-	-	78,181	89,252
Water and sewer	-	-	5,246,768	5,009,344	5,246,768	5,009,344
Total expenses	18,646,818	17,559,018	5,246,768	5,009,344	23,893,586	22,568,362
Increase (Decrease) in net position before transfers	(1,737,695)	(2,387,395)	806,397	938,348	(931,298)	(1,449,047)
Extraordinary item	-	-	-	-	-	-
Transfers	173,229	75,587	(173,229)	(75,587)	-	-
Increase (Decrease) in net position	(1,564,466)	(2,311,808)	633,168	862,761	(931,298)	(1,449,047)
Net position - beginning of year	(24,410,182)	(20,674,208)	27,732,784	27,020,365	3,322,602	6,346,157
Accounting Change	-	(1,424,166)	-	(150,342)	-	(1,574,508)
Net position- beginning of year, restated	(24,410,182)	(22,098,374)	27,732,784	26,870,023	3,322,602	4,771,649
Net position- end of year	\$ (25,974,648)	\$ (24,410,182)	\$ 28,365,952	\$ 27,732,784	\$ 2,391,304	\$ 3,322,602

Current Year Impacts - Overall Net Position

As noted in the previous chart, the City of Charleston's net position decreased \$931,298. Net position of the City's governmental activities decreased \$1.6 million (which includes \$5.8 million in pension expense) and net position of business-type activities increased \$633,168 (which includes \$345,970 in pension expense).

Net investment in capital assets increased by \$929,400 to \$43.4 million due to capital asset additions and debt retirement. Restricted net position increased by \$359,815 while unrestricted net position decreased \$2.2 million.

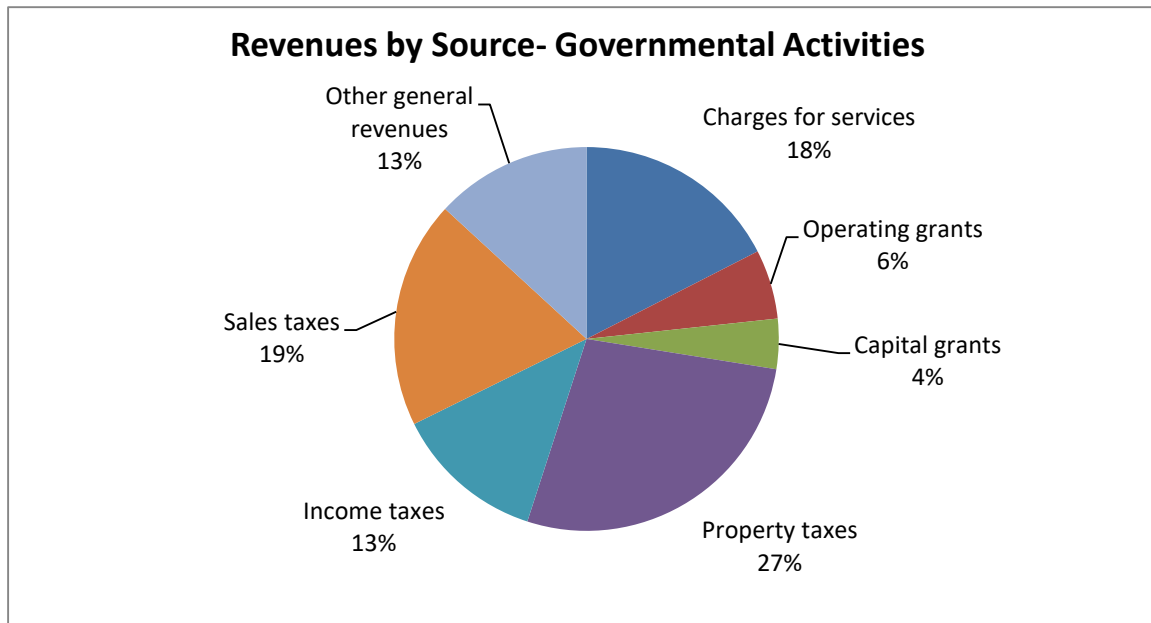
Total revenues increased \$1.8 million (8.73%). Expenses increased \$1.3 million (5.87%). Results for specific types of revenues and expenses are discussed below.

Governmental Activities - Revenues and Expenses

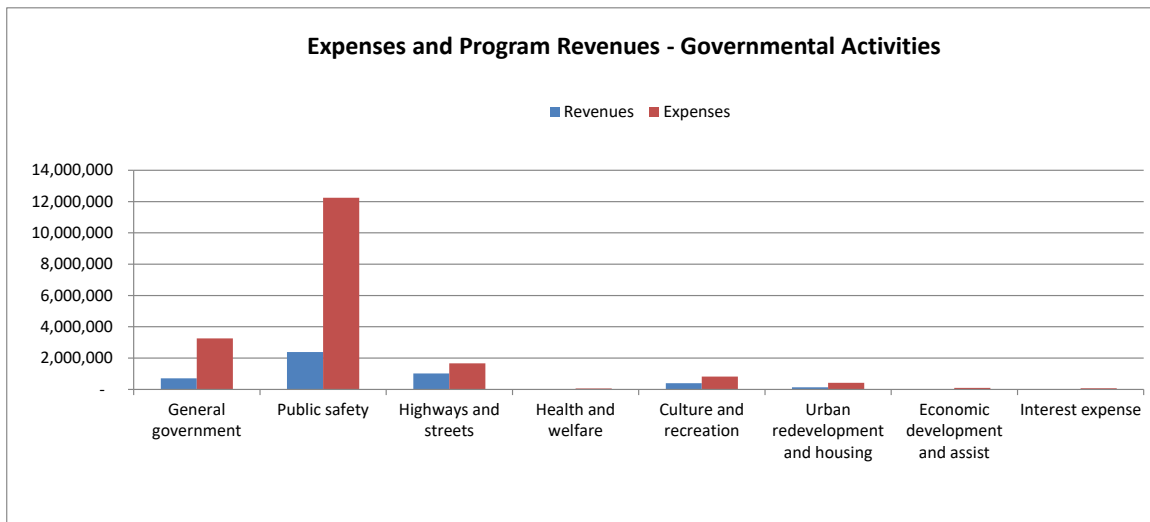
Revenues for governmental activities increased by \$1.7 million (11%) to \$16.9 million. Revenue types seeing increases from prior year include charges for services (\$525,809), operating grants (\$334,073), capital grants (\$500,395), property taxes (\$155,948), sales taxes (\$95,549), and other general revenues (\$236,451). The increases were offset by decreases in income taxes (\$110,725).

Total expenses for governmental activities increased \$1 million (6%) to \$18.6 million. Most of the increase is within the general government function (\$294,192) and public safety (\$942,674). Expenses also increased within urban redevelopment and housing (\$33,419). Decreases in expenses were recorded in highways and streets (\$69,993), health and welfare (\$17,195), culture and recreation (\$11,585), economic development and assistance (\$72,641), and interest expense (\$11,071).

The chart below depicts the City's major revenue sources for governmental activities. It clearly shows the diversity of the City's revenue sources. While property taxes and sales taxes together account for 46 percent of revenues, charges for services also continue to fund governmental activities. The City has placed additional reliance upon user fees to lower the impact upon property taxes where possible. Charges for services is made up of various licenses, housing permits, fines and parking system fees, franchise fees, rental income, intergovernmental service fees, and ambulance revenues.



The chart below compares program revenues with program expenses for governmental functions. A relatively small portion of expenditures for governmental functions are derived from program revenues.



Business-Type Activities - Revenues and Expenses

Revenues for the City's business-type activities increased by \$105,473 or 2%. Revenue types seeing increases from prior year include operating grants (\$16,316), capital grants (\$112,622) and other general revenues (\$499). The increases were offset by a decrease in charges for services (\$23,964). In regards to charges for services, water and sewer gallons billed decreased by 4 percent and annual water and sewer rates increased 4 percent at the beginning of the year. Expenses for the City's business-type activities increased \$237,424 or 5% from prior year.

Overall, the City's net position from business-type activities increased by \$633,168. Program revenues exceeded expenses of such activities (\$694,744) which was sufficient to fund transfers to other activities (\$173,229). Thus the total increase in net position from such activities was \$633,168 after interest income, gain on sale of assets, and miscellaneous income of \$111,653 is added as well.

Financial Analysis of the City's Funds

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

Governmental Funds

On April 30, 2020, the governmental funds reported combined total fund balance of \$7.1 million, a \$284,136 (4%) increase from the prior year. Notable changes in fund balances from the prior year are as follows:

- The fund balance of the Motor Fuel Tax Fund increased by \$484,450 or 220%. Revenue received will be expended on capital projects planned for future years.
- Tax Increment Financing Fund decreased \$189,712 (212%) this fiscal year. As planned, accumulated revenue was expended on projects.

Of the total fund balance for governmental funds, \$5.2 million is unassigned which indicates the funds are available to support the continued operations of the City. Unassigned fund balance decreased \$30,223 from prior year. An additional \$249,335 is committed or assigned meaning the City has limited the use of funds to specific functions. Restricted fund balance of \$1.5 million is limited by legal restrictions from outside parties on how the funds may be spent. Unspendable fund balance in the amount of \$48,819 is not available for current expenditures as the funds are not in a spendable form such as inventory.

Additional information may be found within the Governmental Funds Balance Sheet presented on pages 24-25.

Proprietary Funds

The City of Charleston's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City reports the Water and Sewer Fund as a major proprietary fund. This fund accounts for the operations of the water and sewer utility including water treatment, waste water treatment, utility lines, and billing and collection.

Net position in the water and sewer fund increased by \$585,928 from prior year. Operating revenues decreased by \$42,544 from prior year and operating expenses increased by \$257,831. Non-operating expenses and other financing sources decreased \$70,442.

The proprietary fund financial statements can be found on pages 38-44.

General Fund Budgetary Highlights

Below is a table which reflects the original and final budget plus the actual revenues and expenditures for the General Fund. This corresponds to pages 34-37 in the basic financial statements.

For the Fiscal Year Ended April 30, 2020				
General Fund	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$ 10,831,863	\$ 10,831,863	\$ 10,846,152	
Licenses and permits	373,940	373,940	417,889	
Intergovernmental revenue	2,226,632	2,226,632	1,123,994	
Charges for services	1,646,408	1,646,408	1,753,275	
Other	752,927	752,927	751,546	
Total	\$ 15,831,770	\$ 15,831,770	\$ 14,892,856	
Expenditures and transfers:				
Expenditures	15,942,028	15,942,028	14,850,780	
Transfers	(109,382)	(109,382)	45,250	
Total	\$ 15,832,646	\$ 15,832,646	\$ 14,896,030	
Change in fund balance				
	\$ (876)	\$ (876)	\$ (3,174)	

The general fund actual revenues were \$938,914 less than the final budgeted amount. Federal grant funds of \$800,000 were included in budgeted revenues and the related project was delayed. The actual revenue collected in the categories of taxes, licenses and permits, and charges for services were higher than the final budget by \$14,289, \$43,949, and \$106,867 respectively. Intergovernmental revenue and other revenue finished under the final budgeted revenue amount by \$1,102,638 and \$1,381 respectively. The general fund actual expenditures were \$1.1 million less than the final budget amount.

Capital Assets

As shown on the following chart, the City of Charleston had a \$53.3 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation as of April 30, 2020. A large portion (51%) of this investment represents infrastructure including roads, sidewalks, bridges, and sewers. Overall, the City's investment in capital assets net of depreciation decreased by 1.23% (\$657,465).

Table 3- Capital Assets at Year-End Net of Depreciation						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 1,407,720	\$ 1,407,720	\$ 1,201,452	\$ 1,139,233	\$ 2,609,172	\$ 2,546,953
Buildings and Improvements	8,998,003	9,262,664	9,532,896	9,824,638	18,530,899	19,087,302
Vehicles, machinery and equipment	2,186,114	1,766,119	1,430,877	1,516,745	3,616,991	3,282,864
Infrastructure	7,558,313	7,690,066	19,478,427	20,019,003	27,036,740	27,709,069
Construction in Progress	769,833	578,689	61,897	78,120	831,730	656,809
	\$ 20,919,983	\$ 20,705,258	\$ 31,705,549	\$ 32,577,739	\$ 52,625,532	\$ 53,282,997

Significant capital additions in the fiscal year ending April 30, 2020 included the following:

- 2019 AEV Traumahawk Ambulance
- 2019 Case Backhoe 590SN
- (5) 2020 Ford Explorer Police Squad Cars
- Coban Body Cameras for police use
- (12) Self-Contained Breathing Apparatus (SCBA's)
- Improvements to the Lake Island Tract recreation area at Lake Charleston
- Erosion control for Lake Charleston
- Land acquisition north of Lake Charleston

These additions to capital assets were offset by depreciation of \$2.75 million. Readers desiring more detailed information on capital assets activity should refer to the discussion in Note C to these financial statements on pages 57-59.

Long-Term Liabilities

The City of Charleston's long term liabilities totaled \$52.6 million for governmental activities and \$7.2 million for business-type activities as of April 30, 2020.

Table 4- Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Unamortized bond premium	\$ -	\$ 4,771	\$ 44,336	\$ 58,242	\$ 44,336	\$ 63,013
Compensated absences	1,806,496	1,619,116	201,721	191,734	2,008,217	1,810,850
Net pension liability	48,620,649	49,177,996	1,020,280	2,250,005	49,640,929	51,428,001
Net OPEB obligation	2,418,543	2,140,245	215,151	195,514	2,633,694	2,335,759
Bank notes payable	359,648	227,904	267,659	538,014	627,307	765,918
State of Illinois notes payable	-	16,667	3,619,458	3,948,500	3,619,458	3,965,167
General obligation bonds	2,825,000	3,455,000	-	-	2,825,000	3,455,000
Alternative revenue bonds	-	-	1,865,000	2,450,000	1,865,000	2,450,000
	<u>\$ 56,030,336</u>	<u>\$ 56,641,699</u>	<u>\$ 7,233,605</u>	<u>\$ 9,632,009</u>	<u>\$ 63,263,941</u>	<u>\$ 66,273,708</u>

Governmental long-term liabilities decreased by \$611,363. One new loan was issued to finance the purchase of an ambulance in the fire department.

Business-type activities decreased long-term debt by \$2.4 million. No new debt was issued for business-type activities.

Compensated absences represent the value of accumulated unpaid vacation of employees and an estimated value of the sick leave accumulated that may be payable upon retirement based on criteria in employment contracts and union agreements. The Other Post-Employment Benefits (OPEB) liability will continue to increase as the City's policy remains to address this liability on a pay as you go basis.

Illinois statute restricts municipality general obligation debt to less than 8.625 percent of equalized property value. The City of Charleston is well below the statutory limit. The City of Charleston's AA- rating was affirmed by Standard and Poor's in May 2014 with a stable outlook. In December 2019, Standard and Poor's lowered its rating to A+ due to the City's Police and Fire Pension Funds net pension liability and funded percentages.

Additional information on long term debt may be found in Note F in the Notes to the Financial Statements on pages 77-79.

Economic Factors and Next Year's Budget

The equalized assessed value (EAV) of taxable property in the City for the 2019 levy year decreased 0.5% percent from prior year to \$187,021,837. The EAV for the 2020 levy is expected to decrease by 0.63%. Under tax law applicable to the City of Charleston, the EAV of taxable property should represent one-third market value, so the taxable value of property in the City as of January 1, 2019 was roughly \$561 million.

The presence of Eastern Illinois University has provided a great deal of stability to the area's economy in past years. However, EIU experienced a large decline in enrollment leading to a record low enrollment in 2017. Fortunately EIU has reported increases in enrollment for 3 consecutive years. After a couple years of small declines in sales tax, FY18/19 experienced an increase of 1.9% and FY19/20 reported an increase of 3%. We are forecasting an increase of 4.8% in fiscal year 2020/2021.

The fiscal year 2020/21 budget is a balanced budget. Many of our revenue sources have been affected by the COVID-19 pandemic and related shelter in place regulations. Due in large part to the Federal Local CURES act funding and other emergency assistance grants, there are no planned uses of reserves or budget expense reductions.

The City of Charleston continues to respond quickly to declining revenues when expected and exercises tight control on spending similar to other municipalities, the City of Charleston continues to face multiple challenges in addition to the ongoing COVID-19 pandemic including but not limited to sluggish tax collections, significant pension costs and increasing operating costs all of which are accounted for in the budget.

The City has aggressively been seeking ways boost revenues, control spending, and closely monitor the budget. This process will continue into the fiscal year 2020/21 as the City is committed to providing the same service levels and remaining fiscally responsible.

Requests for Information

This financial report is designed to provide the City's citizens, customers, investors, and creditors an overview of the City's finances, and to demonstrate the City's accountability for the money it receives. Additional information regarding the City's finances can be found on the City's website at <http://www.charlestonillinois.org>. Questions concerning this report or requests for additional financial information should be directed to:

Heather Kuykendall
City Comptroller
520 Jackson Avenue
Charleston, Illinois 61920
Phone: (217)345-5650
Email: comptroller@co.coles.il.us

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Library Fund
ASSETS				
Cash deposits	\$ 4,770,773	\$ 3,111,318	\$ 7,882,091	\$ 220,133
Investments	1,544,748	365,926	1,910,674	-
Receivables:				
Property taxes	4,546,881	-	4,546,881	399,030
Other taxes	80,120	-	80,120	-
Customers	126,543	553,880	680,423	-
Other	221,294	-	221,294	-
Interest	7,292	2,746	10,038	-
Due from other governmental agencies	1,026,761	99,654	1,126,415	30,102
Prepaid expenses	72,296	28,957	101,253	8,963
Inventory	48,684	266,604	315,288	-
Due from component unit	13,063	-	13,063	-
Internal balances	159,516	(159,516)	-	-
Restricted assets:				
Cash deposits	244,000	272,063	516,063	-
Net pension asset	32,960	-	32,960	-
Capital assets, net of accumulated depreciation	<u>20,919,983</u>	<u>31,705,549</u>	<u>52,625,532</u>	<u>858,767</u>
Total assets	<u>33,814,914</u>	<u>36,247,181</u>	<u>70,062,095</u>	<u>1,516,995</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	7,266,394	383,400	7,649,794	-
Deferred OPEB	<u>295,785</u>	<u>26,313</u>	<u>322,098</u>	<u>4,354</u>
Total deferred outflows of resources	<u>7,562,179</u>	<u>409,713</u>	<u>7,971,892</u>	<u>4,354</u>
LIABILITIES				
Accounts payable	489,595	145,198	634,793	5,382
Claims payable	203,653	-	203,653	-
Accrued wages	353,420	84,804	438,224	12,256
Accrued interest	23,510	20,359	43,869	242
Deposits held for others	5,000	-	5,000	-
Due to primary government	-	-	-	13,063
Accrued compensated absences	12,464	-	12,464	-
Long-term liabilities:				
Accrued compensated absences	1,806,496	201,721	2,008,217	11,489

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
April 30, 2020

	Primary Government			Component Unit
	Governmental	Business-Type		Library
	Activities	Activities	Totals	Fund
Net OPEB liability	2,418,543	215,151	2,633,694	35,599
Net pension liability	48,620,649	1,020,280	49,640,929	-
Unamortized bond premium	-	44,336	44,336	-
Capital lease payable:				
Due within one year	-	-	-	4,694
Due in more than one year	-	-	-	8,442
Bonds payable:				
Due within one year	520,000	600,000	1,120,000	-
Due in more than one year	2,305,000	1,265,000	3,570,000	-
Notes payable:				
Due within one year	122,419	596,700	719,119	26,874
Due in more than one year	<u>237,229</u>	<u>3,290,417</u>	<u>3,527,646</u>	<u>129,709</u>
Total liabilities	<u>57,117,978</u>	<u>7,483,966</u>	<u>64,601,944</u>	<u>247,750</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable miscellaneous revenue	48,680	-	48,680	-
Unavailable property tax revenue	4,546,881	-	4,546,881	399,030
Deferred amount on refunding	36,134	-	36,134	-
Deferred pensions	<u>5,602,068</u>	<u>806,976</u>	<u>6,409,044</u>	-
Total deferred inflows of resources	<u>10,233,763</u>	<u>806,976</u>	<u>11,040,739</u>	<u>399,030</u>
NET POSITION				
Net investment in capital assets	17,536,994	25,899,160	43,436,154	689,048
Restricted for:				
Public safety	11,870	-	11,870	-
Highways and streets	948,682	-	948,682	-
Culture and recreation	547,912	-	547,912	8,603
Debt service	23,939	250,000	273,939	-
Capital outlay	31,610	-	31,610	-
Judgment	7,396	-	7,396	-
Social security	20,496	-	20,496	-
Unrestricted (deficit)	<u>(45,103,547)</u>	<u>2,216,792</u>	<u>(42,886,755)</u>	<u>176,918</u>
Total Net Position (Deficit)	<u>\$ (25,974,648)</u>	<u>\$ 28,365,952</u>	<u>\$ 2,391,304</u>	<u>\$ 874,569</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2020

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component Unit
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Program Activities:	Expenses							
<u>Primary Government:</u>								
Governmental activities:								
General government	\$ 3,258,065	\$ 383,578	\$ -	\$ 329,073	\$ (2,545,414)	\$ -	\$ (2,545,414)	
Public safety	12,239,725	2,115,027	97,352	171,998	(9,855,348)	-	(9,855,348)	
Highways and streets	1,666,781	-	805,859	213,346	(647,576)	-	(647,576)	
Health and welfare	63,318	-	2,000	-	(61,318)	-	(61,318)	
Culture and recreation	819,543	372,924	25,747	-	(420,872)	-	(420,872)	
Urban redevelopment and housing	425,743	80,664	57,020	-	(288,059)	-	(288,059)	
Economic development and assistance	95,462	-	-	-	(95,462)	-	(95,462)	
Interest expense	78,181	-	-	-	(78,181)	-	(78,181)	
Total governmental activities	<u>18,646,818</u>	<u>2,952,193</u>	<u>987,978</u>	<u>714,417</u>	<u>(13,992,230)</u>	<u>-</u>	<u>(13,992,230)</u>	
Business-type activities:								
Water	2,749,233	2,865,337	17,016	193,822	-	326,943	326,943	
Sewer	<u>2,497,536</u>	<u>2,865,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>367,802</u>	<u>367,802</u>	
Total business-type activities	<u>5,246,768</u>	<u>5,730,674</u>	<u>17,016</u>	<u>193,822</u>	<u>-</u>	<u>694,744</u>	<u>694,744</u>	
Total primary government	<u>\$ 23,893,586</u>	<u>\$ 8,682,867</u>	<u>\$ 1,004,994</u>	<u>\$ 908,239</u>	<u>(13,992,230)</u>	<u>694,744</u>	<u>(13,297,486)</u>	
Component Unit: Library	<u>\$ 438,954</u>	<u>\$ 26,037</u>	<u>\$ 38,569</u>	<u>\$ -</u>				<u>\$ (374,348)</u>
General Revenues:								
Taxes:								
Property taxes					4,642,840	-	4,642,840	391,282
Illinois income tax					2,148,531	-	2,148,531	-
Municipal retailers' occupation tax					3,239,297	-	3,239,297	-
Utility tax					707,427	-	707,427	-
Use tax					764,176	-	764,176	-
Cannabis excise tax					4,603	-	4,603	-
Replacement tax					238,429	-	238,429	20,548
Other taxes					231,390	-	231,390	-
Interest income					79,871	52,521	132,392	2,472
Gain (loss) on sale or disposal of assets					35,456	-	35,456	-
Net increase (decrease) in fair value of investments					21,200	6,659	27,859	-
Miscellaneous					141,315	52,473	193,788	-
Transfers					<u>173,229</u>	<u>(173,229)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>12,427,764</u>	<u>(61,576)</u>	<u>12,366,188</u>	<u>414,302</u>
Change in net position					(1,564,466)	633,168	(931,298)	39,954

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES (Continued)
For the Year Ended April 30, 2020

	Net (Expenses) Revenues and Changes in Net Position			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Net position (deficit), beginning of year	(24,410,182)	27,732,784	3,322,602	834,615
Net Position (Deficit), End of Year	<u>\$ (25,974,648)</u>	<u>\$ 28,365,952</u>	<u>\$ 2,391,304</u>	<u>\$ 874,569</u>

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

FUND FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2020

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Library Fund
ASSETS				
Cash deposits	\$ 3,604,124	\$ 963,473	\$ 4,567,597	\$ 220,133
Investments	1,529,488	15,260	1,544,748	-
Receivables:				
Property taxes	3,778,202	768,679	4,546,881	399,030
Other taxes	80,120	-	80,120	-
Customers	126,225	318	126,543	-
Other	192,933	28,361	221,294	-
Interest	7,292	-	7,292	-
Due from other governmental agencies	957,919	68,842	1,026,761	30,102
Prepaid expenditures	135	-	135	-
Due from other funds	305,607	-	305,607	-
Due from component unit	9,117	-	9,117	-
Restricted assets:				
Cash deposits	244,000	-	244,000	-
Inventory	-	48,684	48,684	-
 Total Assets	 <u>\$ 10,835,162</u>	 <u>\$ 1,893,617</u>	 <u>\$ 12,728,779</u>	 <u>\$ 649,265</u>
LIABILITIES				
Accounts payable	\$ 261,259	\$ 164,648	\$ 425,907	\$ 5,382
Accrued wages	341,057	12,363	353,420	12,256
Deposits held for others	5,000	-	5,000	-
Due to other funds	-	156,039	156,039	-
Due to primary government	-	-	-	9,117
Accrued compensated absences	12,464	-	12,464	-
Total liabilities	<u>619,780</u>	<u>333,050</u>	<u>952,830</u>	<u>26,755</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable miscellaneous revenue	101,460	51,347	152,807	-
Unavailable grant revenue	-	-	-	27,298
Unavailable property tax revenue	<u>3,778,202</u>	<u>768,679</u>	<u>4,546,881</u>	<u>399,030</u>
Total deferred inflows of resources	<u>3,879,662</u>	<u>820,026</u>	<u>4,699,688</u>	<u>426,328</u>

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
April 30, 2020

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Library Fund
FUND BALANCE				
Nonspendable	135	48,684	48,819	-
Restricted for:				
Public safety	11,800	70	11,870	-
Highways and streets	244,000	655,998	899,998	-
Culture and recreation	532,652	15,260	547,912	8,603
Debt service	-	23,939	23,939	-
Capital outlay	31,610	-	31,610	-
Judgment	7,396	-	7,396	-
Social security	20,496	-	20,496	-
Committed for:				
Culture and recreation	-	96,888	96,888	-
Assigned for:				
Highways and streets	152,447	-	152,447	-
Unassigned (deficit)	<u>5,335,184</u>	<u>(100,298)</u>	<u>5,234,886</u>	<u>187,579</u>
Total fund balance	<u>6,335,720</u>	<u>740,541</u>	<u>7,076,261</u>	<u>196,182</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 10,835,162</u>	 <u>\$ 1,893,617</u>	 <u>\$ 12,728,779</u>	 <u>\$ 649,265</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
April 30, 2020

Total fund balance - total governmental funds	\$ 7,076,261
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current resources and, therefore, are not reported in the governmental funds balance sheet. This is the amount by which capital assets of \$42,184,861 exceeded accumulated depreciation of \$21,264,878.	20,919,983
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Certain prepaid expenses reported in the statement of net position are not available as current financial resources and, therefore, are not reported as assets in the governmental funds.	61,098
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Certain receivables reported in the statement of net position are not available as current financial resources and, therefore, are not reported as receivables in the governmental funds.	106,675
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Deferred inflows and outflows of resources related to certain changes in net pension and OPEB liabilities are not yet recognized in pension or OPEB expenses, are not current financial resources and, therefore, are not reported in the funds.							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Deferred outflows of resources</td> <td style="width: 20%; text-align: right;">\$ 7,562,179</td> <td style="width: 20%;"></td> </tr> <tr> <td>Deferred inflows of resources</td> <td style="text-align: right;"><u>(5,602,068)</u></td> <td style="text-align: right; vertical-align: bottom;">1,960,111</td> </tr> </table>	Deferred outflows of resources	\$ 7,562,179		Deferred inflows of resources	<u>(5,602,068)</u>	1,960,111	
Deferred outflows of resources	\$ 7,562,179						
Deferred inflows of resources	<u>(5,602,068)</u>	1,960,111					

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(23,510)
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Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position:							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Current assets</td> <td style="width: 20%; text-align: right;">\$ 228,133</td> <td style="width: 20%;"></td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;"><u>(269,889)</u></td> <td style="text-align: right; vertical-align: bottom;">(41,756)</td> </tr> </table>	Current assets	\$ 228,133		Current liabilities	<u>(269,889)</u>	(41,756)	
Current assets	\$ 228,133						
Current liabilities	<u>(269,889)</u>	(41,756)					

The net pension asset (liability) is the difference between the total pension liability and fiduciary net position of the plan and is not due and payable in the current period and, therefore, is not reported in the funds.							
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net pension asset</td> <td style="width: 20%; text-align: right;">\$ 32,960</td> <td style="width: 20%;"></td> </tr> <tr> <td>Net pension liability</td> <td style="text-align: right;"><u>(48,620,649)</u></td> <td style="text-align: right; vertical-align: bottom;">(48,587,689)</td> </tr> </table>	Net pension asset	\$ 32,960		Net pension liability	<u>(48,620,649)</u>	(48,587,689)	
Net pension asset	\$ 32,960						
Net pension liability	<u>(48,620,649)</u>	(48,587,689)					

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued)
April 30, 2020

Long term liabilities are not due and payable in the current period
and, therefore, they are not reported in the governmental funds balance sheet.

Accrued compensated absences	\$ (1,806,496)	
Net OPEB liability	(2,418,543)	
Deferred amount on refunding	(36,134)	
Due within one year	(642,419)	
Due in more than one year	<u>(2,542,229)</u>	<u>(7,445,821)</u>

Net Position (Deficit) of Governmental Activities	<u>\$ (25,974,648)</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE COMPONENT UNIT BALANCE
SHEET TO THE STATEMENT OF NET POSITION
April 30, 2020

Total fund balance - component unit	\$ 196,182
Amounts reported for the component unit in the statement of net position are different because:	
Capital assets used in governmental activities are not current resources and, therefore, are not reported in the governmental funds balance sheet. This is the amount by which capital assets of \$1,313,748 exceeded accumulated depreciation of \$454,981.	858,767
Long term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	
Accrued compensated absences	\$ (11,489)
Net OPEB liability	(35,599)
Due within one year	(31,568)
Due in more than one year	<u>(138,151)</u>
	(216,807)
Internal service funds are used by the primary government to charge the costs of various activities internally to individual funds. The Library's share of the assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.	(3,946)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(242)
Certain prepaid expenses reported in the statement of net position are not available as current financial resources and, therefore, are not reported as assets in the governmental funds.	8,963
Deferred outflows of resources related to certain changes in OPEB liability are not yet recognized in OPEB expense, are not current financial resources and, therefore, are not reported in the funds.	4,354
Certain deferred inflows of resources reported in the governmental funds are not available as current financial resources and, therefore, are not reported in the funds.	<u>27,298</u>
Net Position of Component Unit	<u>\$ 874,569</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2020

	General	Non-Major	Total	Component
	Fund	Governmental	Governmental	Unit
		Funds	Funds	Library
				Fund
Revenues:				
Property taxes	\$ 3,686,602	\$ 939,598	\$ 4,626,200	\$ 390,723
Mobile home privilege tax	5,147	1,075	6,222	559
Replacement income tax	238,429	-	238,429	20,548
Tourism tax	51,940	-	51,940	-
Utility tax	707,427	-	707,427	-
Fines, parking system fees, and charge for services	226,929	-	226,929	7,362
Municipal retailers' occupation tax	3,239,297	-	3,239,297	-
Illinois income tax	2,148,531	-	2,148,531	-
Use tax	764,176	-	764,176	-
Cannabis use tax	4,603	-	4,603	-
Ambulance revenue	1,526,346	-	1,526,346	-
Other governmental agencies	1,123,994	805,859	1,929,853	27,298
Rental income	37,187	-	37,187	2,211
Licenses, permits and fees	417,889	360,009	777,898	4,529
Interest income	76,864	3,008	79,872	2,472
Private donations and contributions	281,032	25,747	306,779	11,271
Net increase (decrease) in fair value of investments	20,466	735	21,201	-
Miscellaneous income	<u>107,542</u>	<u>40,729</u>	<u>148,271</u>	<u>11,935</u>
Total revenues	<u>14,664,401</u>	<u>2,176,760</u>	<u>16,841,161</u>	<u>478,908</u>
Expenditures:				
General government	2,864,476	-	2,864,476	-
Public safety	9,356,752	1,572	9,358,324	-
Highways and streets	816,162	248,678	1,064,840	-
Health and welfare	61,847	-	61,847	-
Culture and recreation	93,759	598,327	692,086	422,486
Urban development and housing	422,550	-	422,550	-
Economic development and assistance	-	91,368	91,368	-
Debt service:				
Principal	111,423	630,000	741,423	30,691
Interest	6,790	75,904	82,694	4,753
Capital outlay	<u>1,117,021</u>	<u>323,251</u>	<u>1,440,272</u>	<u>-</u>
Total expenditures	<u>14,850,780</u>	<u>1,969,100</u>	<u>16,819,880</u>	<u>457,930</u>
Excess of revenues over (under) expenditures	<u>(186,379)</u>	<u>207,660</u>	<u>21,281</u>	<u>20,978</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Continued)
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2020

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Library Fund
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	1,955	-	1,955	-
Loan proceeds	226,500	-	226,500	-
Transfers in	109,400	154,650	264,050	-
Transfers out	<u>(154,650)</u>	<u>(75,000)</u>	<u>(229,650)</u>	<u>-</u>
Total other financing sources (uses)	<u>183,205</u>	<u>79,650</u>	<u>262,855</u>	<u>-</u>
Net change in fund balance	(3,174)	287,310	284,136	20,978
Fund balance, beginning of year	<u>6,338,894</u>	<u>453,231</u>	<u>6,792,125</u>	<u>175,204</u>
Fund Balance, End of Year	<u>\$ 6,335,720</u>	<u>\$ 740,541</u>	<u>\$ 7,076,261</u>	<u>\$ 196,182</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2020

Net change in governmental fund balance	\$ 284,136
Amounts reported for the governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,440,272
Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(1,409,876)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position:	
This is the value of trade-ins of capital assets that increased net position.	33,500
This is the amount of contributions of capital assets that increased net position.	12,000
This is the net book value of capital asset transferred from Business-Type Fund.	138,829
Deferred outflows of resources related to certain changes in the net pension liability are not yet recognized in pension expense, are not current financial resources and, therefore, are not reported in the funds.	(3,089,168)
Deferred outflows of resources related to certain changes in OPEB liability are not yet recognized in OPEB expense, are not current financial resources and, therefore, are not reported in the funds.	271,565
Deferred inflows of resources related to certain changes in the net pension liability are not yet recognized in pension expense, are not current financial resources and, therefore, are not reported in the funds.	(78,713)
The issuance of long-term debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position.	(226,500)
Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net change of certain activities of the internal service fund is reported with governmental activities.	192,030

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES (Continued)
For the Year Ended April 30, 2020

Certain prepaid expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(5,038)
Bond premiums are reported as income in the governmental funds, but these are capitalized and amortized in the statement of activities.	18,549
Certain revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenues in the governmental funds.	17,058
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as an expenditure in the governmental funds.	
Change in accrued compensated absences	(187,380)
Change in net OPEB liability	(278,298)
The change in the net pension (asset) liability does not require the use of current financial resources and, therefore, is not reported as expenditures in the funds.	
Net pension asset	\$ (715)
Net pension liability	<u>557,347</u>
	556,632
Principal paid on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments.	741,423
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>4,513</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,564,466)</u></u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE COMPONENT UNIT
TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2020

Net change in component unit fund balance	\$ 20,978
Amounts reported for the component unit in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(17,179)
The change in deferred outflows of resources does not require the use of current financial resources and, therefore, is not reported in the governmental funds.	4,018
The repayment of principal of long-term debt consumes current financial resources of governmental funds. However, the repayment has no effect on change in net position on the statement of activities.	30,691
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds.	
Change in accrued compensated absences	(840)
Change in net OPEB liability	(5,879)
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	41
Internal service funds are used by the primary government to charge the costs of various activities internally to individual funds. The net change of certain activities of internal service funds is reported with the discretely presented component unit.	7,527
Certain prepaid expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>597</u>
Change in Net Position of Component Unit	<u>\$ 39,954</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
General Fund:				
Revenues:				
Property taxes	\$ 960,050	\$ 960,050	\$ 958,438	\$ (1,612)
Mobile home privilege tax	2,650	2,650	1,173	(1,477)
Replacement income tax	37,800	37,800	40,263	2,463
Tourism tax	62,000	62,000	51,940	(10,060)
Utility tax	773,980	773,980	707,427	(66,553)
Fines, parking system fees, and charges for services	261,400	261,400	226,929	(34,471)
Municipal retailers' occupation tax	3,222,982	3,222,982	3,239,297	16,315
Illinois income tax	2,200,179	2,200,179	2,148,531	(51,648)
Use tax	692,265	692,265	764,176	71,911
Cannabis excise tax	-	-	4,603	4,603
Ambulance revenue	1,385,008	1,385,008	1,526,346	141,338
Other governmental agencies	2,226,632	2,226,632	1,123,994	(1,102,638)
Rental income	36,086	36,086	37,187	1,101
Licenses, permits and fees	373,940	373,940	417,889	43,949
Interest income	60,000	60,000	76,864	16,864
Private donations and contributions	414,800	414,800	281,032	(133,768)
Net increase (decrease) in fair value of investments	-	-	20,466	20,466
Miscellaneous income	17,991	17,991	107,542	89,551
Total revenues	<u>12,727,763</u>	<u>12,727,763</u>	<u>11,734,097</u>	<u>(993,666)</u>
Expenditures:				
General Government:				
Administration, boards and city manager	441,655	441,655	417,467	24,188
City clerk	111,140	111,140	106,781	4,359
Comptroller's office	163,826	163,826	158,947	4,879
City attorney's office	120,886	120,886	130,813	(9,927)
Information services	132,606	132,606	110,645	21,961
Engineering department	691,100	691,100	263,964	427,136
Contingencies	105,344	105,344	9,169	96,175
Parks and maintenance department	554,364	554,364	548,372	5,992
Judgment	532,126	532,126	493,856	38,270
Human resources	113,125	113,125	115,383	(2,258)
Employee benefits	481,500	481,500	509,079	(27,579)
	<u>3,447,672</u>	<u>3,447,672</u>	<u>2,864,476</u>	<u>583,196</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Public Safety:				
Police protection	3,233,780	3,233,780	3,142,526	91,254
Fire protection	<u>3,620,461</u>	<u>3,620,461</u>	<u>3,283,922</u>	<u>336,539</u>
	<u>6,854,241</u>	<u>6,854,241</u>	<u>6,426,448</u>	<u>427,793</u>
Highways and Streets:				
Street department	1,547,256	1,547,256	613,098	934,158
City garage	71,651	71,651	72,393	(742)
Street lighting	<u>140,000</u>	<u>140,000</u>	<u>130,671</u>	<u>9,329</u>
	<u>1,758,907</u>	<u>1,758,907</u>	<u>816,162</u>	<u>942,745</u>
Health and Welfare:				
Public service	<u>73,848</u>	<u>73,848</u>	<u>61,847</u>	<u>12,001</u>
Culture and Recreation:				
Tourism	<u>132,575</u>	<u>132,575</u>	<u>93,707</u>	<u>38,868</u>
Urban Redevelopment and Housing:				
Building and development services	413,498	413,498	398,337	15,161
Rehabilitation and community development assistance program	<u>262,428</u>	<u>262,428</u>	<u>24,213</u>	<u>238,215</u>
	<u>675,926</u>	<u>675,926</u>	<u>422,550</u>	<u>253,376</u>
Debt Service:				
Principal	110,676	110,676	111,423	(747)
Interest	<u>7,300</u>	<u>7,300</u>	<u>6,790</u>	<u>510</u>
	<u>117,976</u>	<u>117,976</u>	<u>118,213</u>	<u>(237)</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>1,117,021</u>	<u>(1,117,021)</u>
Total expenditures	<u>13,061,145</u>	<u>13,061,145</u>	<u>11,920,424</u>	<u>1,140,721</u>
Excess of revenues over (under) expenditures	<u>(333,382)</u>	<u>(333,382)</u>	<u>(186,327)</u>	<u>147,055</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	4,000	4,000	1,955	(2,045)
Loan proceeds	220,000	220,000	226,500	6,500
Transfers in	264,282	264,282	109,400	(154,882)
Transfers out	<u>(154,900)</u>	<u>(154,900)</u>	<u>(154,650)</u>	<u>250</u>
Total other financing sources (uses)	<u>333,382</u>	<u>333,382</u>	<u>183,205</u>	<u>(150,177)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>(3,122)</u>	<u>(3,122)</u>
Pensions Tax Levy Fund:				
Revenues:				
Property taxes	2,732,281	2,732,281	2,728,164	(4,117)
Mobile home privilege tax	-	-	3,974	3,974
Replacement income tax	<u>147,676</u>	<u>147,676</u>	<u>198,166</u>	<u>50,490</u>
Total revenues	<u>2,879,957</u>	<u>2,879,957</u>	<u>2,930,304</u>	<u>50,347</u>
Expenditures:				
Public Safety	<u>2,879,957</u>	<u>2,879,957</u>	<u>2,930,304</u>	<u>(50,347)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tourism and Special Events Fund:				
Revenues:				
Donations and contributions	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>
Expenditures:				
Culture and Recreation:				
Commodities	<u>926</u>	<u>926</u>	<u>52</u>	<u>874</u>
Excess of revenues over (under) expenditures	<u>(876)</u>	<u>(876)</u>	<u>(52)</u>	<u>824</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Net change in fund balance	<u>\$ (876)</u>	<u>\$ (876)</u>	(3,174)	<u>\$ (2,298)</u>
Fund balance, beginning of year			<u>6,338,894</u>	
Fund Balance, End of Year			<u><u>\$ 6,335,720</u></u>	

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2020

	Water and Sewer Fund	Internal Service Fund
	<u>Fund</u>	<u>Fund</u>
ASSETS		
Current assets:		
Cash deposits	\$ 3,111,318	\$ 203,176
Investments	365,926	-
Receivables:		
Customer	553,880	-
Interest receivable	2,746	-
Due from other governmental agencies	99,654	-
Prepaid expenses	28,957	11,063
Inventory	266,604	-
Restricted assets:		
Cash deposits	<u>272,063</u>	<u>-</u>
Total current assets	<u>4,701,148</u>	<u>214,239</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>31,705,549</u>	<u>-</u>
Total assets	<u>36,406,697</u>	<u>214,239</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	383,400	-
Deferred OPEB	<u>26,313</u>	<u>-</u>
Total deferred outflows of resources	<u>409,713</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	145,198	63,688
Claims payable	-	203,653
Accrued wages	84,804	-
Accrued interest	20,359	-
Due to other funds	149,568	-
Deferred revenue	-	2,548
Bonds payable	600,000	-
Notes payable	<u>596,700</u>	<u>-</u>
Total current liabilities	<u>1,596,629</u>	<u>269,889</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
April 30, 2020

	Water and Sewer Fund	Internal Service Fund
Noncurrent liabilities:		
Accrued compensated absences	201,721	-
Net OPEB liability	215,151	-
Net pension liability	1,020,280	-
Unamortized bond premium	44,336	-
Bonds payable	1,265,000	-
Notes payable	<u>3,290,417</u>	<u>-</u>
Total noncurrent liabilities	<u>6,036,905</u>	<u>-</u>
 Total liabilities	 <u>7,633,534</u>	 <u>269,889</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	<u>806,976</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	25,899,160	-
Debt service	250,000	-
Unrestricted (deficit)	<u>2,226,740</u>	<u>(55,650)</u>
 Total Net Position (Deficit)	 <u>\$ 28,375,900</u>	 <u>\$ (55,650)</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF ENTERPRISE FUND STATEMENT OF NET
POSITION TO THE STATEMENT OF NET POSITION
April 30, 2020

Total enterprise fund net position	\$ 28,375,900
Amounts reported for enterprise activities in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. The enterprise fund's share of assets and liabilities of the internal service fund is included in business-type activities in the statement of net position.	
	<u>(9,948)</u>
Net Position of Business-Type Activities	<u>\$ 28,365,952</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2020

	Water and Sewer Fund	Internal Service Fund
Operating Revenues:		
Water and sewer utility	\$ 5,730,674	\$ -
Charges for services	-	1,534,927
Other	<u>38,566</u>	<u>-</u>
Total operating revenues	<u>5,769,240</u>	<u>1,534,927</u>
Operating Expenses:		
Personnel services	2,343,804	-
Commodities	449,113	-
Contractual services	918,104	347,411
Non-capitalized capital outlay	165,352	-
Depreciation	1,344,191	-
Claims expenses	<u>-</u>	<u>940,719</u>
Total operating expenses	<u>5,220,564</u>	<u>1,288,130</u>
Net operating income (loss)	<u>548,676</u>	<u>246,797</u>
Non-Operating Revenues (Expenses):		
Grant income	111,907	-
Donations	98,931	-
Interest income	52,521	-
Net increase (decrease) in fair value of investments	6,659	-
Transfer of capital assets	(138,829)	-
Interest expense	(73,444)	-
Amortization	<u>13,907</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>71,652</u>	<u>-</u>
Net income (loss) before contributions, extraordinary items, and transfers	<u>620,328</u>	<u>246,797</u>
Contributions, Extraordinary Items, and Transfers:		
Transfers out	<u>(34,400)</u>	<u>-</u>
Change in net position	585,928	246,797
Net position (deficit), beginning of year	<u>27,789,972</u>	<u>(302,447)</u>
Net Position (Deficit), End of Year	<u>\$ 28,375,900</u>	<u>\$ (55,650)</u>

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

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF ENTERPRISE FUND STATEMENT OF REVENUES,
EXPENSES AND CHANGE IN NET POSITION TO THE STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2020

Net change in net position of enterprise fund	\$ 585,928
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Amounts reported for enterprise activities in
the statement of activities are different because:

Internal service funds are used by management to charge the costs of various activities internally to individual funds. The net change of certain activities of internal service funds is reported with business-type activities.	<u>47,240</u>
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Change in Net Position of Business-Type Activities	<u>\$ 633,168</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2020

	Water and Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 5,654,692	\$ 416,758
Interfund services provided	-	1,115,280
Payments to suppliers	(1,544,647)	(347,551)
Payments to employees	(2,169,036)	-
Payments to claimants	<u>-</u>	<u>(781,789)</u>
Net cash provided (used) by operating activities	<u>1,941,009</u>	<u>402,698</u>
Cash Flows from Noncapital Financing Activities:		
Transfers in (out)	(34,400)	-
Loan from (to) other funds	<u>62,719</u>	<u>(245,000)</u>
Net cash provided (used) by noncapital financing activities	<u>28,319</u>	<u>(245,000)</u>
Cash Flows from Capital and Related Financing Activities:		
Contributions	98,931	-
Grant income	111,907	-
Transfers in (out)	(138,829)	-
Purchases of capital assets	(472,002)	-
Principal paid on capital debt	(1,184,397)	-
Interest paid on capital debt	<u>(79,538)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(1,663,928)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	25,000	-
Interest income	<u>62,696</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>87,696</u>	<u>-</u>
Net increase (decrease) in cash and cash deposits	393,096	157,698
Cash and cash deposits, beginning of year	<u>2,990,285</u>	<u>45,478</u>
Cash and Cash Deposits, End of Year	<u>\$ 3,383,381</u>	<u>\$ 203,176</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Year Ended April 30, 2020

	Water and Sewer Fund	Internal Service Fund
	<u>Fund</u>	<u>Fund</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 548,676	\$ 246,797
Noncash items included in operating income:		
Depreciation	1,344,191	-
Net (increase) decrease in:		
Customer receivables	(14,894)	2,564
Due from other governmental agencies	(99,654)	-
Prepaid expenses	1,016	(140)
Inventory	18,694	-
Deferred pensions	1,681,036	-
Deferred OPEB	(24,100)	-
Net increase (decrease) in:		
Accounts payable	(31,788)	33,169
Claims payable	-	123,197
Accrued wages	7,558	-
Deferred revenue	-	(2,889)
Accrued compensated absences	9,987	-
Net OPEB liability	19,637	-
Net pension liability	(1,229,725)	-
Deferred pensions	(289,625)	-
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,941,009</u>	<u>\$ 402,698</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
April 30, 2020

	Pension Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 348,608	\$ 360,004
Receivables:		
Accounts receivable	-	1,814
Interest	61,785	-
Due from primary government	27,470	-
Total receivables	<u>89,255</u>	<u>1,814</u>
Prepaid expenses	<u>-</u>	<u>512</u>
Investments, at fair value:		
Federal government obligations	4,469,560	-
Mutual funds	17,272,613	4,528
Corporate bonds	3,851,573	-
Certificates of deposit	955,356	-
Total investments	<u>26,549,102</u>	<u>4,528</u>
Total assets	<u>26,986,965</u>	<u>366,858</u>
LIABILITIES		
Accounts payable	8,417	40,651
Due to others	-	126,475
Due to affiliate organizations	-	199,732
Total liabilities	<u>8,417</u>	<u>366,858</u>
NET POSITION		
Held in Trust for Pension Benefits	<u>\$ 26,978,548</u>	<u>\$ -</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended April 30, 2020

	Pension Trust Funds
Additions:	
Contributions:	
Employer	\$ 2,930,304
Plan members	<u>437,852</u>
Total contributions	<u>3,368,156</u>
Investment income:	
Net appreciation (depreciation) in fair value of investments	(652,321)
Interest	273,541
Dividends and capital gain distributions	<u>463,696</u>
	84,916
Less investment expense	<u>(52,624)</u>
Net investment income	<u>32,292</u>
Other additions	<u>795</u>
Total additions	<u>3,401,243</u>
Deductions:	
Benefits	3,456,214
Refunds of contributions	2,058
Administration expenses	<u>82,795</u>
Total deductions	<u>3,541,067</u>
Change in net position	(139,824)
Net position, beginning of year	<u>27,118,372</u>
Net Position, End of Year	<u>\$ 26,978,548</u>

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Charleston, Illinois, conform to accounting principles generally accepted in the United States of America as applicable to governments.

The following is a summary of the more significant policies:

- a) Financial Reporting Entity – The City is governed by a mayor and four commissioners elected at large. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City, as distinct from legal relationships.

The following organization is a discretely presented component unit of the City:

Library Fund – The City Commissioners appoint the Carnegie Public Library Board and approve the tax levy for the Library Fund. In addition, the payroll of the Library is included with the City's payroll in reporting to various federal and state agencies. A report may be obtained by writing to Carnegie Public Library, 712 6th Street, Charleston, Illinois 61920.

- b) Basis of Presentation – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service and internal service funds are classified as governmental activities while the City's enterprise funds are classified as business-type activities. The City's fiduciary funds are not incorporated into the government-wide statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government.

Government-Wide Financial Statements:

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

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements:

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

Governmental Funds:

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

General Fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund. The Pension Tax Levy Fund, which was previously reported as a major special revenue fund, is now combined with the General Fund for financial reporting purposes.

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

Debt Service Fund is used to account for the accumulation of resources and the payment of general long-term debt not financed by a specific source.

Proprietary Funds:

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

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

Water and Sewer Fund is used to account for the operations of the City's utility garage, utility department, water treatment plant, and waste water treatment plant.

Internal Service Fund:

Internal service funds are used to finance and account for services and commodities provided by designated departments or agencies of the City. The following internal service fund is used by the City:

Self-Health Insurance Fund is used to account for the premiums and medical claims of all covered City employees and their dependents and Library employees.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Fiduciary Funds:

Fiduciary fund types are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary funds include pension trust and agency funds.

Pension Trust Funds are used to account for the accumulation of resources needed to pay pension costs when due. Resources are member contributions at rates fixed by state statutes and City contributions in the form of an annual property tax levy. The City has two pension trust funds for the Police Pension Fund and the Firefighters' Pension Fund. The measurement focus and basis of accounting of the pension trust funds is similar to proprietary funds.

Agency Funds are used to account for the assets held in a trustee or agency capacity for others and, therefore, are not available to support City programs. Agency funds are purely custodial in nature and do not involve measurement of results of operations. The measurement focus and basis of accounting is similar to proprietary funds. The City has eighteen agency funds, seventeen of which are affiliated with the Playground and Recreation Fund.

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

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. All assets and liabilities, including capital assets and long-term liabilities, are included. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position and cash flows.

The governmental fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Under 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 to be used to pay current liabilities. The City uses the following collection periods for determining availability of revenues: within 60 days for property taxes, 365 days for ambulance revenue, and 120 days for all other revenue sources. Expenditures generally are recorded when a liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due and payable.

The proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. This is the same measurement focus and basis of accounting used on the government-wide financial statements.

- d) Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:
1. A proposed operating budget is submitted to the city council for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

2. Public meetings are conducted to obtain taxpayer comments.
 3. The tax levy ordinance is adopted and filed with the county clerk on or before the last Tuesday in December.
 4. Formal budgetary integration is employed as a management control device during the year for all funds.
 5. The budgets for the governmental funds are adopted substantially on a modified accrual basis of accounting which is consistent with U.S. generally accepted accounting principles (GAAP). All budget comparisons presented in this report are on a GAAP budgetary basis and are compared with actual revenues and expenditures at April 30, 2020. The budget was amended April 21, 2020.
 6. Unused appropriations for all of the annually budgeted funds lapse at the end of each year.
- e) Cash and Cash Equivalents – For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.
 - f) Investments – Investments, including those reported in pension trust funds, are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount which reasonably estimates fair value. The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note B.
 - g) Inventory – Inventory held by the City’s governmental and proprietary fund types is priced at cost (first-in, first-out) which approximates market.
 - h) Capital Assets and Depreciation – Capital assets, which includes property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their fair market value on the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Interest incurred during the construction phase of capital assets of business-type activities is reflected in the capitalized value of the asset constructed. The City had no capitalized interest for the year ended April 30, 2020. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City reports all major general infrastructure assets constructed or acquired in fiscal years ending after April 30, 1980, or that received major renovations, restorations, or improvements during that period.

The City has defined the following initial individual cost thresholds for when an asset should be capitalized and depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Assets	Years	Cost
Land	N/A	\$ 5,000
Buildings, bridges, storm sewers, and water mains	50	50,000
Traffic signals	25	50,000
Streets, curb, gutter and other infrastructure	20	50,000
Sidewalks, bike paths	15	50,000
Swimming pool	25	-
Machinery, equipment, computer equipment and hardware, vehicles	10	5,000
Computer software	3	10,000
Police vehicles	2	5,000

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- i) Prepaid Expenses – Certain payments reflect costs applicable to future accounting periods. For the government-wide and proprietary fund financial statements, the City uses the interperiod allocation method to allocate the expenditure among appropriate periods. For the fund financial statements, the City uses the nonallocation method which permits expenditure recognition in the period of payment and is more consistent with expendable financial resources.
- j) Receivables – Ambulance and adjudication customer receivables are shown net of the allowance for uncollectible accounts of \$625,000 and \$312,895, respectively. The allowance for uncollectible accounts is based on historical collection experience.
- k) Deferred Outflows and Inflows of Resources – The City reports a decrease in net position/fund balance that applies to a future period as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City reports the following deferred outflows of resources: unrecognized items not yet charged to OPEB expense, unrecognized items not yet charged to pension expense, and pension contributions from the City after the measurement date but before the end of the City’s reporting period.

The City reports an increase in net position/fund balance that applies to a future period as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City will not recognize the related revenues until a future event occurs. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available. Accordingly, unavailable miscellaneous revenue and unavailable property taxes are reported in the government-wide statement of net position and the governmental funds balance sheet. The City reports deferred inflows for unrecognized items not yet charged to pension expense and a deferred amount on refunding in the current year.

- l) Interfund Activity – Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables, as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as “internal balances.” Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Operating transfers between funds during the year ended April 30, 2020 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 109,400	\$ 154,650
Other governmental funds	<u>154,650</u>	<u>75,000</u>
Total Governmental Activities	<u>\$ 264,050</u>	<u>\$ 229,650</u>
Business-Type Activities:		
Water and Sewer Fund	<u>\$ -</u>	<u>\$ 34,400</u>

The purposes of interfund transfers are as follows:

The General Fund transferred \$20,000 to the Playground and Recreation Fund to supplement their tax levy and \$134,650 to the Debt Service Fund for principal and interest payments on the Pool bonded debt. The Motor Fuel Tax Fund transferred \$65,000 to the General Fund for the Lake Island project overage. The Drug Traffic Prevention Fund transferred \$10,000 to the General Fund for a police vehicle purchase. The Water and Sewer Fund transferred \$34,400 to the General Fund to cover expenses related to human resources. On the government-wide financial statements only, the business-type activities transferred \$138,829 of internal labor on governmental capital projects.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Activities:		
General Fund	\$ 314,724	\$ -
Other governmental funds	<u>-</u>	<u>156,039</u>
Total Governmental Activities	<u>\$ 314,724</u>	<u>\$ 156,039</u>
Business-Type Activities:		
Water and Sewer Fund	<u>\$ -</u>	<u>\$ 149,568</u>
Component Unit:		
Carnegie Public Library	<u>\$ -</u>	<u>\$ 9,117</u>

The purposes of interfund receivables and payables are as follows:

The General Fund has loaned \$9,117 to the Library Fund for operating expenses from the pooled cash account, \$47,879 to the Motor Fuel Tax Fund for operating expenses from the pooled cash account, \$3,160 to the Drug Traffic Prevention Fund for operating expenses from the pooled cash account, \$149,568 to the Water and Sewer Fund for operating expenses from the pooled cash account, and \$105,000 to the Self-Health Insurance Fund for operating expenses. All loans are expected to be repaid within one year. The internal service fund net position has been charged to various activities resulting in a loan of \$9,948 to the Water and Sewer Fund and \$3,946 to the Library Fund from the Self-Health Insurance Fund.

- m) **Property Taxes** – Property taxes are deferred in the fiscal year for which they are levied and are recorded as revenue in the fiscal year in which they are received. Taxes levied and uncollected are carried as an asset of the appropriate fund.

The City's property tax calendar is as follows:

1. Property is assessed on January 1 each year.
2. The tax levy ordinance was adopted on December 17, 2019 and filed with the county clerk.
3. Property taxes are due to be collected by the County from July through September in two installments in the year following the levy year.

- n) **Accrued Liabilities and Long-Term Obligations** – All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and proprietary fund financial statements. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds.

In the fund financial statements, governmental fund payables and accrued liabilities are reported as obligations of the funds once incurred and is expected to be paid in a timely manner and in full from current financial resources. Bonds, capital leases and long-term notes that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. The face amount of debt issued is reported as other financing sources. Bond premiums received on debt issuances are reported as other financing sources while bond discounts on debt issuances are reported as other financing uses. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- o) **Compensated Absences** – The City permits employees to accumulate unpaid vacation, sick pay and other employee benefit amounts. For proprietary fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned. For governmental fund types, these accumulations which are payable from available financial resources are recorded as a liability in the fund financial statements. These accumulations which will not be liquidated with expendable available financial resources are recorded as long-term liabilities in the government-wide financial statements only.
- p) **Operating Revenues and Expenses** – Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services in connection with proprietary funds' principal operations. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.
- q) **Net Position** – Net position on the government-wide and proprietary fund financial statements is divided into three components:
 - 1. **Net investment in capital assets** – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
 - 2. **Restricted** – consists of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by both federal and state grantors and by other contributors.
 - 3. **Unrestricted** – all other net position is reported in this category.
- r) **Fund Balance** – The following classifications describe the constraints placed on the purposes for which resources can be used:
 - 1. **Nonspendable fund balance** – consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
 - 2. **Restricted fund balance** – consists of amounts that are subject to outside restrictions, such as those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
 - 3. **Committed fund balance** – consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the City Council). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.
 - 4. **Assigned fund balance** – consists of amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. The intent can be expressed by the City Council or by an official or body which the Council delegates authority.
 - 5. **Unassigned fund balance** – consists of amounts available for any purpose and positive amounts are reported only in the General Fund.

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- s) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- t) Recently Issued and Adopted Accounting Pronouncements – In 2020, the City followed Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. This statement postpones the effective dates for certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The City of Charleston decided not to implement any postponed provisions of the GASB Statements prior to their adjusted effective dates.

In 2021, the City will implement Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

NOTE B - CASH DEPOSITS AND INVESTMENTS

The City maintains a cash pool that is available for use by all funds, except for the Firefighters' Pension Fund and Police Pension Fund. Each fund type's portion of this pool is displayed on the combined balance sheet as cash deposits. In addition, cash deposits and investments are separately held by several of the City's funds. The City is allowed to invest in securities as authorized by 30ILCS 235/2 and 235/6.

At April 30, 2020, the City had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Governmental Activities:		
Certificates of Deposit	\$ 1,507,504	1.15
Illinois Metropolitan Investment Fund	<u>37,244</u>	n/a
Total Investments	<u>\$ 1,544,748</u>	
Business-Type Activities:		
Certificates of Deposit	<u>\$ 365,926</u>	1.59
Fiduciary Pension Trust Funds:		
Firefighters' Pension Fund:		
U.S. Government and Primary Obligation Agencies	\$ 2,533,104	
U.S. Government Implied Obligation Agencies	<u>373,582</u>	
Subtotal, U.S. Government and its Agencies	2,906,686	7.95
Mutual Funds	8,434,376	n/a
Corporate Bonds	<u>2,104,273</u>	9.38
Total Investments	<u>\$ 13,445,335</u>	

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Police Pension Fund:		
U.S. Government and Primary Obligation Agencies	\$ 514,274	
U.S. Government Implied Obligation Agencies	<u>1,048,600</u>	
Subtotal, U.S. Government and its Agencies	1,562,874	15.63
Mutual Funds	8,838,237	n/a
Corporate Bonds	1,747,300	10.73
Certificates of Deposit	<u>955,356</u>	3.42
 Total Investments	 <u>\$ 13,103,767</u>	
 Agency Funds:		
Illinois Metropolitan Investment Fund	<u>\$ 4,528</u>	n/a

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. For investments in all funds except fiduciary funds, the City minimizes its exposure to interest rate risk structuring investments to mature to meet cash requirements thereby avoiding the need to sell securities prior to maturity. At April 30, 2020, the City's investments consisted of negotiable certificates of deposit and the Illinois Metropolitan Investment Fund.

In accordance with the Firefighters' and Police Pension Funds investment policies, the Pension Funds investment portfolios will remain sufficiently liquid to enable the pension fund to pay all necessary benefits and meet all operating requirements which might be reasonably anticipated.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Credit quality ratings for obligations of the U.S. government or guaranteed by the U.S. government are not required to be disclosed. The City's negotiable certificates of deposit are not subject to credit risk rating.

At April 30, 2020, the City's investments were rated as follows by Moody's:

Governmental Activities:

Illinois Metropolitan Investment Fund	AAAf/bf
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CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The Firefighters' and Police Pension Funds investment policy states that the Pension Funds investment in contracts and agreements of Life Insurance Companies licensed to do business in the State of Illinois shall be rated at least A+ by A.M. Best Company, Aa rated by Moody's, and AA+ rated by Standard and Poors rating services. Notwithstanding, the portfolio of the general account of the Insurance Company shall not invest more than 10% of the portfolio in real estate and/or more than 10% of the portfolio in bonds with ratings of less than Baa1 by Moody's or BBB+ by Standard and Poors. Credit quality ratings for obligations of the U.S. government or guaranteed by the U.S. government are not required to be disclosed.

Concentration of Credit Risk:

The City's investment policy does not place limitations on the amount that can be invested in any one issuer. The City's cash and negotiable certificates of deposit are not subject to credit risk rating.

It is the policy of the Firefighters' and Police Pension Funds to invest in a manner that seeks to ensure the preservation of capital. The Pension Funds are to consciously diversify the aggregate fund to ensure that adverse or unexpected results will not have an excessively detrimental impact on the entire portfolio.

The Firefighters' Pension Fund has adopted an asset allocation policy as follows:

	<u>Min</u>	<u>Target</u>	<u>Max</u>
Cash	0%	2-10%	10%
Fixed Income	0%	25-50%	50%
Equities	0%	45-70%	70%

The Police Pension Fund has adopted an asset allocation policy as follows:

	<u>Min</u>	<u>Target</u>	<u>Max</u>
Cash	1%	3%	10%
Fixed Income	29%	32%	67%
Equities	32%	60%	75%
Real Estate	0%	5%	10%

Custodial Credit Risk for Deposits:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits in federally insured banks and savings and loans are insured up to \$250,000 for demand deposits and \$250,000 for time deposits. The City's policy requires that all deposits with financial institutions in excess of any insurance limit will be secured by the institution pledging securities with a third party institution in fair value amounts at least to cover uninsured amounts. As of April 30, 2020, of the City's total bank balances (excluding \$1,607,551 of deposits held with the Illinois Funds Money Market Fund), \$600,582 was secured by federal depository insurance and \$6,425,600 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Deposits for the Firefighters' and Police Pension Funds are insured in an amount equal to \$250,000 for the fund plus an amount for each member's beneficial interest in the deposits, limited to an amount equal to \$250,000 divided by the largest beneficial interest percentage of a member. As of April 30, 2020, all cash deposits were adequately insured.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk for Investments:

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no custodial credit risk in that all of its investments are insured.

Foreign Currency Risk:

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

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,407,720	\$ -	\$ -	\$ 1,407,720
Construction in progress	578,689	787,957	(596,813)	769,833
Capital assets being depreciated:				
Building and improvements	13,089,070	-	-	13,089,070
Accumulated depreciation	(3,826,406)	(264,661)	-	(4,091,067)
Building and improvements, net	9,262,664	(264,661)	-	8,998,003
Vehicles, machinery and equipment	8,209,967	836,646	(263,772)	8,782,841
Accumulated depreciation	(6,443,848)	(416,651)	263,772	(6,596,727)
Vehicles, machinery and equipment, net	1,766,119	419,995	-	2,186,114
Infrastructure	17,538,584	596,813	-	18,135,397
Accumulated depreciation	(9,848,518)	(728,566)	-	(10,577,084)
Infrastructure, net	7,690,066	(131,753)	-	7,558,313
Total, Governmental Activities, Net Capital Assets	\$ 20,705,258	\$ 811,538	\$ (596,813)	\$ 20,919,983
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,139,233	\$ 62,219	\$ -	\$ 1,201,452
Construction in progress	78,120	230,451	(246,674)	61,897
Capital assets being depreciated:				
Building and improvements	15,165,981	-	-	15,165,981
Accumulated depreciation	(5,341,343)	(291,742)	-	(5,633,085)
Building and improvements, net	9,824,638	(291,742)	-	9,532,896

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
Vehicles, machinery and equipment	5,126,830	179,332	(3,500)	5,302,662
Accumulated depreciation	<u>(3,610,085)</u>	<u>(265,200)</u>	<u>3,500</u>	<u>(3,871,785)</u>
Vehicles, machinery and equipment, net	<u>1,516,745</u>	<u>(85,868)</u>	<u>-</u>	<u>1,430,877</u>
Infrastructure	38,879,548	246,673	-	39,126,221
Accumulated depreciation	<u>(18,860,545)</u>	<u>(787,249)</u>	<u>-</u>	<u>(19,647,794)</u>
Infrastructure, net	<u>20,019,003</u>	<u>(540,576)</u>	<u>-</u>	<u>19,478,427</u>
Total, Business-Type Activities, Net Capital Assets	<u>\$ 32,577,739</u>	<u>\$ (625,516)</u>	<u>\$ (246,674)</u>	<u>\$ 31,705,549</u>

Component Units:

Governmental Activities:

Capital assets not being depreciated:

Land	<u>\$ 395,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,957</u>
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Capital assets being depreciated:

Building and improvements	804,497	-	-	804,497
Accumulated depreciation	<u>(357,626)</u>	<u>(13,457)</u>	<u>-</u>	<u>(371,083)</u>
Building and improvements, net	<u>446,871</u>	<u>(13,457)</u>	<u>-</u>	<u>433,414</u>

Vehicles, machinery and equipment	113,294	-	-	113,294
Accumulated depreciation	<u>(80,176)</u>	<u>(3,722)</u>	<u>-</u>	<u>(83,898)</u>
Vehicles, machinery and equipment, net	<u>33,118</u>	<u>(3,722)</u>	<u>-</u>	<u>29,396</u>

Total, Governmental Activities, Net Capital Assets	<u>\$ 875,946</u>	<u>\$ (17,179)</u>	<u>\$ -</u>	<u>\$ 858,767</u>
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 313,250
Public safety	306,661
Highways and streets	637,978
Culture and recreation	142,496
Urban development and housing	5,397
Economic development and assistance	<u>4,094</u>

Total Depreciation Expense, Governmental Activities \$1,409,876

Business-Type Activities \$1,344,191

Component Unit - Library \$ 17,179

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The City has the following construction in progress at April 30, 2020:

<u>Project</u>	<u>Expenses</u>	<u>Estimated Cost</u>	<u>Estimated Completion Date</u>
Governmental Activities:			
Lake Island Tract Lighting Improvements	\$ 25,178	\$ 30,904	April 2021
Bike Trail Improvements	41,861	54,614	July 2020
Surveillance System	15,660	5,270	April 2021
Dam A Project	338,021	485,400	April 2021
Lincoln Avenue	28,985	411,000	April 2021
Police Department Renovation	302,128	120,000	July 2020
12 th Street Drainage	<u>18,000</u>	40,000	Unknown
	<u>\$ 769,833</u>		
Business-Type Activities:			
Wastewater Treatment Plant Nutrient Removal	<u>\$ 61,897</u>	1,000,000	April 2022

NOTE D - DEFINED BENEFIT PENSION PLANS

Plan Description – The City’s defined benefit pension plans provide retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plans are 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. 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.

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:

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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

Net Pension Liability – The City’s net pension liability was measured as of December 31, 2019. 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, 2019:

Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value of Assets
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%
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 2017 valuation according to an experience study of the period 2014-2016.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP 2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
Total	100%	

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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 the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Additional information for each plan follows:

a) Illinois Municipal Retirement Fund – Regular (All Other Employees)

Employees Covered by Benefit Terms – As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	110
Inactive plan members entitled to but not yet receiving benefits	38
Active plan members	<u>79</u>
Total	<u><u>227</u></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 was 10.42% and 13.39% for calendar year 2019 and 2020, respectively. For the fiscal year ended April 30, 2020, the City contributed \$458,156 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) – (B)
Changes in the Net Pension Liability:			
Balances at December 31, 2018	\$ 32,696,676	\$ 27,447,056	\$ 5,249,620
Changes for the year:			
Service cost	377,192	-	377,192
Interest on the total pension liability	2,311,826	-	2,311,826
Differences between expected and actual experience of the total pension liability	47,731	-	47,731
Changes of assumptions	-	-	-
Contributions – employer	-	406,324	(406,324)
Contributions – employees	-	189,838	(189,838)
Net investment income	-	5,352,130	(5,352,130)
Benefit payments, including refunds of employee contributions	(1,996,032)	(1,996,032)	-
Other (net transfer)	-	(270,340)	270,340
Net changes	<u>740,717</u>	<u>3,681,920</u>	<u>(2,941,203)</u>
Balances at December 31, 2019	<u>\$ 33,437,393</u>	<u>\$ 31,128,976</u>	<u>\$ 2,308,417</u>

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:

	1% Lower 6.25%	Current 7.25%	1% Higher 8.25%
Net Pension Liability (Asset)	\$ 6,334,684	\$ 2,308,417	\$ (1,037,944)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2020, the City recognized pension expense of \$733,424. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to Pensions:		
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences between expected and actual experience	\$ 251,431	\$ 73,635
Changes of assumptions	442,794	286,327
Net difference between projected and actual earnings on pension plan investments	-	1,465,847
Total deferred amounts to be recognized in pension expense in future periods	<u>694,225</u>	<u>1,825,809</u>
Pension contributions made subsequent to the measurement date	<u>173,230</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 867,455</u>	<u>\$ 1,825,809</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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 April 30</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ (420,435)
2022	(181,870)
2023	154,038
2024	(683,317)
2025	<u>-</u>
Total	<u>\$ (1,131,584)</u>

b) Illinois Municipal Retirement Fund – Sheriff’s Law Enforcement Personnel

Employees Covered by Benefit Terms – As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>-</u>
Total	<u><u>2</u></u>

Contributions – As set by statute, the City’s SLEP Plan Members are required to contribute 7.5% 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 was 12.78% and 14.04% for calendar year 2019 and 2020, respectively. For the fiscal year ended April 30, 2020, the City contributed \$0 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	Total Pension Liability (Asset) (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Changes in the Net Pension (Asset):			
Balances at December 31, 2018	\$ 23,099	\$ 56,774	\$ (33,675)
Changes for the year:			
Interest on the total pension liability	1,645	-	1,645
Differences between expected and actual experience of the total pension liability	9,204	-	9,204
Changes of assumptions	-	-	-
Net investment income	-	9,596	(9,596)
Benefit payments, including refunds of employee contributions	(810)	(810)	-
Other (net transfer)	-	538	(538)
Net changes	<u>10,039</u>	<u>9,324</u>	<u>715</u>
Balances at December 31, 2019	<u>\$ 33,138</u>	<u>\$ 66,098</u>	<u>\$ (32,960)</u>

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:

	1% Lower 6.25%	Current 7.25%	1% Higher 8.25%
Net Pension Liability (Asset)	\$ (29,497)	\$ (32,960)	\$ (35,895)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2020, the City recognized pension expense (income) of \$6,331. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to Pensions:		
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 earnings on pension plan investments	-	1,885
Total deferred amounts to be recognized in pension expense in future periods	-	1,885
Pension contributions made subsequent to the measurement date	-	-
Total Deferred Amounts Related to Pensions	<u>\$ -</u>	<u>\$ 1,885</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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 April 30</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ (568)
2022	(617)
2023	398
2024	(1,098)
2025	<u>-</u>
Total	<u>\$ (1,885)</u>

c) Illinois Municipal Retirement Fund – Elected County Officials

Employees Covered by Benefit Terms – As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>-</u>
Total	<u><u>-</u></u>

Contributions – As set by statute, the City’s ECO 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 was 0% and 0% for calendar year 2019 and 2020, respectively. For the fiscal year ended April 30, 2020, the City contributed \$0 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, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	Total Pension Liability (Asset) (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Changes in the Net Pension (Asset):			
Balances at December 31, 2018	\$ -	\$ -	\$ -
Changes for the year:			
Interest on the total pension liability	-	-	-
Differences between expected and actual experience of the total pension liability	-	-	-
Net investment income	-	-	-
Other (net transfer)	-	-	-
Net changes	-	-	-
Balances at December 31, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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:

	1% Lower 6.25%	Current 7.25%	1% Higher 8.25%
Net Pension Liability (Asset)	\$ -	\$ -	\$ -

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2020, the City recognized pension expense of \$700. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to Pensions:		
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 earnings on pension plan investments	-	763
Total deferred amounts to be recognized in pension expense in future periods	-	763
Pension contributions made subsequent to the measurement date	-	-
Total Deferred Amounts Related to Pensions	<u>\$ -</u>	<u>\$ 763</u>

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:

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

<u>Year Ending April 30</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ (763)
2022	-
2023	-
2024	-
2025	-
	<hr/>
Total	\$ <u>(763)</u>

d) Firefighters' Pension Trust Fund

Plan Description:

All eligible City fire and ambulance personnel are covered by the Firefighters' Pension Trust Fund (the "Fund"), a single-employer defined benefit pension plan sponsored by the City. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4) and may only be amended by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a pension trust fund.

The Fund is governed by a five-member Board of Trustees. Two members of the Board are elected by active fire employees, one member is elected by pension beneficiaries and two members are appointed by the City's Mayor.

Benefits Provided:

The Fund provides retirement benefits as well as death and disability benefits in two tiers depending on when a participant enters a plan. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 1/12 of 2.5% of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least 10 years, but less than 20 years, of credited service may retire at or after age 60 and receive a reduced benefit ranging from 15% of final salary for 10 years of service to 45.6% for 19 years of service. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the increase in the Consumer Price Index of the original pension amount or 3% of the original pension amount. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under age 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

increases occur annually, each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty or otherwise the greater of 54% of final salary or the monthly retirement pension that the deceased firefighter was receiving at the time of death. Surviving children receive 12% of final salary. The maximum family survivor benefit is 75% of final salary. Employees disabled in the line of duty receive 65% of final salary.

Plan Membership:

At April 30, 2020, participation was:

Inactive plan members or beneficiaries currently receiving benefits	38
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>34</u>
 Total	 <u><u>74</u></u>

Contributions:

Covered employees are required by Illinois Compiled Statutes to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Fund, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, Illinois Compiled Statutes requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the fiscal year ended April 30, 2020, the City contributed \$1,499,010 to the plan.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation performed as of May 1, 2019 with a measurement date of April 30, 2020 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2019
Actuarial Cost Method	Entry-age normal (level %)
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount rate used for the total pension liability	6.75%
Long term expected rate of return on plan assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.56%
Projected individual salary increases	3.75%-18.06%
Projected increase in total payroll	3.25%
Consumer price index (urban)	2.25%
Inflation	2.25%
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Appropriate
Retirement	L&A 2020 IL Firefighters Retirement Rates (Capped at age 65)
Disability	L&A 2020 IL Firefighters Disability Rates Active Members: 80%
Termination	L&A 2020 IL Firefighters Termination Rates
Marital Assumptions	Actual Spousal Data

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Some assumptions were changed from the prior year. The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.79% to 2.56%. The underlying index used is The Bond Buyer 20-Bond G.O. Index and is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The discount rate used in the determination of the Total Pension Liability was changed from 6.41% to 6.75%. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate impacts the blended discount rate.

After a comprehensive study of Illinois Police and Firefighters' Pension Funds in the State of Illinois and demographic experience, the assumptions for projected individual pay increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates were impacted. In addition, the marital assumption for retiree and disabled members was updated to the actual spousal data. The assumption changes were made to better reflect the future anticipated experience of the plan.

Investment Policy:

The deposits and investments of the Fund are held separately from those of the City and are under the control of the Funds' Board of Trustees. Illinois Compiled Statutes (ILCS) limit the Fund's investments to those allowable by ILCS and require the Funds' Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States, investment grade corporate bonds and Illinois Funds.

The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, investment grade obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity, and corporate debt securities and real estate investment trusts. All bank balances are required to be covered by federal depository insurance. There were no changes made to the investment policy during the year.

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and cash equivalents	2-10%	-
Fixed income	25-50%	(.40)-6.00%
Equities	45-70%	4.90-9.70%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Fund's investments.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocations as of April 30, 2020 are listed in the table above.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Investment Rate of Return:

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -1.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate:

The discount rate used to measure the total pension liability was changed from 6.41% to 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The discount rate is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

The expected rate of return on plan investments is 6.75%, the municipal bond rate is 2.56%, and the resulting single discount rate is 6.75%.

Discount Rate Sensitivity:

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 29,271,506	\$ 23,774,077	\$ 19,318,423

Net Pension Liability of the City:

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) – (B)
Changes in the Net Pension:			
Balances at April 30, 2019	\$ 37,393,734	\$ 13,902,487	\$ 23,491,247
Changes for the year:			
Service cost	658,606	-	658,606
Interest on the total pension liability	2,340,586	-	2,340,586
Actuarial experience	(82,942)	-	(82,942)
Changes of assumptions	(1,215,249)	-	(1,215,249)
Change of benefit terms	120,504	-	120,504
Contributions – employer	-	1,499,010	(1,499,010)
Contributions – member	-	224,001	(224,001)
Contributions – other	-	3,896	(3,896)
Net investment income	-	(166,281)	166,281
Benefit payments, including refunds of member contributions	(1,758,264)	(1,758,264)	-
Administrative expense	-	(21,951)	21,951
Net changes	<u>63,241</u>	<u>(219,589)</u>	<u>282,830</u>
Balances at April 30, 2020	<u>\$ 37,456,975</u>	<u>\$ 13,682,898</u>	<u>\$ 23,774,077</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2020, the City recognized pension expense of \$2,754,655. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts Related to Pensions:		
Deferred Amounts to be Recognized in Pension		
Expense in Future Periods:		
Differences between expected and actual experience	\$ 543,408	\$ 740,248
Changes of assumptions	1,647,457	1,847,239
Net difference between projected and actual earnings on pension plan investments	<u>1,141,531</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>3,332,396</u>	<u>2,587,487</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 3,332,396</u>	<u>\$ 2,587,487</u>

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 April 30</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ 508,297
2022	(30,704)
2023	221,175
2024	363,083
2025	(95,882)
Thereafter	<u>(221,060)</u>
Total	<u>\$ 744,909</u>

e) Police Pension Trust Fund

Plan Description:

Police sworn personnel are covered by the Police Pension Trust Fund (the “Fund”), a single-employer defined benefit pension plan sponsored by the City. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4) and may only be amended by the Illinois legislature. The City accounts for the Police Pension Plan as a pension trust fund.

The Fund is governed by a five-member Board of Trustees. Two members of the Board are elected by active police employees, one member is elected by pension beneficiaries and two members are appointed by the City’s Mayor.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Benefits Provided:

The Fund provides retirement benefits as well as death and disability benefits in two tiers depending on when a participant enters a plan. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least 8 years, but less than 20 years, of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of 1/2 of the increase in the Consumer Price Index of the original pension amount or 3% of the original pension amount. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years of service may retire at or after age 50 and receive a reduced benefit (i.e., 1/2% for each month under age 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty or otherwise the greater of 50% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

Plan Membership:

At April 30, 2020, participation was:

Inactive plan members or beneficiaries currently receiving benefits	35
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>30</u>
Total	<u><u>65</u></u>

Contributions:

Covered employees are required by Illinois Compiled Statutes 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 Fund, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, Illinois Compiled Statutes requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the fiscal year ended April 30, 2020, the City contributed \$1,431,294 to the plan.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions:

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2019 with a measurement date of April 30, 2020 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2019
Actuarial Cost Method	Entry-age normal (level %)
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount rate used for the total pension liability	6.75%
Long term expected rate of return on plan assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.56%
Projected individual salary increases	3.75%-22.27%
Projected increase in total payroll	3.25%
Consumer price index (urban)	2.25%
Inflation	2.25%
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Appropriate
Retirement	L&A 2020 IL Police Retirement Rates (Capped at age 65)
Disability	L&A 2020 IL Police Disability Rates Active Members: 80%
Termination	L&A 2020 IL Police Termination Rates
Marital Assumptions	Actual Spousal Data

Some assumptions were changed from the prior year. The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.79% to 2.56%. The underlying index used is The Bond Buyer 20-Bond G.O. Index and is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The discount rate used in the determination of the Total Pension Liability was changed from 6.24% to 6.75%. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate impacts the blended discount rate.

After a comprehensive study of Illinois Police and Firefighters' Pension Funds in the State of Illinois and demographic experience, the assumptions for projected individual pay increases, inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates were impacted. In addition, the marital assumption for retiree and disabled members was updated to the actual spousal data. The assumption changes were made to better reflect the future anticipated experience of the plan.

Investment Policy:

The deposits and investments of the Fund are held separately from those of the City and are under the control of the Funds' Board of Trustees. Illinois Compiled Statutes (ILCS) limit the Fund's investments to those allowable by ILCS and require the Funds' Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States, investment grade corporate bonds and Illinois Funds.

The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, investment grade obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds, corporate equity, and corporate debt securities and real estate investment trusts. All bank balances are required to be covered by federal depository insurance. There were no significant changes made to the investment policy during the year.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and cash equivalents	3%	(.10%)
Fixed income	32%	0.70-3.20%
Equities	60%	0.50-7.20%
Real estate	5%	4.00%

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. There are no significant investments (other than U.S. Government guaranteed obligations) in any one organization that represent 5.0% or more of the Fund's investments.

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocations as of April 30, 2020 are listed in the table above.

Investment Rate of Return:

For the year ended April 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.88%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate:

The discount rate used to measure the total pension liability was changed from 6.24% to 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The discount rate is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

The expected rate of return on plan investments is 6.75%, the municipal bond rate is 2.56%, and the resulting single discount rate is 6.75%.

Discount Rate Sensitivity:

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 6.75% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability	\$ 29,174,057	\$ 23,558,435	\$ 19,049,262

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Net Pension Liability of the City:

	Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) – (B)
Changes in the Net Pension:			
Balances at April 30, 2019	\$ 35,903,018	\$ 13,215,884	\$ 22,687,134
Changes for the year:			
Service cost	579,314	-	579,314
Interest on the total pension liability	2,187,308	-	2,187,308
Actuarial experience	738,284	-	738,284
Changes of assumptions	(1,011,744)	-	(1,011,744)
Changes of benefit terms	157,915	-	157,915
Contributions – employer	-	1,431,294	(1,431,294)
Contributions – member	-	209,955	(209,955)
Net investment income	-	199,347	(199,347)
Benefit payments, including refunds of member contributions	(1,700,009)	(1,700,009)	-
Administrative expense	-	(60,820)	60,820
Net changes	<u>951,068</u>	<u>79,767</u>	<u>871,301</u>
Balances at April 30, 2020	<u>\$ 36,854,086</u>	<u>\$ 13,295,651</u>	<u>\$ 23,558,435</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2020, the City recognized pension expense of \$2,666,290. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to Pensions:		
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences between expected and actual experience	\$ 1,374,356	\$ 613,332
Changes of assumptions	1,656,802	1,379,768
Net difference between projected and actual earnings on pension plan investments	<u>418,785</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>3,449,943</u>	<u>1,993,100</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 3,449,943</u>	<u>\$ 1,993,100</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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 April 30</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ 398,900
2022	222,406
2023	356,003
2024	357,442
2025	164,168
Thereafter	<u>(42,076)</u>
Total	<u>\$ 1,456,843</u>

f) Aggregate Pension Reporting:

The following aggregate pension information is provided for pension expense by plan:

IMRF – Regular	\$ 733,424
IMRF – Sheriff’s Law Enforcement Personnel	6,331
IMRF – Elected County Officials	700
Firefighters’ Pension Trust Fund	2,754,655
Police Pension Trust Fund	<u>2,666,290</u>
Total	<u>\$ 6,161,400</u>

NOTE E - DEFERRED COMPENSATION AND OTHER RETIREMENT PLANS

- a) The City maintains for its employees a deferred compensation plan under provisions of Internal Revenue Code Section 457. The plan, available to all full-time employees, allows participants to defer a portion of their salary until future years. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City’s creditors. Accordingly, these plan assets are not reported as a part of these financial statements.
- b) The City participates in a Section 401 qualified plan. The City has agreed to provide additional compensation to the City Manager through the Illinois City Managers Association Retirement Fund. The City’s agreement states it will make mandatory contributions to the Illinois City Managers Association Retirement Fund in an amount equal to 7.5% of the employee’s salary. The employee’s interest in the plan’s contributions and earnings are 100% vested at all times. The City made plan contributions of \$10,032 for the year ended April 30, 2020.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE F - LONG-TERM LIABILITIES

a) The following is a summary of the City's long-term liabilities as of April 30, 2020, and transactions for the year then ended:

	Balance May 1, 2019	Additions	Retired	Balance April 30, 2020	Amount Due Within One Year
Governmental Activities:					
Notes payable	\$ 244,571	\$ 226,500	\$ 111,423	\$ 359,648	\$ 122,419
2011B GO Refunding Bonds	130,000	-	130,000	-	-
2012 GO Refunding Bonds	3,325,000	-	500,000	2,825,000	520,000
Compensated absences	<u>1,619,116</u>	<u>187,380</u>	<u>-</u>	<u>1,806,496</u>	<u>-</u>
Total Governmental Activities, Long-Term Liabilities	<u>\$ 5,318,687</u>	<u>\$ 413,880</u>	<u>\$ 741,423</u>	<u>\$ 4,991,144</u>	<u>\$ 642,419</u>
Business-Type Activities:					
Notes payable	\$ 4,486,514	\$ -	\$ 599,397	\$ 3,887,117	\$ 596,700
2011A Alternative Revenue Bonds	2,450,000	-	585,000	1,865,000	600,000
Compensated absences	<u>191,734</u>	<u>9,987</u>	<u>-</u>	<u>201,721</u>	<u>-</u>
Total Business-Type Activities, Long-Term Liabilities	<u>\$ 7,128,248</u>	<u>\$ 9,987</u>	<u>\$ 1,184,397</u>	<u>\$ 5,953,838</u>	<u>\$1,196,700</u>
Component Unit:					
Notes payable	\$ 182,839	\$ -	\$ 26,256	\$ 156,583	\$ 26,874
Capital lease payable	17,571	-	4,435	13,136	4,694
Compensated absences	<u>10,649</u>	<u>840</u>	<u>-</u>	<u>11,489</u>	<u>-</u>
Total Component Unit	<u>\$ 211,059</u>	<u>\$ 840</u>	<u>\$ 30,691</u>	<u>\$ 181,208</u>	<u>\$ 31,568</u>

b) Governmental Activities:

Prairie State Bank & Trust, dated December 27, 2016, due December 27, 2021,
monthly payments of \$4,403.55 including interest at 2.33%, secured by equipment. \$ 86,035

First Mid Bank and Trust, dated August 10, 2017, due August 10, 2022, monthly
payments of \$2,391.57 including interest at 2.51%, secured by equipment. 64,994

First Mid Bank and Trust, dated November 26, 2019, due November 26, 2024,
monthly payments of \$4,000.95 including interest at 2.31%,
secured by equipment. 208,619

Total Notes Payable of Governmental Activities \$ 359,648

\$5,145,000 general obligation refunding bonds, series 2012.
Bond proceeds were issued to refund the general obligation bonds,
series 2005 which were originally for the library renovation.
BNY Mellon Trust Company is bond registrar and paying agent.
Bonds are dated May 30, 2012, with final payment due
December 15, 2024. Principal payments are due annually on
December 15 and interest payments, varying from 0.80% to 2.50%,
are due semiannually on June 15 and December 15. The economic
gain, calculated on a present value basis, amounted to \$481,195. \$ 2,825,000

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2020, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 642,419	\$ 69,392	\$ 711,811
2022	642,398	56,904	699,302
2023	620,248	43,974	664,222
2024	636,778	30,473	667,251
2025	<u>642,805</u>	<u>15,590</u>	<u>658,395</u>
Total	<u>\$ 3,184,648</u>	<u>\$ 216,333</u>	<u>\$ 3,400,981</u>

c) Business-Type Activities:

State of Illinois, dated October 9, 2009, due March 8, 2031,
semi-annual payments of \$164,520.83 with no interest, unsecured. \$ 3,619,458

First Mid Bank and Trust, dated April 4, 2012, due August 4, 2021,
monthly payments of \$22,931.98, interest only until May 4, 2016, including
interest at 2.64%, one payment of \$30,276 on May 4, 2016, then
monthly payments of \$22,640.15, secured by equipment. 267,659

Total Notes Payable of Business-Type Activities \$ 3,887,117

\$6,140,000 general obligation waterworks and sewerage refunding bonds
(alternative revenue source), series 2011A. Bond proceeds were issued to refund
the general obligation waterworks and sewerage bonds (alternative revenue
source), series 2003 which were originally for water treatment plant upgrade.
BNY Midwest Trust Company is bond registrar and paying agent. Bonds are
dated October 1, 2011, with final payment due December 15, 2022. Principal
payments are due annually on December 15 and interest payments, varying from
2.00% to 3.00%, are due semiannually on June 15 and December 15. The bonds
were issued with a premium of \$21,409 which will be amortized over the life of
the bonds. The economic gain, calculated on a present value basis, amounted
to \$497,326. City pays debt service expenditures from water and sewer revenues
and abates the associated property tax levies. \$ 1,865,000

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2020, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,196,700	\$ 56,832	\$ 1,253,532
2022	949,042	37,950	986,992
2023	974,042	19,350	993,392
2024	329,042	-	329,042
2025	329,042	-	329,042
2026-2030	1,645,207	-	1,645,207
2031	<u>329,042</u>	<u>-</u>	<u>329,042</u>
Total	<u>\$ 5,752,117</u>	<u>\$ 114,132</u>	<u>\$ 5,866,249</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

d) Component Unit:

First Mid Bank and Trust, dated February 5, 2010,
refinanced February 5, 2013 and February 5, 2016, monthly
payments of \$2,510 including interest at 2.25%, due
August 5, 2025, secured by real estate and co-signed by
City of Charleston. \$ 156,582

Watts Copy Systems, Inc. dated August 11, 2017,
due December 21, 2022, monthly payments of \$444
including interest at 5.706%, secured by equipment. 13,137

Total Long-Term Debt of Component Unit \$ 169,719

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2020, are as follows:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 31,568	\$ 3,876	\$ 35,444
2022	32,455	2,989	35,444
2023	31,584	2,085	33,669
2024	28,745	1,376	30,121
2025	29,402	719	30,121
2026	<u>15,965</u>	<u>92</u>	<u>16,057</u>
Total	<u>\$ 169,719</u>	<u>\$ 11,137</u>	<u>\$ 180,856</u>

NOTE G - ECONOMIC DEPENDENCY

Twelve percent or \$688,196 of Water and Sewer Fund revenues were derived from sales to one customer, Eastern Illinois University.

NOTE H - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of April 30, 2020:

Internal Service Fund	\$ 55,650
Tax Increment Financing Fund	100,298

NOTE I - EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures exceeded appropriations in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>
Pensions Tax Levy Fund	\$ 2,879,957	\$ 2,930,304
Drug Traffic Prevention Fund	1,500	1,572

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE J - RISK MANAGEMENT AND SELF INSURANCE

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the City purchases commercial insurance.

The City maintains an internal service fund for its self-insured employees' health insurance claims. Each participating fund makes payments to the self-insurance fund for amounts which are determined based on historical claims experience. Such payments are displayed on the fund financial statements as revenues and expenditures/expenses.

For medical claims, self-insurance is in effect up to a stop loss of \$60,000 per covered person. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. An independent claims administrator performs all claim handling procedures.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

The change in the aggregate liability for claims for the year ended April 30, 2020 is as follows:

Claims payable, beginning of the year	\$ 110,975
Claims incurred and changes in accrual	940,718
Claims payments	<u>(848,040)</u>
Claims Payable, End of the Year	<u>\$ 203,653</u>

NOTE K - OTHER POST-EMPLOYMENT BENEFITS

Plan Description – In addition to providing the pension benefits described, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided – The City provides post-employment health care and life insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include: general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary. Retirees have the ability to purchase life insurance coverage equal to half of the employee coverage (currently \$20,000) as a part of the group plan.

Membership - At April 30, 2020, membership consisted of:

Total active employees	139
Inactive employees currently receiving benefit payments	17
Inactive employees entitled to but not yet receiving benefit payments	<u>-</u>
Total	<u>156</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Contributions – The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute 100% of the blended premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the insured plan (pay as you go). For the fiscal year ended April 30, 2020, benefit payments for retiree medical coverage were \$194,023. Active employees do not contribute to the plan until retirement.

Actuarial Assumptions – The following are the methods and assumptions used to determine total OPEB liability at April 30, 2020:

Actuarial Cost Method:	Entry Age Normal
Salary Increases:	3.00%
Municipal Bond Rate:	3.79% beginning of year 2.56% end of year
Healthcare Cost Trend Rates:	9.40% for FY18 to FY19 7.50% for FY19 to FY20 7.00% for FY20 to FY21 7.00% for FY21 to FY22 6.50% for FY22 to FY23 6.50% for FY23 to FY24 6.00% for FY24 to FY25 6.00% for FY25 to FY26 5.50% for FY26 to FY27 5.50% for FY27 to FY28 5.00% for FY28 to FY29 5.00% Ultimate
Retirement Rates:	IMRF 2017 for IMRF Employees 100% of the L&A Assumption Study Cap Age 65 for Firefighters 2020 100% of the L&A Assumption Study Cap Age 65 for Police 2020
Termination Rates:	IMRF 2017 for IMRF Employees 100% of the L&A Assumption Study for Firefighters 2020 100% of the L&A Assumption Study for Police 2020
Disability Rates:	IMRF 2017 for IMRF Employees 100% of the L&A Assumption Study for Firefighters 2020 100% of the L&A Assumption Study for Police 2020
Mortality Rates:	Active, retiree, and spousal IMRF mortality follows the sex distinct raw rates as developed in the RP-2014 study, with blue collar adjustment. These rates are improved generationally using MP-2016 improvement rates. Active police and firefighter mortality follows the sex distinct raw rates as developed in the PubS-2010(A) study improved to 2017 using MP-2019 improvements rates. These rates are improved generationally using MP-2019 improvement rates. Retiree firefighter mortality follows the L&A assumption study for firefighters 2020. These rates are experience weighted with the sex distinct raw rates as developed in the PubS-2010(A) study improved to 2017 using MP-2019 improvement rates. These rates are improved generationally using MP-2019 improvement rates.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Mortality Rates (continued):

Retiree police mortality follows the L&A assumption study for police 2020. These rates are experience weighted with the sex distinct raw rates as developed in the PubS-2010(A) study improved to 2017 using MP-2019 improvement rates. These rates are improved generationally using MP-2019 improvement rates.

Disabled firefighter mortality follows the L&A assumption study for disabled firefighters 2020. These rates are experienced weighted with the sex distinct raw rates as developed in the PubS-2010 study for disabled participants improved to 2017 using MP-2019 improvement rates. These rates are improved generationally using MP-2019 improvement rates.

Disabled police mortality follows the sex distinct raw rates as developed in the PubS-2010(A) study for disabled participants improved to 2017 using MP-2019 improvement rates. These rates are improved generationally using MP-2019 improvement rates.

Spouse police and firefighter mortality follows the sex distinct raw rates as developed in the PubS-2010(A) study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 study for general employees was used. Mortality improvement uses MP-2019 improvement rates applied on a fully generational basis.

Some assumptions were changed from the prior year. After a comprehensive study of Illinois Police and Firefighters' Pension Funds in the State of Illinois, the assumptions for inflation rate, mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates were impacted. The assumption changes were made to better reflect the future anticipated experience of the plan.

The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.79% to 2.56%. The underlying index used is The Bond Buyer 20-Bond G.O. Index and is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index.

The discount rate used in the determination of the Total OPEB Liability was changed from 3.79% to 2.56%.

Discount Rate —The discount rate used in the determination of the total OPEB liability is based solely on the municipal bond rate since the City does not have a trust dedicated exclusively to the payment of OPEB benefits. The discount rate used at April 30, 2020 was 2.56%. The discount rate was 3.79% for the April 30, 2019 measurement date.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	OPEB Net Position (A)	Total OPEB Plan Liability (B)	Net OPEB (A) – (B)
Changes in OPEB Liability:			
Balances at April 30, 2019	\$ 2,365,479	\$ -	\$ 2,365,479
Changes for the year:			
Service cost	84,471	-	84,471
Interest	86,012	-	86,012
Actuarial experience	1,951	-	1,951
Assumptions changes	325,403	-	325,403
Contributions – employer	-	194,023	(194,023)
Contributions – employees	-	-	-
Net investment income	-	-	-
Benefit payments	(194,023)	(194,023)	-
Other (net transfer)	-	-	-
Net changes	<u>303,814</u>	<u>-</u>	<u>303,814</u>
Balances at April 30, 2020	<u>\$ 2,669,293</u>	<u>\$ -</u>	<u>\$ 2,669,293</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the plan's net OPEB liability, calculated using a single discount rate of 2.56%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Lower 1.56%	Current 2.56%	1% Higher 3.56%
Net OPEB Liability (Asset)	\$ 2,850,863	\$ 2,669,293	\$ 2,494,148

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the plan's net OPEB liability, calculated using the current healthcare cost trend rate according to the actuarial assumptions above as well as what the plan's net OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher:

	1% Lower Varies	Current Varies	1% Higher Varies
Net OPEB Liability (Asset)	\$ 2,373,526	\$ 2,669,293	\$ 3,018,325

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended April 30, 2020, the City recognized OPEB expense of \$198,154. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to OPEB:	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in OPEB Expense in Future Periods:		
Differences between expected and actual experience	\$ 1,799	\$ -
Changes of assumptions	324,653	-
Net difference between projected and actual earnings on plan investments	<u>-</u>	<u>-</u>
Total deferred amounts to be recognized in OPEB expense in future periods	<u>326,452</u>	<u>-</u>
Contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 326,452</u>	<u>\$ -</u>

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

<u>Year Ending April 30</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ 27,671
2022	27,671
2023	27,671
2024	27,671
2025	27,671
Thereafter	<u>188,097</u>
Total	<u>\$ 326,452</u>

NOTE L - TAX ABATEMENTS

As a result of tax abatement agreements imposed by Coles County to further the objectives of the Enterprise Zone, the City's current year property tax revenues are affected. The gross amount of property taxes abated during the period are \$6,254.62.

The City has also entered into a redevelopment agreement with RHP Charleston, LLC to abate 30% of property taxes due to the City for two years beginning with the 2019 taxes payable in 2020. The City's property taxes were not reduced for the year ended April 30, 2020.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE M - LITIGATION

The City is a defendant in various lawsuits. The outcome of these lawsuits is not presently determinable.

NOTE N - RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization announced a global pandemic because of the coronavirus disease (COVID-19). The outbreak continues to cause disruption of business operations, cause reduced consumer spending, and have adverse effects on economic and market conditions. Accordingly, it is likely the City's financial position and results of future operations will be negatively affected; however, the extent of the impact will depend on future developments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
April 30, 2020

Total OPEB Liability:	2020	2019
Service cost	\$ 84,471	\$ 78,631
Interest	86,012	89,395
Changes of benefit terms	-	29,023
Differences between expected and actual experience	1,951	-
Changes of assumptions	325,403	-
Benefit payments	<u>(194,023)</u>	<u>(166,674)</u>
Net change in total OPEB liability	303,814	30,375
Total OPEB liability, beginning of year	<u>2,365,479</u>	<u>2,335,104</u>
Total OPEB Liability, End of Year	<u>\$ 2,669,293</u>	<u>\$ 2,365,479</u>
Plan Fiduciary Net Position		
as a Percentage of the Total OPEB Liability	0.00%	0.00%
Covered Employee Payroll	\$ 8,017,632	\$ 7,784,109
Employer's Net OPEB Liability		
as a Percentage of Covered Employee Payroll	33.29%	30.39%

Note: 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.

Notes to Schedule:

The total OPEB liability amount presented for each fiscal year was determined as of the fiscal year-end. No assets have been accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits. However, the City did make contributions from other City resources in the current year in the amount of \$194,023.

For the 2020 measurement year, there were no changes of benefit terms from the prior year.

For the purpose of developing changes in OPEB liability for GASB Statement No. 75 reporting, other than the change in the discount rate from 3.79% to 2.56%, there have been no changes in assumptions from the 2019 measurement year to the 2020 measurement year.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT PLANS
REGULAR PLAN
December 31, 2019

Total Pension Liability:	2019	2018	2017	2016	2015
Service cost	\$ 377,192	\$ 380,401	\$ 401,334	\$ 440,775	\$ 405,183
Interest	2,311,826	2,244,216	2,258,310	2,230,481	2,084,227
Differences between expected and actual experience	47,731	423,358	(86,560)	(683,055)	989,302
Changes of assumptions	-	870,592	(988,996)	(106,305)	72,805
Benefit payments, including refunds of employee contributions	(1,996,032)	(1,909,134)	(1,613,952)	(1,607,168)	(1,466,691)
Net change in total pension liability	740,717	2,009,433	(29,864)	274,728	2,084,826
Total pension liability, beginning of year	32,696,676	30,687,243	30,717,107	30,442,379	28,357,553
Total Pension Liability, End of Year	<u>\$ 33,437,393</u>	<u>\$ 32,696,676</u>	<u>\$ 30,687,243</u>	<u>\$ 30,717,107</u>	<u>\$ 30,442,379</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 406,324	\$ 547,453	\$ 558,745	\$ 529,174	\$ 552,229
Contributions - employees	189,838	176,685	184,679	187,795	217,296
Net investment income	5,352,130	(1,809,322)	4,871,511	1,766,549	129,901
Benefit payments, including refunds of employee contributions	(1,996,032)	(1,909,134)	(1,613,952)	(1,607,168)	(1,466,691)
Other (net transfer)	(270,340)	655,653	(1,076,041)	(69,676)	292,517
Net change in fiduciary net position	3,681,920	(2,338,665)	2,924,942	806,674	(274,748)
Plan net position, beginning of year	27,447,056	29,785,721	26,860,779	26,054,105	26,328,853
Plan Net Position, End of Year	<u>\$ 31,128,976</u>	<u>\$ 27,447,056</u>	<u>\$ 29,785,721</u>	<u>\$ 26,860,779</u>	<u>\$ 26,054,105</u>
Employer's Net Pension Liability	<u>\$ 2,308,417</u>	<u>\$ 5,249,620</u>	<u>\$ 901,522</u>	<u>\$ 3,856,328</u>	<u>\$ 4,388,274</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.10%	83.94%	97.06%	87.45%	85.58%
Covered Employee Payroll	\$ 3,899,449	\$ 3,926,327	\$ 3,976,231	\$ 3,951,200	\$ 4,184,930
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	59.20%	133.70%	22.67%	97.60%	104.86%

Note: 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.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)
ILLINOIS MUNICIPAL RETIREMENT PLANS
SHERIFF'S LAW ENFORCEMENT PERSONNEL
December 31, 2019

Total Pension Liability:	2019	2018	2017	2016	2015
Interest	\$ 1,645	\$ 1,647	\$ 1,614	\$ 1,544	\$ 1,429
Differences between expected and actual experience	9,204	(1,073)	(897)	(600)	101
Changes of assumptions	-	565	(283)	-	-
Benefit payments, including refunds of employee contributions	(810)	-	-	-	-
Net change in total pension liability	10,039	1,139	434	944	1,530
Total pension liability, beginning of year	23,099	21,960	21,526	20,582	19,052
Total Pension Liability, End of Year	<u>\$ 33,138</u>	<u>\$ 23,099</u>	<u>\$ 21,960</u>	<u>\$ 21,526</u>	<u>\$ 20,582</u>
Plan Fiduciary Net Position:					
Net investment income	\$ 9,596	\$ (2,999)	\$ 8,875	\$ 3,321	\$ 260
Benefit payments, including refunds of employee contributions	(810)	-	-	-	-
Other (net transfer)	538	162	(108)	94	(4,906)
Net change in fiduciary net position	9,324	(2,837)	8,767	3,415	(4,646)
Plan net position, beginning of year	56,774	59,611	50,844	47,429	52,075
Plan Net Position, End of Year	<u>\$ 66,098</u>	<u>\$ 56,774</u>	<u>\$ 59,611</u>	<u>\$ 50,844</u>	<u>\$ 47,429</u>
Employer's Net Pension Liability (Asset)	<u>\$ (32,960)</u>	<u>\$ (33,675)</u>	<u>\$ (37,651)</u>	<u>\$ (29,318)</u>	<u>\$ (26,847)</u>
Plan Fiduciary Net Position					
as a Percentage of the Total Pension Liability	199.46%	245.79%	271.45%	236.20%	230.44%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability (Asset)					
as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: 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.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)
ILLINOIS MUNICIPAL RETIREMENT PLANS
ELECTED COUNTY OFFICIALS
December 31, 2019

Total Pension Liability:	2019	2018	2017	2016	2015
Interest	\$ -	\$ -	\$ -	\$ 7,114	\$ 9,312
Differences between expected and actual experience	-	-	-	(101,969)	(38,621)
Net change in total pension liability	-	-	-	(94,855)	(29,309)
Total pension liability, beginning of year	-	-	-	94,855	124,164
Total Pension Liability, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,855</u>
Plan Fiduciary Net Position:					
Net investment income	\$ -	\$ -	\$ -	\$ 7,114	\$ 583
Other (net transfer)	-	-	-	(101,985)	(22,305)
Net change in fiduciary net position	-	-	-	(94,871)	(21,722)
Plan net position, beginning of year	-	-	-	94,871	116,593
Plan Net Position, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,871</u>
Employer's Net Pension Liability (Asset)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%	100.02%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: 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.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
April 30, 2020

Total Pension Liability:	2020	2019	2018	2017	2016	2015
Service cost	\$ 658,606	\$ 658,795	\$ 732,324	\$ 748,705	\$ 637,009	\$ 534,247
Interest	2,340,586	2,235,344	2,136,096	2,230,456	1,965,715	1,836,335
Changes of benefit terms	120,504	-	-	-	-	-
Differences between expected and actual experience	(82,942)	495,946	208,933	(1,830,944)	316,828	178,958
Changes of assumptions	(1,215,249)	50,281	1,498,602	(2,177,903)	3,888,066	3,843,696
Benefit payments, including refunds of member contributions	<u>(1,758,264)</u>	<u>(1,730,149)</u>	<u>(1,644,259)</u>	<u>(1,598,424)</u>	<u>(1,533,438)</u>	<u>(1,543,895)</u>
Net change in total pension liability	63,241	1,710,217	2,931,696	(2,628,110)	5,274,180	4,849,341
Total pension liability, beginning of year	<u>37,393,734</u>	<u>35,683,517</u>	<u>32,751,821</u>	<u>35,379,931</u>	<u>30,105,751</u>	<u>25,256,410</u>
Total Pension Liability, End of Year	<u>\$ 37,456,975</u>	<u>\$ 37,393,734</u>	<u>\$ 35,683,517</u>	<u>\$ 32,751,821</u>	<u>\$ 35,379,931</u>	<u>\$ 30,105,751</u>
Plan Fiduciary Net Position:						
Contributions - employer	\$ 1,499,010	\$ 1,108,429	\$ 1,077,518	\$ 828,911	\$ 853,070	\$ 737,795
Contributions - members	224,001	218,125	198,334	185,745	180,258	167,333
Contributions - other	3,896	-	-	-	-	-
Net investment income	(166,281)	663,012	697,658	969,425	(327,615)	970,210
Benefit payments, including refunds of member contributions	(1,758,264)	(1,730,149)	(1,644,259)	(1,598,424)	(1,533,438)	(1,543,895)
Administrative expense	<u>(21,951)</u>	<u>(21,005)</u>	<u>(21,371)</u>	<u>(19,833)</u>	<u>(25,281)</u>	<u>(21,700)</u>
Net change in fiduciary net position	(219,589)	238,412	307,880	365,824	(853,006)	309,743
Plan net position, beginning of year	<u>13,902,487</u>	<u>13,664,075</u>	<u>13,356,195</u>	<u>12,990,371</u>	<u>13,843,377</u>	<u>13,533,634</u>
Plan Net Position, End of Year	<u>\$ 13,682,898</u>	<u>\$ 13,902,487</u>	<u>\$ 13,664,075</u>	<u>\$ 13,356,195</u>	<u>\$ 12,990,371</u>	<u>\$ 13,843,377</u>
Employer's Net Pension Liability	<u>\$ 23,774,077</u>	<u>\$ 23,491,247</u>	<u>\$ 22,019,442</u>	<u>\$ 19,395,626</u>	<u>\$ 22,389,560</u>	<u>\$ 16,262,374</u>
Plan Fiduciary Net Position						
as a Percentage of the Total Pension Liability	36.53%	37.18%	38.29%	40.78%	36.72%	45.98%
Covered employee payroll	\$ 2,366,424	\$ 2,306,984	\$ 2,252,717	\$ 2,283,318	\$ 2,170,081	\$ 2,036,241
Employer's Net Pension Liability						
as a Percentage of Covered Employee Payroll	1004.64%	1018.27%	977.46%	849.45%	1031.74%	798.65%

Note: 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.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
April 30, 2020

Total Pension Liability:	2020	2019	2018	2017	2016	2015
Service cost	\$ 579,314	\$ 587,888	\$ 650,800	\$ 587,268	\$ 545,029	\$ 429,374
Interest	2,187,308	2,064,043	2,079,372	2,054,386	1,865,469	1,672,362
Changes of benefit terms	157,915	-	-	-	-	-
Differences between expected and actual experience	738,284	1,025,200	(1,072,898)	(11,029)	(296,852)	733,545
Changes of assumptions	(1,011,744)	391,918	1,868,943	(1,845,368)	3,063,749	3,559,196
Benefit payments, including refunds of member contributions	<u>(1,700,009)</u>	<u>(1,649,883)</u>	<u>(1,423,140)</u>	<u>(1,347,343)</u>	<u>(1,335,801)</u>	<u>(1,182,746)</u>
Net change in total pension liability	951,068	2,419,166	2,103,077	(562,086)	3,841,594	5,211,731
Total pension liability, beginning of year	<u>35,903,018</u>	<u>33,483,852</u>	<u>31,380,775</u>	<u>31,942,861</u>	<u>28,101,267</u>	<u>22,889,536</u>
Total Pension Liability, End of Year	<u>\$ 36,854,086</u>	<u>\$ 35,903,018</u>	<u>\$ 33,483,852</u>	<u>\$ 31,380,775</u>	<u>\$ 31,942,861</u>	<u>\$ 28,101,267</u>
Plan Fiduciary Net Position:						
Contributions - employer	\$ 1,431,294	\$ 1,044,406	\$ 987,043	\$ 817,671	\$ 730,357	\$ 665,353
Contributions - members	209,955	202,203	240,179	198,592	229,505	189,348
Net investment income	199,347	1,174,039	714,790	823,497	(270,127)	781,669
Benefit payments, including refunds of member contributions	(1,700,009)	(1,649,883)	(1,423,140)	(1,347,343)	(1,335,801)	(1,182,746)
Administrative expense	<u>(60,820)</u>	<u>(29,230)</u>	<u>(35,528)</u>	<u>(22,259)</u>	<u>(91,373)</u>	<u>(40,273)</u>
Net change in fiduciary net position	79,767	741,535	483,344	470,158	(737,439)	413,351
Plan net position, beginning of year	<u>13,215,884</u>	<u>12,474,349</u>	<u>11,991,005</u>	<u>11,520,847</u>	<u>12,258,286</u>	<u>11,844,935</u>
Plan Net Position, End of Year	<u>\$ 13,295,651</u>	<u>\$ 13,215,884</u>	<u>\$ 12,474,349</u>	<u>\$ 11,991,005</u>	<u>\$ 11,520,847</u>	<u>\$ 12,258,286</u>
Employer's Net Pension Liability	<u>\$ 23,558,435</u>	<u>\$ 22,687,134</u>	<u>\$ 21,009,503</u>	<u>\$ 19,389,770</u>	<u>\$ 20,422,014</u>	<u>\$ 15,842,981</u>
Plan Fiduciary Net Position						
as a Percentage of the Total Pension Liability	36.08%	36.81%	37.25%	38.21%	36.07%	43.62%
Covered employee payroll	\$ 2,111,281	\$ 2,036,242	\$ 2,055,187	\$ 2,030,064	\$ 1,882,651	\$ 1,887,054
Employer's Net Pension Liability						
as a Percentage of Covered Employee Payroll	1115.84%	1114.17%	1022.27%	955.13%	1084.75%	839.56%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.
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information is available.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT PLANS
December 31, 2019

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
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Illinois Municipal Retirement Fund - Regular Plan:

2019	\$ 406,323	\$ 406,324	\$ (1)	\$ 3,899,449	10.42%
2018	495,895	547,453	(51,558)	3,926,327	13.94%
2017	508,162	558,745	(50,583)	3,976,231	14.05%
2016	507,729	529,174	(21,445)	3,951,200	13.39%
2015	546,970	552,229	(5,259)	4,184,930	13.20%

Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel (SLEP):

2019	\$ -	\$ -	\$ -	\$ -	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%

Illinois Municipal Retirement Fund - Elected County Officials (ECO):

2019	\$ -	\$ -	\$ -	\$ -	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS (Continued)
December 31, 2019

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate *

Valuation Date:

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

Methods and Assumptions Used to Determine 2019 Contributions Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	24-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 19 years for most employers.
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.5%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2017, actuarial valuation.

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.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND
April 30, 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 1,425,227	\$ 1,039,797	\$ 1,024,356	\$ 809,085	\$ 661,765	\$ 613,488	\$ 543,261	\$ 516,548	\$ 799,361	\$ 800,970
Contributions in relation to the actuarially determined contribution	<u>1,499,010</u>	<u>1,108,429</u>	<u>1,077,518</u>	<u>828,911</u>	<u>853,070</u>	<u>737,795</u>	<u>711,004</u>	<u>791,765</u>	<u>806,563</u>	<u>602,905</u>
Contribution Deficiency (Excess)	<u>\$ (73,783)</u>	<u>\$ (68,632)</u>	<u>\$ (53,162)</u>	<u>\$ (19,826)</u>	<u>\$ (191,305)</u>	<u>\$ (124,307)</u>	<u>\$ (167,743)</u>	<u>\$ (275,217)</u>	<u>\$ (7,202)</u>	<u>\$ 198,065</u>
Covered employee payroll	\$ 2,366,424	\$ 2,306,984	\$ 2,252,717	\$ 2,283,318	\$ 2,170,081	\$ 2,036,241	\$ 1,943,033	\$ 1,861,605	\$ 1,721,457	\$ 1,753,789
Contributions as a percentage of covered employee payroll	63.34%	48.05%	47.83%	36.30%	39.31%	36.23%	36.59%	42.53%	46.85%	34.38%

Notes to the Required Supplementary Information:

The information is formatted to comply with the requirements of GASB Statement No. 67 & 68.
The information presented was determined as part of the actuarial valuation as of April 30 of the prior fiscal year. Methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method	Projected unit credit in 2019-2020; Entry-age normal in 2018; projected unit credit from 2013-2017; entry-age normal 2011-2012
Amortization method	Level percentage of pay, closed for 2019-2020; straight line in 2018; level percentage of pay, closed for 2011-2017
Amortization target	90% funded over 22 years
Asset valuation method	5-Year smoothed market value
Inflation	2.5% from 2015-2020; 3% from 2011-2014
Salary increases	3.25% in 2020; 5.50% in 2019; 4%-18.31% in 2018; 5.5% compounded annually, including inflation from 2011-2017
Investment rate of return	6.75% in 2020; 7.50% in 2019; 6.75% in 2018; 7.5% including inflation from 2011-2017
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2014 adjusted for plan status, collar, and Illinois Public Pension data, as appropriate, was used in 2020; the RP-2014 Mortality Table (BCHA) projected to 2017 using Improvement Scale MP-2016 was used in 2019; the RP-2014 study, with blue collar adjustment and improved generationally using MP-2016 improvement rates were used in 2018; the RP-2014 projected to 2017 was used 2016-2017; the RP-2000 Mortality Table (BCA, +1M, -4F, 2x>105) was used from 2013-2015; the 1971 GAM Mortality Table was used from 2011-2012.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,361,003	\$ 979,592	\$ 938,100	\$ 804,106	\$ 669,480	\$ 615,874	\$ 573,920	\$ 558,760	\$ 738,930	\$ 691,702
Contributions in relation to the actuarially determined contribution	<u>1,431,294</u>	<u>1,044,406</u>	<u>987,043</u>	<u>817,671</u>	<u>730,357</u>	<u>665,353</u>	<u>665,412</u>	<u>734,408</u>	<u>700,017</u>	<u>529,766</u>
Contribution Deficiency (Excess)	<u>\$ (70,291)</u>	<u>\$ (64,814)</u>	<u>\$ (48,943)</u>	<u>\$ (13,565)</u>	<u>\$ (60,877)</u>	<u>\$ (49,479)</u>	<u>\$ (91,492)</u>	<u>\$ (175,648)</u>	<u>\$ 38,913</u>	<u>\$ 161,936</u>
Covered employee payroll	\$ 2,111,281	\$ 2,036,242	\$ 2,055,187	\$ 2,030,064	\$ 1,882,651	\$ 1,887,054	\$ 1,888,677	\$ 1,772,626	\$ 1,724,222	\$ 1,756,393
Contributions as a percentage of covered employee payroll	67.79%	51.29%	48.03%	40.28%	38.79%	35.26%	35.23%	41.43%	40.60%	30.16%

Notes to the Required Supplementary Information:

The information is formatted to comply with the requirements of GASB Statement No. 67 & 68.
The information presented was determined as part of the actuarial valuation as of April 30 of the prior fiscal year. Methods and assumptions used to determine contribution rates are as follows:

Actuarial cost method	Projected unit credit in 2019-2020; Entry-age normal in 2018; projected unit credit from 2013-2017; entry-age normal 2011-2012
Amortization method	Level percentage of pay, closed for 2019-2020; straight line in 2018; level percentage of pay, closed for 2011-2017
Amortization target	90% funded over 22 years
Asset valuation method	5-Year smoothed market value
Inflation	2.5% from 2015-2020; 3% from 2011-2014
Salary increases	3.25% in 2020; 5.50% in 2019; 4%-22.52% in 2018; 5.5% compounded annually, including inflation from 2011-2017
Investment rate of return	6.75% in 2020; 7.50% in 2019; 6.75% in 2018; 7.5% including inflation from 2011-2017
Retirement age	See the Notes to the Financial Statements
Mortality	RP-2014 adjusted for plan status, collar, and Illinois Public Pension data, as appropriate was used in 2020; the RP-2014 Mortality Table (BCHA) projected to 2017 using Improvement Scale MP-2016 was used in 2019; the RP-2014 study, with blue collar adjustment and improved generationally using MP-2016 improvement rates were used in 2018; the RP-2014 projected to 2017 was used 2016-2017; the RP-2000 Mortality Table (BCA, +1M, -4F, 2x>105) was used from 2013-2015; the 1971 GAM Mortality Table was used from 2011-2012.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
PENSION TRUST FUNDS
April 30, 2020

	2020	2019	2018	2017	2016	2015
Firefighters' Pension Fund:						
Annual money-weighted rate of return, net of investment expense	-1.10%	5.41%	5.20%	7.93%	-1.80%	7.18%
Police Pension Fund:						
Annual money-weighted rate of return, net of investment expense	1.88%	9.34%	6.05%	6.53%	-1.90%	6.78%

SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
April 30, 2020

	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Recreational Land Fund	Playground and Recreation Fund	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS							
Cash deposits	\$ 689,430	\$ 3,230	\$ 114,372	\$ -	\$ 132,502	\$ 23,939	\$ 963,473
Investments	-	-	-	15,260	-	-	15,260
Receivables:							
Property taxes	-	-	-	-	180,570	588,109	768,679
Other	-	-	-	-	28,361	-	28,361
Customers	-	-	-	-	318	-	318
Due from other governmental agencies	65,682	-	-	-	3,160	-	68,842
Inventory	<u>48,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,684</u>
 Total Assets	 <u>\$ 803,796</u>	 <u>\$ 3,230</u>	 <u>\$ 114,372</u>	 <u>\$ 15,260</u>	 <u>\$ 344,911</u>	 <u>\$ 612,048</u>	 <u>\$ 1,893,617</u>
LIABILITIES							
Accounts payable	\$ 49,432	\$ -	\$ 109,670	\$ -	\$ 5,546	\$ -	\$ 164,648
Accrued wages	1,803	-	-	-	10,560	-	12,363
Due to other funds	<u>47,879</u>	<u>3,160</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,039</u>
Total liabilities	<u>99,114</u>	<u>3,160</u>	<u>214,670</u>	<u>-</u>	<u>16,106</u>	<u>-</u>	<u>333,050</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable miscellaneous revenue	-	-	-	-	51,347	-	51,347
Unavailable property tax revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,570</u>	<u>588,109</u>	<u>768,679</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,917</u>	<u>588,109</u>	<u>820,026</u>
FUND BALANCE							
Nonspendable	48,684	-	-	-	-	-	48,684
Restricted for:							
Public safety	-	70	-	-	-	-	70
Highways and streets	655,998	-	-	-	-	-	655,998
Culture and recreation	-	-	-	15,260	-	-	15,260
Debt service	-	-	-	-	-	23,939	23,939
Committed for:							
Culture and recreation	-	-	-	-	96,888	-	96,888
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(100,298)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,298)</u>
Total fund balance (deficit)	<u>704,682</u>	<u>70</u>	<u>(100,298)</u>	<u>15,260</u>	<u>96,888</u>	<u>23,939</u>	<u>740,541</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 803,796</u>	 <u>\$ 3,230</u>	 <u>\$ 114,372</u>	 <u>\$ 15,260</u>	 <u>\$ 344,911</u>	 <u>\$ 612,048</u>	 <u>\$ 1,893,617</u>

CITY OF CHARLESTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended April 30, 2020

	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Recreational Land Fund	Playground and Recreation Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:							
Property taxes	\$ -	\$ -	\$ 188,710	\$ -	\$ 176,815	\$ 574,073	\$ 939,598
Mobile home privilege tax	-	-	-	-	253	822	1,075
Other governmental agencies	805,859	-	-	-	-	-	805,859
Licenses, permits and fees	-	-	-	-	360,009	-	360,009
Interest income	-	61	354	-	1,468	1,125	3,008
Private donations and contributions	-	-	-	-	25,747	-	25,747
Gain (loss) on sale of investments	1	-	-	-	-	-	1
Net increase (decrease) in fair value of investments	-	-	-	734	-	-	734
Miscellaneous income	<u>28,111</u>	<u>6,956</u>	<u>-</u>	<u>-</u>	<u>5,662</u>	<u>-</u>	<u>40,729</u>
Total revenues	<u>833,971</u>	<u>7,017</u>	<u>189,064</u>	<u>734</u>	<u>569,954</u>	<u>576,020</u>	<u>2,176,760</u>
Expenditures:							
Public safety	-	1,572	-	-	-	-	1,572
Highways and streets	248,678	-	-	-	-	-	248,678
Culture and recreation	-	-	-	-	598,327	-	598,327
Economic development and assistance	-	-	91,368	-	-	-	91,368
Debt service:							
Principal	-	-	-	-	-	630,000	630,000
Interest	-	-	-	-	-	75,904	75,904
Capital outlay	<u>35,843</u>	<u>-</u>	<u>287,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,251</u>
Total expenditures	<u>284,521</u>	<u>1,572</u>	<u>378,776</u>	<u>-</u>	<u>598,327</u>	<u>705,904</u>	<u>1,969,100</u>
Excess of revenues over (under) expenditures	<u>549,450</u>	<u>5,445</u>	<u>(189,712)</u>	<u>734</u>	<u>(28,373)</u>	<u>(129,884)</u>	<u>207,660</u>
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	20,000	134,650	154,650
Transfers out	<u>(65,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
Total other financing sources (uses)	<u>(65,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>134,650</u>	<u>79,650</u>
Net change in fund balance	484,450	(4,555)	(189,712)	734	(8,373)	4,766	287,310
Fund balance, beginning of year	<u>220,232</u>	<u>4,625</u>	<u>89,414</u>	<u>14,526</u>	<u>105,261</u>	<u>19,173</u>	<u>453,231</u>
Fund Balance (Deficit), End of Year	<u>\$ 704,682</u>	<u>\$ 70</u>	<u>\$ (100,298)</u>	<u>\$ 15,260</u>	<u>\$ 96,888</u>	<u>\$ 23,939</u>	<u>\$ 740,541</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
MOTOR FUEL TAX FUND
For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Motor fuel tax allotments	\$ 555,778	\$ 555,778	\$ 805,859	\$ 250,081
Contingencies	4,500	4,500	28,111	23,611
Net increase (decrease) in fair value of investments	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Total revenues	<u>560,278</u>	<u>560,278</u>	<u>833,971</u>	<u>273,693</u>
Expenditures:				
Highways and Streets:				
Personnel services	38,019	38,019	38,276	(257)
Commodities	143,850	143,850	173,769	(29,919)
Contractual services	21,000	21,000	22,163	(1,163)
Non-capitalized capital outlay	<u>380,000</u>	<u>380,000</u>	<u>14,470</u>	<u>365,530</u>
	<u>582,869</u>	<u>582,869</u>	<u>248,678</u>	<u>334,191</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>35,843</u>	<u>(35,843)</u>
Total expenditures	<u>582,869</u>	<u>582,869</u>	<u>284,521</u>	<u>298,348</u>
Excess of revenues over (under) expenditures	<u>(22,591)</u>	<u>(22,591)</u>	<u>549,450</u>	<u>572,041</u>
Other Financing Sources (Uses):				
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (87,591)</u>	<u>\$ (87,591)</u>	484,450	<u>\$ 572,041</u>
Fund balance, beginning of year			<u>220,232</u>	
Fund Balance, End of Year			<u>\$ 704,682</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
DRUG TRAFFIC PREVENTION FUND
For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Interest income	\$ 100	\$ 100	\$ 61	\$ (39)
Offender payments	<u>3,000</u>	<u>8,000</u>	<u>6,956</u>	<u>(1,044)</u>
Total revenues	<u>3,100</u>	<u>8,100</u>	<u>7,017</u>	<u>(1,083)</u>
Expenditures:				
Public Safety:				
Commodities	500	500	572	(72)
Contractual services	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>1,572</u>	<u>(72)</u>
Excess of revenues over (under) expenditures	<u>1,600</u>	<u>6,600</u>	<u>5,445</u>	<u>(1,155)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(6,000)</u>	<u>(11,000)</u>	<u>(10,000)</u>	<u>1,000</u>
Net change in fund balance	<u>\$ (4,400)</u>	<u>\$ (4,400)</u>	<u>(4,555)</u>	<u>\$ (155)</u>
Fund balance, beginning of year			<u>4,625</u>	
Fund Balance, End of Year			<u>\$ 70</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
TAX INCREMENT FINANCING FUND
For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 189,552	\$ 189,552	\$ 188,710	\$ (842)
Interest income	<u>100</u>	<u>100</u>	<u>354</u>	<u>254</u>
Total revenues	<u>189,652</u>	<u>189,652</u>	<u>189,064</u>	<u>(588)</u>
Expenditures:				
Economic Development and Assistance:				
Contractual services:				
Audit and accounting services	650	650	600	50
Other consulting services	<u>650</u>	<u>47,650</u>	<u>23,081</u>	<u>24,569</u>
	<u>1,300</u>	<u>48,300</u>	<u>23,681</u>	<u>24,619</u>
Capital outlay:				
Rebate to taxing bodies	37,911	37,911	37,742	169
TIF grants	70,000	70,000	29,945	40,055
TIF public improvements	<u>162,974</u>	<u>362,974</u>	<u>-</u>	<u>362,974</u>
	<u>270,885</u>	<u>470,885</u>	<u>67,687</u>	<u>403,198</u>
Total economic development and assistance	<u>272,185</u>	<u>519,185</u>	<u>91,368</u>	<u>427,817</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>287,408</u>	<u>(287,408)</u>
Total expenditures	<u>272,185</u>	<u>519,185</u>	<u>378,776</u>	<u>140,409</u>
Net change in fund balance	<u>\$ (82,533)</u>	<u>\$ (329,533)</u>	(189,712)	<u>\$ 139,821</u>
Fund balance, beginning of year			<u>89,414</u>	
Fund Balance (Deficit), End of Year			<u>\$ (100,298)</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
RECREATIONAL LAND FUND
For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Net increase (decrease) in fair value of investments	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 734</u>	<u>\$ 684</u>
Expenditures:				
None	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Net change in fund balance	<u><u>\$ 50</u></u>	<u><u>\$ 50</u></u>	<u> 734</u>	<u><u>\$ 684</u></u>
Fund balance, beginning of year			<u>14,526</u>	
Fund Balance, End of Year			<u><u>\$ 15,260</u></u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
PLAYGROUND AND RECREATION FUND
For the Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Revenues:				
Property taxes	\$ 177,394	\$ 177,394	\$ 176,815	\$ (579)
Mobile home taxes	260	260	253	(7)
Rentals	5,500	5,500	7,030	1,530
Recreation programs fees	240,314	260,314	264,592	4,278
Concessions	2,600	2,600	4,573	1,973
Brochure advertising	2,300	2,300	2,608	308
Interest income	700	700	1,468	768
Private donations and contributions	24,500	24,500	22,572	(1,928)
Program sponsors	8,000	8,000	3,175	(4,825)
Swimming pool	103,840	103,840	81,206	(22,634)
Miscellaneous income	<u>5,525</u>	<u>5,525</u>	<u>5,662</u>	<u>137</u>
Total revenues	<u>570,933</u>	<u>590,933</u>	<u>569,954</u>	<u>(20,979)</u>
Expenditures:				
Culture and Recreation:				
Recreation programs	391,495	411,495	413,237	(1,742)
Swimming pool	<u>199,438</u>	<u>199,438</u>	<u>185,090</u>	<u>14,348</u>
Total expenditures	<u>590,933</u>	<u>610,933</u>	<u>598,327</u>	<u>12,606</u>
Excess of revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(28,373)</u>	<u>(8,373)</u>
Other Financing Sources (Uses):				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(8,373)</u>	<u>\$ (8,373)</u>
Fund balance, beginning of year			<u>105,261</u>	
Fund Balance, End of Year			<u>\$ 96,888</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE FUND
For the Year Ended April 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 570,508	\$ 570,508	\$ 574,073	\$ 3,565
Mobile home taxes	750	750	822	72
Interest income	<u>250</u>	<u>250</u>	<u>1,125</u>	<u>875</u>
Total revenues	<u>571,508</u>	<u>571,508</u>	<u>576,020</u>	<u>4,512</u>
Expenditures:				
Debt service:				
Principal	630,000	630,000	630,000	-
Interest	<u>76,408</u>	<u>76,408</u>	<u>75,904</u>	<u>504</u>
Total expenditures	<u>706,408</u>	<u>706,408</u>	<u>705,904</u>	<u>504</u>
Excess of revenues over (under) expenditures	<u>(134,900)</u>	<u>(134,900)</u>	<u>(129,884)</u>	<u>5,016</u>
Other Financing Sources (Uses):				
Transfers in	<u>134,900</u>	<u>134,900</u>	<u>134,650</u>	<u>(250)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,766	<u>\$ 4,766</u>
Fund balance, beginning of year			<u>19,173</u>	
Fund Balance, End of Year			<u>\$ 23,939</u>	

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION TRUST FUNDS
 April 30, 2020

	Firefighters' Pension Fund	Police Pension Fund	Total Non-Major Pension Trust Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 186,143	\$ 162,465	\$ 348,608
Receivables:			
Interest	40,317	21,468	61,785
Due from primary government	<u>13,898</u>	<u>13,572</u>	<u>27,470</u>
Total receivables	<u>54,215</u>	<u>35,040</u>	<u>89,255</u>
Investments, at fair value:			
Federal government obligations	2,906,686	1,562,874	4,469,560
Mutual funds	8,434,376	8,838,237	17,272,613
Corporate bonds	2,104,273	1,747,300	3,851,573
Certificates of deposit	<u>-</u>	<u>955,356</u>	<u>955,356</u>
Total investments	<u>13,445,335</u>	<u>13,103,767</u>	<u>26,549,102</u>
Total assets	<u>13,685,693</u>	<u>13,301,272</u>	<u>26,986,965</u>
LIABILITIES			
Accounts payable	<u>2,796</u>	<u>5,621</u>	<u>8,417</u>
NET POSITION			
Held in Trust for Pension Benefits	<u>\$ 13,682,897</u>	<u>\$ 13,295,651</u>	<u>\$ 26,978,548</u>

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY NET POSITION - PENSION TRUST FUNDS
 For the Year Ended April 30, 2020

	Firefighters' Pension Fund	Police Pension Fund	Total Non-Major Pension Trust Funds
Additions:			
Contributions:			
Employer	\$ 1,499,010	\$ 1,431,294	\$ 2,930,304
Plan members	<u>227,897</u>	<u>209,955</u>	<u>437,852</u>
Total contributions	<u>1,726,907</u>	<u>1,641,249</u>	<u>3,368,156</u>
Investment Income:			
Net appreciation (depreciation) in fair value of investments	(523,112)	(129,209)	(652,321)
Interest	153,912	119,629	273,541
Dividends and capital gain distributions	<u>236,000</u>	<u>227,696</u>	<u>463,696</u>
	(133,200)	218,116	84,916
Less investment expense	<u>(33,309)</u>	<u>(19,315)</u>	<u>(52,624)</u>
Net investment income	<u>(166,509)</u>	<u>198,801</u>	<u>32,292</u>
Other additions	<u>226</u>	<u>569</u>	<u>795</u>
Total additions	<u>1,560,624</u>	<u>1,840,619</u>	<u>3,401,243</u>
Deductions:			
Benefits	1,756,205	1,700,009	3,456,214
Refunds of contributions	2,058	-	2,058
Administration expenses	<u>21,951</u>	<u>60,844</u>	<u>82,795</u>
Total deductions	<u>1,780,214</u>	<u>1,760,853</u>	<u>3,541,067</u>
Change in net position	(219,590)	79,766	(139,824)
Net position, beginning of year	<u>13,902,487</u>	<u>13,215,885</u>	<u>27,118,372</u>
Net Position, End of Year	<u>\$ 13,682,897</u>	<u>\$ 13,295,651</u>	<u>\$ 26,978,548</u>

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS
 AGENCY FUNDS
 For the Year Ended April 30, 2020

	Balance 4/30/2019	Receipts	Disbursements	Balance 4/30/2020
East Central Illinois Task Force:				
Assets:				
Cash	\$ -	\$ 136,204	\$ 10,241	\$ 125,963
Prepaid expenses	-	512	-	512
	<u>-</u>	<u>512</u>	<u>-</u>	<u>512</u>
Total Assets	<u>\$ -</u>	<u>\$ 136,716</u>	<u>\$ 10,241</u>	<u>\$ 126,475</u>
Liabilities:				
Due to Others	<u>\$ -</u>	<u>\$ 136,716</u>	<u>\$ 10,241</u>	<u>\$ 126,475</u>
Girl's Softball:				
Assets:				
Cash	<u>\$ 7,519</u>	<u>\$ 7,038</u>	<u>\$ 9,417</u>	<u>\$ 5,140</u>
Liabilities:				
Accounts payable	\$ -	\$ 9,897	\$ -	\$ 9,897
Due to affiliate organization	<u>7,519</u>	<u>(2,859)</u>	<u>9,417</u>	<u>(4,757)</u>
Total Liabilities	<u>\$ 7,519</u>	<u>\$ 7,038</u>	<u>\$ 9,417</u>	<u>\$ 5,140</u>
Boy's Baseball:				
Assets:				
Cash	<u>\$ 36,444</u>	<u>\$ 49,374</u>	<u>\$ 70,073</u>	<u>\$ 15,745</u>
Liabilities:				
Due to Affiliate Organization	<u>\$ 36,444</u>	<u>\$ 49,374</u>	<u>\$ 70,073</u>	<u>\$ 15,745</u>
Boy's Baseball Payroll:				
Assets:				
Cash	<u>\$ 16,018</u>	<u>\$ 2</u>	<u>\$ 10,005</u>	<u>\$ 6,015</u>
Liabilities:				
Accounts payable	\$ -	\$ 736	\$ -	\$ 736
Due to affiliate organization	<u>16,018</u>	<u>(734)</u>	<u>10,005</u>	<u>5,279</u>
Total Liabilities	<u>\$ 16,018</u>	<u>\$ 2</u>	<u>\$ 10,005</u>	<u>\$ 6,015</u>

CITY OF CHARLESTON, ILLINOIS
COMBINING STATEMENT OF CHANGES IN ASSETS (Continued)
AGENCY FUNDS
For the Year Ended April 30, 2020

	Balance 4/30/2019	Receipts	Disbursements	Balance 4/30/2020
Penguins Swim Club:				
Assets:				
Cash	\$ 10,207	\$ 1,309	\$ 2,468	\$ 9,048
Liabilities:				
Due to Affiliate Organization	\$ 10,207	\$ 1,309	\$ 2,468	\$ 9,048
5th Quarter:				
Assets:				
Cash	\$ 900	\$ -	\$ 4	\$ 896
Liabilities:				
Due to Affiliate Organization	\$ 900	\$ -	\$ 4	\$ 896
Wrestling Club:				
Assets:				
Cash	\$ 1,718	\$ 575	\$ -	\$ 2,293
Liabilities:				
Due to Affiliate Organization	\$ 1,718	\$ 575	\$ -	\$ 2,293
Dog Activity Club:				
Assets:				
Cash	\$ 25,397	\$ 5,306	\$ 4,504	\$ 26,199
Liabilities:				
Due to Affiliate Organization	\$ 25,397	\$ 5,306	\$ 4,504	\$ 26,199
Boy's Baseball Concessions:				
Assets:				
Cash	\$ 13,537	\$ 20,850	\$ 9,495	\$ 24,892
Liabilities:				
Due to Affiliate Organization	\$ 13,537	\$ 20,850	\$ 9,495	\$ 24,892

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS (Continued)
 AGENCY FUNDS
 For the Year Ended April 30, 2020

	<u>Balance</u> <u>4/30/2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>4/30/2020</u>
Community Band:				
Assets:				
Cash	\$ 3,920	\$ 3,431	\$ 2,530	\$ 4,821
Liabilities:				
Due to Affiliate Organization	\$ 3,920	\$ 3,431	\$ 2,530	\$ 4,821
Windrunners Club:				
Assets:				
Cash	\$ 668	\$ -	\$ 1	\$ 667
Liabilities:				
Due to Affiliate Organization	\$ 668	\$ -	\$ 1	\$ 667
Officials Payroll:				
Assets:				
Cash	\$ 3,649	\$ 8,831	\$ 11,076	\$ 1,404
Accounts receivable	-	400	-	400
Total Assets	\$ 3,649	\$ 9,231	\$ 11,076	\$ 1,804
Liabilities:				
Due to Affiliate Organization	\$ 3,649	\$ 9,231	\$ 11,076	\$ 1,804
Selfless Volleyball Academy:				
Assets:				
Cash	\$ 580	\$ 95	\$ 375	\$ 300
Liabilities:				
Due to Affiliate Organization	\$ 580	\$ 95	\$ 375	\$ 300

CITY OF CHARLESTON, ILLINOIS
COMBINING STATEMENT OF CHANGES IN ASSETS (Continued)
AGENCY FUNDS
For the Year Ended April 30, 2020

	Balance 4/30/2019	Receipts	Disbursements	Balance 4/30/2020
Junior Football League:				
Assets:				
Cash	\$ 60,072	\$ 73,664	\$ 47,814	\$ 85,922
Accounts receivable	<u>-</u>	<u>1,414</u>	<u>-</u>	<u>1,414</u>
Total Assets	<u>\$ 60,072</u>	<u>\$ 75,078</u>	<u>\$ 47,814</u>	<u>\$ 87,336</u>
Liabilities:				
Due to Affiliate Organization	<u>\$ 60,072</u>	<u>\$ 75,078</u>	<u>\$ 47,814</u>	<u>\$ 87,336</u>
Red, White & Blue Days:				
Assets:				
Cash	\$ 31,289	\$ 19,188	\$ 25,705	\$ 24,772
Investments	<u>4,310</u>	<u>218</u>	<u>-</u>	<u>4,528</u>
Total Assets	<u>\$ 35,599</u>	<u>\$ 19,406</u>	<u>\$ 25,705</u>	<u>\$ 29,300</u>
Liabilities:				
Accounts payable	\$ -	\$ 25,000	\$ -	\$ 25,000
Due to affiliate organization	<u>35,599</u>	<u>(5,594)</u>	<u>25,705</u>	<u>4,300</u>
Total Liabilities	<u>\$ 35,599</u>	<u>\$ 19,406</u>	<u>\$ 25,705</u>	<u>\$ 29,300</u>
Christmas in the Heart of Charleston:				
Assets:				
Cash	<u>\$ 4,314</u>	<u>\$ 5,685</u>	<u>\$ 4,103</u>	<u>\$ 5,896</u>
Liabilities:				
Due to Affiliate Organization	<u>\$ 4,314</u>	<u>\$ 5,685</u>	<u>\$ 4,103</u>	<u>\$ 5,896</u>
Tree Commission:				
Assets:				
Cash	<u>\$ 507</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 508</u>
Liabilities:				
Due to Affiliate Organization	<u>\$ 507</u>	<u>\$ 3</u>	<u>\$ 2</u>	<u>\$ 508</u>

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN ASSETS (Continued)
 AGENCY FUNDS
 For the Year Ended April 30, 2020

	Balance 4/30/2019	Receipts	Disbursements	Balance 4/30/2020
Youth Soccer Programs:				
Assets:				
Cash	\$ 28,498	\$ 19,254	\$ 28,229	\$ 19,523
Liabilities:				
Accounts payable	\$ -	\$ 5,018	\$ -	\$ 5,018
Due to affiliate organization	28,498	14,236	28,229	14,505
Total Liabilities	\$ 28,498	\$ 19,254	\$ 28,229	\$ 19,523
Grand Total - All Agency Funds:				
Assets:				
Cash	\$ 245,237	\$ 350,809	\$ 236,042	\$ 360,004
Investments	4,310	218	-	4,528
Accounts receivable	-	1,814	-	1,814
Prepaid expenses	-	512	-	512
Total Assets	\$ 249,547	\$ 353,353	\$ 236,042	\$ 366,858
Liabilities:				
Accounts payable	\$ -	\$ 40,651	\$ -	\$ 40,651
Due to others	-	136,716	10,241	126,475
Due to affiliate organizations	249,547	175,986	225,801	199,732
Total Liabilities	\$ 249,547	\$ 353,353	\$ 236,042	\$ 366,858

CITY OF CHARLESTON, ILLINOIS
CONSOLIDATED YEAR-END FINANCIAL REPORT
For the Year Ended April 30, 2020

CSFA Number	Program Name	State Amount	Federal Amount	Other Amount	Total Amount
420-75-1633	Community Development Block Grant Housing Rehabilitation	\$ -	\$ 24,213	\$ -	\$ 24,213
420-75-1638	Community Development Block Grant Revolving Loan Fund Closeout Program	-	213,346	-	213,346
422-11-1154	Recreational Trails Program	-	76,100	-	76,100
444-26-1565	Tobacco Enforcement Program	-	-	-	-
482-00-0894	EMS Assistance Fund Grant	-	82,909	-	82,909
494-00-1000	Illinois Transportation Enhancements Program	-	-	-	-
494-00-1488	Motor Fuel Tax Program	248,678	-	-	248,678
494-00-2356	Rebuild Illinois Local Bond Program	-	-	-	-
494-10-0343	State and Community Highway Safety/National Priority Safety Program	-	-	-	-
494-42-0495	Local Surface Transportation Program	-	-	-	-
532-60-0378	Section 319(h) - Nonpoint Source Pollution Control Financial Assistance Program	-	-	-	-
	Other grant programs and activities	-	178,076	129,828	307,904
	All other costs not allocated	-	-	23,634,279	23,634,279
		<u>\$ 248,678</u>	<u>\$ 574,644</u>	<u>\$ 23,764,107</u>	<u>\$ 24,587,429</u>

OTHER INFORMATION

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF OPERATING REVENUES AND EXPENSES
OF THE WASTE WATER TREATMENT PLANT
For the Year Ended April 30, 2020

Operating Revenues:

Sewer service charges	\$ 2,865,337
Miscellaneous	<u>21,886</u>
	<u>2,887,223</u>

Operating Expenses:

Information technology	27,938
City garage	54,344
Utility department	492,901
Waste water treatment plant	722,743
Accounting	191,495
Employee benefits	229,431
Judgment	69,868
Depreciation	<u>672,096</u>
	<u>2,460,814</u>

Net Operating Income	<u>\$ 426,410</u>
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CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF OPERATING REVENUES AND EXPENSES
OF THE WATER TREATMENT PLANT
For the Year Ended April 30, 2020

Operating Revenues:

Water service charges	\$ 2,865,337
Miscellaneous	<u>16,679</u>
	<u>2,882,016</u>

Operating Expenses:

Information technology	27,938
City garage	54,344
Utility department	492,901
Water treatment plant	1,021,680
Accounting	191,495
Employee benefits	229,431
Judgment	69,868
Depreciation	<u>672,096</u>
	<u>2,759,751</u>

Net Operating Income	<u><u>\$ 122,266</u></u>
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CITY OF CHARLESTON, ILLINOIS
WATER AND SEWER FUND
WATER BILLS, WATER PUMPED AND WATER SALES

	No. of Bills Rendered Customers Year Ended April 30		Raw Water Pumped for Processing (1,000 Gallons) Year Ended April 30		Treated Water Pumped to City (1,000 Gallons) Year Ended April 30		Water Sales Billed to Customers (1,000 Gallons) Year Ended April 30		1,000 Gallons Received at the Wastewater Plant Year Ended April 30	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
May	6,980	7,003	42,880	42,880	39,040	39,426	29,928	30,918	92,620	71,375
June	6,955	7,014	40,706	40,706	37,417	37,451	30,773	32,937	116,830	112,356
July	7,024	7,003	43,697	45,600	40,340	41,153	29,327	31,329	83,340	57,757
August	7,097	7,064	45,872	47,000	42,149	42,335	32,405	33,787	58,230	62,227
September	6,975	7,018	43,835	44,610	40,985	41,595	34,511	35,958	47,780	70,834
October	6,949	7,003	42,861	42,398	39,617	39,699	34,439	32,910	71,460	65,355
November	6,925	7,009	38,363	38,600	36,149	36,106	30,749	31,545	68,020	86,919
December	6,920	6,972	37,701	38,100	36,087	35,688	28,971	29,478	101,960	83,636
January	6,940	6,974	38,484	40,087	36,204	37,197	26,949	29,002	149,290	127,821
February	6,894	6,940	36,063	38,126	34,514	35,644	27,633	30,815	120,850	113,542
March	6,927	6,936	36,780	46,423	3,507	43,055	27,933	28,014	143,540	128,507
April	6,925	6,961	34,633	38,519	35,087	36,803	27,573	29,991	95,900	146,437
	<u>83,511</u>	<u>83,897</u>	<u>481,875</u>	<u>503,049</u>	<u>450,259</u>	<u>466,152</u>	<u>361,191</u>	<u>376,684</u>	<u>1,149,820</u>	<u>1,126,766</u>

This unaudited schedule was prepared from information supplied by Water Utility personnel from available records.

CITY OF CHARLESTON, ILLINOIS
WATER AND SEWER FUND
COMBINED WATER AND SEWERAGE SERVICE RATES - MONTHLY
April 30, 2020

Rates Effective				
After 5-1-19	5-1-18 to 4-30-19	5-1-17 to 4-30-18	5-1-16 to 4-30-17	5-1-15 to 4-30-16

WATER AND SEWER SERVICE - IN CORPORATE LIMITS
(Excluding Eastern Illinois University)

First	1,000 gallons	\$ 15.33		\$ 14.75		\$ 14.18		\$ 13.64		\$ 13.18	
Next	9,000 gallons	15.33	Per M	14.75	Per M	14.18	Per M	13.64	Per M	13.18	Per M
Over	10,000 gallons	14.75	" "	14.19	" "	13.64	" "	13.12	" "	12.68	" "

WATER SERVICE ONLY - IN CORPORATE LIMITS

First	1,000 gallons	\$ 13.94		\$ 13.41		\$ 12.76		\$ 12.35		\$ 11.93	
Next	9,000 gallons	13.94	Per M	13.41	Per M	12.76	Per M	12.35	Per M	11.93	Per M
Over	10,000 gallons	13.40	" "	12.89	" "	12.25	" "	11.35	" "	10.97	" "

WATER SERVICE ONLY - OUTSIDE

First	1,000 gallons	\$ 27.88		\$ 26.82		\$ 25.52		\$ 24.70		\$ 23.86	
Next	9,000 gallons	27.88	Per M	26.82	Per M	25.52	Per M	24.70	Per M	23.86	Per M
Over	10,000 gallons	26.80	" "	25.78	" "	24.50	" "	22.70	" "	21.94	" "

WATER AND SEWER SERVICE - EASTERN ILLINOIS UNIVERSITY

Effective 5-1-15	12.68	Per M
Effective 5-1-16	13.12	" "
Effective 5-1-17	13.64	" "
Effective 5-1-18	14.19	" "
Effective 5-1-19	14.75	" "

Rates effective 5-1-15 by ordinance 15-O-12
Rates effective 5-1-16 by ordinance 16-O-11
Rates effective 5-1-17 by ordinance 17-O-13
Rates effective 5-1-18 by ordinance 18-O-12
Rates effective 5-1-19 by ordinance 19-O-19

Services outside the corporate limits are established as double the amount of rates inside the corporate limits. A late charge fee of 10% shall be assessed against all delinquent water and/or sewer bills. Bills are delinquent if not paid 15 days after billing date. Water service shall be discontinued for any customer whose bill is 10 days past due.

CITY OF CHARLESTON, ILLINOIS

LEGAL DEBT MARGIN

April 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Assessed Valuation	<u>\$ 187,021,837</u>	<u>\$ 187,968,000</u>	<u>\$ 189,148,721</u>
Statutory debt limitation (8.625% of assessed valuation)	<u>\$ 16,130,633</u>	<u>\$ 16,212,240</u>	<u>\$ 16,314,077</u>
Total Debt:			
General obligation debt:			
Bonds	4,690,000	5,905,000	7,085,000
Notes payable	<u>4,416,484</u>	<u>4,931,495</u>	<u>5,714,821</u>
	<u>9,106,484</u>	<u>10,836,495</u>	<u>12,799,821</u>
Less bonds exempt from debt limitation computation	<u>(1,865,000)</u>	<u>(2,450,000)</u>	<u>(3,020,000)</u>
	<u>7,241,484</u>	<u>8,386,495</u>	<u>9,779,821</u>
Legal Debt Margin	<u>\$ 8,889,149</u>	<u>\$ 7,825,745</u>	<u>\$ 6,534,256</u>

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

	Tax Levy Year		
	2019	2018	2017
Assessed Valuation	<u>\$ 187,021,837</u>	<u>\$ 187,968,000</u>	<u>\$ 189,148,721</u>
Tax Rates:			
General corporate	0.00045	0.00048	0.01966
IMRF	0.00365	0.03478	0.15129
Fire protection	0.00053	0.00053	0.05222
Firemen's pension	0.79317	0.74415	0.54326
Police protection	0.00053	0.00053	0.05222
Police pension	0.77351	0.70990	0.51148
Library	0.21336	0.20865	0.20573
Garbage	0.00053	0.00053	0.00278
Audit	0.00053	0.00053	0.00718
Judgment	0.24003	0.25516	0.25693
Street lighting	0.00053	0.00053	0.04938
Playground and recreation	0.09655	0.09442	0.09266
Emergency services	0.00053	0.00053	0.00053
Social security	0.13062	0.14353	0.12862
Ambulance service	0.00053	0.00053	0.04439
General obligation bonds (Library series)	<u>0.31446</u>	<u>0.30656</u>	<u>0.29768</u>
Total	<u>2.56951</u>	<u>2.50134</u>	<u>2.41601</u>

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

	Tax Levy Year		
	2019	2018	2017
Taxes Extended:			
General corporate	\$ 842	\$ 902	\$ 37,187
Street and bridge *	140,366	139,570	139,105
IMRF	6,826	65,375	286,163
Fire protection	991	996	98,773
Firemen's pension	1,483,401	1,398,765	1,027,569
Police protection	991	996	98,773
Police pension	1,446,633	1,334,385	967,458
Library	399,030	392,195	389,136
Garbage	991	996	5,258
Audit	991	996	13,581
Judgment	448,909	479,619	485,980
Street lighting	991	996	93,402
Playground and recreation	180,570	177,480	175,265
Emergency services	991	996	1,003
Social security	244,288	269,791	243,283
Ambulance service	991	996	83,963
General obligation bonds (Library series)	588,109	576,235	563,058
Total	<u>\$ 4,945,911</u>	<u>\$ 4,841,289</u>	<u>\$ 4,708,957</u>
Net Taxes Collected:			
Municipal levy		\$ 4,689,350	\$ 4,528,640
City's share of township road and bridge		<u>138,863</u>	<u>137,811</u>
Total		<u>\$ 4,828,213</u>	<u>\$ 4,666,451</u>
Percent Collected		99.73%	99.10%
Net Taxes Collected:			
Tax Increment Finance		<u>\$ 188,710</u>	<u>\$ 189,552</u>

* Includes City share of township road and bridge tax.