

CITY OF CHARLESTON, ILLINOIS

FINANCIAL STATEMENTS
For the Year Ended April 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

Report on the Audit of the Financial Statements

Opinions

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, 2023, 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.

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, 2023, 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.

Basis for Opinions

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

Change in Accounting Principle

As described in Note A to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 21 and other required supplementary information on pages 86 through 95 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Charleston, Illinois' basic financial statements. The accompanying combining and individual nonmajor fund financial statements, consolidated year-end financial report, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, consolidated year-end financial report, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, 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

January 30, 2024

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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, 2023, 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 January 30, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Gilbert, Metzger & Madigan, LLP

January 30, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Charleston, Illinois' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Charleston, Illinois' major federal programs for the year ended April 30, 2023. City of Charleston, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Charleston, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April, 30 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Gilbert, Metzger & Madigan, LLP

January 30, 2024

City of Charleston, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2023

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, 2023. We encourage readers to consider the information presented here in conjunction with the additional information furnished in the financial statements which begin on page 22.

Financial Highlights

- At April 30, 2023, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$22.5 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 \$52.8 million in capital assets, net of related debt. Restricted net position of \$1 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining amount of (\$31.4) 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.
- Revenues of \$31.5 million during the year exceeded expenses of \$26.7 million, increasing the City's total net position by \$4.8 million. The increase in net position consists of a \$2.9 million increase in net position of the City's governmental activities and a \$1.9 million 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 \$13.2 million, a \$161,935 decrease from the prior year balances of \$13.4 million.
- At April 30, 2023, approximately \$12.1 million (or 92%) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned). Unassigned fund balance increased \$1.5 million from prior year. Of the restricted fund balances, 67% (\$649,868) is restricted for highways and streets and 16% (\$151,581) is restricted for culture and recreation. Governmental funds have a committed or assigned fund balance of \$76,193 and nonspendable fund balance of \$62,691.
- The City had \$61.2 million in long-term liabilities at the end of the year, including bonded general obligation debt of \$1.2 million and \$51.2 million net pension liability. Outstanding long-term liabilities increased by \$7.4 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 22-25 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 six 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 26-39 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 40-46 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 pension trust funds, several custodial funds affiliated with the Playground and Recreation Fund, one custodial fund associated with telecommunication among local government agencies, and one custodial 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 47-48 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 49-85 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 86-95 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 96-105 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 outflows of resources exceed liabilities and deferred inflows of resources by \$22.5 million at year ended April 30, 2023. The following table reflects the condensed Statement of Net Position of the current year as compared to the previous year.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets and other	\$ 21,546,074	\$ 23,285,229	\$ 6,052,503	\$ 7,140,539	\$ 27,598,577	\$ 30,425,768
Capital assets	25,375,030	22,019,149	34,715,145	31,367,781	60,090,175	53,386,930
Total assets	46,921,104	45,304,378	40,767,648	38,508,320	87,688,752	83,812,698
Deferred Outflows of Resources	8,008,070	4,904,586	1,478,939	308,925	9,487,009	5,213,511
Liabilities:						
Current liabilities	1,853,886	1,777,929	1,504,962	370,087	3,358,848	2,148,016
Noncurrent liabilities	54,884,455	49,872,164	6,364,883	3,975,081	61,249,338	53,847,245
Total liabilities	56,738,341	51,650,093	7,869,845	4,345,168	64,608,186	55,995,261
Deferred Inflows of Resources	10,031,876	13,283,233	77,840	2,114,004	10,109,716	15,397,237
Net position:						
Net investment in capital assets, net of related debt	23,521,050	19,885,008	29,318,774	27,621,571	52,839,824	47,506,579
Restricted	1,028,935	2,920,249	-	268,750	1,028,935	3,188,999
Unrestricted	(36,391,028)	(37,529,619)	4,980,128	4,467,752	(31,410,900)	(33,061,867)
Total net position	\$ (11,841,043)	\$ (14,724,362)	\$ 34,298,902	\$ 32,358,073	\$ 22,457,859	\$ 17,633,711

The City's governmental total net position increased from (\$14.7) million in 2022 to (\$11.9) million in 2023 which is an increase in net position of \$2.9 million. Business-type activities saw an increase of \$1.9 million. The City's combined net position increased by \$4.8 million from prior year balances.

City of Charleston's net position includes \$52.8 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 million of the City's net position represents resources that are subject to external restrictions on their use. The City's unrestricted net position is (\$31.4) million which is largely represented by 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, 2023

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 4,307,620	\$ 3,588,847	\$ 6,198,614	\$ 6,022,808	\$ 10,506,234	\$ 9,611,655
Operating grants	2,946,754	3,950,714	-	12,977	2,946,754	3,963,691
Capital grants	858,109	1,373,081	-	883,280	858,109	2,256,361
Total program revenues	8,112,483	8,912,642	6,198,614	6,919,065	14,311,097	15,831,707
General revenues:						
Property taxes	5,018,501	4,863,605	-	-	5,018,501	4,863,605
Income taxes	2,660,167	3,045,359	-	-	2,660,167	3,045,359
Sales taxes	4,744,435	4,648,831	-	-	4,744,435	4,648,831
Other general revenues	2,987,168	2,703,784	169,185	86,126	3,156,353	2,789,910
Total general revenues	15,410,271	15,261,579	169,185	86,126	15,579,456	15,347,705
Total revenues	23,522,754	24,174,221	6,367,799	7,005,191	29,890,553	31,179,412
Expenses:						
General government	4,222,332	2,696,912	-	-	4,222,332	2,696,912
Public safety	12,720,036	10,462,491	-	-	12,720,036	10,462,491
Highways and streets	1,954,799	2,092,593	-	-	1,954,799	2,092,593
Health and welfare	76,122	98,505	-	-	76,122	98,505
Culture and recreation	1,021,003	798,971	-	-	1,021,003	798,971
Urban redevelopment and housing	765,371	581,531	-	-	765,371	581,531
Economic development and assist	76,454	96,314	-	-	76,454	96,314
Interest expense	38,038	51,170	-	-	38,038	51,170
Water and sewer	-	-	5,823,946	4,609,638	5,823,946	4,609,638
Total expenses	20,874,155	16,878,487	5,823,946	4,609,638	26,698,101	21,488,125
Increase (Decrease) in net position before transfers	2,648,599	7,295,734	543,853	2,395,553	3,192,452	9,691,287
Debt Forgiveness	-	-	1,631,697	-	1,631,697	-
Transfers	234,720	62,674	(234,720)	(62,674)	-	-
Increase (Decrease) in net position	2,883,319	7,358,408	1,940,830	2,332,879	4,824,149	9,691,287
Net position - beginning of year	(14,724,362)	(22,082,770)	32,358,072	30,025,193	17,633,710	7,942,423
Net position- end of year	\$ (11,841,043)	\$ (14,724,362)	\$ 34,298,902	\$ 32,358,072	\$ 22,457,859	\$ 17,633,710

Current Year Impacts - Overall Net Position

As noted in the previous chart, the City of Charleston's net position increased \$4.8 million. Net position of the City's governmental activities increased \$2.9 million and net position of business-type activities increased \$1.9 million.

Net investment in capital assets increased by \$5.3 million to \$52.8 million due to capital asset additions and debt retirement. Restricted net position decreased by \$2.2 million while unrestricted net position increased \$1.7 million.

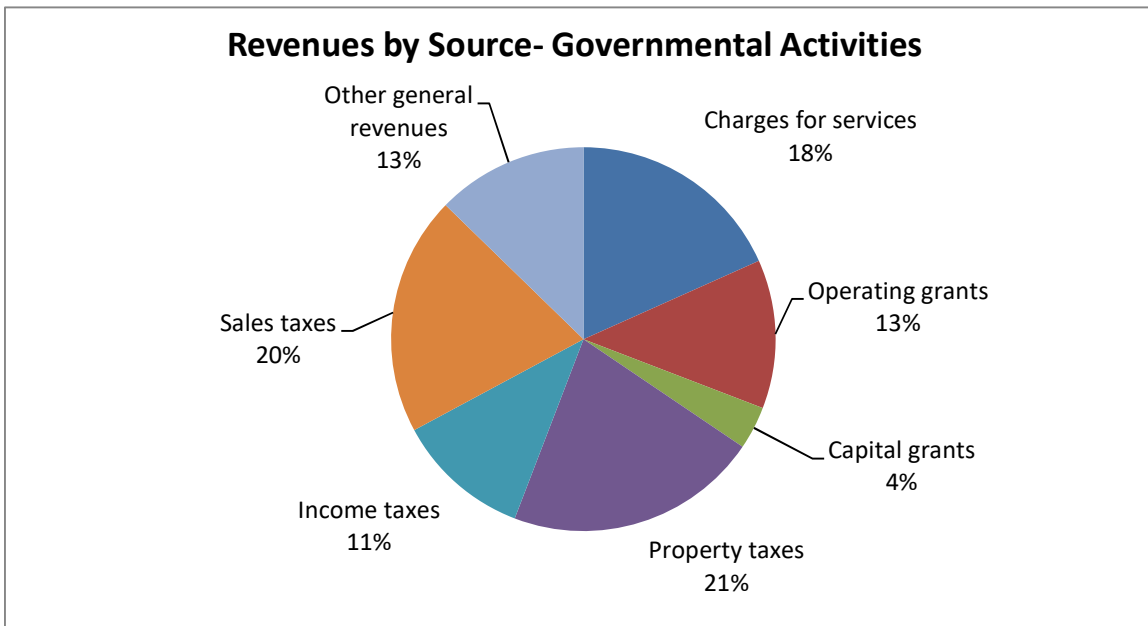
Total revenues increased \$342,838 (1%). Expenses increased \$5.2 million (24%). Results for specific types of revenues and expenses are discussed below.

Governmental Activities - Revenues and Expenses

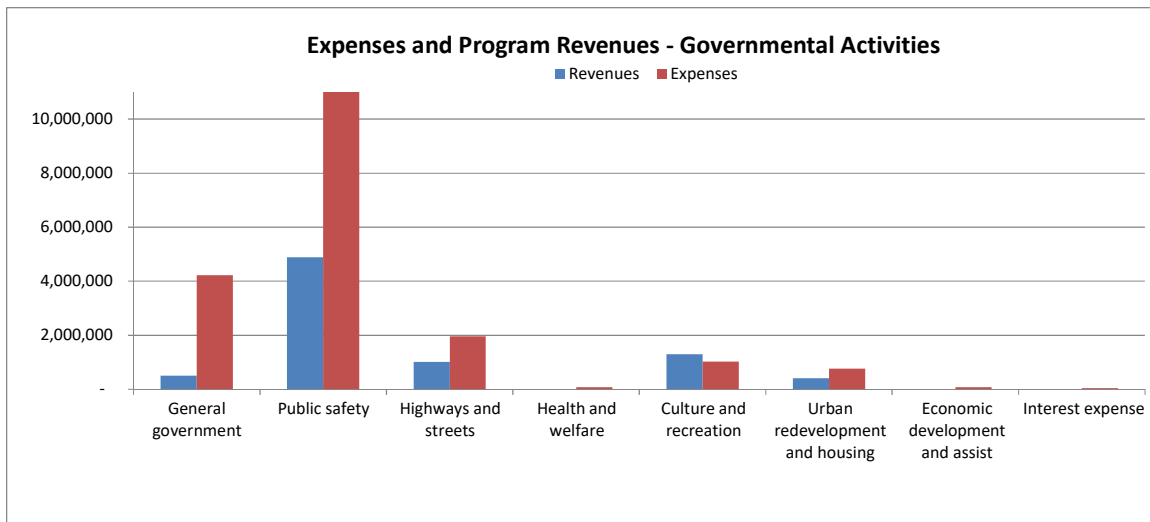
Revenues for governmental activities decreased by \$651,467 (-3%) to \$23.5 million. Increases by revenue types are as follows: charges for services (\$718,773), property taxes (\$154,896), sales taxes (\$95,604), and other general revenues (\$283,384). The increases were offset by decreases in operating grants (\$1 million), capital grants (\$514,972), and income taxes (\$385,192).

Total expenses for governmental activities increased \$4 million (24%) to \$20.9 million. Increases in expenses were recorded in general government (\$1.5 million), public safety (\$2.3 million), culture and recreation (\$222,032), and urban redevelopment and housing (\$183,840). Expenses decreased within highways and streets (\$137,794), health and welfare (\$22,383), economic development and assistance (\$19,860), and interest expense (\$13,132).

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 41 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 \$1 million or 14%. Revenue types seeing increases from prior year include charges for services (\$175,806) and other general revenues (\$1.7 million). The increases were offset by decreases in operating grants (\$12,977) and capital grants (\$883,280). In regards to charges for services, water and sewer gallons billed decreased by 2 percent and annual water and sewer rates increased 3 percent at the beginning of the year. Expenses for the City's business-type activities increased \$1.2 million or 26% from prior year.

Overall, the City's net position from business-type activities increased by \$1.9 million. Program revenues exceeded expenses of such activities (\$543,853) which were sufficient to fund transfers to other activities (\$234,720) and debt that was forgiven in the current year (\$1.6 million). Thus, the total increase in net position from such activities was \$1.9 million after interest income, net increase (decrease) in fair value of investments, gain (loss) on sale of disposal of assets, and miscellaneous income of \$169,185 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, 2023, the governmental funds reported combined total fund balance of \$13.2 million, a \$161,935 (1%) decrease from the prior year. Notable changes in fund balances from the prior year are as follows:

- General Fund balance increased \$708,492 (6%).
- The fund balance of the Motor Fuel Tax Fund decreased by \$1 million or 59%. Revenue received will be expended on capital projects planned for future years.

Of the total fund balance for governmental funds, \$12.1 million is unassigned which indicates the funds are available to support the continued operations of the City. Unassigned fund balance increased \$1.5 million from prior year. An additional \$76,193 is committed or assigned meaning the City has limited the use of funds to specific functions. Restricted fund balance of \$1 million is limited by legal restrictions from outside parties on how the funds may be spent. Unspendable fund balance in the amount of \$62,691 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 26-27.

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 \$1.9 from prior year. Operating revenues increased by \$156,661 from prior year and operating expenses increased by \$1.2 million. Non-operating revenues, including grant income, decreased \$906,542. Contributions, extraordinary items and transfers increased by \$1.6 million as a result of debt forgiveness in the current year.

The proprietary fund financial statements can be found on pages 40-46.

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 37-39 in the basic financial statements.

For the Fiscal Year Ended April 30, 2023					
General Fund	Original Budget		Final Budget		Actual
Revenues:					
Taxes	\$	12,996,982	\$	13,674,876	\$ 13,706,663
Licenses and permits		443,497		443,497	486,876
Intergovernmental revenue		2,592,173		2,592,173	2,599,949
Charges for services		2,083,050		2,283,050	2,860,617
Other		745,945		1,375,945	1,390,100
Total	\$	18,861,647	\$	20,369,541	\$ 21,044,205
Expenditures and transfers:					
Expenditures		19,590,091		20,830,091	20,495,991
Transfers		(49,620)		(161,726)	(160,278)
Total	\$	19,540,471	\$	20,668,365	\$ 20,335,713
Change in fund balance	\$	(678,824)	\$	(298,824)	\$ 708,492

The general fund actual revenues were \$674,664 more than the final budgeted amount. The actual revenue collected in the categories of taxes, licenses and permits, intergovernmental revenue, charges for services, and other revenues were higher than the final budget by \$31,787, \$43,379, \$7,776, \$577,567, and \$14,155 respectively. The general fund actual expenditures and transfers were \$332,652 less than the final budget amount.

Capital Assets

As shown on the following chart, the City of Charleston had a \$60.1 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation as of April 30, 2023. A large portion (41%) of this investment represents infrastructure including roads, sidewalks, bridges, and sewers. Overall, the City's investment in capital assets net of depreciation increased by \$6.7 million.

Table 3- Capital Assets at Year-End Net of Depreciation

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,503,499	\$ 1,503,499	\$ 1,235,024	\$ 1,201,452	\$ 2,738,523	\$ 2,704,951
Buildings and Improvements	8,676,158	8,948,051	8,657,670	8,949,412	17,333,828	17,897,463
Vehicles, machinery and equipment	2,773,718	2,598,499	1,653,950	1,607,415	4,427,668	4,205,914
Infrastructure	7,287,286	7,655,752	17,644,685	18,176,296	24,931,971	25,832,048
Construction in Progress	5,087,029	1,313,348	5,523,816	1,433,206	10,610,845	2,746,554
Leased Equipment	47,340	-	-	-	47,340	-
	<u>\$ 25,375,030</u>	<u>\$ 22,019,149</u>	<u>\$ 34,715,145</u>	<u>\$ 31,367,781</u>	<u>\$ 60,090,175</u>	<u>\$ 53,386,930</u>

Significant capital additions in the fiscal year ending April 30, 2023 included the following:

- F550 Ambulance
- 2 dump trucks (1 tandem and 1 single axle)
- Ford F-450 truck
- Sanitary Sewer Camera
- Lake Charleston sedimentation basin reconstruction
- Street resurfacing on McKinley Avenue
- Street resurfacing on 15th Street
- Sister City parking lot resurfacing

These additions to capital assets were offset by depreciation of \$2.9 million. Readers desiring more detailed information on capital assets activity should refer to the discussion in Note C to these financial statements on pages 59-62.

Long-Term Liabilities

The City of Charleston's long term liabilities totaled \$54.9 million for governmental activities and \$6.4 million for business-type activities as of April 30, 2023.

Table 4- Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Unamortized bond premium	\$ -	\$ -	\$ -	\$ 15,333	\$ -	\$ 15,333
Compensated absences	1,994,987	1,953,353	244,200	220,985	2,239,187	2,174,338
Net pension liability	49,247,402	43,527,115	1,920,233	-	51,167,635	43,527,115
Net OPEB liability	2,390,258	2,621,696	97,428	132,388	2,487,686	2,754,084
Lease liability	46,808	-	-	-	46,808	-
State of Illinois notes payable	-	-	4,103,022	2,961,375	4,103,022	2,961,375
General obligation bonds	1,205,000	1,770,000	-	-	1,205,000	1,770,000
Alternative revenue bonds	-	-	-	645,000	-	645,000
	<u>\$ 54,884,455</u>	<u>\$ 49,872,164</u>	<u>\$ 6,364,883</u>	<u>\$ 3,975,081</u>	<u>\$ 61,249,338</u>	<u>\$ 53,847,245</u>

Governmental long-term liabilities increased by \$5 million. No new debt was issued.

Business-type activities increased long-term debt by \$2.4 million. \$3,102,385 of new IEPA loan funds were disbursed during FY23, \$1,631,697 of which was forgiven.

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 remain on the financial statements as the City's policy is 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 2022 levy year increased 5% percent from prior year to \$216,669,174. 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, 2022 was roughly \$650 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. Since the record low enrollment, EIU has had consistent improvement in enrollment with no major declines over a 6 year span. As a result of the stable local economy, sales taxes continue to increase. Fiscal year 19/20 reported an increase of 3%, FY20/21 showed an increase of 13.4%, FY21/22 increased by 26.6%, FY22/23 increased by 2%, and we are expecting an increase of 1% in fiscal year 2023/2024.

The fiscal year 2023/24 budget is a balanced budget. Due in large part to emergency assistance grants and finances continuing to improve for the City.

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 including inflation and supply chain issues 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 2023/24 as the City is committed to providing the same service levels and remaining fiscally responsible. The City of Charleston's strong financial position and conservative budgeting approach continues to sustain operations through times of uncertainty.

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:

Mike White
City Comptroller
520 Jackson Avenue
Charleston, Illinois 61920
Phone: (217)345-8425
Email: comptroller@co.coles.il.us

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carnegie Public Library
ASSETS				
Cash deposits	\$ 8,004,300	\$ 4,182,195	\$ 12,186,495	\$ 373,310
Investments, at fair value	4,126,526	1,128,496	5,255,022	-
Receivables:				
Property taxes	5,191,848	-	5,191,848	420,008
Other taxes	85,060	-	85,060	-
Customers	446,170	578,676	1,024,846	-
Other	773,213	4,795	778,008	-
Interest	8,487	1,190	9,677	-
Due from other governmental agencies	1,983,894	-	1,983,894	38,030
Lease receivable	578,619	-	578,619	-
Prepaid expenses	85,232	28,583	113,815	8,599
Inventory	62,691	268,453	331,144	-
Due from component unit	23,805	-	23,805	-
Due from primary government	-	-	-	7,291
Internal balances	139,885	(139,885)	-	-
Net pension asset	36,344	-	36,344	-
Capital assets, net of accumulated depreciation	25,375,030	34,715,145	60,090,175	914,488
Total assets	<u>46,921,104</u>	<u>40,767,648</u>	<u>87,688,752</u>	<u>1,761,726</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	6,978,643	1,436,979	8,415,622	-
Deferred OPEB	<u>1,029,427</u>	<u>41,960</u>	<u>1,071,387</u>	<u>7,770</u>
Total deferred outflows of resources	<u>8,008,070</u>	<u>1,478,939</u>	<u>9,487,009</u>	<u>7,770</u>
LIABILITIES				
Accounts payable	1,455,085	1,465,922	2,921,007	12,936
Claims payable	167,062	-	167,062	-
Accrued wages	157,393	34,687	192,080	4,985
Accrued interest	10,965	4,353	15,318	114
Deposits held for others	5,000	-	5,000	-
Due to primary government	-	-	-	31,096
Accrued compensated absences	19,313	-	19,313	-
Unearned revenue	39,068	-	39,068	-

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
April 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carnegie Public Library
Long-term liabilities:				
Accrued compensated absences	1,994,987	244,200	2,239,187	10,682
Net OPEB liability	2,390,258	97,428	2,487,686	18,041
Net pension liability	49,247,402	1,920,233	51,167,635	-
Lease liability:				
Due within one year	8,952	-	8,952	-
Due in more than one year	37,856	-	37,856	-
Bonds payable:				
Due within one year	590,000	-	590,000	-
Due in more than one year	615,000	-	615,000	-
Notes payable:				
Due within one year	-	329,042	329,042	30,651
Due in more than one year	-	3,773,980	3,773,980	53,450
Total liabilities	56,738,341	7,869,845	64,608,186	161,955
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	5,191,848	-	5,191,848	420,008
Deferred amount on refunding	7,542	-	7,542	-
Deferred pensions	3,118,783	31,574	3,150,357	-
Deferred OPEB	1,135,084	46,266	1,181,350	8,567
Deferred leases	578,619	-	578,619	-
Total deferred inflows of resources	10,031,876	77,840	10,109,716	428,575
NET POSITION				
Net investment in capital assets	23,521,050	29,318,774	52,839,824	830,387
Restricted for:				
Public safety	42,570	-	42,570	-
Highways and streets	712,559	-	712,559	-
Culture and recreation	151,581	-	151,581	23,647
Economic development and assistance	88,883	-	88,883	-
Debt service	33,342	-	33,342	-
Unrestricted (deficit)	(36,391,028)	4,980,128	(31,410,900)	324,932
Total Net Position (Deficit)	\$ (11,841,043)	\$ 34,298,902	\$ 22,457,859	\$ 1,178,966

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2023

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
			Operating	Capital	Primary Government			Component
		Charges for	Grants and	Grants and	Governmental	Business-Type		Unit
Program Activities:	Expenses	Services	Contributions	Contributions	Activities	Activities	Total	Carnegie
Primary Government:								Public Library
Governmental activities:								
General government	\$ 4,222,332	\$ 395,312	\$ 108,909	\$ -	\$ (3,718,111)	\$ -	\$ (3,718,111)	
Public safety	12,720,036	3,397,865	1,491,289	-	(7,830,882)	-	(7,830,882)	
Highways and streets	1,954,799	-	898,983	108,109	(947,707)	-	(947,707)	
Health and welfare	76,122	-	3,000	-	(73,122)	-	(73,122)	
Culture and recreation	1,021,003	450,070	98,627	750,000	277,694	-	277,694	
Urban redevelopment and housing	765,371	64,373	345,946	-	(355,052)	-	(355,052)	
Economic development and assistance	76,454	-	-	-	(76,454)	-	(76,454)	
Interest expense	38,038	-	-	-	(38,038)	-	(38,038)	
Total governmental activities	20,874,155	4,307,620	2,946,754	858,109	(12,761,672)	-	(12,761,672)	
Business-type activities:								
Water	3,165,590	3,099,307	-	-	-	(66,283)	(66,283)	
Sewer	2,658,356	3,099,307	-	-	-	440,951	440,951	
Total business-type activities	5,823,946	6,198,614	-	-	-	374,668	374,668	
Total primary government	\$ 26,698,101	\$ 10,506,234	\$ 2,946,754	\$ 858,109	(12,761,672)	374,668	(12,387,004)	
Component Unit: Carnegie Public Library	\$ 476,879	\$ 21,464	\$ 47,121	\$ 70,000				\$ (338,294)
General Revenues:								
Taxes:								
Property taxes					5,018,501	-	5,018,501	396,298
Illinois income tax					2,660,167	-	2,660,167	-
Municipal retailers' occupation tax					4,744,435	-	4,744,435	-
Utility tax					746,220	-	746,220	-
Use tax					708,823	-	708,823	-
Cannabis excise tax					26,908	-	26,908	-
Replacement tax					745,092	-	745,092	64,212
Other taxes					415,492	-	415,492	-
Interest income					219,548	94,420	313,968	5,265
Gain (loss) on sale or disposal of assets					32,192	15,500	47,692	(11,125)
Net increase (decrease) in fair value of investments					(3,741)	(1,132)	(4,873)	-
Miscellaneous					96,634	60,397	157,031	-
Extraordinary item - debt forgiveness					-	1,631,697	1,631,697	-
Transfers					234,720	(234,720)	-	-
Total general revenues, extraordinary item, and transfers					15,644,991	1,566,162	17,211,153	454,650
Change in net position					2,883,319	1,940,830	4,824,149	116,356

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES (Continued)
For the Year Ended April 30, 2023

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Carnegie Public Library
Net position (deficit), beginning of year	(14,724,362)	32,358,072	17,633,710
Net Position (Deficit), End of Year	\$ (11,841,043)	\$ 34,298,902	\$ 22,457,859
			\$ 1,178,966

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

FUND FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2023

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
ASSETS				
Cash deposits	\$ 6,797,136	\$ 1,165,695	\$ 7,962,831	\$ 373,310
Investments, at fair value	4,126,526	-	4,126,526	-
Receivables, net of allowance for uncollectible:				
Property taxes	4,169,462	1,022,386	5,191,848	420,008
Other taxes	85,060	-	85,060	-
Customers	443,246	-	443,246	-
Other	753,557	19,656	773,213	-
Interest	8,487	-	8,487	-
Due from other governmental agencies	1,914,416	69,478	1,983,894	38,030
Lease receivable	578,619	-	578,619	-
Inventory	-	62,691	62,691	-
Total Assets	\$ 18,876,509	\$ 2,339,906	\$ 21,216,415	\$ 831,348
LIABILITIES				
Accounts payable	\$ 1,079,549	\$ 337,122	\$ 1,416,671	\$ 12,937
Accrued wages	150,919	6,473	157,392	4,985
Deposits held for others	5,000	-	5,000	-
Due to other funds	246,650	-	246,650	-
Due to primary government	-	-	-	31,096
Accrued compensated absences	19,313	-	19,313	-
Total liabilities	1,501,431	343,595	1,845,026	49,018
DEFERRED INFLOWS OF RESOURCES				
Unavailable miscellaneous revenue	323,941	43,660	367,601	-
Unavailable property tax revenue	4,169,462	1,022,386	5,191,848	420,008
Unavailable lease revenue	578,619	-	578,619	-
Total deferred inflows of resources	5,072,022	1,066,046	6,138,068	420,008

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
April 30, 2023

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
FUND BALANCE				
Nonspendable	-	62,691	62,691	-
Restricted for:				
Public safety	23,282	19,288	42,570	-
Highways and streets	-	649,868	649,868	-
Culture and recreation	151,581	-	151,581	23,647
Economic development and assistance	-	88,883	88,883	-
Debt service	-	33,342	33,342	-
Committed for:				
Culture and recreation	-	76,193	76,193	-
Unassigned	<u>12,128,193</u>	<u>-</u>	<u>12,128,193</u>	<u>338,675</u>
Total fund balance	<u>12,303,056</u>	<u>930,265</u>	<u>13,233,321</u>	<u>362,322</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 18,876,509</u>	 <u>\$ 2,339,906</u>	 <u>\$ 21,216,415</u>	 <u>\$ 831,348</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, 2023

Total fund balance - total governmental funds	\$ 13,233,321
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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 \$50,501,992 exceeded accumulated depreciation of \$25,126,962.	25,375,030
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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.	67,917
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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.	328,533
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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.

Deferred outflows of resources - IMRF	\$ 2,016,546	
Deferred outflows of resources - Firefighters' Pension Trust Fund	2,605,721	
Deferred outflows of resources - Police Pension Trust Fund	2,356,376	
Deferred outflows of resources - OPEB	1,029,427	
Deferred inflows of resources - IMRF	(44,151)	
Deferred inflows of resources - Firefighters' Pension Trust Fund	(1,759,303)	
Deferred inflows of resources - Police Pension Trust Fund	(1,315,329)	
Deferred inflows of resources - OPEB	(1,135,084)	3,754,203

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.	(10,965)
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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:

Current assets	\$ 531,668	
Current liabilities	(265,097)	266,571

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued)
April 30, 2023

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.

Net pension asset - IMRF	\$ 36,344	
Net pension liability	<u>(49,247,402)</u>	(49,211,058)

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	\$ (1,994,987)	
Net OPEB liability	(2,390,258)	
Deferred amount on refunding	(7,542)	
Lease liability	(46,808)	
Bonds payable	<u>(1,205,000)</u>	<u>(5,644,595)</u>

Net Position (Deficit) of Governmental Activities	<u>\$ (11,841,043)</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, 2023

Total fund balance - component unit		\$ 362,322
Amounts reported for the component unit in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. This is the amount by which capital assets of \$1,419,406 exceeded accumulated depreciation of \$504,918.		914,488
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.		8,600
Deferred inflows and outflows of resources related to certain changes in net OPEB liability are not yet recognized in OPEB expense, are not current financial resources and, therefore, are not reported in the funds.		
Deferred outflows of resources		7,770
Deferred inflows of resources		(8,567)
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.		(114)
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 assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.		7,291
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Accrued compensated absences	\$ (10,682)	
Net OPEB liability	(18,041)	
Notes payable	<u>(84,101)</u>	<u>(112,824)</u>
Net Position of Component Unit		<u><u>\$ 1,178,966</u></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, 2023

		Non-Major	Total	Component
	General	Governmental	Governmental	Unit
	Fund	Funds	Funds	Carnegie
				Public Library
Revenues:				
Property taxes	\$ 4,005,998	\$ 995,017	\$ 5,001,015	\$ 395,789
Mobile home privilege tax	4,973	1,016	5,989	509
Replacement tax	745,092	-	745,092	64,212
Tourism tax	64,047	-	64,047	-
Utility tax	746,220	-	746,220	-
Fines, parking system fees, and charge for services	220,433	-	220,433	1,727
Municipal retailers' occupation tax	4,744,435	-	4,744,435	-
Illinois income tax	2,660,167	-	2,660,167	-
Use tax	708,823	-	708,823	-
Cannabis use tax	26,908	-	26,908	-
Ambulance revenue	2,640,184	-	2,640,184	-
Other governmental agencies	2,599,949	1,007,092	3,607,041	50,994
Rental income	30,334	-	30,334	1,555
Licenses, permits and fees	486,876	452,071	938,947	7,000
Interest income	217,222	2,327	219,549	5,264
Private donations and contributions	1,078,865	34,403	1,113,268	21,624
Payments from primary government	-	-	-	70,000
Net increase (decrease) in fair value of investments	(3,741)	-	(3,741)	-
Miscellaneous income	66,172	33,277	99,449	11,182
Total revenues	21,042,957	2,525,203	23,568,160	629,856
Expenditures:				
General government	3,393,687	-	3,393,687	-
Public safety	12,031,511	3,510	12,035,021	-
Highways and streets	897,073	441,328	1,338,401	-
Health and welfare	76,122	-	76,122	-
Culture and recreation	224,591	680,072	904,663	453,223
Urban redevelopment and housing	752,341	-	752,341	-
Economic development and assistance	-	76,454	76,454	-
Debt service:				
Principal	10,000	565,000	575,000	32,044
Interest	-	42,699	42,699	2,220
Capital outlay	3,110,666	1,494,461	4,605,127	92,004
Total expenditures	20,495,991	3,303,524	23,799,515	579,491
Excess of revenues over (under) expenditures	546,966	(778,321)	(231,355)	50,365

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Continued)
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2023

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	1,248	-	1,248	-
Note proceeds	-	-	-	10,454
Transfers in	180,278	20,000	200,278	-
Transfers out	(20,000)	(112,106)	(132,106)	-
Total other financing sources (uses)	<u>161,526</u>	<u>(92,106)</u>	<u>69,420</u>	<u>10,454</u>
Net change in fund balance	708,492	(870,427)	(161,935)	60,819
Fund balance, beginning of year	<u>11,594,564</u>	<u>1,800,692</u>	<u>13,395,256</u>	<u>301,503</u>
Fund Balance, End of Year	<u>\$ 12,303,056</u>	<u>\$ 930,265</u>	<u>\$ 13,233,321</u>	<u>\$ 362,322</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, 2023

Net change in governmental fund balance	\$ (161,935)
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.	4,605,127
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.	(1,501,152)
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.	28,550
This is the net book value of capital assets transferred from Business-Type Fund.	166,548
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.	3,185,232
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.	(81,748)
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.	4,279,364
Deferred inflows 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.	(275,548)
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.	(13,601)

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, 2023

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.	(3,083)
Bond premiums are reported as income in the governmental funds, but these are capitalized and amortized in the statement of activities.	7,334
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.	(65,407)
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	(41,634)
Change in net OPEB liability	231,438
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	\$ (2,335,540)
Net pension liability	<u>(5,720,287)</u>
	(8,055,827)
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.	575,000
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>4,661</u>
Change in Net Position of Governmental Activities	<u>\$ 2,883,319</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, 2023

Net change in component unit fund balance	\$ 60,819
Amounts reported for the component unit 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.	92,004
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.	(22,014)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations, and disposals) is to increase/decrease net position.	(11,125)
Note proceeds provide current financial resources to governmental funds, but increase long-term liabilities in the statement of position.	(10,454)
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.	(2,356)
Deferred inflows 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.	(734)
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.	(1,379)
Certain revenues reported in the statement of activities are not available as current financial resources and, therefore, are not reported as revenue in the governmental funds.	(25,497)
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	(464)
Change in net OPEB liability	5,850

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 (Continued)
For the Year Ended April 30, 2023

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.	32,044
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.	44
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.	<u>(382)</u>
Change in Net Position of Component Unit	<u>\$ 116,356</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 and Pension Tax Levy Funds)
For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
General Fund:				
Revenues:				
Property taxes	\$ 548,096	\$ 595,990	\$ 595,096	\$ (894)
Mobile home privilege tax	500	500	586	86
Replacement tax	32,690	232,690	268,575	35,885
Tourism tax	62,000	62,000	64,047	2,047
Utility tax	710,304	710,304	746,220	35,916
Fines, parking system fees, and charges for services	202,050	202,050	220,433	18,383
Municipal retailers' occupation tax	4,853,640	4,853,640	4,744,435	(109,205)
Illinois income tax	2,286,938	2,586,938	2,660,167	73,229
Use tax	648,225	648,225	708,823	60,598
Cannabis excise tax	33,708	33,708	26,908	(6,800)
Ambulance revenue	1,881,000	2,081,000	2,640,184	559,184
Other governmental agencies	2,592,173	2,592,173	2,599,949	7,776
Rental income	30,335	30,335	30,334	(1)
Licenses, permits and fees	443,497	443,497	486,876	43,379
Interest income	40,000	170,000	217,222	47,222
Private donations and contributions	664,200	1,164,200	1,078,865	(85,335)
Net increase (decrease) in fair value of investments	-	-	(3,741)	(3,741)
Miscellaneous income	11,410	11,410	66,172	54,762
Total revenues	<u>15,040,766</u>	<u>16,418,660</u>	<u>17,151,151</u>	<u>732,491</u>
Expenditures:				
General Government:				
Administration, boards and city manager	474,313	474,313	490,624	(16,311)
City clerk	118,791	118,791	117,878	913
Comptroller's office	179,475	179,475	194,402	(14,927)
City attorney's office	114,417	114,417	105,138	9,279
Information services	156,191	156,191	141,213	14,978
Engineering department	1,299,560	2,049,560	231,095	1,818,465
Contingencies	567,600	567,600	58,030	509,570
Parks and maintenance department	865,059	965,059	817,381	147,678
Judgment	587,735	587,735	620,715	(32,980)
Human resources	115,018	115,018	123,201	(8,183)
Employee benefits	575,468	575,468	494,010	81,458
	<u>5,053,627</u>	<u>5,903,627</u>	<u>3,393,687</u>	<u>2,509,940</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General and Pension Tax Levy Funds)
For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Public Safety:				
Police protection	3,662,374	3,662,374	3,883,693	(221,319)
Fire protection	4,717,718	4,717,718	4,256,012	461,706
	<u>8,380,092</u>	<u>8,380,092</u>	<u>8,139,705</u>	<u>240,387</u>
Highways and Streets:				
Street department	1,184,770	1,444,770	813,080	631,690
City garage	80,097	80,097	83,993	(3,896)
	<u>1,264,867</u>	<u>1,524,867</u>	<u>897,073</u>	<u>627,794</u>
Health and Welfare:				
Public service	106,515	106,515	76,122	30,393
Culture and Recreation:				
Tourism	199,183	199,183	224,591	(25,408)
Urban Redevelopment and Housing:				
Building and development services	478,055	478,055	428,125	49,930
Rehabilitation and community development assistance program	286,829	286,829	324,216	(37,387)
	<u>764,884</u>	<u>764,884</u>	<u>752,341</u>	<u>12,543</u>
Debt Service:				
Principal	42	42	10,000	(9,958)
Capital Outlay	-	-	3,110,666	(3,110,666)
Total expenditures	<u>15,769,210</u>	<u>16,879,210</u>	<u>16,604,185</u>	<u>275,025</u>
Excess of revenues over (under) expenditures	<u>(728,444)</u>	<u>(460,550)</u>	<u>546,966</u>	<u>1,007,516</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General and Pension Tax Levy Funds)
For the Year Ended April 30, 2023

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	1,248	1,248
Transfers in	69,620	181,726	180,278	(1,448)
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	<u>49,620</u>	<u>161,726</u>	<u>161,526</u>	<u>(200)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(678,824)</u>	<u>(298,824)</u>	<u>708,492</u>	<u>1,007,316</u>
Pensions Tax Levy Fund:				
Revenues:				
Property taxes	3,416,881	3,416,881	3,410,902	(5,979)
Mobile home privilege tax	4,000	4,000	4,387	387
Replacement tax	<u>400,000</u>	<u>530,000</u>	<u>476,517</u>	<u>(53,483)</u>
Total revenues	<u>3,820,881</u>	<u>3,950,881</u>	<u>3,891,806</u>	<u>(59,075)</u>
Expenditures:				
Public safety	<u>3,820,881</u>	<u>3,950,881</u>	<u>3,891,806</u>	<u>59,075</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (678,824)</u>	<u>\$ (298,824)</u>	708,492	<u>\$ 1,007,316</u>
Fund balance, beginning of year			<u>11,594,564</u>	
Fund Balance, End of Year			<u>\$ 12,303,056</u>	

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2023

	Water and Sewer Fund	Internal Service Fund
	<u>Fund</u>	<u>Fund</u>
ASSETS		
Current assets:		
Cash deposits	\$ 4,182,195	\$ 41,470
Investments, at fair value	1,128,496	-
Receivables, net of allowance for uncollectible:		
Customer	578,676	2,923
Other	4,795	-
Interest receivable	1,190	-
Prepaid expenses	28,583	17,315
Inventory	268,453	-
Due from other funds	-	438,864
Due from component unit	-	31,096
Total current assets	<u>6,192,388</u>	<u>531,668</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>34,715,145</u>	<u>-</u>
Total assets	<u>40,907,533</u>	<u>531,668</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	1,436,979	-
Deferred OPEB	41,960	-
Total deferred outflows of resources	<u>1,478,939</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,465,922	38,414
Claims payable	-	167,062
Accrued wages	34,687	-
Accrued interest	4,353	-
Due to other funds	192,214	-
Notes payable	329,042	-
Total current liabilities	<u>2,026,218</u>	<u>205,476</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
April 30, 2023

	Water and Sewer Fund	Internal Service Fund
Noncurrent liabilities:		
Accrued compensated absences	244,200	-
Net OPEB liability	97,428	-
Net pension liability	1,920,233	-
Notes payable	3,773,980	-
Total noncurrent liabilities	<u>6,035,841</u>	<u>-</u>
 Total liabilities	 <u>8,062,059</u>	 <u>205,476</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	31,574	-
Deferred OPEB	<u>46,266</u>	<u>-</u>
Total deferred inflows of resources	<u>77,840</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	29,318,774	-
Unrestricted	<u>4,927,799</u>	<u>326,192</u>
 Total Net Position	 <u><u>\$ 34,246,573</u></u>	 <u><u>\$ 326,192</u></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, 2023

Total enterprise fund net position	\$ 34,246,573
------------------------------------	---------------

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.

52,329

Net Position of Business-Type Activities	<u>\$ 34,298,902</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, 2023

	Water and Sewer Fund	Internal Service Fund
Operating Revenues:		
Water and sewer utility	\$ 6,198,614	\$ -
Charges for services	-	1,690,344
Other	45,062	-
Total operating revenues	<u>6,243,676</u>	<u>1,690,344</u>
Operating Expenses:		
Personnel services	2,640,129	-
Commodities	565,329	-
Contractual services	1,109,670	471,665
Non-capitalized capital outlay	78,274	-
Depreciation	1,410,856	-
Claims expenses	-	1,235,552
Total operating expenses	<u>5,804,258</u>	<u>1,707,217</u>
Net operating income (loss)	<u>439,418</u>	<u>(16,873)</u>
Non-Operating Revenues (Expenses):		
Interest income	94,420	-
Gain on sale of capital assets	15,500	-
Net increase (decrease) in fair value of investments	(1,132)	-
Transfer of capital assets	(166,548)	-
Interest expense	(16,798)	-
Amortization	15,333	-
Total non-operating revenues (expenses)	<u>(59,225)</u>	<u>-</u>
Net income (loss) before extraordinary item and transfers	<u>380,193</u>	<u>(16,873)</u>
Extraordinary item - debt forgiveness	<u>1,631,697</u>	<u>-</u>
Transfers:		
Transfers out	<u>(68,172)</u>	<u>-</u>
Change in net position	1,943,718	(16,873)
Net position, beginning of year	<u>32,302,855</u>	<u>343,065</u>
Net Position, End of Year	<u>\$ 34,246,573</u>	<u>\$ 326,192</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, 2023

Net change in net position of enterprise fund	\$ 1,943,718
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>(2,888)</u>
Change in Net Position of Business-Type Activities	<u><u>\$ 1,940,830</u></u>

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, 2023

	Water and Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 6,226,483	\$ 342,322
Interfund services provided	-	1,348,023
Payments to suppliers	(656,328)	(472,249)
Payments to employees	(2,319,644)	-
Payments to claimants	-	(1,234,411)
Net cash provided (used) by operating activities	<u>3,250,511</u>	<u>(16,315)</u>
Cash Flows from Noncapital Financing Activities:		
Transfers in (out)	(68,172)	-
Loan from (to) other funds	(33,818)	(243,929)
Net cash provided (used) by noncapital financing activities	<u>(101,990)</u>	<u>(243,929)</u>
Cash Flows from Capital and Related Financing Activities:		
Grant income	1,631,697	-
Transfers in (out)	(166,548)	-
Purchases of capital assets	(4,742,720)	-
Proceeds from capital debt	1,470,688	-
Principal paid on capital debt	(974,041)	-
Interest paid on capital debt	(19,701)	-
Net cash provided (used) by financing activities	<u>(2,800,625)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	399,000	-
Purchases of investments	(1,132,000)	-
Interest income	93,938	-
Net cash provided (used) by investing activities	<u>(639,062)</u>	<u>-</u>
Net increase (decrease) in cash and cash deposits	(291,166)	(260,244)
Cash and cash deposits, beginning of year	<u>4,473,361</u>	<u>301,714</u>
Cash and Cash Deposits, End of Year	<u>\$ 4,182,195</u>	<u>\$ 41,470</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Year Ended April 30, 2023

	Water and Sewer Fund	Internal Service Fund
	<u> </u>	<u> </u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 439,418	\$ (16,873)
Noncash items included in operating income:		
Depreciation	1,410,856	-
Net (increase) decrease in:		
Customer receivables	(11,800)	(1,279)
Other receivables	(4,795)	-
Prepaid expenses	(2,176)	(583)
Inventory	(35,207)	-
Net pension asset	1,614,126	-
Deferred pensions	(1,184,165)	-
Deferred OPEB	14,151	-
Net increase (decrease) in:		
Accounts payable	1,134,329	1,575
Claims payable	-	845
Accrued wages	4,050	-
Deposits held for others	(600)	-
Accrued compensated absences	23,215	-
Net OPEB liability	(34,960)	-
Net pension liability	1,920,233	-
Deferred pensions	(2,039,025)	-
Deferred OPEB	<u>2,861</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,250,511</u>	<u>\$ (16,315)</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
April 30, 2023

	Pension Trust Funds	Custodial Funds	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 900,302	\$ 421,597	\$ 1,321,899
Receivables:			
Accounts receivable	-	31,789	31,789
Due from primary government	<u>133,193</u>	<u>3,249</u>	<u>136,442</u>
Total receivables	<u>133,193</u>	<u>35,038</u>	<u>168,231</u>
Prepaid expenses	<u>1,030</u>	<u>1,328</u>	<u>2,358</u>
Investments, at fair value:			
Pooled investments	<u>33,286,855</u>	<u>-</u>	<u>33,286,855</u>
Total assets	<u>34,321,380</u>	<u>457,963</u>	<u>34,779,343</u>
LIABILITIES			
Accounts payable	<u>1,564</u>	<u>5,896</u>	<u>7,460</u>
NET POSITION			
Fiduciary net position - held in trust for pension benefits	34,319,816	-	34,319,816
Fiduciary net position - held for others	<u>-</u>	<u>452,067</u>	<u>452,067</u>
Total Net Position	<u>\$ 34,319,816</u>	<u>\$ 452,067</u>	<u>\$ 34,771,883</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended April 30, 2023

	Pension Trust Funds	Custodial Funds	Total Fiduciary Funds
Additions:			
Employer contributions	\$ 3,891,805	\$ -	\$ 3,891,805
Plan members contributions	472,876	-	472,876
Investment income:			
Net appreciation (depreciation) in fair value of investments	(139,900)	45	(139,855)
Interest	30,398	535	30,933
Dividends and capital gain distributions	223,729	-	223,729
Less investment expense	(32,583)	-	(32,583)
Net investment income	81,644	580	82,224
Grants, donations, and sponsors	-	92,373	92,373
Fundraisers	-	55,369	55,369
Contracted services	-	29,229	29,229
Other additions	(872)	136,478	135,606
Total additions	4,445,453	314,029	4,759,482
Deductions:			
Benefits	4,057,451	-	4,057,451
Administration expenses	108,433	-	108,433
Program expenses	-	235,733	235,733
Total deductions	4,165,884	235,733	4,401,617
Change in net position	279,569	78,296	357,865
Net position, beginning of year	34,040,247	373,771	34,414,018
Net Position, End of Year	<u>\$ 34,319,816</u>	<u>\$ 452,067</u>	<u>\$ 34,771,883</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.

Carnegie Public Library is a discretely presented component unit of the City. 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.

The Police and Firefighters' Pension Plans are reported as fiduciary component units. The Pension Trust Funds do not issue separate financial statements.

Joint Ventures –

- 1) The City of Charleston Police Department is a participant in a joint venture known as the East Central Illinois Task Force. Other participants include the Illinois State Police, the Mattoon Police Department, the Arcola Police Department, the Eastern Illinois University Police Department, the Coles County Sheriff's Department, and the Douglas County Sheriff's Department. The Task Force was created to provide citizens of each jurisdiction the most effective drug law enforcement protection against those who engage in actions detrimental to public safety. In the event of dissolution, all Task Force property obtained through grants from the Illinois Criminal Justice Information Authority shall be disposed of consistent with the current property management or disposition guidelines issued by the Office of Federal Assistance Programs. All non-grant Task Force property, inventory, and all existing or currently pending forfeited assets will be distributed between the current participants. The East Central Illinois Task Force is governed by a Board of Directors which consists of the Sheriff or Chief of each participating agency and the Zone Commander of the Illinois State Police. Complete financial statements for the East Central Illinois Task Force can be obtained from the Mattoon Police Department at 1710 Wabash Avenue, Mattoon, IL 61938. The City of Charleston acts as a custodian of a portion of the financial records.
 - 2) The City of Charleston is a member of a joint venture known as the Government Telecommunications Consortium ("GovTC"). Other participants include Coles County, City of Mattoon, Eastern Illinois University, and Lake Land College. GovTC was created to acquire, construct and operate a long-term, shared telecommunications tower, service, and support consortium. In the event of dissolution, all shared assets will be liquidated and distributed between the current members. GovTC is governed by a Board of Directors which consists of one Director and one alternate Director from each member. The City of Charleston acts as the custodian of the financial records. Separate financial statements are not issued.
- 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

CITY OF CHARLESTON, ILLINOIS
NOTES TO 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.

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.

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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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.

Fiduciary Funds:

Fiduciary fund types are used to account for assets controlled by the government, assets are not derived from the government's own-source revenues or government-mandated nonexchange transactions, and the assets are administered through a trust or the government does not have administrative involvement. The City's fiduciary funds include pension trust and custodial 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. Assets are administered by a trust in which the government is not a beneficiary and trust assets are restricted for benefits of third parties under the benefit terms and are legally protected from the government's creditors. The City has two pension trust funds for the Police Pension Trust Fund and the Firefighters' Pension Trust Fund. The measurement focus and basis of accounting of the pension trust funds is similar to proprietary funds and are reported as fiduciary type component units.

Custodial Funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The assets are held for others and, therefore, are not available to support City programs. Custodial funds do not involve measurement of results of operations. The measurement focus and basis of accounting is similar to proprietary funds. The City has twenty-one custodial funds, nineteen of which are affiliated with the Playground and Recreation Fund.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- 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.
 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, 2023. The budget was amended April 18, 2023.
 6. Unused appropriations for all of the annually budgeted funds lapse at the end of each year.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- 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. The City maintains a cash pool for use by all funds, except for the Firefighters' Pension Trust Fund and Police Pension Trust Fund. Each fund's portion of this pool is included in the financial statements as cash and cash equivalents.
- f) Investments – Investments, including those reported in pension trust funds, are stated at fair value. Securities traded on a national 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. Unrealized gains or losses from the appreciation or depreciation in fair value of investments are reported as "net increase (decrease) in fair value of investments."

The City follows GASB Statement No. 72, *Fair Value Measurement and Application*, which provides a framework for measuring fair value under U.S. generally accepted accounting principles. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. This statement requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs and establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels as described below.

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology derived from unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | Other observable inputs including quoted prices for similar assets or liabilities in active or inactive markets, and inputs that are principally derived from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology which are unobservable and significant to the fair value measurements. These inputs are only used when Level 1 or Level 2 inputs are not available. |

The composition of pension trust investments, additional cash and investment information, and fair values are presented in Note B.

- g) Receivables – Ambulance and adjudication customer receivables are shown net of the allowance for uncollectible accounts of \$350,000 and \$566,553, respectively. The allowance for uncollectible accounts is based on historical collection experience.
- h) Inventory – Inventory held by the City's governmental and proprietary fund types is priced at cost (first-in, first-out) which approximates market.
- 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) 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, 2023. The costs of normal maintenance and

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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:

<u>Assets</u>	<u>Years</u>	<u>Cost</u>
Land	N/A	\$ 10,000
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	50,000
Machinery and equipment	10	20,000
Computer equipment and hardware, vehicles	10	10,000
Computer software	3	10,000
Police vehicles	2	10,000

- 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, deferred leases, 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, unrecognized items not yet charged to OPEB 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, 2023 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 180,278	\$ 20,000
Other governmental funds	<u>20,000</u>	<u>112,106</u>
Total Governmental Activities	<u>\$ 200,278</u>	<u>\$ 132,106</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	<u>Transfers In</u>	<u>Transfers Out</u>
Business-Type Activities:		
Water and Sewer Fund	<u>\$ -</u>	<u>\$ 68,172</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. The Motor Fuel Tax Fund transferred \$112,106 to the General Fund for expenses related to capital outlay. The Water and Sewer Fund transferred \$36,720 to the General Fund to cover expenses related to human resources and \$31,452 to the General Fund to cover expenses related to information technology. On the government-wide financial statements only, the business-type activities transferred \$166,548 of internal labor and materials for governmental capital projects.

Receivables and payables between funds at April 30, 2023 were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Activities:		
General Fund	<u>\$ -</u>	<u>\$ 246,650</u>
Business-Type Activities:		
Water and Sewer Fund	\$ -	\$ 192,214
Internal Service Fund	<u>438,864</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 438,864</u>	<u>\$ 192,214</u>

The purposes of interfund receivables and payables are as follows:

The Internal Service Fund has loaned \$246,650 to the General Fund and \$192,214 to the Water and Sewer Fund for operating expenses from the pooled cash account. 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 to the General Fund of \$52,329 from the Water and Sewer Fund.

Receivables and payables between the primary government and component unit at April 30, 2023 were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Primary Government:		
Internal Service Fund	<u>\$ 31,096</u>	<u>\$ -</u>
Component Unit:		
Carnegie Public Library	<u>\$ -</u>	<u>\$ 31,096</u>

The purposes of receivables and payables between the primary government and component unit are as follows:

The Internal Service Fund has loaned \$31,096 to the Library Fund for operating expenses from the pooled cash account. The loan is expected to be repaid within one year. The internal service fund net position has been charged to various activities resulting in a loan to the General Fund of \$7,291 from the Library Fund.

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NOTES TO FINANCIAL STATEMENTS

- 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 and filed with the county clerk on December 22, 2022.
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 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.

- 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:

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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.

- 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) New Accounting Pronouncement - In 2023, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. See Note N for the restatement of beginning net position for the change in accounting principle.

NOTE B - CASH DEPOSITS AND INVESTMENTS

Statutes authorize the City and the Library to invest in obligations of the United States of America and its agencies, direct obligations of any bank or savings and loan association that is insured by the Federal Deposit Insurance Corporation, short term obligations of corporations subject to certain qualifications, money market mutual funds whose portfolios are limited to governmental securities and obligations, the Illinois Funds Money Market Fund, and bonds of any county, township, city, village, incorporated town, municipal corporation, or school district, subject to certain qualifications.

Statutes authorize the Police and Firefighters’ Pension component units to invest in obligations of the United States of America and its agencies, bonds of the State of Illinois, bonds of any county, township or municipal corporation of the State of Illinois, Illinois Funds Money Market Fund, money market mutual funds under the Investment Company Act of 1940 subject to certain restrictions, general accounts of life insurance companies authorized to transact business in Illinois, separate accounts managed by life insurance companies subject to certain qualifications, and mutual funds meeting certain requirements.

CITY OF CHARLESTON, ILLINOIS
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Illinois Public Act 101-0610 consolidated the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds and required Police Pension and Firefighters' Pension Funds to pool their funds for investment purposes. Thus, the investments of the Police Pension Fund and Firefighters' Pension Fund were transferred to the Illinois Police Officers' Pension Investment Fund and Illinois Firefighters' Pension Investment Fund, respectively. The Illinois Police Officers' Pension Investment Fund and Illinois Firefighters' Pension Investment Fund are external investment pools valued at share price, the price for which the investments could be sold.

At April 30, 2023, the City's primary government and fiduciary component units had the following investments:

<u>Investment Type</u>	<u>Level of Hierarchy</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Governmental Activities:				
Certificates of Deposit	2	<u>\$ 4,126,526</u>	1.45	n/a
Business-Type Activities:				
Certificates of Deposit	2	<u>\$ 1,128,496</u>	1.66	n/a
Fiduciary Pension Trust Funds:				
Firefighters' Pension Trust Fund:				
Pooled Investments		<u>\$ 16,858,654</u>	n/a	n/a
Police Pension Trust Fund:				
Pooled Investments		<u>\$ 16,428,201</u>	n/a	n/a

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, 2023, of the City's total bank balances (excluding \$6,678,921 of deposits held with the Illinois Funds Money Market Fund), \$1,003,959 was secured by federal depository insurance, \$5,292,012 was collateralized with securities held by the pledging financial institution's trust department in the City's name, and \$5,241 were uninsured.

Deposits for the Firefighters' and Police Pension Trust 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, 2023, all cash deposits were adequately insured.

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 investments in obligations of the U.S. government or obligations explicitly 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.

CITY OF CHARLESTON, ILLINOIS
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The Firefighters' and Police Pension Trust 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 A 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. The Firefighters' and Police Pension Trust Funds no longer have self-managed investment portfolios since all funds are invested in the external investment pools: Illinois Police Officers' Pension Investment Fund and Illinois Firefighters' Pension Investment Fund.

Concentration of Credit Risk:

The City's investment policy does not place limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer that represent five percent or more of total investments for the primary government.

The Firefighters' and Police Pension Trust Funds investment policies do not place limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer that represent five percent or more of total investments for the fiduciary component units.

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, 2023, the City's investments consisted of negotiable certificates of deposit.

In accordance with the Firefighters' and Police Pension Trust 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.

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, 2022	Additions	Deletions	Balance April 30, 2023
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,503,499	\$ -	\$ -	\$ 1,503,499
Construction in progress	1,313,348	3,773,681	-	5,087,029

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NOTES TO FINANCIAL STATEMENTS

	Balance May 1, 2022	Additions	Deletions	Balance April 30, 2023
Capital assets being depreciated:				
Building and improvements	13,575,050	-	-	13,575,050
Accumulated depreciation	<u>(4,626,999)</u>	<u>(271,893)</u>	<u>-</u>	<u>(4,898,892)</u>
Building and improvements, net	<u>8,948,051</u>	<u>(271,893)</u>	<u>-</u>	<u>8,676,158</u>
Vehicles, machinery and equipment	9,767,039	673,474	(288,349)	10,152,164
Accumulated depreciation	<u>(7,168,540)</u>	<u>(498,255)</u>	<u>288,349</u>	<u>(7,378,446)</u>
Vehicles, machinery and equipment, net	<u>2,598,499</u>	<u>175,219</u>	<u>-</u>	<u>2,773,718</u>
Infrastructure	19,774,372	353,070	-	20,127,442
Accumulated depreciation	<u>(12,118,620)</u>	<u>(721,536)</u>	<u>-</u>	<u>(12,840,156)</u>
Infrastructure, net	<u>7,655,752</u>	<u>(368,466)</u>	<u>-</u>	<u>7,287,286</u>
Total capital assets being depreciated	<u>19,202,302</u>	<u>(465,140)</u>	<u>-</u>	<u>18,737,162</u>
Intangible Right-To-Use Assets:				
Leased equipment	-	56,808	-	56,808
Accumulated amortization	<u>-</u>	<u>(9,468)</u>	<u>-</u>	<u>(9,468)</u>
Leased equipment, net	<u>-</u>	<u>47,340</u>	<u>-</u>	<u>47,340</u>
Total, Governmental Activities, Net Capital Assets	<u>\$ 22,019,149</u>	<u>\$ 3,355,881</u>	<u>\$ -</u>	<u>\$ 25,375,030</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 1,201,452</u>	<u>\$ 33,572</u>	<u>\$ -</u>	<u>\$ 1,235,024</u>
Construction in progress	<u>1,433,206</u>	<u>4,149,989</u>	<u>(59,379)</u>	<u>5,523,816</u>
Capital assets being depreciated:				
Building and improvements	15,165,981	-	-	15,165,981
Accumulated depreciation	<u>(6,216,569)</u>	<u>(291,742)</u>	<u>-</u>	<u>(6,508,311)</u>
Building and improvements, net	<u>8,949,412</u>	<u>(291,742)</u>	<u>-</u>	<u>8,657,670</u>
Vehicles, machinery and equipment	5,852,002	354,591	(116,400)	6,090,193
Accumulated depreciation	<u>(4,244,587)</u>	<u>(308,056)</u>	<u>116,400</u>	<u>(4,436,243)</u>
Vehicles, machinery and equipment, net	<u>1,607,415</u>	<u>46,535</u>	<u>-</u>	<u>1,653,950</u>
Infrastructure	39,419,512	279,447	-	39,698,959
Accumulated depreciation	<u>(21,243,216)</u>	<u>(811,058)</u>	<u>-</u>	<u>(22,054,274)</u>
Infrastructure, net	<u>18,176,296</u>	<u>(531,611)</u>	<u>-</u>	<u>17,644,685</u>
Total, Business-Type Activities, Net Capital Assets	<u>\$ 31,367,781</u>	<u>\$ 3,406,743</u>	<u>\$ (59,379)</u>	<u>\$ 34,715,145</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	Balance May 1, 2022	Additions	Deletions	Balance April 30, 2023
Component Units:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 395,957	\$ -	\$ -	\$ 395,957
Capital assets being depreciated:				
Building and improvements	841,576	81,550	-	923,126
Accumulated depreciation	(403,862)	(19,203)	-	(423,065)
Building and improvements, net	437,714	62,347	-	500,061
Vehicles, machinery and equipment	113,294	10,454	(23,425)	100,323
Accumulated depreciation	(91,342)	(2,811)	12,300	(81,853)
Vehicles, machinery and equipment, net	21,952	7,643	(11,125)	18,470
Total, Governmental Activities, Net Capital Assets	\$ 855,623	\$ 69,990	\$ (11,125)	\$ 914,488

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 398,677
Public safety	334,056
Highways and streets	613,859
Culture and recreation	145,095
Urban development and housing	9,465
Total Depreciation Expense, Governmental Activities	\$1,501,152
Business-Type Activities	\$1,410,856
Component Unit - Library	\$ 22,014

The City has the following construction in progress at April 30, 2023:

Project	Expenses	Estimated Cost	Estimated Completion Date
Governmental Activities:			
Surveillance System	\$ 30,181	\$ 35,000	September 2023
Loxa Road Restroom	203,406	220,000	April 2024
Linder Sports Complex	3,682,771	4,000,000	June 2023
Sister City Maintenance Building	450,743	825,000	June 2023
Sister City Concession Stand Building	449,387	870,000	August 2023
Waterslide Resurfacing	12,500	25,000	October 2023
Douglas Drive Phase 1	240,041	3,540,000	April 2025
12 th Street Drainage	18,000	200,000	April 2027
	\$ 5,087,029		

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

<u>Project</u>	<u>Expenses</u>	<u>Estimated Cost</u>	<u>Estimated Completion Date</u>
Business-Type Activities:			
Wastewater Treatment Plant Nutrient Removal	\$ 5,351,198	\$ 8,950,000	November 2024
EIU Water Tower Improvements	63,618	555,000	November 2023
Ozone System Rebuild	<u>109,000</u>	180,000	May 2023
	<u>\$ 5,523,816</u>		

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:

- 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, 2022. 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, 2022:

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value of Assets
Price Inflation:	2.25%
Salary Increases:	2.85% to 13.75%
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	35.5%	6.50%
International Equity	18%	7.60%
Fixed Income	25.5%	4.90%
Real Estate	10.5%	6.20%
Alternative Investments	9.5%	6.25-9.90%
Cash Equivalents	<u>1%</u>	4.00%
Total	100%	

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).

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NOTES TO FINANCIAL STATEMENTS

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, 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, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	114
Inactive plan members entitled to but not yet receiving benefits	48
Active plan members	<u>77</u>
Total	<u><u>239</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 9.93% and 7.25% for calendar year 2022 and 2023, respectively. For the fiscal year ended April 30, 2023, the City contributed \$406,099 to the plan. At April 30, 2023, \$42,341 was outstanding and payable to the plan for legally required contributions. 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 (Asset) – The City’s net pension liability (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Changes in the Net Pension Liability (Asset):	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Balances at December 31, 2021	\$ 35,200,666	\$ 39,134,208	\$ (3,933,542)
Changes for the year:			
Service cost	376,373	-	376,373
Interest on the total pension liability	2,488,221	-	2,488,221
Differences between expected and actual experience of the total pension liability	706,151	-	706,151
Changes of assumptions	-	-	-
Contributions – employer	-	488,425	(488,425)
Contributions – employees	-	201,771	(201,771)
Net investment income	-	(5,244,120)	5,244,120
Benefit payments, including refunds of employee contributions	(2,137,113)	(2,137,113)	-
Other (net transfer)	-	(414,299)	414,299
Net changes	<u>1,433,632</u>	<u>(7,105,336)</u>	<u>8,538,968</u>
Balances at December 31, 2022	<u>\$ 36,634,298</u>	<u>\$ 32,028,872</u>	<u>\$ 4,605,426</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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:

	<u>1% Lower</u> <u>6.25%</u>	<u>Current</u> <u>7.25%</u>	<u>1% Higher</u> <u>8.25%</u>
Net Pension Liability (Asset)	\$ 8,914,337	\$ 4,605,426	\$ 1,081,152

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2023, the City recognized pension expense (income) of \$1,144,538. At April 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Deferred Amounts Related to Pensions:		
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences between expected and actual experience	\$ 742,827	\$ -
Changes of assumptions	-	75,725
Net difference between projected and actual earnings on pension plan investments	<u>2,596,525</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>3,339,352</u>	<u>75,725</u>
Pension contributions made subsequent to the measurement date	<u>107,053</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 3,446,405</u>	<u>\$ 75,725</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</u> <u>Outflows/</u> <u>(Inflows)</u> <u>of Resources</u>
2024	\$ (178)
2025	640,051
2026	1,020,977
2027	1,602,777
2028	-
Thereafter	<u>-</u>
Total	<u>\$ 3,263,627</u>

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NOTES TO FINANCIAL STATEMENTS

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

Employees Covered by Benefit Terms – As of December 31, 2022, 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 12.43% and 12.49% for calendar year 2022 and 2023, respectively. For the fiscal year ended April 30, 2023, 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 (Asset) – The City’s net pension liability (asset) was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Changes in the Net Pension Liability (Asset):	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Balances at December 31, 2021	\$ 33,406	\$ 85,874	\$ (52,468)
Changes for the year:			
Interest on the total pension liability	2,327	-	2,327
Differences between expected and actual experience of the total pension liability	318	-	318
Changes of assumptions	-	-	-
Net investment income	-	(13,540)	13,540
Benefit payments, including refunds of employee contributions	(2,618)	(2,618)	-
Other (net transfer)	<u>-</u>	<u>61</u>	<u>(61)</u>
Net changes	<u>27</u>	<u>(16,097)</u>	<u>16,124</u>
Balances at December 31, 2022	<u>\$ 33,433</u>	<u>\$ 69,777</u>	<u>\$ (36,344)</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)	\$ (33,133)	\$ (36,344)	\$ (39,100)

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, 2023, the City recognized pension expense (income) of (\$2,107). At April 30, 2023, 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	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>7,120</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>7,120</u>	<u>-</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 7,120</u>	<u>\$ -</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>
2024	\$ (54)
2025	1,045
2026	2,196
2027	3,933
2028	-
Thereafter	<u>-</u>
Total	<u>\$ 7,120</u>

c) Firefighters' Pension Trust Fund

Plan Description:

The City of Charleston contributes to a single-employer defined benefit pension plan for all eligible City fire and ambulance personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4) for the Firefighters' Pension Trust Fund and may only be amended by the Illinois legislature. The City accounts for the Firefighters' Pension Plan as a fiduciary component unit.

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.

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 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 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, 2023, participation was:

Inactive plan members or beneficiaries currently receiving benefits	42
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>33</u>
Total	<u><u>87</u></u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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, 2023, the City contributed \$1,994,799 to the plan.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation performed as of May 1, 2022 with a measurement date of April 30, 2023 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2022
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	3.53%
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
Termination	L&A 2020 IL Firefighters 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 3.21% to 3.53%. 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 remained constant at 6.75%. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate impacts the blended discount rate.

Long-Term Expected Real Rate of Return:

The long-term expected rate of return is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy, adjusted for expected inflation. These rates and target allocations were disclosed by Marquette Associates for the Illinois Firefighters' Pension Investment Fund, dated April 29, 2022. The target allocation and best estimates of geometric average real rates of return for each major asset class are summarized in the following table:

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	31%	5.20%
Developed Market Equity (non-US)	16%	5.10%
Emerging Market Equity	8%	5.50%
Private Equity	5%	8.60%
Public Credit	3%	1.80%
Private Credit	5%	7.00%
Cash Equivalents	0%	-0.60%
Core Investment Grade Bonds	15%	1.60%
Long-Term Treasuries	3%	1.30%
TIPS	4%	0.80%
Real Estate	5%	4.90%
Infrastructure	5%	5.10%

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.

Investment Rate of Return:

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.06%. 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 remained constant at 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 3.53%, 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	\$ 29,248,114	\$ 23,591,607	\$ 18,963,827

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Net Pension Liability of the City:

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) – (B)
Changes in the Net Pension:			
Balances at April 30, 2022	\$ 38,880,985	\$ 17,126,943	\$ 21,754,042
Changes for the year:			
Service cost	608,023	-	608,023
Interest on the total pension liability	2,622,713	-	2,622,713
Actuarial experience	1,010,248	-	1,010,248
Changes of assumptions	-	-	-
Change of benefit terms	(57,892)	-	(57,892)
Contributions – employer	-	1,994,799	(1,994,799)
Contributions – member	-	235,286	(235,286)
Contributions – other	-	-	-
Net investment income	-	170,885	(170,885)
Benefit payments, including refunds of member contributions	(2,094,311)	(2,094,311)	-
Administrative expense	-	(55,443)	55,443
Net changes	<u>2,088,781</u>	<u>251,216</u>	<u>1,837,565</u>
Balances at April 30, 2023	<u>\$ 40,969,766</u>	<u>\$ 17,378,159</u>	<u>\$ 23,591,607</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2023, the City recognized pension expense of \$2,036,604. At April 30, 2023, 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	\$ 1,409,778	\$ 1,196,538
Changes of assumptions	234,181	562,765
Net difference between projected and actual earnings on pension plan investments	<u>961,762</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>2,605,721</u>	<u>1,759,303</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 2,605,721</u>	<u>\$ 1,759,303</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>
2024	\$ 344,289
2025	(114,675)
2026	488,432
2027	33,751
2028	94,621
Thereafter	<u>-</u>
Total	<u>\$ 846,418</u>

d) Police Pension Trust Fund

Plan Description:

The City of Charleston contributes to a single-employer defined benefit pension plan for all police sworn personnel. The defined benefits and employee and minimum employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4) for the Police Pension Trust Fund and may only be amended by the Illinois legislature. The City accounts for the Police Pension Plan as a fiduciary component unit.

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.

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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 employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

Plan Membership:

At April 30, 2023, participation was:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	5
Active plan members	<u>32</u>
 Total	 <u><u>74</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, 2023, the City contributed \$1,897,006 to the plan.

Actuarial Assumptions:

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2022 with a measurement date of April 30, 2023 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2022
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	3.53%
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
Termination	L&A 2020 IL Police 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 3.21% to 3.53%. 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 remained constant at 6.75%. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate impacts the blended discount rate.

Long-Term Expected Real Rate of Return:

The long-term expected rate of return is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy, adjusted for expected inflation. The target asset allocations shown below are representative expectations as disclosed in the Illinois Police Officers' Pension Investment Fund Actuarial Experience Study, dated March 4, 2022, for plan funding purposes. The long-term expected rates of return below were disclosed in the Horizon Actuarial Services Survey of Capital Market Assumptions 2021 Edition, dated August 2021. The target allocation and best estimates of geometric average real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large	23%	4.15%
US Small	5%	4.54%
International Developed	18%	4.64%
International Developed Small	5%	(0.25%)
Emerging Markets	7%	5.31%
Private Equity (Direct)	7%	7.15%
Bank Loans	3%	2.48%
High Yield Corp. Credit	3%	2.48%
Emerging Market Debt	3%	2.82%
Private Credit	5%	4.37%
US TIPS	3%	(0.12%)
Real Estate/Infrastructure	8%	4.00%
Cash	1%	(0.27%)
Short-Term Gov't/Credit	3%	0.73%
US Treasury	3%	(0.60%)
Core Plus Fixed Income	3%	0.73%

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.

Investment Rate of Return:

For the year ended April 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.21)%. 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 remained constant at 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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.53%, 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	\$ 28,764,961	\$ 22,970,602	\$ 18,267,430

Net Pension Liability of the City:

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) – (B)
Changes in the Net Pension:			
Balances at April 30, 2022	\$ 38,686,377	\$ 16,913,304	\$ 21,773,073
Changes for the year:			
Service cost	541,192	-	541,192
Interest on the total pension liability	2,553,274	-	2,553,274
Actuarial experience	127,734	-	127,734
Changes of assumptions	-	-	-
Changes of benefit terms	(33,178)	-	(33,178)
Contributions – employer	-	1,897,006	(1,897,006)
Contributions – member	-	237,590	(237,590)
Net investment income	-	(90,201)	90,201
Benefit payments, including refunds of member contributions	(1,963,140)	(1,963,140)	-
Administrative expense	-	(52,902)	52,902
Net changes	<u>1,225,882</u>	<u>28,353</u>	<u>1,197,529</u>
Balances at April 30, 2023	<u>\$ 39,912,259</u>	<u>\$ 16,941,657</u>	<u>\$ 22,970,602</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, 2023, the City recognized pension expense of \$2,021,271. At April 30, 2023, 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	\$ 1,129,590	\$ 844,625
Changes of assumptions	244,742	470,704
Net difference between projected and actual earnings on pension plan investments	<u>982,044</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>2,356,376</u>	<u>1,315,329</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 2,356,376</u>	<u>\$ 1,315,329</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>
2024	\$ 291,759
2025	98,485
2026	581,746
2027	98,450
2028	(36,995)
Thereafter	<u>7,602</u>
Total	<u>\$ 1,041,047</u>

e) Aggregate Pension Reporting:

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

IMRF – Regular	\$ 1,144,538
IMRF – Sheriff’s Law Enforcement Personnel	(2,107)
Firefighters’ Pension Trust Fund	2,036,604
Police Pension Trust Fund	<u>2,021,271</u>
Total	<u>\$ 5,200,306</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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 \$12,277 for the year ended April 30, 2023.

NOTE F - LONG-TERM LIABILITIES

- a) The following is a summary of the City's long-term liabilities as of April 30, 2023, and transactions for the year then ended:

	Balance May 1, 2022	Additions	Retired	Balance April 30, 2023	Amount Due Within One Year
Governmental Activities:					
2012 GO Refunding Bonds	\$ 1,770,000	\$ -	\$ 565,000	\$ 1,205,000	\$ 590,000
Compensated absences	<u>1,953,353</u>	<u>41,634</u>	<u>-</u>	<u>1,994,987</u>	<u>-</u>
Total Governmental Activities, Long-Term Liabilities	<u>\$ 3,723,353</u>	<u>\$ 41,634</u>	<u>\$ 565,000</u>	<u>\$ 3,199,987</u>	<u>\$ 590,000</u>
Business-Type Activities:					
Notes payable	\$ 2,961,375	\$ 1,470,688	\$ 329,041	\$ 4,103,022	\$ 329,042
2011A Alternative Revenue Bonds	645,000	-	645,000	-	-
Compensated absences	<u>220,985</u>	<u>23,215</u>	<u>-</u>	<u>244,200</u>	<u>-</u>
Total Business-Type Activities, Long-Term Liabilities	<u>\$ 3,827,360</u>	<u>\$ 1,493,903</u>	<u>\$ 974,041</u>	<u>\$ 4,347,222</u>	<u>\$ 329,042</u>
Component Unit:					
Notes payable	\$ 105,691	\$ 10,454	\$ 32,044	\$ 84,101	\$ 30,651
Compensated absences	<u>10,218</u>	<u>464</u>	<u>-</u>	<u>10,682</u>	<u>-</u>
Total Component Unit	<u>\$ 115,909</u>	<u>\$ 10,918</u>	<u>\$ 32,044</u>	<u>\$ 94,783</u>	<u>\$ 30,651</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

b) Governmental Activities:

The City issued \$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. At April 30, 2023, the outstanding liability was \$1,205,000.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2023, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 590,000	\$ 29,240	\$ 619,240
2025	<u>615,000</u>	<u>15,375</u>	<u>630,375</u>
Total	<u>\$ 1,205,000</u>	<u>\$ 44,615</u>	<u>\$ 1,249,615</u>

c) Business-Type Activities:

On October 9, 2009, the City obtained a loan from the State of Illinois. The loan calls for semi-annual payments of \$164,520.83 with no interest. The final maturity date is March 8, 2031. The loan is unsecured. At April 30, 2023, the outstanding liability was \$2,632,334.

On January 27, 2022, the State of Illinois authorized a loan to the City through the Illinois Environmental Protection Agency's Water Pollution Control Program in the amount of \$8,383,255. The loan calls for semi-annual principal payments at 0.83% interest. The final maturity date is February 23, 2044. As of April 30, 2023, \$3,985,665 had been drawn down. At April 30, 2023, \$2,514,977 had been forgiven as a result of debt forgiveness by the State of Illinois, and the outstanding liability was \$1,470,688.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2023, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 329,042	\$ -	\$ 329,042
2025	383,160	23,465	406,625
2026	398,175	11,613	409,788
2027	398,750	11,038	409,788
2028	399,330	10,458	409,788
2029-2033	1,347,382	43,474	1,390,856
2034-2038	375,525	28,206	403,731
2039-2043	391,411	12,320	403,731
2044	<u>80,247</u>	<u>499</u>	<u>80,746</u>
Total	<u>\$ 4,103,022</u>	<u>\$ 141,073</u>	<u>\$ 4,244,095</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

d) Component Unit:

On February 5, 2016, Carnegie Public Library refinanced their loan with First Mid Bank and Trust. The loan calls for monthly payments of \$2,510, including interest at 2.25%. The final maturity date is August 5, 2025. The loan is secured by real estate and co-signed by the City of Charleston. At April 30, 2023, the outstanding liability was \$74,108.

Carnegie Public Library entered into an agreement for the financed purchase of three copy machines on November 3, 2022 with Watts Copy System, Inc. The agreement is payable in 60 monthly payments in the amount of \$198 beginning February 9, 2023 with an interest rate of 5.15%, secured by equipment. The unpaid principal balance is due on February 9, 2028. At April 30, 2023, the outstanding liability was \$9,993.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2023, are as follows:

<u>Year Ending April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,651	\$ 1,846	\$ 32,497
2025	31,408	1,089	32,497
2026	18,073	356	18,429
2027	2,224	152	2,376
2028	<u>1,745</u>	<u>38</u>	<u>1,783</u>
Total	<u>\$ 84,101</u>	<u>\$ 3,481</u>	<u>\$ 87,582</u>

NOTE G - ECONOMIC DEPENDENCY

Eleven percent or \$653,156 of Water and Sewer Fund revenues were derived from sales to one customer, Eastern Illinois University.

NOTE H - 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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The change in the aggregate liability for claims for the year ended April 30, 2023 is as follows:

Claims payable, beginning of the year	\$ 168,778
Claims incurred and changes in accrual	1,235,551
Claims payments	<u>(1,237,267)</u>
Claims Payable, End of the Year	<u>\$ 167,062</u>

NOTE I - 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, 2023, membership consisted of:

Total active employees	143
Inactive employees currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	<u>-</u>
Total	<u>152</u>

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, 2023, benefit payments for retiree medical coverage were \$138,391. 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, 2023:

Actuarial Cost Method:	Entry Age Normal
Salary Increases:	3.00%
Municipal Bond Rate:	3.21% beginning of year 3.53% end of year
Healthcare Cost Trend Rates:	0.50% FY23 to FY24 6.00% FY24 to FY25 5.50% FY25 to FY27 5.00% FY27 to FY28 5.00% ultimate

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Retirement Rates:	IMRF based on rates from IMRF Experience Study Report dated December 14, 2020 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 based on rates from IMRF Experience Study Report dated December 14, 2020 100% of the L&A Assumption Study for Firefighters 2020 100% of the L&A Assumption Study for Police 2020
Disability Rates:	IMRF based on rates from IMRF Experience Study Report dated December 14, 2020 100% of the L&A Assumption Study for Firefighters 2020 100% of the L&A Assumption Study for Police 2020
Mortality Rates:	IMRF PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020 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. 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 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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 3.21% to 3.53% for the current year. The underlying index used is the Bond Buyer 20-Bond GO 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 3.21% to 3.53%.

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, 2023 was 3.53%. The discount rate used at April 30, 2022 was 3.21%.

Changes in OPEB Liability:	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (A) – (B)
Balances at April 30, 2022	\$ 2,777,975	\$ -	\$ 2,777,975
Changes for the year:			
Service cost	152,564	-	152,564
Interest	86,951	-	86,951
Actuarial experience	(162,877)	-	(162,877)
Assumptions changes	(210,495)	-	(210,495)
Contributions – employer	-	138,391	(138,391)
Contributions – employees	-	-	-
Net investment income	-	-	-
Benefit payments	(138,391)	(138,391)	-
Other (net transfer)	-	-	-
Net changes	<u>(272,248)</u>	<u>-</u>	<u>(272,248)</u>
Balances at April 30, 2023	<u>\$ 2,505,727</u>	<u>\$ -</u>	<u>\$ 2,505,727</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 3.53%, 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 2.53%	Current 3.53%	1% Higher 4.53%
Net OPEB Liability (Asset)	\$ 2,715,082	\$ 2,505,727	\$ 2,314,561

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)	\$ 2,232,901	\$ 2,505,727	\$ 2,825,903

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, 2023, the City recognized OPEB expense of \$243,541. At April 30, 2023, 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	\$ 835,714	\$ 152,126
Changes of assumptions	243,443	1,037,791
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>1,079,157</u>	<u>1,189,917</u>
Contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 1,079,157</u>	<u>\$ 1,189,917</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>
2024	\$ 4,026
2025	4,026
2026	4,026
2027	4,026
2028	4,026
Thereafter	<u>(130,890)</u>
Total	<u>\$ (110,760)</u>

NOTE J - 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 year ended April 30, 2023 are \$3,672.

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 2020 taxes payable in 2021. The City's current year property tax revenues are affected. The gross amount of property taxes abated during the year ended April 30, 2023 are \$17,456.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE K - LITIGATION

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

NOTE L - OTHER LEASES

In 2023, the City implemented the guidance in GASB Statement No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases. The related lease receivable and deferred inflows of resources have been recognized at lease inception and amortized as payments are received over the lease term.

At June 10, 2010, the City entered into a lease for a parking lot with Linders for a term of 19 years with an ending date of May 30, 2029. The lease requires the tenant to pay the City \$1,000.00 per year. The City used the incremental borrowing rate of 2.24% for discounting future payments.

At September 1, 2016, the City entered into a lease for land with Central States Tower III LLC for a term of 5 years with an automatic renewal period of five additional five year terms, which are reasonably certain to be exercised, making an ending date of August 31, 2046. The lease requires the tenant to pay the City \$1,550 per month for the initial year and a 3% annual increase. The City used the incremental borrowing rate of 2.24% for discounting future payments.

At May 1, 2021, the City entered into a lease for room rental with Consolidated Services, Inc. for a term of 36 months with an ending date of April 30, 2024. The lease requires the tenant to pay the City \$577.19 per month. The City used the incremental borrowing rate of 2.24% for discounting future payments.

For the year ending April 30, 2023, the City recognized lease revenue of \$16,006.43 and interest revenue of \$12,116.70 on the leases above.

NOTE M - LEASE LIABILITIES

In 2023, the City implemented the guidance in GASB Statement No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases. The related assets and accumulated amortization of the intangible right-to-use assets are outlined in Note C.

Governmental Activities:

At May 4, 2022, the City leased equipment from Turf Tank for a term of 6 years. The lease requires annual payments of \$10,000. The City used the incremental borrowing rate of 2.24% for discounting future payments.

The minimum lease payments are as follows:

<u>Year Ending</u> <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 8,952	\$ 1,048	\$ 10,000
2025	9,152	848	10,000
2026	9,357	643	10,000
2027	9,567	433	10,000
2028	<u>9,780</u>	<u>220</u>	<u>10,000</u>
Total	<u>\$ 46,808</u>	<u>\$ 3,192</u>	<u>\$ 50,000</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE N - PRIOR PERIOD ADJUSTMENT

In 2023, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. There were a number of lease agreements in place at April 30, 2022 and retroactive application for these agreements was required. The restatement of beginning net position and fund balance for the change in accounting principle was as follows:

	<u>Governmental Activities</u>
Lease receivable	\$ 594,625
Deferred inflow of resources	<u>(594,625)</u>
Prior period adjustment	<u>-</u>
Net position (deficit), beginning of year	<u>(14,724,362)</u>
Net Position (Deficit), Beginning of Year, as Restated	<u>\$ (14,724,362)</u>
	<u>General</u>
Lease receivable	\$ 594,625
Deferred inflow of resources	<u>(594,625)</u>
Prior period adjustment	<u>-</u>
Fund balance, beginning of year	<u>11,594,564</u>
Fund Balance, Beginning of Year, as Restated	<u>\$ 11,594,564</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
April 30, 2023

Total OPEB Liability:	2023	2022	2021	2020	2019
Service cost	\$ 152,564	\$ 170,511	\$ 110,132	\$ 84,471	\$ 78,631
Interest	86,951	65,342	66,017	86,012	89,395
Changes of benefit terms	-	-	-	-	29,023
Differences between expected and actual experience	(162,877)	-	1,047,469	1,951	-
Changes of assumptions	(210,495)	(267,456)	(764,412)	325,403	-
Benefit payments	<u>(138,391)</u>	<u>(137,875)</u>	<u>(181,046)</u>	<u>(194,023)</u>	<u>(166,674)</u>
Net change in total OPEB liability	(272,248)	(169,478)	278,160	303,814	30,375
Total OPEB liability, beginning of year	<u>2,777,975</u>	<u>2,947,453</u>	<u>2,669,293</u>	<u>2,365,479</u>	<u>2,335,104</u>
Total OPEB Liability, End of Year	<u>\$ 2,505,727</u>	<u>\$ 2,777,975</u>	<u>\$ 2,947,453</u>	<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%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 9,287,387	\$ 8,846,971	\$ 8,722,579	\$ 8,017,632	\$ 7,784,109
Employer's Net OPEB Liability					
as a Percentage of Covered Employee Payroll	26.98%	31.40%	33.79%	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 \$138,391.

For the 2023 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, the discount rate increased from 3.21% to 3.53%. Changes in assumptions reflect a change in the medical costs assumption.

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, 2022

Total Pension Liability:	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 376,373	\$ 364,374	\$ 389,046	\$ 377,192	\$ 380,401	\$ 401,334	\$ 440,775	\$ 405,183
Interest	2,488,221	2,423,357	2,364,133	2,311,826	2,244,216	2,258,310	2,230,481	2,084,227
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	706,151	222,498	449,795	47,731	423,358	(86,560)	(683,055)	989,302
Changes of assumptions	-	-	(297,575)	-	870,592	(988,996)	(106,305)	72,805
Benefit payments, including refunds of employee contributions	(2,137,113)	(2,105,980)	(2,046,375)	(1,996,032)	(1,909,134)	(1,613,952)	(1,607,168)	(1,466,691)
Net change in total pension liability	1,433,632	904,249	859,024	740,717	2,009,433	(29,864)	274,728	2,084,826
Total pension liability, beginning of year	35,200,666	34,296,417	33,437,393	32,696,676	30,687,243	30,717,107	30,442,379	28,357,553
Total Pension Liability, End of Year	<u>\$ 36,634,298</u>	<u>\$ 35,200,666</u>	<u>\$ 34,296,417</u>	<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	\$ 488,425	\$ 532,087	\$ 532,453	\$ 406,324	\$ 547,453	\$ 558,745	\$ 529,174	\$ 552,229
Contributions - employees	201,771	182,638	174,728	189,838	176,685	184,679	187,795	217,296
Net investment income	(5,244,120)	6,093,773	4,602,740	5,352,130	(1,809,322)	4,871,511	1,766,549	129,901
Benefit payments, including refunds of employee contributions	(2,137,113)	(2,105,980)	(2,046,375)	(1,996,032)	(1,909,134)	(1,613,952)	(1,607,168)	(1,466,691)
Other (net transfer)	(414,299)	(439,235)	478,403	(270,340)	655,653	(1,076,041)	(69,676)	292,517
Net change in fiduciary net position	(7,105,336)	4,263,283	3,741,949	3,681,920	(2,338,665)	2,924,942	806,674	(274,748)
Plan net position, beginning of year	39,134,208	34,870,925	31,128,976	27,447,056	29,785,721	26,860,779	26,054,105	26,328,853
Plan Net Position, End of Year	<u>\$ 32,028,872</u>	<u>\$ 39,134,208</u>	<u>\$ 34,870,925</u>	<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 (Asset)	<u>\$ 4,605,426</u>	<u>\$ (3,933,542)</u>	<u>\$ (574,508)</u>	<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	87.43%	111.17%	101.68%	93.10%	83.94%	97.06%	87.45%	85.58%
Covered Employee Payroll	\$ 4,483,792	\$ 4,058,628	\$ 3,882,844	\$ 3,899,449	\$ 3,926,327	\$ 3,976,231	\$ 3,951,200	\$ 4,184,930
Employer's Net Pension Liability (Asset)								
as a Percentage of Covered Employee Payroll	102.71%	-96.92%	-14.80%	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, 2022

Total Pension Liability:	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,327	2,324	2,314	1,645	1,647	1,614	1,544	1,429
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	318	312	221	9,204	(1,073)	(897)	(600)	101
Changes of assumptions	-	-	108	-	565	(283)	-	-
Benefit payments, including refunds of employee contributions	(2,618)	(2,558)	(2,453)	(810)	-	-	-	-
Net change in total pension liability	27	78	190	10,039	1,139	434	944	1,530
Total pension liability, beginning of year	33,406	33,328	33,138	23,099	21,960	21,526	20,582	19,052
Total Pension Liability, End of Year	<u>\$ 33,433</u>	<u>\$ 33,406</u>	<u>\$ 33,328</u>	<u>\$ 33,138</u>	<u>\$ 23,099</u>	<u>\$ 21,960</u>	<u>\$ 21,526</u>	<u>\$ 20,582</u>
Plan Fiduciary Net Position:								
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employees	-	-	-	-	-	-	-	-
Net investment income	(13,540)	14,007	10,473	9,596	(2,999)	8,875	3,321	260
Benefit payments, including refunds of employee contributions	(2,618)	(2,558)	(2,453)	(810)	-	-	-	-
Other (net transfer)	61	(129)	436	538	162	(108)	94	(4,906)
Net change in fiduciary net position	(16,097)	11,320	8,456	9,324	(2,837)	8,767	3,415	(4,646)
Plan net position, beginning of year	85,874	74,554	66,098	56,774	59,611	50,844	47,429	52,075
Plan Net Position, End of Year	<u>\$ 69,777</u>	<u>\$ 85,874</u>	<u>\$ 74,554</u>	<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>\$ (36,344)</u>	<u>\$ (52,468)</u>	<u>\$ (41,226)</u>	<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	208.71%	257.06%	223.70%	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%	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, 2022

Total Pension Liability:	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	(101,969)	(38,621)
Changes of assumptions	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-
Net change in total pension liability	-	-	-	-	-	-	(101,969)	(38,621)
Total pension liability, beginning of year	-	-	-	-	-	-	85,543	124,164
Total Pension Liability, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,426)</u>	<u>\$ 85,543</u>
Plan Fiduciary Net Position:								
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employees	-	-	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-	7,114	583
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-
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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,871</u>
Employer's Net Pension Liability (Asset)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,426)</u>	<u>\$ (9,328)</u>
Plan Fiduciary Net Position								
as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	110.90%
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%	0.00%	0.00%	0.00%

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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
April 30, 2023

Total Pension Liability:	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 608,023	\$ 607,943	\$ 650,264	\$ 658,606	\$ 658,795	\$ 732,324	\$ 748,705	\$ 637,009	\$ 534,247
Interest	2,622,713	2,481,518	2,514,880	2,340,586	2,235,344	2,136,096	2,230,456	1,965,715	1,836,335
Changes of benefit terms	(57,892)	-	-	120,504	-	-	-	-	-
Differences between expected and actual experience	1,010,248	(1,721,702)	748,376	(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	(2,094,311)	(1,991,754)	(1,865,515)	(1,758,264)	(1,730,149)	(1,644,259)	(1,598,424)	(1,533,438)	(1,543,895)
Net change in total pension liability	2,088,781	(623,995)	2,048,005	63,241	1,710,217	2,931,696	(2,628,110)	5,274,180	4,849,341
Total pension liability, beginning of year	38,880,985	39,504,980	37,456,975	37,393,734	35,683,517	32,751,821	35,379,931	30,105,751	25,256,410
Total Pension Liability, End of Year	<u>\$ 40,969,766</u>	<u>\$ 38,880,985</u>	<u>\$ 39,504,980</u>	<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	\$ 1,994,799	\$ 1,980,212	\$ 1,609,463	\$ 1,499,010	\$ 1,108,429	\$ 1,077,518	\$ 828,911	\$ 853,070	\$ 737,795
Contributions - members	235,286	226,590	235,841	224,001	218,125	198,334	185,745	180,258	167,333
Contributions - other	-	24,574	-	3,896	-	-	-	-	-
Net investment income	170,885	(876,107)	4,171,122	(166,281)	663,012	697,658	969,425	(327,615)	970,210
Benefit payments, including refunds of member contributions	(2,094,311)	(1,991,754)	(1,865,515)	(1,758,264)	(1,730,149)	(1,644,259)	(1,598,424)	(1,533,438)	(1,543,895)
Administrative expense	(55,443)	(34,523)	(35,858)	(21,951)	(21,005)	(21,371)	(19,833)	(25,281)	(21,700)
Net change in fiduciary net position	251,216	(671,008)	4,115,053	(219,589)	238,412	307,880	365,824	(853,006)	309,743
Plan net position, beginning of year	17,126,943	17,797,951	13,682,898	13,902,487	13,664,075	13,356,195	12,990,371	13,843,377	13,533,634
Plan Net Position, End of Year	<u>\$ 17,378,159</u>	<u>\$ 17,126,943</u>	<u>\$ 17,797,951</u>	<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>\$ 23,591,607</u>	<u>\$ 21,754,042</u>	<u>\$ 21,707,029</u>	<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	42.42%	44.05%	45.05%	36.53%	37.18%	38.29%	40.78%	36.72%	45.98%
Covered employee payroll	\$ 2,488,485	\$ 2,396,508	\$ 2,443,333	\$ 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	948.03%	907.74%	888.42%	1004.64%	1018.27%	977.46%	849.45%	1031.74%	798.65%
Annual money-weighted rate of return, net of investment expense	1.06%	-10.16%	33.05%	-1.10%	5.41%	5.20%	7.93%	-1.80%	7.18%

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CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
April 30, 2023

Total Pension Liability:	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 541,192	\$ 527,072	\$ 571,700	\$ 579,314	\$ 587,888	\$ 650,800	\$ 587,268	\$ 545,029	\$ 429,374
Interest	2,553,274	2,473,617	2,469,899	2,187,308	2,064,043	2,079,372	2,054,386	1,865,469	1,672,362
Changes of benefit terms	(33,178)	-	-	157,915	-	-	-	-	-
Differences between expected and actual experience	127,734	(1,126,151)	731,533	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	(1,963,140)	(1,950,234)	(1,865,145)	(1,700,009)	(1,649,883)	(1,423,140)	(1,347,343)	(1,335,801)	(1,182,746)
Net change in total pension liability	1,225,882	(75,696)	1,907,987	951,068	2,419,166	2,103,077	(562,086)	3,841,594	5,211,731
Total pension liability, beginning of year	38,686,377	38,762,073	36,854,086	35,903,018	33,483,852	31,380,775	31,942,861	28,101,267	22,889,536
Total Pension Liability, End of Year	<u>\$ 39,912,259</u>	<u>\$ 38,686,377</u>	<u>\$ 38,762,073</u>	<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	\$ 1,897,006	\$ 1,931,212	\$ 1,569,987	\$ 1,431,294	\$ 1,044,406	\$ 987,043	\$ 817,671	\$ 730,357	\$ 665,353
Contributions - members	237,590	328,566	226,287	209,955	202,203	240,179	198,592	229,505	189,348
Net investment income	(90,201)	(812,254)	4,253,680	199,347	1,174,039	714,790	823,497	(270,127)	781,669
Benefit payments, including refunds of member contributions	(1,963,140)	(1,950,234)	(1,865,145)	(1,700,009)	(1,649,883)	(1,423,140)	(1,347,343)	(1,335,801)	(1,182,746)
Administrative expense	(52,902)	(28,103)	(36,343)	(60,820)	(29,230)	(35,528)	(22,259)	(91,373)	(40,273)
Net change in fiduciary net position	28,353	(530,813)	4,148,466	79,767	741,535	483,344	470,158	(737,439)	413,351
Plan net position, beginning of year	16,913,304	17,444,117	13,295,651	13,215,884	12,474,349	11,991,005	11,520,847	12,258,286	11,844,935
Plan Net Position, End of Year	<u>\$ 16,941,657</u>	<u>\$ 16,913,304</u>	<u>\$ 17,444,117</u>	<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>\$ 22,970,602</u>	<u>\$ 21,773,073</u>	<u>\$ 21,317,956</u>	<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	42.45%	43.72%	45.00%	36.08%	36.81%	37.25%	38.21%	36.07%	43.62%
Covered employee payroll	\$ 2,397,465	\$ 2,283,827	\$ 2,179,898	\$ 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	958.12%	953.36%	977.93%	1115.84%	1114.17%	1022.27%	955.13%	1084.75%	839.56%
Annual money-weighted rate of return, net of investment expense	-0.21%	-4.58%	33.82%	1.88%	9.34%	6.05%	6.53%	-1.90%	6.78%

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 EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT PLANS
December 31, 2022

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:

2022	\$ 445,241	\$ 488,425	\$ (43,184)	\$ 4,483,792	10.89%
2021	532,086	532,087	(1)	4,058,628	13.11%
2020	519,913	532,453	(12,540)	3,882,844	13.71%
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):

2022	\$ -	\$ -	\$ -	\$ -	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2019	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2015	-	-	-	-	0.00%

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

2022	\$ -	\$ -	\$ -	\$ -	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
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)
ILLINOIS MUNICIPAL RETIREMENT PLANS
December 31, 2022

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 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.
Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	21-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 16 years for most employers.
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.85% to 13.75%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2020 valuation pursuant to an experience study of the period 2017 to 2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
Other Information:	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2020 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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,805,849	\$ 1,714,245	\$ 1,522,087	\$ 1,425,227	\$ 1,039,797	\$ 1,024,356	\$ 809,085	\$ 661,765	\$ 613,488	\$ 543,261
Contributions in relation to the actuarially determined contribution	<u>1,994,799</u>	<u>1,980,212</u>	<u>1,609,463</u>	<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>
Contribution Deficiency (Excess)	<u>\$ (188,950)</u>	<u>\$ (265,967)</u>	<u>\$ (87,376)</u>	<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>
Covered employee payroll	\$ 2,488,485	\$ 2,396,508	\$ 2,492,847	\$ 2,366,424	\$ 2,306,984	\$ 2,252,717	\$ 2,283,318	\$ 2,170,081	\$ 2,036,241	\$ 1,943,033
Contributions as a percentage of covered employee payroll	80.16%	82.63%	64.56%	63.34%	48.05%	47.83%	36.30%	39.31%	36.23%	36.59%

Notes to the Required Supplementary Information:

The actuarially determined contribution shown above for the current year is the statutory minimum contribution from the May 1, 2021 actuarial valuation completed by Lauterbach and Amen, LLP for the December 2021 tax levy. The methods and assumptions shown below are based on the same actuarial valuation.

Actuarial valuation date	May 1, 2021
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay (closed)
Amortization target	90% funded over 19 years
Asset valuation method	5-Year smoothed fair value
Inflation	2.25%
Total payroll increases	3.25%
Individual pay increases	3.75%-18.06%
Expected rate of return on investments	6.75%
Mortality rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described
Retirement rates	100% of L&A 2020 Illinois Firefighters Retirement Rates Capped at Age 65
Termination rates	100% of L&A 2020 Illinois Firefighters Termination Rates
Disability rates	100% of L&A 2020 Illinois Firefighters Disability Rates

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,721,444	\$ 1,678,361	\$ 1,486,420	\$ 1,361,003	\$ 979,592	\$ 938,100	\$ 804,106	\$ 669,480	\$ 615,874	\$ 573,920
Contributions in relation to the actuarially determined contribution	<u>1,897,006</u>	<u>1,931,212</u>	<u>1,569,987</u>	<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>
Contribution Deficiency (Excess)	<u>\$ (175,562)</u>	<u>\$ (252,851)</u>	<u>\$ (83,567)</u>	<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>
Covered employee payroll	\$ 2,397,465	\$ 2,283,827	\$ 2,275,099	\$ 2,111,281	\$ 2,036,242	\$ 2,055,187	\$ 2,030,064	\$ 1,882,651	\$ 1,887,054	\$ 1,888,677
Contributions as a percentage of covered employee payroll	79.13%	84.56%	69.01%	67.79%	51.29%	48.03%	40.28%	38.79%	35.26%	35.23%

Notes to the Required Supplementary Information:

The actuarially determined contribution shown above for the current year is the statutory minimum contribution from the May 1, 2021 actuarial valuation completed by Lauterbach and Amen, LLP for the December 2021 tax levy. The methods and assumptions shown below are based on the same actuarial valuation.

Actuarial valuation date	May 1, 2021
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay (closed)
Amortization target	90% funded over 19 years
Asset valuation method	5-Year smoothed fair value
Inflation	2.25%
Total payroll increases	3.25%
Individual pay increases	3.75%-22.27%
Expected rate of return on investments	6.75%
Mortality rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described
Retirement rates	100% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65
Termination rates	100% of L&A 2020 Illinois Police Termination Rates
Disability rates	100% of L&A 2020 Illinois Police Disability Rates

SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
April 30, 2023

	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Playground and Recreation Fund	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS						
Cash deposits	\$ 862,647	\$ 19,877	\$ 104,183	\$ 145,646	\$ 33,342	\$ 1,165,695
Receivables, net of allowance for uncollectible:						
Property taxes	-	-	206,916	190,005	625,465	1,022,386
Customers	-	-	-	-	-	-
Other	1,500	-	-	18,156	-	19,656
Due from other governmental agencies	61,414	100	-	7,964	-	69,478
Inventory	<u>62,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,691</u>
 Total Assets	 <u>\$ 988,252</u>	 <u>\$ 19,977</u>	 <u>\$ 311,099</u>	 <u>\$ 361,771</u>	 <u>\$ 658,807</u>	 <u>\$ 2,339,906</u>
LIABILITIES						
Accounts payable	\$ 274,990	\$ 689	\$ 15,300	\$ 46,143	\$ -	\$ 337,122
Accrued wages	<u>703</u>	<u>-</u>	<u>-</u>	<u>5,770</u>	<u>-</u>	<u>6,473</u>
Total liabilities	<u>275,693</u>	<u>689</u>	<u>15,300</u>	<u>51,913</u>	<u>-</u>	<u>343,595</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable miscellaneous revenue	-	-	-	43,660	-	43,660
Unavailable property tax revenue	<u>-</u>	<u>-</u>	<u>206,916</u>	<u>190,005</u>	<u>625,465</u>	<u>1,022,386</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>206,916</u>	<u>233,665</u>	<u>625,465</u>	<u>1,066,046</u>
FUND BALANCE						
Nonspendable	62,691	-	-	-	-	62,691
Restricted for:						
Public safety	-	19,288	-	-	-	19,288
Highways and streets	649,868	-	-	-	-	649,868
Economic development and assistance	-	-	88,883	-	-	88,883
Debt service	-	-	-	-	33,342	33,342
Committed for:						
Culture and recreation	-	-	-	76,193	-	76,193
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>712,559</u>	<u>19,288</u>	<u>88,883</u>	<u>76,193</u>	<u>33,342</u>	<u>930,265</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 988,252</u>	 <u>\$ 19,977</u>	 <u>\$ 311,099</u>	 <u>\$ 361,771</u>	 <u>\$ 658,807</u>	 <u>\$ 2,339,906</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, 2023

	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Playground and Recreation Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:						
Property taxes	\$ -	\$ -	\$ 204,763	\$ 179,102	\$ 611,152	\$ 995,017
Mobile home privilege tax	-	-	-	230	786	1,016
Other governmental agencies	1,007,092	-	-	-	-	1,007,092
Licenses, permits and fees	-	-	-	452,071	-	452,071
Interest income	-	101	187	1,464	575	2,327
Private donations and contributions	-	-	-	34,403	-	34,403
Miscellaneous income	23,997	2,814	-	6,466	-	33,277
Total revenues	<u>1,031,089</u>	<u>2,915</u>	<u>204,950</u>	<u>673,736</u>	<u>612,513</u>	<u>2,525,203</u>
Expenditures:						
Public safety	-	3,510	-	-	-	3,510
Highways and streets	441,328	-	-	-	-	441,328
Culture and recreation	-	-	-	680,072	-	680,072
Economic development and assistance	-	-	76,454	-	-	76,454
Debt service:						
Principal	-	-	-	-	565,000	565,000
Interest	-	-	250	-	42,449	42,699
Capital outlay	<u>1,494,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494,461</u>
Total expenditures	<u>1,935,789</u>	<u>3,510</u>	<u>76,704</u>	<u>680,072</u>	<u>607,449</u>	<u>3,303,524</u>
Excess of revenues over (under) expenditures	<u>(904,700)</u>	<u>(595)</u>	<u>128,246</u>	<u>(6,336)</u>	<u>5,064</u>	<u>(778,321)</u>
Other Financing Sources (Uses):						
Transfers in	-	-	-	20,000	-	20,000
Transfers out	<u>(112,106)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,106)</u>
Total other financing sources (uses)	<u>(112,106)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(92,106)</u>
Net change in fund balance	(1,016,806)	(595)	128,246	13,664	5,064	(870,427)
Fund balance (deficit), beginning of year	<u>1,729,365</u>	<u>19,883</u>	<u>(39,363)</u>	<u>62,529</u>	<u>28,278</u>	<u>1,800,692</u>
Fund Balance, End of Year	<u>\$ 712,559</u>	<u>\$ 19,288</u>	<u>\$ 88,883</u>	<u>\$ 76,193</u>	<u>\$ 33,342</u>	<u>\$ 930,265</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Motor fuel tax allotments	\$ 712,184	\$ 752,184	\$ 767,224	\$ 15,040
State grants	239,869	239,869	239,868	(1)
Contingencies	<u>4,500</u>	<u>4,500</u>	<u>23,997</u>	<u>19,497</u>
Total revenues	<u>956,553</u>	<u>996,553</u>	<u>1,031,089</u>	<u>34,536</u>
Expenditures:				
Highways and Streets:				
Personnel services	41,791	41,791	43,642	(1,851)
Commodities	222,000	222,000	204,243	17,757
Contractual services	269,500	269,500	142,063	127,437
Non-capitalized capital outlay	<u>1,559,211</u>	<u>1,487,105</u>	<u>51,380</u>	<u>1,435,725</u>
	<u>2,092,502</u>	<u>2,020,396</u>	<u>441,328</u>	<u>1,579,068</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>1,494,461</u>	<u>(1,494,461)</u>
Total expenditures	<u>2,092,502</u>	<u>2,020,396</u>	<u>1,935,789</u>	<u>84,607</u>
Excess of revenues over (under) expenditures	<u>(1,135,949)</u>	<u>(1,023,843)</u>	<u>(904,700)</u>	<u>119,143</u>
Other Financing Sources (Uses):				
Transfers out	<u>-</u>	<u>(112,106)</u>	<u>(112,106)</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,135,949)</u>	<u>\$ (1,135,949)</u>	<u>(1,016,806)</u>	<u>\$ 119,143</u>
Fund balance, beginning of year			<u>1,729,365</u>	
Fund Balance, End of Year			<u>\$ 712,559</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Interest income	\$ -	\$ -	\$ 101	\$ 101
Offender payments	<u>6,000</u>	<u>6,000</u>	<u>2,814</u>	<u>(3,186)</u>
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>2,915</u>	<u>(3,085)</u>
Expenditures:				
Public Safety:				
Commodities	1,600	1,600	290	1,310
Contractual services	<u>2,500</u>	<u>2,500</u>	<u>3,220</u>	<u>(720)</u>
Total expenditures	<u>4,100</u>	<u>4,100</u>	<u>3,510</u>	<u>590</u>
Net change in fund balance	<u>\$ 1,900</u>	<u>\$ 1,900</u>	(595)	<u>\$ (2,495)</u>
Fund balance, beginning of year			<u>19,883</u>	
Fund Balance, End of Year			<u>\$ 19,288</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 203,719	\$ 203,719	\$ 204,763	\$ 1,044
Interest income	<u>100</u>	<u>100</u>	<u>187</u>	<u>87</u>
Total revenues	<u>203,819</u>	<u>203,819</u>	<u>204,950</u>	<u>1,131</u>
Expenditures:				
Economic Development and Assistance:				
Contractual services:				
Audit and accounting services	650	650	600	50
Other consulting services	<u>1,500</u>	<u>1,500</u>	<u>2,571</u>	<u>(1,071)</u>
	<u>2,150</u>	<u>2,150</u>	<u>3,171</u>	<u>(1,021)</u>
Capital outlay:				
Rebate to taxing bodies	40,744	40,744	40,953	(209)
TIF grants	70,000	70,000	32,330	37,670
TIF public improvements	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
	<u>130,744</u>	<u>130,744</u>	<u>73,283</u>	<u>57,461</u>
Total economic development and assistance	<u>132,894</u>	<u>132,894</u>	<u>76,454</u>	<u>56,440</u>
Debt Service:				
Interest	<u>250</u>	<u>250</u>	<u>250</u>	<u>-</u>
Total expenditures	<u>133,144</u>	<u>133,144</u>	<u>76,704</u>	<u>56,440</u>
Net change in fund balance	<u>\$ 70,675</u>	<u>\$ 70,675</u>	128,246	<u>\$ 57,571</u>
Fund balance (deficit), beginning of year			<u>(39,363)</u>	
Fund Balance, End of Year			<u>\$ 88,883</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, 2023

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Revenues:				
Property taxes	\$ 179,581	\$ 179,581	\$ 179,102	\$ (479)
Mobile home taxes	260	260	230	(30)
Rentals	5,500	5,500	5,524	24
Recreation programs fees	283,728	343,728	364,689	20,961
Concessions	2,600	2,600	2,811	211
Brochure advertising	1,500	1,500	1,830	330
Interest income	950	950	1,464	514
Private donations and contributions	24,500	24,500	23,893	(607)
Program sponsors	8,500	8,500	10,510	2,010
Swimming pool	104,050	104,050	77,217	(26,833)
Miscellaneous income	6,625	6,625	6,466	(159)
Total revenues	<u>617,794</u>	<u>677,794</u>	<u>673,736</u>	<u>(4,058)</u>
Expenditures:				
Culture and Recreation:				
Recreation programs	435,694	489,694	483,710	5,984
Swimming pool	<u>202,100</u>	<u>208,100</u>	<u>196,362</u>	<u>11,738</u>
Total culture and recreation	<u>637,794</u>	<u>697,794</u>	<u>680,072</u>	<u>17,722</u>
Excess of revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(6,336)</u>	<u>13,664</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>	13,664	<u>\$ 13,664</u>
Fund balance, beginning of year			<u>62,529</u>	
Fund Balance, End of Year			<u>\$ 76,193</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 606,670	\$ 606,670	\$ 611,152	\$ 4,482
Mobile home taxes	694	694	786	92
Interest income	<u>200</u>	<u>200</u>	<u>575</u>	<u>375</u>
Total revenues	<u>607,564</u>	<u>607,564</u>	<u>612,513</u>	<u>4,949</u>
Expenditures:				
Debt service:				
Principal	565,000	565,000	565,000	-
Interest	<u>42,564</u>	<u>42,564</u>	<u>42,449</u>	<u>115</u>
Total expenditures	<u>607,564</u>	<u>607,564</u>	<u>607,449</u>	<u>115</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,064	<u>\$ 5,064</u>
Fund balance, beginning of year			<u>28,278</u>	
Fund Balance, End of Year			<u>\$ 33,342</u>	

CITY OF CHARLESTON, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
April 30, 2023

	Pension Trust Funds			Custodial Funds				
	Firefighters' Pension Fund	Police Pension Fund	Total Pension Funds	East Central Illinois Task Force Fund	GovTC Fund	Recreation Affiliates Funds	Total Custodial Funds	Total Fiduciary Funds
ASSETS								
Cash	\$ 451,542	\$ 448,760	\$ 900,302	\$ 266	\$ 162,764	\$ 258,567	\$ 421,597	\$ 1,321,899
Receivables:								
Other receivables	-	-	-	-	-	31,789	31,789	31,789
Due from primary government	68,517	64,676	133,193	-	-	3,249	3,249	136,442
Total receivables	68,517	64,676	133,193	-	-	35,038	35,038	168,231
Prepaid expenses	250	780	1,030	-	1,328	-	1,328	2,358
Investments, at fair value:								
Pooled investments	16,858,654	16,428,201	33,286,855	-	-	-	-	33,286,855
Total assets	17,378,963	16,942,417	34,321,380	266	164,092	293,605	457,963	34,779,343
LIABILITIES								
Accounts payable	804	760	1,564	-	-	5,896	5,896	7,460
NET POSITION								
Fiduciary net position - held in trust for pension benefits	17,378,159	16,941,657	34,319,816	-	-	-	-	34,319,816
Fiduciary net position - held for others	-	-	-	266	164,092	287,709	452,067	452,067
Total Net Position	\$ 17,378,159	\$ 16,941,657	\$ 34,319,816	\$ 266	\$ 164,092	\$ 287,709	\$ 452,067	\$ 34,771,883

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY NET POSITION
 For the Year Ended April 30, 2023

	Pension Trust Funds			Custodial Funds				
	Firefighters' Pension Fund	Police Pension Fund	Total Pension Funds	East Central Illinois Task Force Fund	GovTC Fund	Recreation Affiliates Funds	Total Custodial Funds	Total Fiduciary Funds
Additions:								
Employer contributions	\$ 1,994,799	\$ 1,897,006	\$ 3,891,805	\$ -	\$ -	\$ -	\$ -	\$ 3,891,805
Plan members contributions	235,286	237,590	472,876	-	-	-	-	472,876
Investment income:								
Net appreciation (depreciation) in fair value of investments	19,747	(159,647)	(139,900)	-	-	45	45	(139,855)
Interest	36,975	(6,577)	30,398	-	-	535	535	30,933
Dividends and capital gain distributions	128,186	95,543	223,729	-	-	-	-	223,729
Less investment expense	<u>(13,063)</u>	<u>(19,520)</u>	<u>(32,583)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,583)</u>
Net investment income	<u>171,845</u>	<u>(90,201)</u>	<u>81,644</u>	<u>-</u>	<u>-</u>	<u>580</u>	<u>580</u>	<u>82,224</u>
Grants, donations, and sponsors	-	-	-	-	-	92,373	92,373	92,373
Fundraisers	-	-	-	-	-	55,369	55,369	55,369
Contracted services	-	-	-	-	23,190	6,039	29,229	29,229
Other additions	<u>(872)</u>	<u>-</u>	<u>(872)</u>	<u>-</u>	<u>-</u>	<u>136,478</u>	<u>136,478</u>	<u>135,606</u>
Total additions	<u>2,401,058</u>	<u>2,044,395</u>	<u>4,445,453</u>	<u>-</u>	<u>23,190</u>	<u>290,839</u>	<u>314,029</u>	<u>4,759,482</u>
Deductions:								
Benefits	2,094,311	1,963,140	4,057,451	-	-	-	-	4,057,451
Administration expenses	55,531	52,902	108,433	-	-	-	-	108,433
Program expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,587</u>	<u>227,146</u>	<u>235,733</u>	<u>235,733</u>
Total deductions	<u>2,149,842</u>	<u>2,016,042</u>	<u>4,165,884</u>	<u>-</u>	<u>8,587</u>	<u>227,146</u>	<u>235,733</u>	<u>4,401,617</u>
Change in net position	251,216	28,353	279,569	-	14,603	63,693	78,296	357,865
Net position, beginning of year	<u>17,126,943</u>	<u>16,913,304</u>	<u>34,040,247</u>	<u>266</u>	<u>149,489</u>	<u>224,016</u>	<u>373,771</u>	<u>34,414,018</u>
Net Position, End of Year	<u>\$ 17,378,159</u>	<u>\$ 16,941,657</u>	<u>\$ 34,319,816</u>	<u>\$ 266</u>	<u>\$ 164,092</u>	<u>\$ 287,709</u>	<u>\$ 452,067</u>	<u>\$ 34,771,883</u>

CITY OF CHARLESTON, ILLINOIS
CONSOLIDATED YEAR-END FINANCIAL REPORT
For the Year Ended April 30, 2023

<u>CSFA Number</u>	<u>Program Name</u>	<u>State Amount</u>	<u>Federal Amount</u>	<u>Other Amount</u>	<u>Total Amount</u>
420-75-1633	Community Development Block Grant Housing Rehabilitation Program	\$ -	\$ 345,946	\$ -	\$ 345,946
444-26-1565	Tobacco Enforcement Program	-	3,227	-	3,227
494-00-1488	Motor Fuel Tax Program	1,935,789	-	-	1,935,789
532-60-0378	Section 319(h) - Nonpoint Source Pollution Control Financial Assistance Program	-	1,867,403	-	1,867,403
	Other grant programs and activities	-	1,414,976	49,589	1,464,565
	All other costs not allocated	<u>-</u>	<u>-</u>	<u>24,919,913</u>	<u>24,919,913</u>
		<u>\$ 1,935,789</u>	<u>\$ 3,631,552</u>	<u>\$ 24,969,502</u>	<u>\$ 30,536,843</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, 2023

Operating Revenues:	
Sewer service charges	\$ 3,099,307
Miscellaneous	<u>23,947</u>
	<u>3,123,254</u>
Operating Expenses:	
Information technology	43,973
City garage	59,224
Utility department	489,588
Waste water treatment plant	747,706
Accounting	237,440
Employee benefits	299,647
Judgment	66,950
Depreciation	<u>705,428</u>
	<u>2,649,956</u>
Net Operating Income	<u><u>\$ 473,298</u></u>

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF OPERATING REVENUES AND EXPENSES
OF THE WATER TREATMENT PLANT
For the Year Ended April 30, 2023

Operating Revenues:

Water service charges	\$ 3,099,307
Miscellaneous	<u>21,115</u>
	<u>3,120,422</u>

Operating Expenses:

Information technology	43,973
City garage	59,224
Utility department	489,588
Water treatment plant	1,252,052
Accounting	237,440
Employee benefits	299,647
Judgment	66,950
Depreciation	<u>705,428</u>
	<u>3,154,302</u>

Net Operating Income (Loss)	<u><u>\$ (33,880)</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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
May	6,981	6,980	39,263	40,782	35,756	37,747	28,325	27,138	78,291	113,477
June	6,976	7,037	39,458	40,582	36,633	36,829	30,150	29,882	52,213	81,843
July	7,007	7,049	40,447	44,123	37,321	40,306	29,871	31,057	60,983	107,537
August	7,104	7,107	44,192	45,968	41,199	42,488	29,967	31,615	63,326	68,224
September	6,983	7,028	42,189	44,824	38,994	41,643	31,458	33,926	47,808	62,140
October	6,967	7,007	42,100	42,426	39,021	39,058	30,072	30,976	39,819	108,070
November	6,975	7,011	36,695	39,096	33,932	36,098	31,714	29,333	37,577	68,805
December	6,968	6,983	39,761	38,637	36,936	36,056	26,966	28,787	50,587	94,965
January	6,965	6,992	37,883	42,271	35,254	38,960	29,097	25,553	78,714	87,331
February	6,931	6,979	35,768	38,020	33,017	35,251	27,970	30,756	81,034	100,959
March	6,943	6,975	37,654	40,268	35,008	37,011	25,546	26,623	124,107	131,476
April	6,924	7,004	39,306	38,290	37,100	35,554	27,251	27,605	93,648	120,387
	<u>83,724</u>	<u>84,152</u>	<u>474,716</u>	<u>495,287</u>	<u>440,171</u>	<u>457,001</u>	<u>348,387</u>	<u>353,251</u>	<u>808,107</u>	<u>1,145,214</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, 2023

Rates Effective				
After 5-1-22	5-1-21 to 4-30-22	5-1-20 to 4-30-21	5-1-19 to 4-30-20	5-1-18 to 4-30-19

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

First	1,000 gallons	\$ 17.06		\$ 16.42		\$ 15.94		\$ 15.33		\$ 14.75	
Next	9,000 gallons	17.06	Per M	16.42	Per M	15.94	Per M	15.33	Per M	14.75	Per M
Over	10,000 gallons	16.41	" "	15.76	" "	15.34	" "	14.75	" "	14.19	" "

WATER SERVICE ONLY - IN CORPORATE LIMITS

First	1,000 gallons	\$ 15.36		\$ 14.78		\$ 14.49		\$ 13.94		\$ 13.41	
Next	9,000 gallons	15.36	Per M	14.78	Per M	14.49	Per M	13.94	Per M	13.41	Per M
Over	10,000 gallons	14.67	" "	14.12	" "	13.93	" "	13.40	" "	12.89	" "

WATER SERVICE ONLY - OUTSIDE

First	1,000 gallons	\$ 30.72		\$ 29.56		\$ 28.98		\$ 27.88		\$ 26.82	
Next	9,000 gallons	30.72	Per M	29.56	Per M	28.98	Per M	27.88	Per M	26.82	Per M
Over	10,000 gallons	29.34	" "	28.24	" "	27.86	" "	26.80	" "	25.78	" "

WATER AND SEWER SERVICE - EASTERN ILLINOIS UNIVERSITY

Effective 5-1-18	14.19	Per M
Effective 5-1-19	14.75	" "
Effective 5-1-20	15.34	" "
Effective 5-1-21	15.76	" "
Effective 5-1-22	16.41	" "

Rates effective 5-1-18 by ordinance 18-O-12
Rates effective 5-1-19 by ordinance 19-O-19
Rates effective 5-1-20 by ordinance 20-O-10
Rates effective 5-1-21 by ordinance 21-O-8
Rates effective 5-1-22 by ordinance 22-O-12

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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assessed Valuation	<u>\$ 217,024,700</u>	<u>\$ 206,243,405</u>	<u>\$ 194,985,381</u>
Statutory debt limitation (8.625% of assessed valuation)	<u>\$ 18,718,380</u>	<u>\$ 17,788,494</u>	<u>\$ 16,817,489</u>
Total Debt:			
General obligation debt:			
Bonds	1,205,000	2,415,000	3,570,000
Notes payable	<u>4,187,124</u>	<u>3,067,066</u>	<u>3,428,559</u>
	<u>5,392,124</u>	<u>5,482,066</u>	<u>6,998,559</u>
Less bonds exempt from debt limitation computation	<u>-</u>	<u>(645,000)</u>	<u>(1,265,000)</u>
	<u>5,392,124</u>	<u>4,837,066</u>	<u>5,733,559</u>
Legal Debt Margin	<u>\$ 13,326,256</u>	<u>\$ 12,951,428</u>	<u>\$ 11,083,930</u>

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

	Tax Levy Year		
	2022	2021	2020
Assessed Valuation	<u>\$ 217,024,700</u>	<u>\$ 206,243,405</u>	<u>\$ 194,985,381</u>
Tax Rates:			
General corporate	0.00047	0.00039	0.00048
IMRF	0.00047	0.00048	0.00051
Fire protection	0.00047	0.00048	0.00051
Firemen's pension	0.81785	0.84883	0.86004
Police protection	0.00047	0.00048	0.00051
Police pension	0.77200	0.80781	0.84105
Library	0.19353	0.19241	0.20547
Garbage	0.00047	0.00048	0.00051
Audit	0.00047	0.00048	0.00051
Judgment	0.25403	0.19362	0.21579
Playground and recreation	0.08755	0.08707	0.09297
Emergency services	0.00047	0.00048	0.00051
Social security	0.00047	0.00048	0.00051
Ambulance service	0.00047	0.00048	0.00051
General obligation bonds (Library series)	0.28820	0.29711	0.30440
Revenue recapture	<u>0.00880</u>	<u>0.02380</u>	<u>-</u>
Total	<u>2.42619</u>	<u>2.45488</u>	<u>2.52428</u>

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

	Tax Levy Year		
	2022	2021	2020
Taxes Extended:			
General corporate	\$ 1,020	\$ 804	\$ 937
Street and bridge *	139,508	139,615	140,343
IMRF	1,020	990	994
Fire protection	1,020	990	994
Firemen's pension	1,774,937	1,750,656	1,676,953
Police protection	1,020	990	994
Police pension	1,675,431	1,666,055	1,639,925
Library	420,008	396,833	400,637
Garbage	1,020	990	994
Audit	1,020	990	994
Judgment	551,308	399,328	420,759
Playground and recreation	190,005	179,576	181,278
Emergency services	1,020	990	994
Social security	1,020	990	994
Ambulance service	1,020	990	994
General obligation bonds (Library series)	625,465	612,770	593,536
Revenue recapture	19,098	49,086	-
Total	<u>\$ 5,404,940</u>	<u>\$ 5,202,643</u>	<u>\$ 5,062,320</u>
Net Taxes Collected:			
Municipal levy		\$ 5,052,876	\$ 4,902,280
City's share of township road and bridge		<u>139,165</u>	<u>139,856</u>
Total		<u>\$ 5,192,041</u>	<u>\$ 5,042,136</u>
Percent Collected		99.80%	99.60%
Net Taxes Collected:			
Tax Increment Finance		<u>\$ 204,763</u>	<u>\$ 203,719</u>

* Includes City share of township road and bridge tax.

FEDERAL FINANCIAL COMPLIANCE SECTION

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended April 30, 2023

Federal Grantor/Pass-Through Grantor	Program Title or Cluster	Name of Grant	Pass-Through Grantor Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development pass through Illinois Department of Commerce and Economic Opportunity	Community Development Block Grants	Housing Grant	12-243019	14.228	\$ 345,946
<i>Total U.S. Department of Housing and Urban Development</i>					<u>345,946</u>
U.S. Department of Justice	Bulletproof Vest Partnership Program		n/a	16.607	<u>1,256</u>
	Public Safety Partnership and Community Policing Grants	COPS Grant	IL01502	16.710	<u>44,913</u>
<i>Total U.S. Department of Justice</i>					<u>46,169</u>
U.S. Treasury	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		n/a	21.027	<u>1,368,807</u>
<i>Total U.S. Treasury</i>					<u>1,368,807</u> (M)
Environmental Protection Agency pass through Illinois Environmental Protection Agency	Capitalization Grants for Clean Water State Revolving Funds (Clean Water State Revolving Fund Cluster)	Clean Water Revolving Fund	L17-5808	66.458	<u>1,867,403</u>
<i>Total Environmental Protection Agency</i>					<u>1,867,403</u> (M)
U.S. Department of Health and Human Services pass through Illinois Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse	Tobacco Enforcement Program	43CBZ03411	93.959	<u>3,227</u>
<i>Total Department of Health and Human Services</i>					<u>3,227</u>
Total Expenditures of Federal Awards					<u>\$ 3,631,552</u>

(M) Program was audited as a major program.

The accompanying notes to the schedule of expenditures of federal awards are an integral part of these financial statements.

CITY OF CHARLESTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of City of Charleston, Illinois under programs of the federal government for the year ended April 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule of expenditures of federal awards are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

NOTE C - SUBRECIPIENTS

No amount was provided to subrecipients by the City.

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2023

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of City of Charleston, Illinois were prepared in accordance with accounting principles generally accepted in the United States of America.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of City of Charleston, Illinois, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies in internal control were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for City of Charleston, Illinois expresses an unmodified opinion on all major federal programs.
6. There were no audit finding required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were COVID-19 Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing #21.027 and Capitalization Grants for Clean Water State Revolving Funds (Clean Water Revolving Fund Cluster), Assistance Listing #66.458.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. City of Charleston, Illinois, was determined not to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2023

PRIOR AUDIT FINDINGS - FINANCIAL STATEMENT AUDIT

2022-1 Condition: The City did not suitably design and implement controls to record expenses in the proper period. We noted multiple invoices, some material, which were recorded in the wrong fiscal year.

Recommendation: The City should review invoices more closely to reflect proper cutoff of accounts payable at year-end and ensure expenses are reported in the proper period. In addition, accounts payable cutoff should be reviewed by an independent party for accuracy. Management agreed with the recommendation and indicated that the procedures would be implemented.

Current Status: The recommendation was adopted in September 2022. No similar findings were noted in the audit of the financial statements for the year ended April 30, 2023.

PRIOR AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None