

CITY OF CHARLESTON, ILLINOIS

FINANCIAL STATEMENTS
For the Year Ended April 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charleston, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Charleston, Illinois' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charleston, Illinois, as of April 30, 2021, 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.

Change in Accounting Principle

City of Charleston, Illinois adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the City reported a restatement of the Custodial Funds beginning net position for the change in accounting principle, as described in Note P to the financial statements. Our opinion is not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 21 and other required supplementary information on pages 89 through 98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements, consolidated year-end financial report, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022 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

March 11, 2022

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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, 2021, 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 March 11, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

March 11, 2022

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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

We have audited the City of Charleston, Illinois' compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Charleston, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Charleston, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Charleston, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

Report on Internal Control over Compliance

Management of the City of Charleston, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Charleston, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Charleston, Illinois' 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

March 11, 2022

City of Charleston, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2021

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, 2021. 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, 2021, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$7.9 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 \$45.6 million in capital assets, net of related debt. Restricted net position of \$2.2 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining amount of (\$39.9) million in unrestricted net position includes funds that may be used to meet the City's ongoing obligations to citizens and creditors along with the net pension liabilities of the City's pension plans.
- Revenues of \$26.3 million during the year exceeded expenses of \$20.8 million, increasing the City's total net position by \$5.6 million. The increase in net position consists of a \$3.9 million increase in net position of the City's governmental activities and a \$1.7 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 \$9.5 million, a \$2.4 million increase from the prior year balances of \$7.1 million.
- At April 30, 2021, approximately \$7.4 million (or 78%) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned). Unassigned fund balance increased \$2.2 million from prior year. Of the restricted fund balances, 67% (\$1.3 million) is restricted for highways and streets and 30% (\$578,634) is restricted for culture and recreation. Governmental funds have a committed or assigned fund balance of \$98,654 and nonspendable fund balance of \$58,612.
- The City had \$54.9 million in long-term liabilities at the end of the year, including bonded general obligation debt of \$2.3 million, bonded alternative revenue debt of \$1.3 million, and \$43 million net pension liability. Outstanding long-term liabilities decreased by \$8.3 million from prior year.

Overview of the Financial Statements

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

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

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

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

Government-Wide Financial Statements:

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

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

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

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

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

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

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

The City adopts an annual budget for its governmental funds. This report includes a budgetary comparison statement for the major funds to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 26-40 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 41-47 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 firefighters; 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 48-49 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 50-88 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 89-98 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 99-108 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 \$7.9 million at year ended April 30, 2021. The following table reflects the condensed Statement of Net Position of the current year as compared to the previous year.

Table 1- Statement of Net Position as of April 30, 2021						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Assets:						
Current assets and other	\$ 15,712,513	\$ 12,894,931	\$ 4,844,974	\$ 4,541,632	\$ 20,557,487	\$ 17,436,563
Capital assets	21,325,999	20,919,983	31,305,421	31,705,549	52,631,420	52,625,532
Total assets	37,038,512	33,814,914	36,150,395	36,247,181	73,188,907	70,062,095
Deferred Outflows of Resources	6,218,054	7,562,179	430,377	409,713	6,648,431	7,971,892
Liabilities:						
Current liabilities	894,713	1,087,642	214,587	250,361	1,109,300	1,338,003
Noncurrent liabilities	49,954,921	56,030,336	4,976,474	7,233,605	54,931,395	63,263,941
Total liabilities	50,849,634	57,117,978	5,191,061	7,483,966	56,040,695	64,601,944
Deferred Inflows of Resources	14,489,702	10,233,763	1,364,518	806,976	15,854,220	11,040,739
Net position:						
Net investment in capital assets, net of related debt	18,889,134	17,536,994	26,706,809	25,899,160	45,595,943	43,436,154
Restricted	1,985,684	1,591,905	258,333	250,000	2,244,017	1,841,905
Unrestricted	(42,957,588)	(45,103,547)	3,060,051	2,216,792	(39,897,537)	(42,886,755)
Total net position	\$ (22,082,770)	\$ (25,974,648)	\$ 30,025,193	\$ 28,365,952	\$ 7,942,423	\$ 2,391,304

The City's governmental total net position increased from \$(26) million in 2020 to \$(22.1) million in 2021 which is an increase in net position of \$3.9 million. Business-type activities saw an increase of \$1.7 million. The City's combined net position increased by \$5.6 million from prior year balances.

City of Charleston's net position includes \$45.6 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 \$2.2 million of the City's net position represents resources that are subject to external restrictions on their use. The City's unrestricted net position includes \$3.1 million which can be used to finance day-to-day operations. The remaining negative balance primarily reflects the net pension liability of the City's pension plans.

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

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

Table 2- Changes in Net Position For Fiscal Year Ended April 30, 2021

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 3,050,327	\$ 2,952,193	\$ 5,873,254	\$ 5,730,674	\$ 8,923,581	\$ 8,682,867
Operating grants	2,801,108	987,978	2,392	17,016	2,803,500	1,004,994
Capital grants	1,050,530	714,417	-	193,822	1,050,530	908,239
Total program revenues	6,901,965	4,654,588	5,875,646	5,941,512	12,777,611	10,596,100
General revenues:						
Property taxes	4,717,165	4,642,840	-	-	4,717,165	4,642,840
Income taxes	2,650,748	2,148,531	-	-	2,650,748	2,148,531
Sales taxes	3,672,917	3,239,297	-	-	3,672,917	3,239,297
Other general revenues	2,395,514	2,223,867	125,334	111,653	2,520,848	2,335,520
Total general revenues	13,436,344	12,254,535	125,334	111,653	13,561,678	12,366,188
Total revenues	20,338,309	16,909,123	6,000,980	6,053,165	26,339,289	22,962,288
Expenses:						
General government	2,208,479	3,258,065	-	-	2,208,479	3,258,065
Public safety	11,111,676	12,239,725	-	-	11,111,676	12,239,725
Highways and streets	1,815,610	1,666,781	-	-	1,815,610	1,666,781
Health and welfare	88,792	63,318	-	-	88,792	63,318
Culture and recreation	501,379	819,543	-	-	501,379	819,543
Urban redevelopment and housing	652,847	425,743	-	-	652,847	425,743
Economic development and assist	86,736	95,462	-	-	86,736	95,462
Interest expense	67,974	78,181	-	-	67,974	78,181
Water and sewer	-	-	4,254,677	5,246,768	4,254,677	5,246,768
Total expenses	16,533,493	18,646,818	4,254,677	5,246,768	20,788,170	23,893,586
Increase (Decrease) in net position before transfers	3,804,816	(1,737,695)	1,746,303	806,397	5,551,119	(931,298)
Transfers	87,062	173,229	(87,062)	(173,229)	-	-
Increase (Decrease) in net position	3,891,878	(1,564,466)	1,659,241	633,168	5,551,119	(931,298)
Net position - beginning of year	(25,974,648)	(24,410,182)	28,365,952	27,732,784	2,391,304	3,322,602
Net position- end of year	\$ (22,082,770)	\$ (25,974,648)	\$ 30,025,193	\$ 28,365,952	\$ 7,942,423	\$ 2,391,304

Current Year Impacts - Overall Net Position

As noted in the previous chart, the City of Charleston's net position increased \$5.6 million. Net position of the City's governmental activities increased \$3.9 million and net position of business-type activities increased \$1.7 million.

Net investment in capital assets increased by \$2.2 million to \$45.6 million due to capital asset additions and debt retirement. Restricted net position increased by \$402,112 while unrestricted net position increased \$3 million.

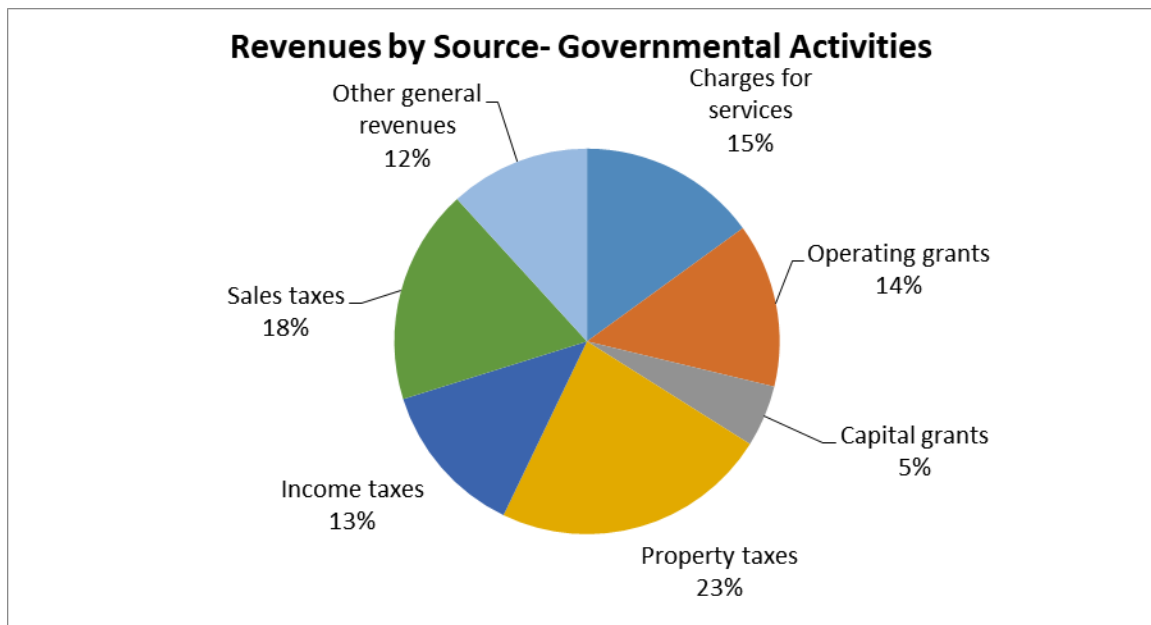
Total revenues increased \$3.4 million (15%). Expenses decreased \$3.1 million (13%). Results for specific types of revenues and expenses are discussed below.

Governmental Activities - Revenues and Expenses

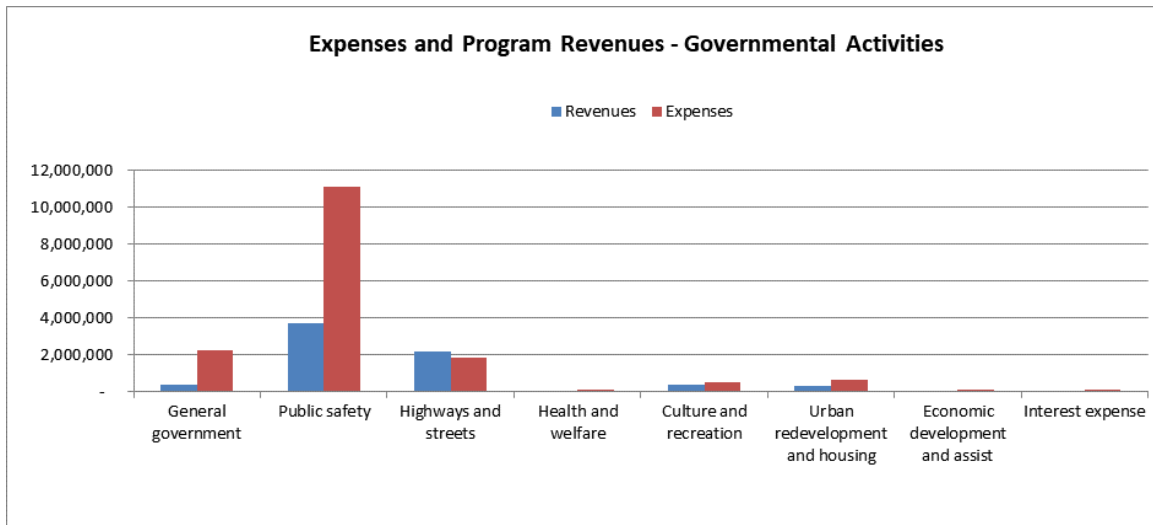
Revenues for governmental activities increased by \$3.4 million (20%) to \$20.3 million. Increases by revenue types are as follows: charges for services (\$98,134), operating grants (\$1.8 million), capital grants (\$336,113), property taxes (\$74,325), income taxes (\$502,217), sales taxes (\$433,620), and other general revenues (\$171,647).

Total expenses for governmental activities decreased \$2.1 million (11%) to \$16.5 million. Most of the decrease is within the general government function (\$1 million) and public safety (\$1.1 million). Expenses also decreased within culture and recreation (\$318,164), economic development and assistance (\$8,726), and interest expense (\$10,207). Increases in expenses were recorded in highways and streets (\$148,829), health and welfare (\$25,474), and urban redevelopment and housing (\$227,104).

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 decreased by \$52,185 or 1%. Revenue types seeing increases from prior year include charges for services (\$142,580) and other general revenues (\$13,681). The increases were offset by decreases in operating grants (\$14,624) and capital grants (\$193,822). In regards to charges for services, water and sewer gallons billed decreased by 3 percent and annual water and sewer rates increased 4 percent at the beginning of the year. Expenses for the City's business-type activities decreased \$992,091 or 19% from prior year.

Overall, the City's net position from business-type activities increased by \$1.7 million. Program revenues exceeded expenses of such activities (\$1.6 million) which was sufficient to fund transfers to other activities (\$87,062). Thus the total increase in net position from such activities was \$1.7 million after interest income, gain on sale of assets, and miscellaneous income of \$125,334 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, 2021, the governmental funds reported combined total fund balance of \$9.5 million, a \$2.4 million (34%) increase from the prior year. Notable changes in fund balances from the prior year are as follows:

- General Fund balance increased \$1.8 million (29%).
- The fund balance of the Motor Fuel Tax Fund increased by \$642,623 or 91%. Revenue received will be expended on capital projects planned for future years.
- Tax Increment Financing Fund decreased \$45,092 (45%) this fiscal year. As planned, accumulated revenue was expended on projects.

Of the total fund balance for governmental funds, \$7.4 million is unassigned which indicates the funds are available to support the continued operations of the City. Unassigned fund balance increased \$2.2 million from prior year. An additional \$98,654 is committed or assigned meaning the City has limited the use of funds to specific functions. Restricted fund balance of \$1.9 million is limited by legal restrictions from outside parties on how the funds may be spent. Unspendable fund balance in the amount of \$58,612 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 \$1.6 million from prior year. Operating revenues increased by \$162,558 from prior year and operating expenses decreased by \$1 million. Contributions, extraordinary items and transfers increased \$105,818.

The proprietary fund financial statements can be found on pages 41-47.

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 37-40 in the basic financial statements.

For the Fiscal Year Ended April 30, 2021						
General Fund	Original Budget		Final Budget	Actual		
Revenues:						
Taxes	\$	11,256,078	\$	11,256,078	\$	12,106,194
Licenses and permits		409,755		409,755		406,348
Intergovernmental revenue		1,521,421		2,690,685		2,034,223
Charges for services		1,887,587		1,422,587		2,230,479
Other		364,026		364,026		522,712
Total	\$	15,438,867	\$	16,143,131	\$	17,299,956
Expenditures and transfers:						
Expenditures		15,545,654		16,249,918		15,544,403
Transfers		(105,963)		(105,963)		(75,420)
Total	\$	15,439,691	\$	16,143,955	\$	15,468,983
Change in fund balance						
	\$	(824)	\$	(824)	\$	1,830,973

The general fund actual revenues were \$1.2 million more than the final budgeted amount. The actual revenue collected in the categories of taxes, charges for services, and other revenue were higher than the final budget by \$850,116, \$807,892, and \$158,686 respectively. Licenses and permits and intergovernmental revenue finished under the final budgeted revenue amount by \$3,407 and \$656,462 respectively. The general fund actual expenditures and transfers were \$674,972 less than the final budget amount.

Capital Assets

As shown on the following chart, the City of Charleston had a \$52.6 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation as of April 30, 2021. A large portion (51%) of this investment represents infrastructure including roads, sidewalks, bridges, and sewers. Overall, the City's investment in capital assets net of depreciation increased by \$5,888.

Table 3- Capital Assets at Year-End Net of Depreciation						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,437,068	\$ 1,407,720	\$ 1,201,452	\$ 1,201,452	\$ 2,638,520	\$ 2,609,172
Buildings and Improvements	9,219,944	8,998,003	9,241,154	9,532,896	18,461,098	18,530,899
Vehicles, machinery and equipment	2,250,852	2,186,114	1,538,824	1,430,877	3,789,676	3,616,991
Infrastructure	8,052,078	7,558,313	18,820,650	19,478,427	26,872,728	27,036,740
Construction in Progress	366,057	769,833	503,341	61,897	869,398	831,730
	\$ 21,325,999	\$ 20,919,983	\$ 31,305,421	\$ 31,705,549	\$ 52,631,420	\$ 52,625,532

Significant capital additions in the fiscal year ending April 30, 2021 included the following:

- 2021 International dump truck
- 2019 John Deere 6110M with Tiger boom mower
- 2020 Case 590SN backhoe
- 2021 Case track loader
- 2020 Ford F350 pickup truck
- Improvements to the Lake Island Tract recreation area at Lake Charleston
- Repairs to the spillway at Lake Charleston
- Bike trail improvements on the interurban bike path
- Renovation to the police department building
- Upgrades to the telephone system

These additions to capital assets were offset by depreciation of \$2.8 million. Readers desiring more detailed information on capital assets activity should refer to the discussion in Note C to these financial statements on pages 60-62.

Long-Term Liabilities

The City of Charleston's long term liabilities totaled \$50 million for governmental activities and \$5 million for business-type activities as of April 30, 2021.

Table 4- Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Unamortized bond premium	\$ -	\$ -	\$ 30,072	\$ 44,336	\$ 30,072	\$ 44,336
Compensated absences	1,852,752	1,806,496	241,654	201,721	2,094,406	2,008,217
Net pension liability	43,024,985	48,620,649	-	1,020,280	43,024,985	49,640,929
Net OPEB liability	2,772,184	2,418,543	149,331	215,151	2,921,515	2,633,694
Bank notes payable	-	359,648	-	267,659	-	627,307
State of Illinois notes payable	-	-	3,290,417	3,619,458	3,290,417	3,619,458
General obligation bonds	2,305,000	2,825,000	-	-	2,305,000	2,825,000
Alternative revenue bonds	-	-	1,265,000	1,865,000	1,265,000	1,865,000
	<u>\$ 49,954,921</u>	<u>\$ 56,030,336</u>	<u>\$ 4,976,474</u>	<u>\$ 7,233,605</u>	<u>\$ 54,931,395</u>	<u>\$ 63,263,941</u>

Governmental long-term liabilities decreased by \$6.1 million. No new debt was issued.

Business-type activities decreased long-term debt by \$2.3 million. No new debt was issued.

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

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

Additional information on long term debt may be found in Note F in the Notes to the Financial Statements on pages 81-82.

Economic Factors and Next Year's Budget

The equalized assessed value (EAV) of taxable property in the City for the 2020 levy year increased 4% percent from prior year to \$194,985,381. 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, 2020 was roughly \$585 million.

The presence of Eastern Illinois University has provided a great deal of stability to the area's economy in past years. However, EIU experienced a large decline in enrollment leading to a record low enrollment in 2017. Fortunately EIU has reported increases in enrollment for 4 consecutive years. After a couple years of small declines in sales tax, FY18/19 experienced an increase of 1.9%, FY19/20 reported an increase of 3%, and FY20/21 shows an increase of close to 10%. We are expecting an increase of 15% in fiscal year 2021/2022.

The fiscal year 2021/22 budget is a balanced budget. Many of our revenue sources have been affected by the COVID-19 pandemic and related shelter in place regulations. Due in large part to the Federal American Rescue Plan Act of 2021 funding and other emergency assistance grants, there are no planned uses of reserves or budget expense reductions.

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

The City has aggressively been seeking ways boost revenues, control spending, and closely monitor the budget. This process will continue into the fiscal year 2021/22 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:

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carnegie Public Library
ASSETS				
Cash deposits	\$ 6,788,760	\$ 3,203,359	\$ 9,992,119	\$ 231,656
Investments, at fair value	1,580,874	363,481	1,944,355	-
Receivables:				
Property taxes	4,661,684	-	4,661,684	400,636
Other taxes	85,437	-	85,437	-
Customers	206,050	571,930	777,980	-
Other	194,338	-	194,338	-
Interest	3,808	1,931	5,739	-
Due from other governmental agencies	1,559,671	-	1,559,671	43,712
Prepaid expenses	82,038	25,563	107,601	9,733
Inventory	58,612	260,716	319,328	-
Due from component unit	19,355	-	19,355	-
Due from primary government	-	-	-	2,333
Internal balances	94,560	(94,560)	-	-
Restricted assets:				
Cash deposits	-	274,146	274,146	-
Net pension asset	377,326	238,408	615,734	-
Capital assets, net of accumulated depreciation	21,325,999	31,305,421	52,631,420	876,510
Total assets	37,038,512	36,150,395	73,188,907	1,564,580
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	5,018,244	365,746	5,383,990	-
Deferred OPEB	1,199,810	64,631	1,264,441	11,226
Total deferred outflows of resources	6,218,054	430,377	6,648,431	11,226
LIABILITIES				
Accounts payable	572,737	169,727	742,464	12,159
Claims payable	80,592	-	80,592	-
Accrued wages	121,886	30,629	152,515	4,294
Accrued interest	19,739	14,231	33,970	200
Deposits held for others	5,000	-	5,000	-
Due to component unit	2,333	-	2,333	-
Due to primary government	-	-	-	19,355
Accrued compensated absences	56,709	-	56,709	-
Unearned revenue	35,717	-	35,717	-

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
April 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carnegie Public Library
Long-term liabilities:				
Accrued compensated absences	1,852,752	241,654	2,094,406	13,775
Net OPEB liability	2,772,184	149,331	2,921,515	25,938
Net pension liability	43,024,985	-	43,024,985	-
Unamortized bond premium	-	30,072	30,072	-
Capital lease payable:				
Due within one year	-	-	-	4,969
Due in more than one year	-	-	-	3,472
Bonds payable:				
Due within one year	535,000	620,000	1,155,000	-
Due in more than one year	1,770,000	645,000	2,415,000	-
Notes payable:				
Due within one year	-	329,042	329,042	27,485
Due in more than one year	-	2,961,375	2,961,375	102,216
Total liabilities	<u>50,849,634</u>	<u>5,191,061</u>	<u>56,040,695</u>	<u>213,863</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	4,661,684	-	4,661,684	400,636
Deferred amount on refunding	24,428	-	24,428	-
Deferred pensions	9,133,081	1,328,399	10,461,480	-
Deferred OPEB	<u>670,509</u>	<u>36,119</u>	<u>706,628</u>	<u>6,274</u>
Total deferred inflows of resources	<u>14,489,702</u>	<u>1,364,518</u>	<u>15,854,220</u>	<u>406,910</u>
NET POSITION				
Net investment in capital assets	18,889,134	26,706,809	45,595,943	738,368
Restricted for:				
Public safety	22,083	-	22,083	-
Highways and streets	1,347,305	-	1,347,305	-
Culture and recreation	578,634	-	578,634	8,610
Debt service	25,251	258,333	283,584	-
Social security	12,411	-	12,411	-
Unrestricted (deficit)	<u>(42,957,588)</u>	<u>3,060,051</u>	<u>(39,897,537)</u>	<u>208,055</u>
Total Net Position (Deficit)	<u>\$ (22,082,770)</u>	<u>\$ 30,025,193</u>	<u>\$ 7,942,423</u>	<u>\$ 955,033</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2021

	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	\$ 2,208,479	\$ 371,106	\$ 700	\$ -	\$ (1,836,673)	\$ -	\$ (1,836,673)	
Public safety	11,111,676	2,612,705	994,046	65,587	(7,439,338)	-	(7,439,338)	
Highways and streets	1,815,610	-	1,501,494	688,843	374,727	-	374,727	
Health and welfare	88,792	-	2,000	-	(86,792)	-	(86,792)	
Culture and recreation	501,379	21,539	53,488	270,000	(156,352)	-	(156,352)	
Urban redevelopment and housing	652,847	44,977	249,380	26,100	(332,390)	-	(332,390)	
Economic development and assistance	86,736	-	-	-	(86,736)	-	(86,736)	
Interest expense	67,974	-	-	-	(67,974)	-	(67,974)	
Total governmental activities	16,533,493	3,050,327	2,801,108	1,050,530	(9,631,528)	-	(9,631,528)	
Business-type activities:								
Water	2,272,210	2,936,627	2,392	-	-	666,810	666,810	
Sewer	1,982,468	2,936,627	-	-	-	954,160	954,160	
Total business-type activities	4,254,677	5,873,254	2,392	-	-	1,620,969	1,620,969	
Total primary government	\$ 20,788,170	\$ 8,923,581	\$ 2,803,500	\$ 1,050,530	(9,631,528)	1,620,969	(8,010,559)	
Component Unit: Carnegie Public Library	\$ 422,689	\$ 8,484	\$ 44,436	\$ -				\$ (369,769)
General Revenues:								
Taxes:								
Property taxes					4,717,165	-	4,717,165	396,127
Illinois income tax					2,650,748	-	2,650,748	-
Municipal retailers' occupation tax					3,672,917	-	3,672,917	-
Utility tax					696,340	-	696,340	-
Use tax					982,428	-	982,428	-
Cannabis excise tax					19,323	-	19,323	-
Replacement tax					302,422	-	302,422	26,063
Other taxes					200,805	-	200,805	-
Interest income					51,651	20,071	71,722	414
Gain (loss) on sale or disposal of assets					21,738	34,901	56,639	-
Net increase (decrease) in fair value of investments					(10,873)	(2,445)	(13,318)	-
Miscellaneous					131,680	72,807	204,487	27,629
Transfers					87,062	(87,062)	-	-
Total general revenues and transfers					13,523,406	38,272	13,561,678	450,233
Change in net position					3,891,878	1,659,241	5,551,119	80,464

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES (Continued)
For the Year Ended April 30, 2021

	Net (Expenses) Revenues and Changes in Net Position		
	Primary Government		Component Unit
	Governmental Activities	Business-Type Activities	Carnegie Public Library
Net position (deficit), beginning of year	(25,974,648)	28,365,952	2,391,304
Net Position (Deficit), End of Year	<u>\$ (22,082,770)</u>	<u>\$ 30,025,193</u>	<u>\$ 7,942,423</u>

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

FUND FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
ASSETS				
Cash deposits	\$ 5,053,163	\$ 1,497,482	\$ 6,550,645	\$ 231,656
Investments, at fair value	1,565,532	15,342	1,580,874	-
Receivables, net of allowance for uncollectible:				
Property taxes	3,886,871	774,813	4,661,684	400,636
Other taxes	85,437	-	85,437	-
Customers	203,394	993	204,387	-
Other	179,105	15,233	194,338	-
Interest	3,808	-	3,808	-
Due from other governmental agencies	1,487,730	71,941	1,559,671	43,712
Due from other funds	267,885	-	267,885	-
Due from component unit	19,355	-	19,355	-
Inventory	-	58,612	58,612	-
Total Assets	<u>\$ 12,752,280</u>	<u>\$ 2,434,416</u>	<u>\$ 15,186,696</u>	<u>\$ 676,004</u>
LIABILITIES				
Accounts payable	\$ 421,176	\$ 118,860	\$ 540,036	\$ 12,159
Accrued wages	117,613	4,273	121,886	4,294
Deposits held for others	5,000	-	5,000	-
Due to other funds	-	150,000	150,000	-
Due to primary government	-	-	-	19,355
Accrued compensated absences	56,709	-	56,709	-
Total liabilities	<u>600,498</u>	<u>273,133</u>	<u>873,631</u>	<u>35,808</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable miscellaneous revenue	98,218	41,755	139,973	-
Unavailable grant revenue	-	-	-	32,438
Unavailable property tax revenue	3,886,871	774,813	4,661,684	400,636
Total deferred inflows of resources	<u>3,985,089</u>	<u>816,568</u>	<u>4,801,657</u>	<u>433,074</u>

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
April 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
FUND BALANCE				
Nonspendable	-	58,612	58,612	-
Restricted for:				
Public safety	18,530	3,553	22,083	-
Highways and streets	-	1,288,693	1,288,693	-
Culture and recreation	563,292	15,342	578,634	8,610
Debt service	-	25,251	25,251	-
Social security	12,411	-	12,411	-
Committed for:				
Culture and recreation	-	98,654	98,654	-
Unassigned (deficit)	<u>7,572,460</u>	<u>(145,390)</u>	<u>7,427,070</u>	<u>198,512</u>
Total fund balance	<u>8,166,693</u>	<u>1,344,715</u>	<u>9,511,408</u>	<u>207,122</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 12,752,280</u>	 <u>\$ 2,434,416</u>	 <u>\$ 15,186,696</u>	 <u>\$ 676,004</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, 2021

Total fund balance - total governmental funds	\$	9,511,408
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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 \$44,012,569 exceeded accumulated depreciation of \$22,686,570.		21,325,999
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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.		65,900
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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.		105,065
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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	\$	515,618	
Deferred outflows of resources - Firefighters' Pension Trust Fund		1,822,788	
Deferred outflows of resources - Police Pension Trust Fund		2,679,838	
Deferred outflows of resources - OPEB		1,199,810	
Deferred inflows of resources - IMRF		(1,878,654)	
Deferred inflows of resources - Firefighters' Pension Trust Fund		(3,558,823)	
Deferred inflows of resources - Police Pension Trust Fund		(3,695,604)	
Deferred inflows of resources - OPEB		<u>(670,509)</u>	(3,585,536)

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.		(19,739)
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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	\$	255,918	
Current liabilities		<u>(139,762)</u>	116,156

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued)
April 30, 2021

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	\$ 377,326	
Net pension liability	<u>(43,024,985)</u>	(42,647,659)

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	\$ (1,852,752)	
Net OPEB liability	(2,772,184)	
Deferred amount on refunding	(24,428)	
Due within one year	(535,000)	
Due in more than one year	<u>(1,770,000)</u>	<u>(6,954,364)</u>

Net Position (Deficit) of Governmental Activities	<u>\$ (22,082,770)</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, 2021

Total fund balance - component unit		\$ 207,122
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 \$1,350,827 exceeded accumulated depreciation of \$474,317.		876,510
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.		9,733
Certain receivables 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.		32,438
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		11,226
Deferred inflows of resources		(6,274)
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.		(200)
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.		2,333
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	\$ (13,775)	
Net OPEB liability	(25,938)	
Due within one year	(32,454)	
Due in more than one year	<u>(105,688)</u>	<u>(177,855)</u>
Net Position of Component Unit		<u>\$ 955,033</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, 2021

	General	Non-Major	Total	Component
	Fund	Governmental	Governmental	Unit
		Funds	Funds	Carnegie
				Public Library
Revenues:				
Property taxes	\$ 3,746,339	\$ 953,868	\$ 4,700,207	\$ 395,566
Mobile home privilege tax	5,114	1,081	6,195	561
Replacement income tax	302,422	-	302,422	26,063
Tourism tax	30,563	-	30,563	-
Utility tax	696,340	-	696,340	-
Fines, parking system fees, and charge for services	225,525	-	225,525	2,345
Municipal retailers' occupation tax	3,672,917	-	3,672,917	-
Illinois income tax	2,650,748	-	2,650,748	-
Use tax	982,428	-	982,428	-
Cannabis use tax	19,323	-	19,323	-
Ambulance revenue	2,004,954	-	2,004,954	-
Other governmental agencies	2,034,223	1,501,494	3,535,717	31,745
Rental income	31,229	-	31,229	19
Licenses, permits and fees	406,348	26,557	432,905	4,514
Interest income	51,244	403	51,647	415
Private donations and contributions	322,823	23,488	346,311	7,550
Net increase (decrease) in fair value of investments	(10,956)	82	(10,874)	-
Miscellaneous income	128,372	7,976	136,348	29,235
Total revenues	<u>17,299,956</u>	<u>2,514,949</u>	<u>19,814,905</u>	<u>498,013</u>
Expenditures:				
General government	2,804,786	-	2,804,786	-
Public safety	9,889,312	1,191	9,890,503	-
Highways and streets	807,183	461,608	1,268,791	-
Health and welfare	88,792	-	88,792	-
Culture and recreation	113,531	238,110	351,641	414,550
Urban redevelopment and housing	648,104	-	648,104	-
Economic development and assistance	-	86,395	86,395	-
Debt service:				
Principal	359,653	520,000	879,653	31,577
Interest	7,125	64,615	71,740	3,867
Capital outlay	<u>825,917</u>	<u>526,574</u>	<u>1,352,491</u>	<u>37,079</u>
Total expenditures	<u>15,544,403</u>	<u>1,898,493</u>	<u>17,442,896</u>	<u>487,073</u>
Excess of revenues over (under) expenditures	<u>1,755,553</u>	<u>616,456</u>	<u>2,372,009</u>	<u>10,940</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE (Continued)
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2021

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	440	-	440	-
Transfers in	127,698	52,718	180,416	-
Transfers out	<u>(52,718)</u>	<u>(65,000)</u>	<u>(117,718)</u>	-
Total other financing sources (uses)	<u>75,420</u>	<u>(12,282)</u>	<u>63,138</u>	-
Net change in fund balance	1,830,973	604,174	2,435,147	10,940
Fund balance, beginning of year	<u>6,335,720</u>	<u>740,541</u>	<u>7,076,261</u>	<u>196,182</u>
Fund Balance, End of Year	<u>\$ 8,166,693</u>	<u>\$ 1,344,715</u>	<u>\$ 9,511,408</u>	<u>\$ 207,122</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, 2021

Net change in governmental fund balance	\$ 2,435,147
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Amounts reported for the governmental activities in
the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	1,327,314
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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.	(1,478,971)
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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.	86,550
This is the amount of contributions of capital assets that increased net position.	506,396
This is the net book value of capital assets transferred from Business-Type Fund.	89,978
This is the net book value of a capital asset transferred to Business-Type Fund.	(60,000)
This is the book value of disposals in the current period.	(65,252)

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.	(2,248,150)
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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.	904,025
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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.	(3,531,013)
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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.	(670,509)
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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.	157,913
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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, 2021

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.	4,802
Bond premiums are reported as income in the governmental funds, but these are capitalized and amortized in the statement of activities.	11,706
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.	(1,610)
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	(46,256)
Change in net OPEB liability	(353,641)
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	\$ 344,366
Net pension liability	<u>5,595,664</u>
	5,940,030
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.	879,653
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>3,766</u>
Change in Net Position of Governmental Activities	<u>\$ 3,891,878</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, 2021

Net change in component unit fund balance	\$ 10,940
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.	37,079
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.	(19,336)
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.	6,872
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.	(6,274)
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.	770
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.	5,140
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	(2,286)
Change in net OPEB liability	9,661
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.	31,577
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.	42

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, 2021

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>6,279</u>
Change in Net Position of Component Unit	<u>\$ 80,464</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
General Fund:				
Revenues:				
Property taxes	\$ 849,731	\$ 849,731	\$ 840,892	\$ (8,839)
Mobile home privilege tax	2,056	2,056	995	(1,061)
Replacement income tax	44,500	44,500	32,541	(11,959)
Tourism tax	62,000	62,000	30,563	(31,437)
Utility tax	720,000	720,000	696,340	(23,660)
Fines, parking system fees, and charges for services	233,486	233,486	225,525	(7,961)
Municipal retailers' occupation tax	3,340,551	3,340,551	3,672,917	332,366
Illinois income tax	2,292,990	2,292,990	2,650,748	357,758
Use tax	775,249	775,249	982,428	207,179
Cannabis excise tax	17,471	17,471	19,323	1,852
Ambulance revenue	1,654,101	1,189,101	2,004,954	815,853
Other governmental agencies	1,521,421	2,690,685	2,034,223	(656,462)
Rental income	36,007	36,007	31,229	(4,778)
Licenses, permits and fees	409,755	409,755	406,348	(3,407)
Interest income	60,000	60,000	51,244	(8,756)
Private donations and contributions	255,700	255,700	322,823	67,123
Net increase (decrease) in fair value of investments	-	-	(10,956)	(10,956)
Miscellaneous income	12,269	12,269	128,372	116,103
Total revenues	<u>12,287,287</u>	<u>12,991,551</u>	<u>14,120,509</u>	<u>1,128,958</u>
Expenditures:				
General Government:				
Administration, boards and city manager	435,271	435,271	416,707	18,564
City clerk	113,081	113,081	108,825	4,256
Comptroller's office	161,897	161,897	163,533	(1,636)
City attorney's office	131,330	131,330	113,875	17,455
Information services	126,744	126,744	126,526	218
Engineering department	561,076	561,076	203,328	357,748
Contingencies	113,655	113,655	10,487	103,168
Parks and maintenance department	603,316	603,316	539,727	63,589
Judgment	522,359	522,359	471,498	50,861
Human resources	106,318	106,318	105,762	556
Employee benefits	583,528	583,528	544,518	39,010
	<u>3,458,575</u>	<u>3,458,575</u>	<u>2,804,786</u>	<u>653,789</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Public Safety:				
Police protection	3,423,953	3,423,953	3,283,452	140,501
Fire protection	3,577,079	3,577,079	3,426,413	150,666
	<u>7,001,032</u>	<u>7,001,032</u>	<u>6,709,865</u>	<u>291,167</u>
Highways and Streets:				
Street department	714,345	1,045,345	738,056	307,289
City garage	71,216	71,216	68,127	3,089
Street lighting	1,000	1,000	1,000	-
	<u>786,561</u>	<u>1,117,561</u>	<u>807,183</u>	<u>310,378</u>
Health and Welfare:				
Public service	79,848	87,800	88,792	(992)
Culture and Recreation:				
Tourism	133,085	133,085	87,080	46,005
Urban Redevelopment and Housing:				
Building and development services	410,409	687,721	648,104	39,617
Rehabilitation and community development assistance program	475,728	475,728	-	475,728
	<u>886,137</u>	<u>1,163,449</u>	<u>648,104</u>	<u>515,345</u>
Debt Service:				
Principal	43,653	131,653	359,653	(228,000)
Interest	4,359	4,359	7,125	(2,766)
	<u>48,012</u>	<u>136,012</u>	<u>366,778</u>	<u>(230,766)</u>
Capital Outlay	-	-	851,544	(851,544)
Total expenditures	<u>12,393,250</u>	<u>13,097,514</u>	<u>12,364,132</u>	<u>733,382</u>
Excess of revenues over (under) expenditures	<u>(105,963)</u>	<u>(105,963)</u>	<u>1,756,377</u>	<u>1,862,340</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2021

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	440	440
Transfers in	125,963	125,963	127,698	1,735
Transfers out	(20,000)	(20,000)	(52,718)	(32,718)
Total other financing sources (uses)	<u>105,963</u>	<u>105,963</u>	<u>75,420</u>	<u>(30,543)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>1,831,797</u>	<u>1,831,797</u>
Pensions Tax Levy Fund:				
Revenues:				
Property taxes	2,943,530	2,943,530	2,905,447	(38,083)
Mobile home privilege tax	-	-	4,119	4,119
Replacement income tax	<u>208,000</u>	<u>208,000</u>	<u>269,881</u>	<u>61,881</u>
Total revenues	<u>3,151,530</u>	<u>3,151,530</u>	<u>3,179,447</u>	<u>27,917</u>
Expenditures:				
Public safety	<u>3,151,530</u>	<u>3,151,530</u>	<u>3,179,447</u>	<u>(27,917)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Tourism and Special Events Fund:				
Revenues:				
Donations and contributions	<u>50</u>	<u>50</u>	<u>-</u>	<u>(50)</u>
Expenditures:				
Culture and Recreation:				
Commodities	874	874	-	874
Contractual services	<u>-</u>	<u>-</u>	<u>824</u>	<u>(824)</u>
Total expenditures	<u>874</u>	<u>874</u>	<u>824</u>	<u>50</u>
Excess of revenues over (under) expenditures	<u>(824)</u>	<u>(824)</u>	<u>(824)</u>	<u>-</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General, Pension Tax Levy, and Tourism and Special Events Funds)
For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Net change in fund balance	<u>\$ (824)</u>	<u>\$ (824)</u>	1,830,973	<u>\$ 1,831,797</u>
Fund balance, beginning of year			<u>6,335,720</u>	
Fund Balance, End of Year			<u><u>\$ 8,166,693</u></u>	

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2021

	Water and Sewer Fund	Internal Service Fund
	<u>Fund</u>	<u>Fund</u>
ASSETS		
Current assets:		
Cash deposits	\$ 3,203,359	\$ 238,117
Investments, at fair value	363,481	-
Receivables, net of allowance for uncollectible:		
Customer	571,930	1,663
Interest receivable	1,931	-
Prepaid expenses	25,563	16,138
Inventory	260,716	-
Restricted assets:		
Cash deposits	274,146	-
Total current assets	<u>4,701,126</u>	<u>255,918</u>
Noncurrent assets:		
Net pension asset	238,408	-
Capital assets, net of accumulated depreciation	<u>31,305,421</u>	<u>-</u>
Total noncurrent assets	<u>31,543,829</u>	<u>-</u>
 Total assets	 <u>36,244,955</u>	 <u>255,918</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	365,746	-
Deferred OPEB	<u>64,631</u>	<u>-</u>
Total deferred outflows of resources	<u>430,377</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	169,728	32,703
Claims payable	-	80,592
Accrued wages	30,629	-
Accrued interest	14,231	-
Due to other funds	117,885	-
Deferred revenue	-	809
Bonds payable	620,000	-
Notes payable	<u>329,042</u>	<u>-</u>
Total current liabilities	<u>1,281,515</u>	<u>114,104</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
April 30, 2021

	Water and Sewer Fund	Internal Service Fund
Noncurrent liabilities:		
Accrued compensated absences	241,654	-
Net OPEB liability	149,331	-
Unamortized bond premium	30,072	-
Bonds payable	645,000	-
Notes payable	2,961,375	-
Total noncurrent liabilities	<u>4,027,432</u>	<u>-</u>
 Total liabilities	 <u>5,308,947</u>	 <u>114,104</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	1,328,399	-
Deferred OPEB	36,119	-
Total deferred inflows of resources	<u>1,364,518</u>	<u>-</u>
 NET POSITION		
Net investment in capital assets	26,706,809	-
Debt service	258,333	-
Unrestricted	3,036,725	141,814
 Total Net Position	 <u>\$ 30,001,867</u>	 <u>\$ 141,814</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, 2021

Total enterprise fund net position	\$ 30,001,867
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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.

23,326

Net Position of Business-Type Activities	<u>\$ 30,025,193</u>
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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, 2021

	Water and Sewer Fund	Internal Service Fund
Operating Revenues:		
Water and sewer utility	\$ 5,873,254	\$ -
Charges for services	-	1,565,477
Other	58,544	-
Total operating revenues	<u>5,931,798</u>	<u>1,565,477</u>
Operating Expenses:		
Personnel services	1,408,951	-
Commodities	479,692	-
Contractual services	859,461	305,000
Non-capitalized capital outlay	128,526	-
Depreciation	1,360,635	-
Claims expenses	-	1,063,013
Total operating expenses	<u>4,237,265</u>	<u>1,368,013</u>
Net operating income (loss)	<u>1,694,533</u>	<u>197,464</u>
Non-Operating Revenues (Expenses):		
Grant income	2,392	-
Interest income	20,071	-
Gain on sale of assets	34,901	-
Net increase (decrease) in fair value of investments	(2,445)	-
Transfer of capital assets	(89,978)	-
Interest expense	(50,686)	-
Amortization	14,263	-
Total non-operating revenues (expenses)	<u>(71,482)</u>	<u>-</u>
Net income (loss) before contributions, extraordinary items, and transfers	<u>1,623,051</u>	<u>197,464</u>
Contributions, Extraordinary Items, and Transfers:		
Capital contributions	65,614	-
Transfers out	(62,698)	-
Total contributions, extraordinary items, and transfers	<u>2,916</u>	<u>-</u>
Change in net position	1,625,967	197,464
Net position (deficit), beginning of year	<u>28,375,900</u>	<u>(55,650)</u>
Net Position, End of Year	<u>\$ 30,001,867</u>	<u>\$ 141,814</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, 2021

Net change in net position of enterprise fund	\$ 1,625,967
---	--------------

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>33,274</u>

Change in Net Position of Business-Type Activities	<u><u>\$ 1,659,241</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2021

	Water and Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 6,013,402	\$ 440,196
Interfund services provided	-	1,123,542
Payments to suppliers	(1,433,867)	(310,076)
Payments to employees	(2,210,824)	-
Payments to claimants	-	(1,218,721)
Net cash provided (used) by operating activities	<u>2,368,711</u>	<u>34,941</u>
Cash Flows from Noncapital Financing Activities:		
Transfers in (out)	(62,698)	-
Loan from (to) other funds	(31,682)	-
Net cash provided (used) by noncapital financing activities	<u>(94,380)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Grant income	2,392	-
Transfers in (out)	(89,978)	-
Proceeds from sale of capital assets	58,453	-
Purchases of capital assets	(918,446)	-
Principal paid on capital debt	(1,196,700)	-
Interest paid on capital debt	(56,814)	-
Net cash provided (used) by financing activities	<u>(2,201,093)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest income	<u>20,886</u>	<u>-</u>
Net increase (decrease) in cash and cash deposits	94,124	34,941
Cash and cash deposits, beginning of year	<u>3,383,381</u>	<u>203,176</u>
Cash and Cash Deposits, End of Year	<u>\$ 3,477,505</u>	<u>\$ 238,117</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Year Ended April 30, 2021

	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)	\$ 1,694,533	\$ 197,464
Noncash items included in operating income:		
Depreciation	1,360,635	-
Net (increase) decrease in:		
Customer receivables	(18,050)	(1,663)
Due from other governmental agencies	99,654	-
Prepaid expenses	3,394	(5,075)
Inventory	5,888	-
Net pension asset	(238,408)	-
Deferred pensions	17,654	-
Deferred OPEB	(38,318)	-
Net increase (decrease) in:		
Accounts payable	24,529	(30,985)
Claims payable	-	(123,061)
Accrued wages	(54,175)	-
Deferred revenue	-	(1,739)
Accrued compensated absences	39,933	-
Net OPEB liability	(65,820)	-
Net pension liability	(1,020,280)	-
Deferred pensions	521,423	-
Deferred OPEB	36,119	-
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,368,711</u>	<u>\$ 34,941</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
April 30, 2021

	Pension Trust Funds	Custodial Funds	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash	\$ 554,203	\$ 451,654	\$ 1,005,857
Receivables:			
Interest	56,107	-	56,107
Due from primary government	<u>77,694</u>	<u>-</u>	<u>77,694</u>
Total receivables	<u>133,801</u>	<u>-</u>	<u>133,801</u>
Prepaid expenses	<u>-</u>	<u>547</u>	<u>547</u>
Investments, at fair value:			
Federal government obligations	5,353,190	-	5,353,190
Mutual funds	25,308,898	4,553	25,313,451
Corporate bonds	3,493,535	-	3,493,535
Certificates of deposit	<u>405,462</u>	<u>-</u>	<u>405,462</u>
Total investments	<u>34,561,085</u>	<u>4,553</u>	<u>34,565,638</u>
Total assets	<u>35,249,089</u>	<u>456,754</u>	<u>35,705,843</u>
LIABILITIES			
Accounts payable	<u>7,021</u>	<u>8,610</u>	<u>15,631</u>
NET POSITION			
Fiduciary net position - held in trust for pension benefits	35,242,068	-	35,242,068
Fiduciary net position - held for others	<u>-</u>	<u>448,144</u>	<u>448,144</u>
Total Net Position	<u>\$ 35,242,068</u>	<u>\$ 448,144</u>	<u>\$ 35,690,212</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, 2021

	Pension Trust Funds	Custodial Funds	Total Fiduciary Funds
Additions:			
Employer contributions	\$ 3,179,450	\$ -	\$ 3,179,450
Plan members contributions	462,128	-	462,128
Investment income:			
Net appreciation (depreciation) in fair value of investments	7,783,846	25	7,783,871
Interest	244,400	151	244,551
Dividends and capital gain distributions	445,302	-	445,302
Less investment expense	(48,720)	-	(48,720)
Net investment income	8,424,828	176	8,425,004
Grants, donations, and sponsors	-	257,498	257,498
Fundraisers	-	16,492	16,492
Contracted services	-	18,114	18,114
Other additions	-	28,034	28,034
Total additions	12,066,406	320,314	12,386,720
Deductions:			
Benefits	3,684,069	-	3,684,069
Refunds of contributions	46,591	-	46,591
Administration expenses	72,226	-	72,226
Program expenses	-	198,374	198,374
Total deductions	3,802,886	198,374	4,001,260
Change in net position	8,263,520	121,940	8,385,460
Net position, beginning of year	26,978,548	-	26,978,548
Prior period adjustment	-	326,204	326,204
Net position, beginning of year, as restated	26,978,548	326,204	27,304,752
Net Position, End of Year	\$ 35,242,068	\$ 448,144	\$ 35,690,212

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. The Pension Tax Levy Fund, which was previously reported as a major special revenue fund, is now combined with the General Fund for financial reporting purposes.

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

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

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 nineteen custodial funds, seventeen 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, 2021. The budget was amended April 20, 2021.
 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 \$475,000 and \$413,011, 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, 2021. 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	\$ 5,000
Buildings, bridges, storm sewers, and water mains	50	50,000
Traffic signals	25	50,000
Streets, curb, gutter and other infrastructure	20	50,000
Sidewalks, bike paths	15	50,000
Swimming pool	25	-
Machinery, equipment, computer equipment and hardware, vehicles	10	5,000
Computer software	3	10,000
Police vehicles	2	5,000

- k) **Deferred Outflows and Inflows of Resources** – The City reports a decrease in net position/fund balance that applies to a future period as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City reports the following deferred outflows of resources: unrecognized items not yet charged to OPEB expense, unrecognized items not yet charged to pension expense, and pension contributions from the City after the measurement date but before the end of the City’s reporting period.

The City reports an increase in net position/fund balance that applies to a future period as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City will not recognize the related revenues until a future event occurs. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available. Accordingly, unavailable miscellaneous revenue and unavailable property taxes are reported in the government-wide statement of net position and the governmental funds balance sheet. The City reports deferred inflows for unrecognized items not yet charged to pension expense, 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, 2021 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 127,698	\$ 52,718
Other governmental funds	<u>52,718</u>	<u>65,000</u>
Total Governmental Activities	<u>\$ 180,416</u>	<u>\$ 117,718</u>
Business-Type Activities:		
Water and Sewer Fund	<u>\$ -</u>	<u>\$ 62,698</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The purposes of interfund transfers are as follows:

The General Fund transferred \$20,000 to the Playground and Recreation Fund to supplement their tax levy and \$32,718 to the Motor Fuel Tax Fund for reimbursement of prior year expenses. The Motor Fuel Tax Fund transferred \$65,000 to the General Fund for the Lake Island project overage. The Water and Sewer Fund transferred \$31,715 to the General Fund to cover expenses related to human resources and \$30,983 to the General Fund to cover expenses related to information technology. On the government-wide financial statements only, the business-type activities transferred \$89,978 of internal labor on governmental capital projects and the governmental activities transferred \$5,614 of internal labor on business-type capital projects and \$60,000 of the book value of a capital asset to the business-type activities.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Activities:		
General Fund	\$ 287,240	\$ -
Other governmental funds	<u>-</u>	<u>150,000</u>
Total Governmental Activities	<u>\$ 287,240</u>	<u>\$ 150,000</u>
Business-Type Activities:		
Water and Sewer Fund	<u>\$ -</u>	<u>\$ 117,885</u>
Component Unit:		
Carnegie Public Library	<u>\$ -</u>	<u>\$ 19,355</u>

The purposes of interfund receivables and payables are as follows:

The General Fund has loaned \$19,355 to the Library Fund for operating expenses from the pooled cash account, \$117,885 to the Water and Sewer Fund for operating expenses from the pooled cash account, and \$150,000 to the Tax Increment Financing Fund for operating expenses. All loans are expected to be repaid within one year. The internal service fund net position has been charged to various activities resulting in a loan to the General Fund of \$23,325 from the Water and Sewer Fund and \$2,333 from the Library Fund.

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

The City's property tax calendar is as follows:

1. Property is assessed on January 1 each year.
 2. The tax levy ordinance was adopted on December 15, 2020 and filed with the county clerk.
 3. Property taxes are due to be collected by the County from July through September in two installments in the year following the levy year.
- n) **Accrued Liabilities and Long-Term Obligations** – All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and proprietary fund financial statements. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds.

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NOTES TO FINANCIAL STATEMENTS

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

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

CITY OF CHARLESTON, ILLINOIS
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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) Recently Issued and Adopted Accounting Pronouncements – In 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. See Note P for the restatement of the Custodial Funds 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. Through an appointed investment adviser, the Pension component units can also invest in common and preferred stocks, subject to certain requirements. Furthermore, investments may be made in banks, savings and loan associations, and credit unions covered by depository insurance.

At April 30, 2021, 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>
Governmental Activities:			
Certificates of Deposit	2	\$ 1,543,428	1.28
Illinois Metropolitan Investment Fund	2	<u>37,446</u>	n/a
Total Investments		<u>\$ 1,580,874</u>	
Business-Type Activities:			
Certificates of Deposit	2	<u>\$ 363,481</u>	0.59

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<u>Investment Type</u>	<u>Level of Hierarchy</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Fiduciary Pension Trust Funds:			
Firefighters' Pension Trust Fund:			
U.S. Government and its Agencies	2	\$ 3,079,258	9.24
Mutual Funds	1	12,495,506	n/a
Corporate Bonds	2	1,891,354	9.64
Certificates of Deposit	2	<u>65,146</u>	.05
Total Investments		<u>\$ 17,531,264</u>	
Police Pension Trust Fund:			
U.S. Government and its Agencies	2	\$ 2,273,932	11.35
Mutual Funds	1	12,813,392	n/a
Corporate Bonds	2	1,602,181	10.89
Certificates of Deposit	2	<u>340,316</u>	2.77
Total Investments		<u>\$ 17,029,821</u>	
Custodial Funds:			
Illinois Metropolitan Investment Fund	2	<u>\$ 4,553</u>	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, 2021, of the City's total bank balances (excluding \$1,709,904 of deposits held with the Illinois Funds Money Market Fund), \$705,956 was secured by federal depository insurance and \$8,513,159 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Deposits for the Firefighters' and Police Pension 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, 2021, 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. At April 30, 2021, the City had investments with the Illinois Metropolitan Investment Fund. This fund is rated by Moody's as Aaa/bf.

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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 AA+ rated by Standard and Poors rating services. Notwithstanding, the portfolio of the general account of the Insurance Company shall not invest more than 10% of the portfolio in real estate and/or more than 10% of the portfolio in bonds with ratings of less than Baa1 by Moody's or BBB+ by Standard and Poors. Credit quality ratings for investments in obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not required to be disclosed.

Concentration of Credit Risk:

The City's investment policy does not place limitations on the amount that can be invested in any one issuer. 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 since investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds are excluded.

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, 2021, the City's investments consisted of negotiable certificates of deposit and the Illinois Metropolitan Investment Fund.

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, 2020	Additions	Deletions	Balance April 30, 2021
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,407,720	\$ 29,348	\$ -	\$ 1,437,068
Construction in progress	769,833	985,543	(1,389,319)	366,057

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NOTES TO FINANCIAL STATEMENTS

	Balance May 1, 2020	Additions	Deletions	Balance April 30, 2021
Capital assets being depreciated:				
Building and improvements	13,089,070	485,980	-	13,575,050
Accumulated depreciation	<u>(4,091,067)</u>	<u>(264,039)</u>	<u>-</u>	<u>(4,355,106)</u>
Building and improvements, net	<u>8,998,003</u>	<u>221,941</u>	<u>-</u>	<u>9,219,944</u>
Vehicles, machinery and equipment	8,782,841	612,928	(122,530)	9,273,239
Accumulated depreciation	<u>(6,596,727)</u>	<u>(482,939)</u>	<u>57,279</u>	<u>(7,022,387)</u>
Vehicles, machinery and equipment, net	<u>2,186,114</u>	<u>129,989</u>	<u>(65,251)</u>	<u>2,250,852</u>
Infrastructure	18,135,397	1,225,758	-	19,361,155
Accumulated depreciation	<u>(10,577,084)</u>	<u>(731,993)</u>	<u>-</u>	<u>(11,309,077)</u>
Infrastructure, net	<u>7,558,313</u>	<u>493,765</u>	<u>-</u>	<u>8,052,078</u>
Total, Governmental Activities, Net Capital Assets	<u>\$ 20,919,983</u>	<u>\$ 1,860,586</u>	<u>\$ (1,454,570)</u>	<u>\$ 21,325,999</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 1,201,452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,201,452</u>
Construction in progress	<u>61,897</u>	<u>581,532</u>	<u>(140,088)</u>	<u>503,341</u>
Capital assets being depreciated:				
Building and improvements	15,165,981	-	-	15,165,981
Accumulated depreciation	<u>(5,633,085)</u>	<u>(291,742)</u>	<u>-</u>	<u>(5,924,827)</u>
Building and improvements, net	<u>9,532,896</u>	<u>(291,742)</u>	<u>-</u>	<u>9,241,154</u>
Vehicles, machinery and equipment	5,302,662	459,477	(239,217)	5,522,922
Accumulated depreciation	<u>(3,871,785)</u>	<u>(271,028)</u>	<u>158,715</u>	<u>(3,984,098)</u>
Vehicles, machinery and equipment, net	<u>1,430,877</u>	<u>188,449</u>	<u>(80,502)</u>	<u>1,538,824</u>
Infrastructure	39,126,221	140,088	-	39,266,309
Accumulated depreciation	<u>(19,647,794)</u>	<u>(797,865)</u>	<u>-</u>	<u>(20,445,659)</u>
Infrastructure, net	<u>19,478,427</u>	<u>(657,777)</u>	<u>-</u>	<u>18,820,650</u>
Total, Business-Type Activities, Net Capital Assets	<u>\$ 31,705,549</u>	<u>\$ (179,538)</u>	<u>\$ (220,590)</u>	<u>\$ 31,305,421</u>
Component Units:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	<u>\$ 395,957</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,957</u>
Capital assets being depreciated:				
Building and improvements	804,497	37,079	-	841,576
Accumulated depreciation	<u>(371,083)</u>	<u>(15,614)</u>	<u>-</u>	<u>(386,697)</u>
Building and improvements, net	<u>433,414</u>	<u>21,465</u>	<u>-</u>	<u>454,879</u>

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	Balance May 1, 2020	Additions	Deletions	Balance April 30, 2021
Vehicles, machinery and equipment	113,294	-	-	113,294
Accumulated depreciation	(83,898)	(3,722)	-	(87,620)
Vehicles, machinery and equipment, net	<u>29,396</u>	<u>(3,722)</u>	<u>-</u>	<u>25,674</u>
 Total, Governmental Activities, Net Capital Assets	 <u>\$ 858,767</u>	 <u>\$ 17,743</u>	 <u>\$ -</u>	 <u>\$ 876,510</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:

General government	\$ 347,434
Public safety	367,318
Highways and streets	614,941
Culture and recreation	145,095
Urban development and housing	3,842
Economic development and assistance	<u>341</u>

Total Depreciation Expense, Governmental Activities \$1,478,971

Business-Type Activities \$1,360,635

Component Unit - Library \$ 19,336

The City has the following construction in progress at April 30, 2021:

Project	Expenses	Estimated Cost	Estimated Completion Date
Governmental Activities:			
Surveillance System	\$ 26,630	\$ 45,000	April 2022
Lincoln Avenue	161,842	367,000	September 2021
Loxa Road Restroom	3,864	129,000	November 2022
Community Drive Phase 1	38,473	177,000	April 2023
Sister City Phase 2	44,659	3,245,000	April 2023
Douglas Drive Phase 1	72,589	423,000	April 2023
12 th Street Drainage	<u>18,000</u>	40,000	April 2024
	<u>\$ 366,057</u>		
Business-Type Activities:			
Wastewater Treatment Plant Nutrient Removal	\$ 364,807	\$ 8,865,000	April 2023
Redundant Pumps	69,519	95,000	April 2022
Mitchell-McLeod Water Main	46,195	73,000	November 2021
3 rd Street Water Main	<u>22,820</u>	73,000	April 2022
	<u>\$ 503,341</u>		

CITY OF CHARLESTON, ILLINOIS
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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, 2020. 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, 2020:

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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	<u>1%</u>	0.70%
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).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

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Additional information for each plan follows:

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

Employees Covered by Benefit Terms – As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	113
Inactive plan members entitled to but not yet receiving benefits	39
Active plan members	<u>78</u>
Total	<u><u>230</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 13.39% and 13.11% for calendar year 2020 and 2021, respectively. For the fiscal year ended April 30, 2021, the City contributed \$537,874 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, 2020. 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, 2019	\$ 33,437,393	\$ 31,128,976	\$ 2,308,417
Changes for the year:			
Service cost	389,046	-	389,046
Interest on the total pension liability	2,364,133	-	2,364,133
Differences between expected and actual experience of the total pension liability	449,795	-	449,795
Changes of assumptions	(297,575)	-	(297,575)
Contributions – employer	-	532,453	(532,453)
Contributions – employees	-	174,728	(174,728)
Net investment income	-	4,602,740	(4,602,740)
Benefit payments, including refunds of employee contributions	(2,046,375)	(2,046,375)	-
Other (net transfer)	-	478,403	(478,403)
Net changes	<u>859,024</u>	<u>3,741,949</u>	<u>(2,882,925)</u>
Balances at December 31, 2020	<u>\$ 34,296,417</u>	<u>\$ 34,870,925</u>	<u>\$ (574,508)</u>

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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)	\$ 3,420,595	\$ (574,508)	\$ (3,829,947)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2021, the City recognized pension expense (income) of (\$983,625). At April 30, 2021, 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	\$ 473,807	\$ 3,664
Changes of assumptions	228,895	265,509
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,931,960</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>702,702</u>	<u>3,201,133</u>
Pension contributions made subsequent to the measurement date	<u>178,662</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 881,364</u>	<u>\$ 3,201,133</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>
2022	\$ (619,461)
2023	(283,553)
2024	(1,120,908)
2025	(474,509)
2026	-
Thereafter	<u>-</u>
Total	<u>\$ (2,498,431)</u>

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

Employees Covered by Benefit Terms – As of December 31, 2020, 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 14.04% and 14.10% for calendar year 2020 and 2021, respectively. For the fiscal year ended April 30, 2021, 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, 2020. 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, 2019	\$ 33,138	\$ 66,098	\$ (32,960)
Changes for the year:			
Interest on the total pension liability	2,314	-	2,314
Differences between expected and actual experience of the total pension liability	221	-	221
Changes of assumptions	108	-	108
Net investment income	-	10,473	(10,473)
Benefit payments, including refunds of employee contributions	(2,453)	(2,453)	-
Other (net transfer)	<u>-</u>	<u>436</u>	<u>(436)</u>
Net changes	<u>190</u>	<u>8,456</u>	<u>(8,266)</u>
Balances at December 31, 2020	<u>\$ 33,328</u>	<u>\$ 74,554</u>	<u>\$ (41,226)</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)	\$ (37,849)	\$ (41,226)	\$ (44,104)

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Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2021, the City recognized pension expense (income) of (\$4,231). At April 30, 2021, 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>-</u>	<u>5,920</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>-</u>	<u>5,920</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ -</u>	<u>\$ 5,920</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>
2022	\$ (1,768)
2023	(753)
2024	(2,249)
2025	(1,150)
2026	-
Thereafter	<u>-</u>
Total	<u>\$ (5,920)</u>

c) Illinois Municipal Retirement Fund – Elected County Officials

Employees Covered by Benefit Terms – As of December 31, 2020, the following employees were covered by the benefit terms:

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

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Contributions – As set by statute, the City’s ECO Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual contribution rate was 0% and 0% for calendar year 2020 and 2021, respectively. For the fiscal year ended April 30, 2021, the City contributed \$0 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability – The City’s net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (Asset) (A) – (B)
Changes in the Net Pension (Asset):			
Balances at December 31, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Interest on the total pension liability	-	-	-
Differences between expected and actual experience of the total pension liability	-	-	-
Net investment income	-	-	-
Other (net transfer)	-	-	-
Net changes	-	-	-
Balances at December 31, 2020	\$ -	\$ -	\$ -

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the plan’s net pension liability, calculated using a single discount rate of 7.25%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

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

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2021, the City recognized pension expense (income) of (\$763). At April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<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	-	-
Total deferred amounts to be recognized in pension expense in future periods	-	-
Pension contributions made subsequent to the measurement date	-	-
Total Deferred Amounts Related to Pensions	<u>\$ -</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>
2022	\$ -
2023	-
2024	-
2025	-
2026	-
Total	<u>\$ -</u>

d) 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.

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

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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, 2021, participation was:

Inactive plan members or beneficiaries currently receiving benefits	38
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>35</u>
Total	<u><u>83</u></u>

Contributions:

Covered employees are required by Illinois Compiled Statutes to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Fund, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, Illinois Compiled Statutes requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the fiscal year ended April 30, 2021, the City contributed \$1,609,463 to the plan.

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Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation performed as of May 1, 2020 with a measurement date of April 30, 2021 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2020
Actuarial Cost Method	Entry-age normal (level %)
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount rate used for the total pension liability	6.75%
Long term expected rate of return on plan assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.27%
Projected individual salary increases	3.75%-18.06%
Projected increase in total payroll	3.25%
Consumer price index (urban)	2.25%
Inflation	2.25%
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Appropriate
Retirement	L&A 2020 IL Firefighters Retirement Rates (Capped at age 65)
Disability	L&A 2020 IL Firefighters Disability Rates Active Members: 80%
Termination	L&A 2020 IL Firefighters Termination Rates
Marital Assumptions	Actual Spousal Data

Some assumptions were changed from the prior year. The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 2.56% to 2.27%. 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.

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

Investment Policy:

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

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

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

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

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocations as of April 30, 2021 are listed in the table above.

Investment Rate of Return:

For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 30.05%. 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 2.27%, 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:

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	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 27,561,389	\$ 21,707,029	\$ 16,966,342

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, 2020	\$ 37,456,975	\$ 13,682,898	\$ 23,774,077
Changes for the year:			
Service cost	650,264	-	650,264
Interest on the total pension liability	2,514,880	-	2,514,880
Actuarial experience	748,376	-	748,376
Changes of assumptions	-	-	-
Change of benefit terms	-	-	-
Contributions – employer	-	1,609,463	(1,609,463)
Contributions – member	-	235,841	(235,841)
Contributions – other	-	-	-
Net investment income	-	4,171,122	(4,171,122)
Benefit payments, including refunds of member contributions	(1,865,515)	(1,865,515)	-
Administrative expense	-	(35,858)	35,858
Net changes	<u>2,048,005</u>	<u>4,115,053</u>	<u>(2,067,048)</u>
Balances at April 30, 2021	<u>\$ 39,504,980</u>	<u>\$ 17,797,951</u>	<u>\$ 21,707,029</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2021, the City recognized pension expense of \$2,023,359. At April 30, 2021, 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	\$ 1,022,679	\$ 438,488
Changes of assumptions	800,109	1,338,420
Net difference between projected and actual earnings on pension plan investments	-	1,781,915
Total deferred amounts to be recognized in pension expense in future periods	<u>1,822,788</u>	<u>3,558,823</u>
Pension contributions made subsequent to the measurement date	-	-
Total Deferred Amounts Related to Pensions	<u>\$ 1,822,788</u>	<u>\$ 3,558,823</u>

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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>
2022	\$ (559,096)
2023	(307,219)
2024	(165,311)
2025	(624,275)
2026	(21,164)
Thereafter	<u>(58,970)</u>
Total	<u>\$ (1,736,035)</u>

e) 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

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monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually each January thereafter. The increase is the lesser of 3% or 1/2 of the change in the Consumer Price Index for the proceeding calendar year.

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

Plan Membership:

At April 30, 2021, participation was:

Inactive plan members or beneficiaries currently receiving benefits	34
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>32</u>
 Total	 <u><u>72</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, 2021, the City contributed \$1,569,987 to the plan.

Actuarial Assumptions:

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2020 with a measurement date of April 30, 2021 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2020
Actuarial Cost Method	Entry-age normal (level %)
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount rate used for the total pension liability	6.75%
Long term expected rate of return on plan assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	2.27%
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)

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Disability	L&A 2020 IL Police Disability Rates
	Active Members: 80%
Termination	L&A 2020 IL Police Termination Rates
Marital Assumptions	Actual Spousal Data

Some assumptions were changed from the prior year. The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 2.56% to 2.27%. 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.

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

Investment Policy:

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

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

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

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

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

The long-term expected rate of return on the Fund's investments was determined using an asset allocation study conducted by the Fund's investment management consultant in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting

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the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return for each major asset class included in the Fund's target asset allocations as of April 30, 2021 are listed in the table above.

Investment Rate of Return:

For the year ended April 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 33.82%. 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 2.27%, 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	\$ 27,301,322	\$ 21,317,956	\$ 16,508,686

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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, 2020	\$ 36,854,086	\$ 13,295,651	\$ 23,558,435
Changes for the year:			
Service cost	571,700	-	571,700
Interest on the total pension liability	2,469,899	-	2,469,899
Actuarial experience	731,533	-	731,533
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions – employer	-	1,569,987	(1,569,987)
Contributions – member	-	226,287	(226,287)
Net investment income	-	4,253,680	(4,253,680)
Benefit payments, including refunds of member contributions	(1,865,145)	(1,865,145)	-
Administrative expense	-	(36,343)	36,343
Net changes	<u>1,907,987</u>	<u>4,148,466</u>	<u>(2,240,479)</u>
Balances at April 30, 2021	<u>\$ 38,762,073</u>	<u>\$ 17,444,117</u>	<u>\$ 21,317,956</u>

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2021, the City recognized pension expense of \$1,802,117. At April 30, 2021, 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	\$ 1,744,552	\$ 408,533
Changes of assumptions	935,286	908,987
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,378,084</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>2,679,838</u>	<u>3,695,604</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 2,679,838</u>	<u>\$ 3,695,604</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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

<u>Year Ending April 30</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>
2022	\$ (332,127)
2023	(198,530)
2024	(197,091)
2025	(390,365)
2026	92,900
Thereafter	<u>9,447</u>
Total	<u>\$ 1,015,766</u>

f) Aggregate Pension Reporting:

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

IMRF – Regular	\$ (983,625)
IMRF – Sheriff’s Law Enforcement Personnel	(4,231)
IMRF – Elected County Officials	(763)
Firefighters’ Pension Trust Fund	2,023,359
Police Pension Trust Fund	<u>1,802,117</u>
Total	<u>\$ 2,836,857</u>

NOTE E - DEFERRED COMPENSATION AND OTHER RETIREMENT PLANS

- a) The City maintains for its employees a deferred compensation plan under provisions of Internal Revenue Code Section 457. The plan, available to all full-time employees, allows participants to defer a portion of their salary until future years. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City’s creditors. Accordingly, these plan assets are not reported as a part of these financial statements.
- b) The City participates in a Section 401 qualified plan. The City has agreed to provide additional compensation to the City Manager through the Illinois City Managers Association Retirement Fund. The City’s agreement states it will make mandatory contributions to the Illinois City Managers Association Retirement Fund in an amount equal to 7.5% of the employee’s salary. The employee’s interest in the plan’s contributions and earnings are 100% vested at all times. The City made plan contributions of \$10,729 for the year ended April 30, 2021.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE F - LONG-TERM LIABILITIES

a) The following is a summary of the City's long-term liabilities as of April 30, 2021, and transactions for the year then ended:

	Balance May 1, 2020	Additions	Retired	Balance April 30, 2021	Amount Due Within One Year
Governmental Activities:					
Notes payable	\$ 359,648	\$ -	\$ 359,648	\$ -	\$ -
2012 GO Refunding Bonds	2,825,000	-	520,000	2,305,000	535,000
Compensated absences	<u>1,806,496</u>	<u>46,256</u>	<u>-</u>	<u>1,852,752</u>	<u>-</u>
Total Governmental Activities, Long-Term Liabilities	<u>\$ 4,991,144</u>	<u>\$ 46,256</u>	<u>\$ 879,648</u>	<u>\$ 4,157,752</u>	<u>\$ 535,000</u>
Business-Type Activities:					
Notes payable	\$ 3,887,117	\$ -	\$ 596,700	\$ 3,290,417	\$ 329,042
2011A Alternative Revenue Bonds	1,865,000	-	600,000	1,265,000	620,000
Compensated absences	<u>201,721</u>	<u>39,933</u>	<u>-</u>	<u>241,654</u>	<u>-</u>
Total Business-Type Activities, Long-Term Liabilities	<u>\$ 5,953,838</u>	<u>\$ 39,933</u>	<u>\$ 1,196,700</u>	<u>\$ 4,797,071</u>	<u>\$ 949,042</u>
Component Unit:					
Notes payable	\$ 156,583	\$ -	\$ 26,882	\$ 129,701	\$ 27,485
Capital lease payable	13,136	-	4,695	8,441	4,969
Compensated absences	<u>11,489</u>	<u>2,286</u>	<u>-</u>	<u>13,775</u>	<u>-</u>
Total Component Unit	<u>\$ 181,208</u>	<u>\$ 2,286</u>	<u>\$ 31,577</u>	<u>\$ 151,917</u>	<u>\$ 32,454</u>

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, 2021, the outstanding liability was \$2,305,000.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2021, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 535,000	\$ 52,638	\$ 587,638
2023	565,000	41,670	606,670
2024	590,000	29,240	619,240
2025	<u>615,000</u>	<u>15,375</u>	<u>630,375</u>
Total	<u>\$ 2,305,000</u>	<u>\$ 138,923</u>	<u>\$ 2,443,923</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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, 2021, the outstanding liability was \$3,290,417.

The City issued \$6,140,000 general obligation waterworks and sewerage refunding bonds (alternative revenue source), series 2011A. Bonds were issued to refund the general obligation waterworks and sewerage bonds (alternative revenue source), series 2003 which were originally for the water treatment plant upgrade. BNY Midwest Trust Company is bond registrar and paying agent. Bonds are dated October 1, 2011, with final payment due December 15, 2022. Principal payments are due annually on December 15 and interest payments, varying from 2.00% to 3.00%, are due semiannually on June 15 and December 15. The bonds were issued with a premium of \$21,409 which will be amortized over the life of the bonds. The economic gain, calculated on a present value basis, amounted to \$497,326. City pays debt service expenditures from water and sewer revenues and abates the associated property tax levies. At April 30, 2021, the outstanding liability was \$1,265,000.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2021, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 949,042	\$ 37,950	\$ 986,992
2023	974,042	19,350	993,392
2024	329,042	-	329,042
2025	329,042	-	329,042
2026	329,042	-	329,042
2027-2031	<u>1,645,207</u>	<u>-</u>	<u>1,645,207</u>
Total	<u>\$ 4,555,417</u>	<u>\$ 57,300</u>	<u>\$ 4,612,717</u>

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, 2021, the outstanding liability was \$129,701.

On August 11, 2017, the Carnegie Public Library entered into a capital lease with Watts Copy Systems, Inc. The lease calls for monthly payments of \$444, including interest at 5.706%. The final maturity date is December 21, 2022. The loan is secured by equipment. At April 30, 2021, the outstanding liability was \$8,441.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2021, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 32,454	\$ 2,990	\$ 35,444
2023	31,584	2,084	33,668
2024	28,745	1,376	30,121
2025	29,402	719	30,121
2026	<u>15,957</u>	<u>92</u>	<u>16,049</u>
Total	<u>\$ 138,142</u>	<u>\$ 7,261</u>	<u>\$ 145,403</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE G - ECONOMIC DEPENDENCY

Twelve percent or \$582,511 of Water and Sewer Fund revenues were derived from sales to one customer, Eastern Illinois University.

NOTE H - DEFICIT FUND BALANCES

The following funds had deficit fund balances as of April 30, 2021:

Tax Increment Financing Fund	\$ 145,390
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NOTE I - EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures exceeded appropriations in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>
Pensions Tax Levy Fund	\$ 3,151,530	\$ 3,179,447

NOTE J - RISK MANAGEMENT AND SELF INSURANCE

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

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

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

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

The change in the aggregate liability for claims for the year ended April 30, 2021 is as follows:

Claims payable, beginning of the year	\$ 203,653
Claims incurred and changes in accrual	1,063,014
Claims payments	<u>(1,186,075)</u>
Claims Payable, End of the Year	<u>\$ 80,592</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE K - OTHER POST-EMPLOYMENT BENEFITS

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

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

Membership - At April 30, 2021, membership consisted of:

Total active employees	140
Inactive employees currently receiving benefit payments	12
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, 2021, benefit payments for retiree medical coverage were \$181,046. 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, 2021:

Actuarial Cost Method:	Entry Age Normal
Salary Increases:	3.00%
Municipal Bond Rate:	2.56% beginning of year 2.27% end of year
Healthcare Cost Trend Rates:	6.50% initial trend 5.00% ultimate trend 0.50% amount of trend decrease 2 years between trend decreases 2028 year ultimate trend reached
Retirement Rates:	IMRF based on rates from IMRF Experience Study Report dated November 8, 2017 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 November 8, 2017 100% of the L&A Assumption Study for Firefighters 2020 100% of the L&A Assumption Study for Police 2020

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Disability Rates:	IMRF based on rates from IMRF Experience Study Report dated November 8, 2017 100% of the L&A Assumption Study for Firefighters 2020
Mortality Rates:	100% of the L&A Assumption Study for Police 2020 IMRF RP-2014 with Blue Collar Adjustment and MP-2016 Improvement, weighted per IMRF Experience Study dated November 8, 2017 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.

Some assumptions were changed from the prior year. Upon review of population changes since 2015, we lowered the percent of active employees assumed to elect City coverage upon retirement from 50% to 30%.

The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 2.56% to 2.27%. The underlying index used is The Bond Buyer 20-Bond G.O. Index and is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index.

The discount rate used in the determination of the Total OPEB Liability was changed from 2.56% to 2.27%.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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, 2021 was 2.27%. The discount rate used at April 30, 2020 was 2.56%.

	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (A) – (B)
Changes in OPEB Liability:			
Balances at April 30, 2020	\$ 2,669,293	\$ -	\$ 2,669,293
Changes for the year:			
Service cost	110,132	-	110,132
Interest	66,017	-	66,017
Actuarial experience	1,047,469	-	1,047,469
Assumptions changes	(764,412)	-	(764,412)
Contributions – employer	-	181,046	(181,046)
Contributions – employees	-	-	-
Net investment income	-	-	-
Benefit payments	(181,046)	(181,046)	-
Other (net transfer)	-	-	-
Net changes	<u>278,160</u>	<u>-</u>	<u>278,160</u>
Balances at April 30, 2021	<u>\$ 2,947,453</u>	<u>\$ -</u>	<u>\$ 2,947,453</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the plan's net OPEB liability, calculated using a single discount rate of 2.27%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Lower 1.27%	Current 2.27%	1% Higher 3.27%
Net OPEB Liability (Asset)	\$ 3,206,459	\$ 2,947,453	\$ 2,713,029

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)	\$ 2,608,099	\$ 2,947,453	\$ 3,350,809

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, 2021, the City recognized OPEB expense of \$222,893. At April 30, 2021, 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	\$ 976,884	\$ -
Changes of assumptions	298,783	712,902
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>1,275,667</u>	<u>712,902</u>
Contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to OPEB	<u>\$ 1,275,667</u>	<u>\$ 712,902</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>
2022	\$ 46,744
2023	46,744
2024	46,744
2025	46,744
2026	46,744
Thereafter	<u>329,045</u>
Total	<u>\$ 562,765</u>

NOTE L - TAX ABATEMENTS

As a result of tax abatement agreements imposed by Coles County to further the objectives of the Enterprise Zone, the City's current year property tax revenues are affected. The gross amount of property taxes abated during the period are \$3,673.

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 property taxes were not reduced for the year ended April 30, 2021.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE M - LITIGATION

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

NOTE N - RISKS AND UNCERTAINTIES

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

NOTE O - SUBSEQUENT EVENTS

The City has been notified of a \$2,734,790 allocation from the Coronavirus Local Fiscal Recovery Fund. The funds are to provide a substantial infusion of resources to meet pandemic response needs, address its economic fallout, and lay the foundation for a strong and equitable recovery. Recipients may use the funds to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector income, provide premium pay for essential workers, and invest in water, sewer and broadband infrastructure. The City received an advance of 50% of the funds, or \$1,367,395 in September 2021 and the remaining balance will be received approximately 12 months later.

On November 1, 2021, the Firefighters' Pension Trust Fund transitioned all investment assets from the Plan's control to the consolidated Firefighters' Pension Investment Fund (FPIF) portfolio. On that date, the statutory and fiduciary responsibility for the investment of pension fund assets shifted exclusively to the FPIF.

On January 27, 2022 the City accepted a loan offer from the Illinois Environmental Protection Agency's Water Pollution Control Program in the amount of \$8,383,255 to fund the nutrient removal project at the wastewater treatment plant. The loan will be reduced by \$2,514,977 as a result of debt forgiveness by the State of Illinois. The loan term is 20 years with an interest rate of .83%. No funds have been drawn down.

NOTE P - PRIOR PERIOD ADJUSTMENT

In 2021, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The primary objective of this statement is to enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The restatement of the Custodial Funds beginning net position for the change in accounting principle was as follows:

	<u>Custodial Funds</u>
Net position, beginning of year	\$ -
Prior period adjustment	<u>326,204</u>
Net Position, Beginning of Year, as Restated	<u>\$ 326,204</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
April 30, 2021

Total OPEB Liability:	2021	2020	2019
Service cost	\$ 110,132	\$ 84,471	\$ 78,631
Interest	66,017	86,012	89,395
Changes of benefit terms	-	-	29,023
Differences between expected and actual experience	1,047,469	1,951	-
Changes of assumptions	(764,412)	325,403	-
Benefit payments	<u>(181,046)</u>	<u>(194,023)</u>	<u>(166,674)</u>
Net change in total OPEB liability	278,160	303,814	30,375
Total OPEB liability, beginning of year	<u>2,669,293</u>	<u>2,365,479</u>	<u>2,335,104</u>
Total OPEB Liability, End of Year	<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%
Covered Employee Payroll	\$ 8,722,579	\$ 8,017,632	\$ 7,784,109
Employer's Net OPEB Liability			
as a Percentage of Covered Employee Payroll	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 \$181,046.

For the 2021 measurement year, there were no changes of benefit terms from the prior year.

For the purpose of developing changes in OPEB liability for GASB Statement No. 75 reporting, other than the change in the discount rate from 2.56% to 2.27%, there have been no changes in assumptions from the 2020 measurement year to the 2021 measurement year.

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT PLANS
REGULAR PLAN
December 31, 2020

Total Pension Liability:	2020	2019	2018	2017	2016	2015
Service cost	\$ 389,046	\$ 377,192	\$ 380,401	\$ 401,334	\$ 440,775	\$ 405,183
Interest	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	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	<u>(2,046,375)</u>	<u>(1,996,032)</u>	<u>(1,909,134)</u>	<u>(1,613,952)</u>	<u>(1,607,168)</u>	<u>(1,466,691)</u>
Net change in total pension liability	859,024	740,717	2,009,433	(29,864)	274,728	2,084,826
Total pension liability, beginning of year	<u>33,437,393</u>	<u>32,696,676</u>	<u>30,687,243</u>	<u>30,717,107</u>	<u>30,442,379</u>	<u>28,357,553</u>
Total Pension Liability, End of Year	<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	\$ 532,453	\$ 406,324	\$ 547,453	\$ 558,745	\$ 529,174	\$ 552,229
Contributions - employees	174,728	189,838	176,685	184,679	187,795	217,296
Net investment income	4,602,740	5,352,130	(1,809,322)	4,871,511	1,766,549	129,901
Benefit payments, including refunds of employee contributions	(2,046,375)	(1,996,032)	(1,909,134)	(1,613,952)	(1,607,168)	(1,466,691)
Other (net transfer)	<u>478,403</u>	<u>(270,340)</u>	<u>655,653</u>	<u>(1,076,041)</u>	<u>(69,676)</u>	<u>292,517</u>
Net change in fiduciary net position	3,741,949	3,681,920	(2,338,665)	2,924,942	806,674	(274,748)
Plan net position, beginning of year	<u>31,128,976</u>	<u>27,447,056</u>	<u>29,785,721</u>	<u>26,860,779</u>	<u>26,054,105</u>	<u>26,328,853</u>
Plan Net Position, End of Year	<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>\$ (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	101.68%	93.10%	83.94%	97.06%	87.45%	85.58%
Covered Employee Payroll	\$ 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	-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, 2020

Total Pension Liability:	2020	2019	2018	2017	2016	2015
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,314	1,645	1,647	1,614	1,544	1,429
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	221	9,204	(1,073)	(897)	(600)	101
Changes of assumptions	108	-	565	(283)	-	-
Benefit payments, including refunds of employee contributions	(2,453)	(810)	-	-	-	-
Net change in total pension liability	190	10,039	1,139	434	944	1,530
Total pension liability, beginning of year	33,138	23,099	21,960	21,526	20,582	19,052
Total Pension Liability, End of Year	<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	10,473	9,596	(2,999)	8,875	3,321	260
Benefit payments, including refunds of employee contributions	(2,453)	(810)	-	-	-	-
Other (net transfer)	436	538	162	(108)	94	(4,906)
Net change in fiduciary net position	8,456	9,324	(2,837)	8,767	3,415	(4,646)
Plan net position, beginning of year	66,098	56,774	59,611	50,844	47,429	52,075
Plan Net Position, End of Year	<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>\$ (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	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%

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, 2020

Total Pension Liability:	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>\$ (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>\$ 94,871</u>
Employer's Net Pension Liability (Asset)	<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%	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%

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

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND
April 30, 2021

Total Pension Liability:	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 650,264	\$ 658,606	\$ 658,795	\$ 732,324	\$ 748,705	\$ 637,009	\$ 534,247
Interest	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	-	120,504	-	-	-	-	-
Differences between expected and actual experience	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	(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	2,048,005	63,241	1,710,217	2,931,696	(2,628,110)	5,274,180	4,849,341
Total pension liability, beginning of year	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>\$ 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	\$ 1,609,463	\$ 1,499,010	\$ 1,108,429	\$ 1,077,518	\$ 828,911	\$ 853,070	\$ 737,795
Contributions - members	235,841	224,001	218,125	198,334	185,745	180,258	167,333
Contributions - other	-	3,896	-	-	-	-	-
Net investment income	4,171,122	(166,281)	663,012	697,658	969,425	(327,615)	970,210
Benefit payments, including refunds of member contributions	(1,865,515)	(1,758,264)	(1,730,149)	(1,644,259)	(1,598,424)	(1,533,438)	(1,543,895)
Administrative expense	(35,858)	(21,951)	(21,005)	(21,371)	(19,833)	(25,281)	(21,700)
Net change in fiduciary net position	4,115,053	(219,589)	238,412	307,880	365,824	(853,006)	309,743
Plan net position, beginning of year	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>\$ 17,797,951</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>\$ 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	45.05%	36.53%	37.18%	38.29%	40.78%	36.72%	45.98%
Covered employee payroll	\$ 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	888.42%	1004.64%	1018.27%	977.46%	849.45%	1031.74%	798.65%
Annual money-weighted rate of return, net of investment expense	33.05%	-1.10%	5.41%	5.20%	7.93%	-1.80%	7.18%

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

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
April 30, 2021

Total Pension Liability:	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 571,700	\$ 579,314	\$ 587,888	\$ 650,800	\$ 587,268	\$ 545,029	\$ 429,374
Interest	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	-	157,915	-	-	-	-	-
Differences between expected and actual experience	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	(1,865,145)	(1,700,009)	(1,649,883)	(1,423,140)	(1,347,343)	(1,335,801)	(1,182,746)
Net change in total pension liability	1,907,987	951,068	2,419,166	2,103,077	(562,086)	3,841,594	5,211,731
Total pension liability, beginning of year	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>\$ 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	\$ 1,569,987	\$ 1,431,294	\$ 1,044,406	\$ 987,043	\$ 817,671	\$ 730,357	\$ 665,353
Contributions - members	226,287	209,955	202,203	240,179	198,592	229,505	189,348
Net investment income	4,253,680	199,347	1,174,039	714,790	823,497	(270,127)	781,669
Benefit payments, including refunds of member contributions	(1,865,145)	(1,700,009)	(1,649,883)	(1,423,140)	(1,347,343)	(1,335,801)	(1,182,746)
Administrative expense	(36,343)	(60,820)	(29,230)	(35,528)	(22,259)	(91,373)	(40,273)
Net change in fiduciary net position	4,148,466	79,767	741,535	483,344	470,158	(737,439)	413,351
Plan net position, beginning of year	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>\$ 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>\$ 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	45.00%	36.08%	36.81%	37.25%	38.21%	36.07%	43.62%
Covered employee payroll	\$ 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	977.93%	1115.84%	1114.17%	1022.27%	955.13%	1084.75%	839.56%
Annual money-weighted rate of return, net of investment expense	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, 2020

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:

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):

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):

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)
December 31, 2020

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 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:	23-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 18 years for most employers.
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
Mortality:	For non-disabled retirees, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information:	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2018 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, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,522,087	\$ 1,425,227	\$ 1,039,797	\$ 1,024,356	\$ 809,085	\$ 661,765	\$ 613,488	\$ 543,261	\$ 516,548	\$ 799,361
Contributions in relation to the actuarially determined contribution	<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>	<u>791,765</u>	<u>806,563</u>
Contribution Deficiency (Excess)	<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>	<u>\$ (275,217)</u>	<u>\$ (7,202)</u>
Covered employee payroll	\$ 2,443,333	\$ 2,366,424	\$ 2,306,984	\$ 2,252,717	\$ 2,283,318	\$ 2,170,081	\$ 2,036,241	\$ 1,943,033	\$ 1,861,605	\$ 1,721,457
Contributions as a percentage of covered employee payroll	65.87%	63.34%	48.05%	47.83%	36.30%	39.31%	36.23%	36.59%	42.53%	46.85%

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, 2019 actuarial valuation completed by Lauterbach and Amen, LLP for the December 2019 tax levy. The methods and assumptions shown below are based on the same actuarial valuation.

Actuarial valuation date	May 1, 2019
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay (closed)
Amortization target	90% funded over 21 years
Asset valuation method	5-Year smoothed market value
Inflation	2.50%
Total payroll increases	3.25%
Individual pay increases	4.00%-18.31%
Expected rate of return on investments	6.75%
Mortality rates	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement rates	100% of L&A 2016 Illinois Firefighters Retirement Rates Capped at Age 65
Termination rates	100% of L&A 2016 Illinois Firefighters Termination Rates
Disability rates	100% of L&A 2016 Illinois Firefighters Disability Rates

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2021

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,486,420	\$ 1,361,003	\$ 979,592	\$ 938,100	\$ 804,106	\$ 669,480	\$ 615,874	\$ 573,920	\$ 558,760	\$ 738,930
Contributions in relation to the actuarially determined contribution	<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>	<u>734,408</u>	<u>700,017</u>
Contribution Deficiency (Excess)	<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>	<u>\$ (175,648)</u>	<u>\$ 38,913</u>
Covered employee payroll	\$ 2,179,898	\$ 2,111,281	\$ 2,036,242	\$ 2,055,187	\$ 2,030,064	\$ 1,882,651	\$ 1,887,054	\$ 1,888,677	\$ 1,772,626	\$ 1,724,222
Contributions as a percentage of covered employee payroll	72.02%	67.79%	51.29%	48.03%	40.28%	38.79%	35.26%	35.23%	41.43%	40.60%

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, 2019 actuarial valuation completed by Lauterbach and Amen, LLP for the December 2019 tax levy. The methods and assumptions shown below are based on the same actuarial valuation.

Actuarial valuation date	May 1, 2019
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay (closed)
Amortization target	90% funded over 21 years
Asset valuation method	5-Year smoothed market value
Inflation	2.50%
Total payroll increases	3.25%
Individual pay increases	4.00%-22.27%
Expected rate of return on investments	6.75%
Mortality rates	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement rates	100% of L&A 2016 Illinois Police Retirement Rates Capped at Age 65
Termination rates	100% of L&A 2016 Illinois Police Termination Rates
Disability rates	100% of L&A 2016 Illinois Police Disability Rates

SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
April 30, 2021

	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Recreational Land Fund	Playground and Recreation Fund	Debt Service Fund	Total Non-Major Governmental Funds
ASSETS							
Cash deposits	\$ 1,324,441	\$ 3,553	\$ 5,183	\$ -	\$ 139,054	\$ 25,251	\$ 1,497,482
Investments, at fair value	-	-	-	15,342	-	-	15,342
Receivables, net of allowance for uncollectible:							
Property taxes	-	-	-	-	181,278	593,535	774,813
Other	-	-	-	-	15,233	-	15,233
Customers	-	-	-	-	993	-	993
Due from other governmental agencies	71,941	-	-	-	-	-	71,941
Inventory	58,612	-	-	-	-	-	58,612
 Total Assets	 <u>\$ 1,454,994</u>	 <u>\$ 3,553</u>	 <u>\$ 5,183</u>	 <u>\$ 15,342</u>	 <u>\$ 336,558</u>	 <u>\$ 618,786</u>	 <u>\$ 2,434,416</u>
LIABILITIES							
Accounts payable	\$ 107,026	\$ -	\$ 573	\$ -	\$ 11,261	\$ -	\$ 118,860
Accrued wages	663	-	-	-	3,610	-	4,273
Due to other funds	-	-	150,000	-	-	-	150,000
Total liabilities	<u>107,689</u>	<u>-</u>	<u>150,573</u>	<u>-</u>	<u>14,871</u>	<u>-</u>	<u>273,133</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable miscellaneous revenue	-	-	-	-	41,755	-	41,755
Unavailable property tax revenue	-	-	-	-	181,278	593,535	774,813
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,033</u>	<u>593,535</u>	<u>816,568</u>
FUND BALANCE							
Nonspendable	58,612	-	-	-	-	-	58,612
Restricted for:							
Public safety	-	3,553	-	-	-	-	3,553
Highways and streets	1,288,693	-	-	-	-	-	1,288,693
Culture and recreation	-	-	-	15,342	-	-	15,342
Debt service	-	-	-	-	-	25,251	25,251
Committed for:							
Culture and recreation	-	-	-	-	98,654	-	98,654
Unassigned (deficit)	-	-	(145,390)	-	-	-	(145,390)
Total fund balance (deficit)	<u>1,347,305</u>	<u>3,553</u>	<u>(145,390)</u>	<u>15,342</u>	<u>98,654</u>	<u>25,251</u>	<u>1,344,715</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,454,994</u>	 <u>\$ 3,553</u>	 <u>\$ 5,183</u>	 <u>\$ 15,342</u>	 <u>\$ 336,558</u>	 <u>\$ 618,786</u>	 <u>\$ 2,434,416</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, 2021

	Motor Fuel Tax Fund	Drug Traffic Prevention Fund	Tax Increment Financing Fund	Recreational Land Fund	Playground and Recreation Fund	Debt Service Fund	Total Non-Major Governmental Funds
Revenues:							
Property taxes	\$ -	\$ -	\$ 191,861	\$ -	\$ 179,002	\$ 583,005	\$ 953,868
Mobile home privilege tax	-	-	-	-	254	827	1,081
Other governmental agencies	1,501,494	-	-	-	-	-	1,501,494
Licenses, permits and fees	-	-	-	-	26,557	-	26,557
Interest income	-	6	53	-	178	166	403
Private donations and contributions	-	-	-	-	23,488	-	23,488
Net increase (decrease) in fair value of investments	-	-	-	82	-	-	82
Miscellaneous income	<u>2,775</u>	<u>4,668</u>	<u>-</u>	<u>-</u>	<u>533</u>	<u>-</u>	<u>7,976</u>
Total revenues	<u>1,504,269</u>	<u>4,674</u>	<u>191,914</u>	<u>82</u>	<u>230,012</u>	<u>583,998</u>	<u>2,514,949</u>
Expenditures:							
Public safety	-	1,191	-	-	-	-	1,191
Highways and streets	461,608	-	-	-	-	-	461,608
Culture and recreation	-	-	-	-	238,110	-	238,110
Economic development and assistance	-	-	86,395	-	-	-	86,395
Debt service:							
Principal	-	-	-	-	-	520,000	520,000
Interest	-	-	1,929	-	-	62,686	64,615
Capital outlay	<u>367,756</u>	<u>-</u>	<u>148,682</u>	<u>-</u>	<u>10,136</u>	<u>-</u>	<u>526,574</u>
Total expenditures	<u>829,364</u>	<u>1,191</u>	<u>237,006</u>	<u>-</u>	<u>248,246</u>	<u>582,686</u>	<u>1,898,493</u>
Excess of revenues over (under) expenditures	<u>674,905</u>	<u>3,483</u>	<u>(45,092)</u>	<u>82</u>	<u>(18,234)</u>	<u>1,312</u>	<u>616,456</u>
Other Financing Sources (Uses):							
Transfers in	32,718	-	-	-	20,000	-	52,718
Transfers out	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>
Total other financing sources (uses)	<u>(32,282)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>(12,282)</u>
Net change in fund balance	642,623	3,483	(45,092)	82	1,766	1,312	604,174
Fund balance (deficit), beginning of year	<u>704,682</u>	<u>70</u>	<u>(100,298)</u>	<u>15,260</u>	<u>96,888</u>	<u>23,939</u>	<u>740,541</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,347,305</u>	<u>\$ 3,553</u>	<u>\$ (145,390)</u>	<u>\$ 15,342</u>	<u>\$ 98,654</u>	<u>\$ 25,251</u>	<u>\$ 1,344,715</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Motor fuel tax allotments	\$ 911,083	\$ 911,083	\$ 781,889	\$ (129,194)
State grants	-	250,000	719,605	469,605
Contingencies	<u>4,500</u>	<u>4,500</u>	<u>2,775</u>	<u>(1,725)</u>
Total revenues	<u>915,583</u>	<u>1,165,583</u>	<u>1,504,269</u>	<u>338,686</u>
Expenditures:				
Highways and Streets:				
Personnel services	39,235	39,235	39,399	(164)
Commodities	190,570	190,570	199,676	(9,106)
Contractual services	285,500	535,500	184,125	351,375
Non-capitalized capital outlay	<u>804,000</u>	<u>804,000</u>	<u>38,408</u>	<u>765,592</u>
	<u>1,319,305</u>	<u>1,569,305</u>	<u>461,608</u>	<u>1,107,697</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>367,756</u>	<u>(367,756)</u>
Total expenditures	<u>1,319,305</u>	<u>1,569,305</u>	<u>829,364</u>	<u>739,941</u>
Excess of revenues over (under) expenditures	<u>(403,722)</u>	<u>(403,722)</u>	<u>674,905</u>	<u>1,078,627</u>
Other Financing Sources (Uses):				
Transfers in	-	-	32,718	32,718
Transfers out	<u>(65,000)</u>	<u>(65,000)</u>	<u>(65,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(65,000)</u>	<u>(65,000)</u>	<u>(32,282)</u>	<u>32,718</u>
Net change in fund balance	<u>\$ (468,722)</u>	<u>\$ (468,722)</u>	642,623	<u>\$ 1,111,345</u>
Fund balance, beginning of year			<u>704,682</u>	
Fund Balance, End of Year			<u>\$ 1,347,305</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Interest income	\$ 100	\$ 100	\$ 6	\$ (94)
Offender payments	<u>6,000</u>	<u>6,000</u>	<u>4,668</u>	<u>(1,332)</u>
Total revenues	<u>6,100</u>	<u>6,100</u>	<u>4,674</u>	<u>(1,426)</u>
Expenditures:				
Public Safety:				
Commodities	1,000	1,000	191	809
Contractual services	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,191</u>	<u>809</u>
Net change in fund balance	<u>\$ 4,100</u>	<u>\$ 4,100</u>	3,483	<u>\$ (617)</u>
Fund balance, beginning of year			<u>70</u>	
Fund Balance, End of Year			<u>\$ 3,553</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 188,710	\$ 188,710	\$ 191,861	\$ 3,151
Interest income	<u>100</u>	<u>100</u>	<u>53</u>	<u>(47)</u>
Total revenues	<u>188,810</u>	<u>188,810</u>	<u>191,914</u>	<u>3,104</u>
Expenditures:				
Economic Development and Assistance:				
Contractual services:				
Audit and accounting services	650	650	600	50
Other consulting services	<u>15,000</u>	<u>15,000</u>	<u>2,212</u>	<u>12,788</u>
	<u>15,650</u>	<u>15,650</u>	<u>2,812</u>	<u>12,838</u>
Capital outlay:				
Rebate to taxing bodies	37,742	37,742	38,372	(630)
TIF grants	70,000	70,000	45,211	24,789
TIF public improvements	<u>15,200</u>	<u>150,200</u>	<u>-</u>	<u>150,200</u>
	<u>122,942</u>	<u>257,942</u>	<u>83,583</u>	<u>174,359</u>
Total economic development and assistance	<u>138,592</u>	<u>273,592</u>	<u>86,395</u>	<u>187,197</u>
Debt Service:				
Interest	<u>1,910</u>	<u>1,910</u>	<u>1,929</u>	<u>(19)</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>148,682</u>	<u>(148,682)</u>
Total expenditures	<u>140,502</u>	<u>275,502</u>	<u>237,006</u>	<u>38,496</u>
Net change in fund balance	<u>\$ 48,308</u>	<u>\$ (86,692)</u>	<u>(45,092)</u>	<u>\$ 41,600</u>
Fund balance (deficit), beginning of year			<u>(100,298)</u>	
Fund Balance (Deficit), End of Year			<u>\$ (145,390)</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
RECREATIONAL LAND FUND
For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Net increase (decrease) in fair value of investments	<u>\$ 400</u>	<u>\$ 400</u>	<u>\$ 82</u>	<u>\$ (318)</u>
Expenditures:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 400</u>	<u>\$ 400</u>	<u>82</u>	<u>\$ (318)</u>
Fund balance, beginning of year			<u>15,260</u>	
Fund Balance, End of Year			<u>\$ 15,342</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, 2021

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Revenues:				
Property taxes	\$ 181,422	\$ 181,422	\$ 179,002	\$ (2,420)
Mobile home taxes	260	260	254	(6)
Rentals	5,500	5,500	350	(5,150)
Recreation programs fees	273,670	273,670	26,107	(247,563)
Concessions	2,600	2,600	-	(2,600)
Brochure advertising	2,300	2,300	100	(2,200)
Interest income	950	950	177	(773)
Private donations and contributions	24,500	24,500	19,853	(4,647)
Program sponsors	8,000	8,000	3,635	(4,365)
Swimming pool	104,050	104,050	-	(104,050)
Miscellaneous income	5,725	5,725	533	(5,192)
Total revenues	<u>608,977</u>	<u>608,977</u>	<u>230,011</u>	<u>(378,966)</u>
Expenditures:				
Culture and Recreation:				
Recreation programs	424,408	424,408	183,548	240,860
Swimming pool	<u>204,569</u>	<u>204,569</u>	<u>54,562</u>	<u>150,007</u>
Tota culture and recreation	<u>628,977</u>	<u>628,977</u>	<u>238,110</u>	<u>390,867</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>10,136</u>	<u>(10,136)</u>
Total expenditures	<u>628,977</u>	<u>628,977</u>	<u>248,246</u>	<u>380,731</u>
Excess of revenues over (under) expenditures	<u>(20,000)</u>	<u>(20,000)</u>	<u>(18,235)</u>	<u>1,765</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>	1,765	<u>\$ 1,765</u>
Fund balance, beginning of year			<u>96,888</u>	
Fund Balance, End of Year			<u>\$ 98,653</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 582,258	\$ 582,258	\$ 583,005	\$ 747
Mobile home taxes	750	750	827	77
Interest income	<u>1,110</u>	<u>1,110</u>	<u>166</u>	<u>(944)</u>
Total revenues	<u>584,118</u>	<u>584,118</u>	<u>583,998</u>	<u>(120)</u>
Expenditures:				
Debt service:				
Principal	520,000	520,000	520,000	-
Interest	<u>64,118</u>	<u>64,118</u>	<u>62,686</u>	<u>1,432</u>
Total expenditures	<u>584,118</u>	<u>584,118</u>	<u>582,686</u>	<u>1,432</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,312	<u>\$ 1,312</u>
Fund balance, beginning of year			<u>23,939</u>	
Fund Balance, End of Year			<u>\$ 25,251</u>	

CITY OF CHARLESTON, ILLINOIS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
April 30, 2021

	Pension Trust Funds		Custodial Funds			Total Fiduciary Funds
	Firefighters' Pension Fund	Police Pension Fund	East Central Illinois Task Force Fund	GovTC Fund	Recreation Affiliates Funds	
ASSETS						
Cash	\$ 194,078	\$ 360,125	\$ 266	\$ 221,819	\$ 229,569	\$ 1,005,857
Receivables:						
Interest	39,396	16,711	-	-	-	56,107
Due from primary government	39,258	38,436	-	-	-	77,694
Total receivables	78,654	55,147	-	-	-	133,801
Prepaid expenses	-	-	547	-	-	547
Investments, at fair value:						
Federal government obligations	3,079,258	2,273,932	-	-	-	5,353,190
Mutual funds	12,495,506	12,813,392	-	-	4,553	25,313,451
Corporate bonds	1,891,354	1,602,181	-	-	-	3,493,535
Certificates of deposit	65,146	340,316	-	-	-	405,462
Total investments	17,531,264	17,029,821	-	-	4,553	34,565,638
Total assets	17,803,996	17,445,093	813	221,819	234,122	35,705,843
LIABILITIES						
Accounts payable	6,045	976	-	713	7,897	15,631
NET POSITION						
Fiduciary net position - held in trust for pension benefits	17,797,951	17,444,117	-	-	-	35,242,068
Fiduciary net position - held for others	-	-	813	221,106	226,225	448,144
Total Net Position	\$ 17,797,951	\$ 17,444,117	\$ 813	\$ 221,106	\$ 226,225	\$ 35,690,212

CITY OF CHARLESTON, ILLINOIS
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET POSITION
For the Year Ended April 30, 2021

	Pension Trust Funds		Custodial Funds			
	Firefighters' Pension Fund	Police Pension Fund	East Central Illinois Task Force Fund	GovTC Fund	Recreation Affiliates Funds	Total Fiduciary Funds
Additions:						
Employer contributions	\$ 1,609,463	\$ 1,569,987	\$ -	\$ -	\$ -	\$ 3,179,450
Plan members contributions	235,841	226,287	-	-	-	462,128
Investment income:						
Net appreciation (depreciation) in fair value of investments	3,868,678	3,915,168	-	-	25	7,783,871
Interest	143,847	100,553	-	-	151	244,551
Dividends and capital gain distributions	188,474	256,828	-	-	-	445,302
Less investment expense	(29,875)	(18,845)	-	-	-	(48,720)
Net investment income	<u>4,171,124</u>	<u>4,253,704</u>	<u>-</u>	<u>-</u>	<u>176</u>	<u>8,425,004</u>
Grants, donations, and sponsors	-	-	-	215,801	41,697	257,498
Fundraisers	-	-	-	-	16,492	16,492
Contracted services	-	-	-	18,114	-	18,114
Other additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,034</u>	<u>28,034</u>
Total additions	<u>6,016,428</u>	<u>6,049,978</u>	<u>-</u>	<u>233,915</u>	<u>86,399</u>	<u>12,386,720</u>
Deductions:						
Benefits	1,865,516	1,818,553	-	-	-	3,684,069
Refunds of contributions	-	46,591	-	-	-	46,591
Administration expenses	35,858	36,368	-	-	-	72,226
Program expenses	<u>-</u>	<u>-</u>	<u>125,662</u>	<u>12,809</u>	<u>59,903</u>	<u>198,374</u>
Total deductions	<u>1,901,374</u>	<u>1,901,512</u>	<u>125,662</u>	<u>12,809</u>	<u>59,903</u>	<u>4,001,260</u>
Change in net position	<u>4,115,054</u>	<u>4,148,466</u>	<u>(125,662)</u>	<u>221,106</u>	<u>26,496</u>	<u>8,385,460</u>
Net position, beginning of year	13,682,897	13,295,651	-	-	-	26,978,548
Prior period adjustment	<u>-</u>	<u>-</u>	<u>126,475</u>	<u>-</u>	<u>199,729</u>	<u>326,204</u>
Net position, beginning of year, as restated	<u>13,682,897</u>	<u>13,295,651</u>	<u>126,475</u>	<u>-</u>	<u>199,729</u>	<u>27,304,752</u>
Net Position, End of Year	<u>\$ 17,797,951</u>	<u>\$ 17,444,117</u>	<u>\$ 813</u>	<u>\$ 221,106</u>	<u>\$ 226,225</u>	<u>\$ 35,690,212</u>

CITY OF CHARLESTON, ILLINOIS
CONSOLIDATED YEAR-END FINANCIAL REPORT
For the Year Ended April 30, 2021

CSFA Number	Program Name	State Amount	Federal Amount	Other Amount	Total Amount
340-00-0010	Equitable Sharing Program	\$ -	\$ 125,697	\$ -	\$ 125,697
350-00-0015	Grants to States	-	4,675	-	4,675
420-00-2433	Local Coronavirus Urgent Remediation Emergency (or Local CURE) & Economic Support Payments Grants Program	-	900,884	-	900,884
420-75-2398	Downstate Small Business Stabilization Program	-	246,100	-	246,100
420-75-1638	Community Development Block Grant Revolving Loan Fund Closeout Program	-	274,135	-	274,135
444-26-1565	Tobacco Enforcement Program	3,960	-	-	3,960
482-00-0894	EMS Assistance Fund Grant	1,650	-	-	1,650
494-00-1488	Motor Fuel Tax Program	690,991	-	-	690,991
494-00-2356	Rebuild Illinois Local Bond Program	138,373	-	-	138,373
	Other grant programs and activities	-	48,691	8,162	56,853
	All other costs not allocated	-	-	19,260,993	19,260,993
		<u>\$ 834,974</u>	<u>\$ 1,600,182</u>	<u>\$ 19,269,155</u>	<u>\$ 21,704,311</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, 2021

Operating Revenues:

Sewer service charges	\$ 2,936,628
Miscellaneous	<u>37,952</u>
	<u>2,974,580</u>

Operating Expenses:

Information technology	31,238
City garage	54,382
Utility department	464,386
Waste water treatment plant	696,324
Accounting	193,616
Employee benefits	(221,191)
Judgment	58,053
Depreciation	<u>680,318</u>
	<u>1,957,125</u>

Net Operating Income	<u><u>\$ 1,017,455</u></u>
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CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF OPERATING REVENUES AND EXPENSES
OF THE WATER TREATMENT PLANT
For the Year Ended April 30, 2021

Operating Revenues:

Water service charges	\$ 2,936,627
Miscellaneous	<u>20,592</u>
	<u>2,957,219</u>

Operating Expenses:

Information technology	31,238
City garage	54,382
Utility department	464,386
Water treatment plant	1,019,340
Accounting	193,616
Employee benefits	(221,191)
Judgment	58,053
Depreciation	<u>680,318</u>
	<u>2,280,141</u>

Net Operating Income	<u><u>\$ 677,078</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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
May	6,940	6,980	38,361	42,880	35,579	39,040	25,013	29,928	175,300	92,620
June	7,002	6,955	42,019	40,706	38,094	37,417	28,891	30,773	110,000	116,830
July	7,045	7,024	45,661	43,697	42,007	40,340	31,848	29,327	93,600	83,340
August	7,044	7,097	46,927	45,872	43,442	42,149	31,445	32,405	123,706	58,230
September	7,020	6,975	47,774	43,835	44,471	40,985	33,564	34,511	47,794	47,780
October	6,998	6,949	43,779	42,861	40,611	39,617	32,807	34,439	61,141	71,460
November	6,979	6,925	38,118	38,363	35,740	36,149	29,818	30,749	93,852	68,020
December	6,969	6,920	37,022	37,701	35,186	36,087	27,047	28,971	84,256	101,960
January	7,050	6,940	38,229	38,484	35,860	36,204	26,095	26,949	91,197	149,290
February	6,972	6,894	39,940	36,063	36,942	34,514	28,672	27,633	110,258	120,850
March	6,978	6,927	39,224	36,780	36,850	35,087	26,698	27,933	142,817	143,540
April	6,974	6,925	38,062	34,633	35,771	32,670	28,167	27,573	93,945	95,900
	<u>83,971</u>	<u>83,511</u>	<u>495,116</u>	<u>481,875</u>	<u>460,553</u>	<u>450,259</u>	<u>350,065</u>	<u>361,191</u>	<u>1,227,866</u>	<u>1,149,820</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, 2021

Rates Effective				
After 5-1-20	5-1-19 to 4-30-20	5-1-18 to 4-30-19	5-1-17 to 4-30-18	5-1-16 to 4-30-17

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

First	1,000 gallons	\$ 15.94		\$ 15.33		\$ 14.75		\$ 14.18		\$ 13.64	
Next	9,000 gallons	15.94	Per M	15.33	Per M	14.75	Per M	14.18	Per M	13.64	Per M
Over	10,000 gallons	15.34	" "	14.75	" "	14.19	" "	13.64	" "	13.12	" "

WATER SERVICE ONLY - IN CORPORATE LIMITS

First	1,000 gallons	\$ 14.49		\$ 13.94		\$ 13.41		\$ 12.76		\$ 12.35	
Next	9,000 gallons	14.49	Per M	13.94	Per M	13.41	Per M	12.76	Per M	12.35	Per M
Over	10,000 gallons	13.93	" "	13.40	" "	12.89	" "	12.25	" "	11.35	" "

WATER SERVICE ONLY - OUTSIDE

First	1,000 gallons	\$ 28.98		\$ 27.88		\$ 26.82		\$ 25.52		\$ 24.70	
Next	9,000 gallons	28.98	Per M	27.88	Per M	26.82	Per M	25.52	Per M	24.70	Per M
Over	10,000 gallons	27.86	" "	26.80	" "	25.78	" "	24.50	" "	22.70	" "

WATER AND SEWER SERVICE - EASTERN ILLINOIS UNIVERSITY

Effective 5-1-16	13.12	Per M
Effective 5-1-17	13.64	" "
Effective 5-1-18	14.19	" "
Effective 5-1-19	14.75	" "
Effective 5-1-20	15.34	" "

Rates effective 5-1-16 by ordinance 16-O-11
Rates effective 5-1-17 by ordinance 17-O-13
Rates effective 5-1-18 by ordinance 18-O-12
Rates effective 5-1-19 by ordinance 19-O-19
Rates effective 5-1-20 by ordinance 20-O-10

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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assessed Valuation	<u>\$ 194,985,381</u>	<u>\$ 187,021,837</u>	<u>\$ 187,968,000</u>
Statutory debt limitation (8.625% of assessed valuation)	<u>\$ 16,817,489</u>	<u>\$ 16,130,633</u>	<u>\$ 16,212,240</u>
Total Debt:			
General obligation debt:			
Bonds	3,570,000	4,690,000	5,905,000
Notes payable	<u>3,428,559</u>	<u>4,416,484</u>	<u>4,931,495</u>
	<u>6,998,559</u>	<u>9,106,484</u>	<u>10,836,495</u>
Less bonds exempt from debt limitation computation	<u>(1,265,000)</u>	<u>(1,865,000)</u>	<u>(2,450,000)</u>
	<u>5,733,559</u>	<u>7,241,484</u>	<u>8,386,495</u>
Legal Debt Margin	<u>\$ 11,083,930</u>	<u>\$ 8,889,150</u>	<u>\$ 7,825,745</u>

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

	Tax Levy Year		
	2020	2019	2018
Assessed Valuation	<u>\$ 194,985,381</u>	<u>\$ 187,021,837</u>	<u>\$ 187,968,000</u>
Tax Rates:			
General corporate	0.00048	0.00045	0.00048
IMRF	0.00051	0.00365	0.03478
Fire protection	0.00051	0.00053	0.00053
Firemen's pension	0.86004	0.79317	0.74415
Police protection	0.00051	0.00053	0.00053
Police pension	0.84105	0.77351	0.70990
Library	0.20547	0.21336	0.20865
Garbage	0.00051	0.00053	0.00053
Audit	0.00051	0.00053	0.00053
Judgment	0.21579	0.24003	0.25516
Street lighting	-	0.00053	0.00053
Playground and recreation	0.09297	0.09655	0.09442
Emergency services	0.00051	0.00053	0.00053
Social security	0.00051	0.13062	0.14353
Ambulance service	0.00051	0.00053	0.00053
General obligation bonds (Library series)	<u>0.30440</u>	<u>0.31446</u>	<u>0.30656</u>
Total	<u>2.52428</u>	<u>2.56951</u>	<u>2.50134</u>

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

	Tax Levy Year		
	2020	2019	2018
Taxes Extended:			
General corporate	\$ 937	\$ 842	\$ 902
Street and bridge *	140,343	140,366	139,570
IMRF	994	6,826	65,375
Fire protection	994	991	996
Firemen's pension	1,676,953	1,483,401	1,398,765
Police protection	994	991	996
Police pension	1,639,925	1,446,633	1,334,385
Library	400,637	399,030	392,195
Garbage	994	991	996
Audit	994	991	996
Judgment	420,759	448,909	479,619
Street lighting	-	991	996
Playground and recreation	181,278	180,570	177,480
Emergency services	994	991	996
Social security	994	244,288	269,791
Ambulance service	994	991	996
General obligation bonds (Library series)	<u>593,536</u>	<u>588,109</u>	<u>576,235</u>
Total	<u>\$ 5,062,320</u>	<u>\$ 4,945,911</u>	<u>\$ 4,841,289</u>
Net Taxes Collected:			
Municipal levy		\$ 4,764,679	\$ 4,689,351
City's share of township road and bridge		<u>139,233</u>	<u>138,863</u>
Total		<u>\$ 4,903,912</u>	<u>\$ 4,828,214</u>
Percent Collected		99.15%	99.73%
Net Taxes Collected:			
Tax Increment Finance		<u>\$ 191,861</u>	<u>\$ 188,710</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, 2021

Federal Grantor/Pass-Through Grantor	Program Title or Cluster	Name of Grant	Pass-Through Grantor Number	CFDA Number	Federal Expenditures			
U.S. Department of Housing and Urban Development pass through Illinois Department of Commerce and Economic Opportunity	Community Development Block Grants	RLF Closeout Program	18-248151	14.228	\$ 274,135			
		COVID-19 Downstate Small Business Stabilization Program	12-244025	14.228	25,000			
			12-244026	14.228	25,000			
			12-244027	14.228	25,000			
			12-244028	14.228	25,000			
			12-244029	14.228	25,000			
			13-244174	14.228	25,000			
			13-244175	14.228	13,600			
			13-244176	14.228	22,000			
			13-244177	14.228	20,000			
			13-244253	14.228	5,909			
			12-244041	14.228	14,091			
			13-244254	14.228	20,500			
			Total U.S. Department of Housing and Urban Development					520,235
			U.S. Department of Justice	Bulletproof Vest Partnership Program		n/a	16.607	2,609
Public Safety Partnership and Community Policing Grants	COPS Grant	IL01502		16.710	28,909			
Equitable Sharing Program		IL0150200		16.922	125,697			
Total U.S. Department of Justice					157,215			
U.S. Treasury pass through Illinois Department of Commerce and Economic Opportunity	COVID-19 Coronavirus Relief Fund	COVID-19 Local Coronavirus Urgent Remediation Emergency (Local CURE) & Economic Support Payments Grants Program	20-494178	21.019	900,884			
Total U.S. Treasury					900,884 (M)			
National Endowment for the Humanities pass through Illinois Secretary of State	Grants to States	Back to Books	21-6291-BTB	45.310	4,190			
		COVID-19 Cares Act Grant	21-5184-PPE	45.310	485			
					4,675			
Total National Endowment for the Humanities					4,675			

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended April 30, 2021

Federal Grantor/Pass-Through Grantor	Program Title or Cluster	Name of Grant	Pass-Through Grantor Number	CFDA Number	Federal Expenditures
U.S. Department of Homeland Security	Assistance to Firefighters Grant	COVID-19 Assistance to Firefighters	EMW-2020-FG-00214	97.044	<u>17,173</u>
<i>Total U.S. Department of Homeland Security</i>					<u>17,173</u>
Total Expenditures of Federal Awards					<u>\$ 1,600,182</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, 2021. 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, 2021

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 material weaknesses are reported.
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 findings required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as a major program was COVID-19 Coronavirus Relief Fund, CFDA #21.019.
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

PRIOR AUDIT FINDINGS

None

CITY OF CHARLESTON, ILLINOIS
CORRECTIVE ACTION PLAN
For the Year Ended April 30, 2021

CORRECTIVE ACTION PLAN

No findings were noted for the year ended April 30, 2021.