

CITY OF CHARLESTON, ILLINOIS

FINANCIAL STATEMENTS
For the Year Ended April 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charleston, Illinois, as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Charleston, Illinois' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charleston, Illinois, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 21 and other required supplementary information on pages 87 through 96 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2023 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 1, 2023

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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, 2022, 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 1, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-1, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Charleston, Illinois' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Charleston, Illinois' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Charleston, Illinois' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Gilbert, Metzger & Madigan, LLP

March 1, 2023

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

Honorable Mayor and City Commissioners
City of Charleston
Charleston, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Charleston, Illinois' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Charleston, Illinois' major federal programs for the year ended April 30, 2022. City of Charleston, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Charleston, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April, 30 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Gilbert, Metzger & Madigan, LLP

March 1, 2023

City of Charleston, Illinois
Management's Discussion and Analysis
For the Fiscal Year Ended April 30, 2022

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, 2022. 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, 2022, the City's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$17.6 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 \$47.5 million in capital assets, net of related debt. Restricted net position of \$3.2 million may be used for the City's ongoing obligations related to programs with external restrictions. The remaining amount of (\$33.1) million in unrestricted net position includes funds that may be used to meet the City's ongoing obligations to citizens and creditors along with the net pension liabilities of the City's pension plans.
- Revenues of \$31.2 million during the year exceeded expenses of \$21.5 million, increasing the City's total net position by \$9.7 million. The increase in net position consists of a \$7.4 million increase in net position of the City's governmental activities and a \$2.3 million increase in net position related to the City's business-type activities.
- At the end of the fiscal year, the City's total fund balances in its governmental funds were \$13.4 million, a \$3.9 million increase from the prior year balances of \$9.5 million.
- At April 30, 2022, approximately \$10.7 million (or 80%) of the total fund balance in governmental funds is available for spending at the government's discretion (unassigned). Unassigned fund balance increased \$3.2 million from prior year. Of the restricted fund balances, 64% (\$1.7 million) is restricted for highways and streets and 33% (\$868,709) is restricted for culture and recreation. Governmental funds have a committed or assigned fund balance of \$62,529 and nonspendable fund balance of \$32,406.
- The City had \$53.8 million in long-term liabilities at the end of the year, including bonded general obligation debt of \$1.8 million, bonded alternative revenue debt of \$645,000, and \$43.5 million net pension liability. Outstanding long-term liabilities decreased by \$1.1 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 26-39 of this report.

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

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

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

The basic proprietary fund financial statements can be found on pages 40-46 of this report.

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

The basic fiduciary fund financial statements can be found on pages 47-48 of this report.

Notes to the Financial Statements:

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

The notes to the financial statements can be found on pages 49-86 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 87-96 of this report.

Other Information:

The combining statements referred to earlier in connection with the non-major governmental funds and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 97-107 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 \$17.6 million at year ended April 30, 2022. 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, 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets:						
Current assets and other	\$ 23,285,229	\$ 15,712,513	\$ 7,140,539	\$ 4,844,974	\$ 30,425,768	\$ 20,557,487
Capital assets	22,019,149	21,325,999	31,367,781	31,305,421	53,386,930	52,631,420
Total assets	45,304,378	37,038,512	38,508,320	36,150,395	83,812,698	73,188,907
Deferred Outflows of Resources	4,904,586	6,218,054	308,925	430,377	5,213,511	6,648,431
Liabilities:						
Current liabilities	1,777,929	894,713	370,087	214,587	2,148,016	1,109,300
Noncurrent liabilities	49,872,164	49,954,921	3,975,081	4,976,474	53,847,245	54,931,395
Total liabilities	51,650,093	50,849,634	4,345,168	5,191,061	55,995,261	56,040,695
Deferred Inflows of Resources	13,283,233	14,489,702	2,114,004	1,364,518	15,397,237	15,854,220
Net position:						
Net investment in capital assets, net of related debt	19,885,008	18,889,134	27,621,571	26,706,809	47,506,579	45,595,943
Restricted	2,920,249	1,985,684	268,750	258,333	3,188,999	2,244,017
Unrestricted	(37,529,619)	(42,957,588)	4,467,752	3,060,051	(33,061,867)	(39,897,537)
Total net position	\$ (14,724,362)	\$ (22,082,770)	\$ 32,358,073	\$ 30,025,193	\$ 17,633,711	\$ 7,942,423

The City's governmental total net position increased from \$(22.1) million in 2021 to \$(14.7) million in 2022 which is an increase in net position of \$7.4 million. Business-type activities saw an increase of \$2.3 million. The City's combined net position increased by \$9.7 million from prior year balances.

City of Charleston's net position includes \$47.5 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 \$3.2 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 \$11.9 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, 2022

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 3,588,847	\$ 3,050,327	\$ 6,022,808	\$ 5,873,254	\$ 9,611,655	\$ 8,923,581
Operating grants	3,950,714	2,801,108	12,977	2,392	3,963,691	2,803,500
Capital grants	1,373,081	1,050,530	883,280	-	2,256,361	1,050,530
Total program revenues	8,912,642	6,901,965	6,919,065	5,875,646	15,831,707	12,777,611
General revenues:						
Property taxes	4,863,605	4,717,165	-	-	4,863,605	4,717,165
Income taxes	3,045,359	2,650,748	-	-	3,045,359	2,650,748
Sales taxes	4,648,831	3,672,917	-	-	4,648,831	3,672,917
Other general revenues	2,703,784	2,395,514	86,126	125,334	2,789,910	2,520,848
Total general revenues	15,261,579	13,436,344	86,126	125,334	15,347,705	13,561,678
Total revenues	24,174,221	20,338,309	7,005,191	6,000,980	31,179,412	26,339,289
Expenses:						
General government	2,696,912	2,208,479	-	-	2,696,912	2,208,479
Public safety	10,462,491	11,111,676	-	-	10,462,491	11,111,676
Highways and streets	2,092,593	1,815,610	-	-	2,092,593	1,815,610
Health and welfare	98,505	88,792	-	-	98,505	88,792
Culture and recreation	798,971	501,379	-	-	798,971	501,379
Urban redevelopment and housing	581,531	652,847	-	-	581,531	652,847
Economic development and assist	96,314	86,736	-	-	96,314	86,736
Interest expense	51,170	67,974	-	-	51,170	67,974
Water and sewer	-	-	4,609,637	4,254,677	4,609,637	4,254,677
Total expenses	16,878,487	16,533,493	4,609,637	4,254,677	21,488,124	20,788,170
Increase (Decrease) in net position before transfers	7,295,734	3,804,816	2,395,554	1,746,303	9,691,288	5,551,119
Transfers	62,674	87,062	(62,674)	(87,062)	-	-
Increase (Decrease) in net position	7,358,408	3,891,878	2,332,880	1,659,241	9,691,288	5,551,119
Net position - beginning of year	(22,082,770)	(25,974,648)	30,025,193	28,365,952	7,942,423	2,391,304
Net position- end of year	\$(14,724,362)	\$(22,082,770)	\$32,358,073	\$30,025,193	\$17,633,711	\$7,942,423

Current Year Impacts - Overall Net Position

As noted in the previous chart, the City of Charleston's net position increased \$9.7 million. Net position of the City's governmental activities increased \$7.4 million and net position of business-type activities increased \$2.3 million.

Net investment in capital assets increased by \$1.9 million to \$47.5 million due to capital asset additions and debt retirement. Restricted net position increased by \$1 million while unrestricted net position increased \$6.8 million.

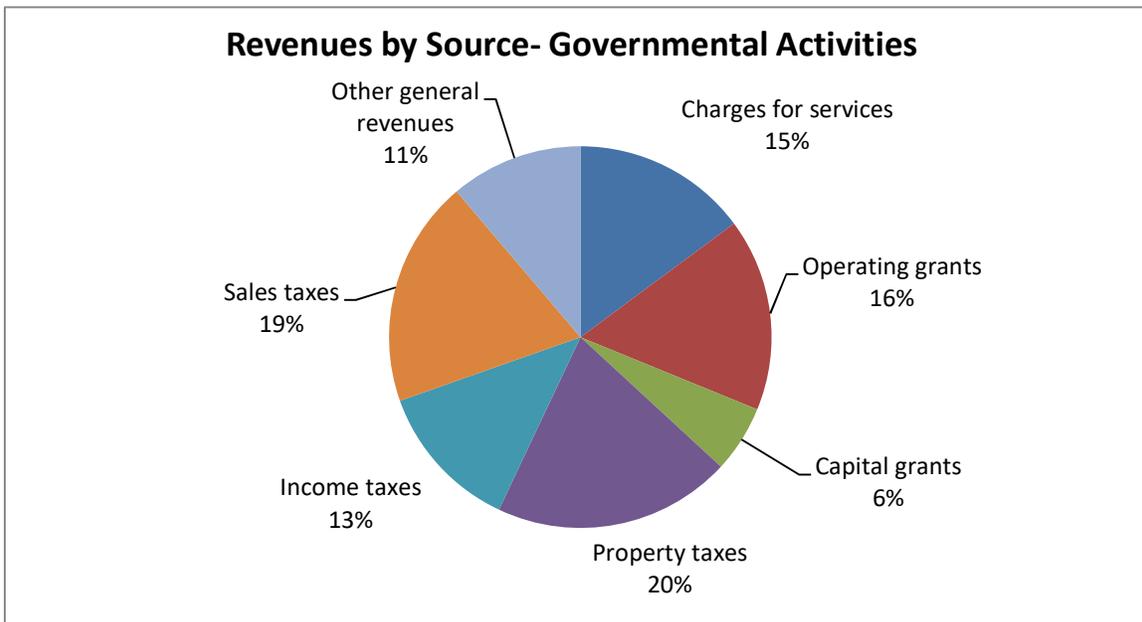
Total revenues increased \$4.8 million (18%). Expenses increased \$700,000 (3%). Results for specific types of revenues and expenses are discussed below.

Governmental Activities - Revenues and Expenses

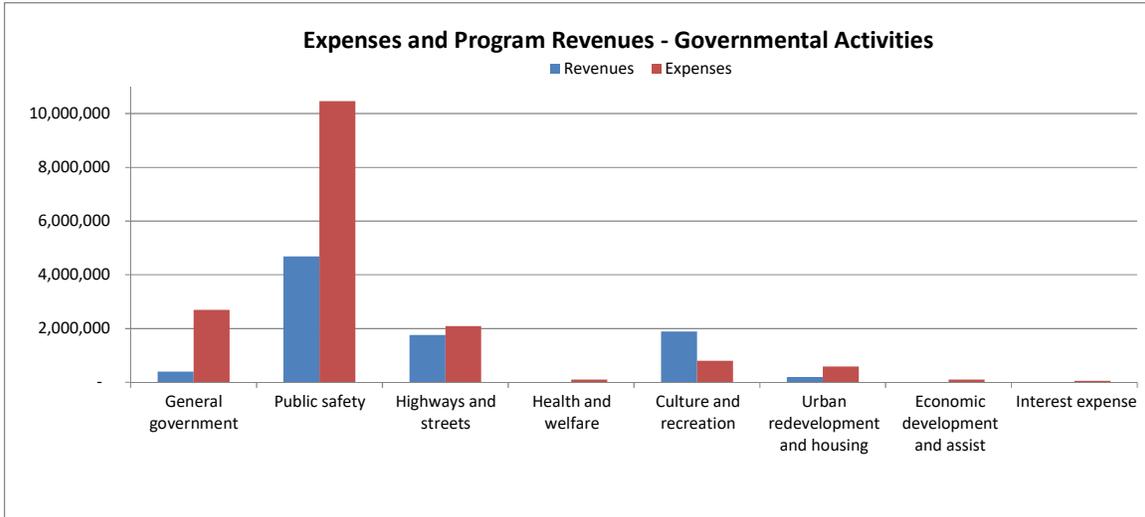
Revenues for governmental activities increased by \$3.8 million (19%) to \$24.2 million. Increases by revenue types are as follows: charges for services (\$538,520), operating grants (\$1.2 million), capital grants (\$322,551), property taxes (\$146,440), income taxes (\$394,611), sales taxes (\$975,914), and other general revenues (\$308,270).

Total expenses for governmental activities increased \$344,994 (2%) to \$16.9 million. Increases in expenses were recorded in general government (\$488,433), highways and streets (\$276,983), health and welfare (\$9,713), culture and recreation (\$297,592), and economic development and assistance (\$9,578). Expenses decreased within public safety (\$649,185), urban redevelopment and housing (\$71,316), and interest expense (\$16,804).

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 39 percent of revenues, charges for services also continue to fund governmental activities. The City has placed additional reliance upon user fees to lower the impact upon property taxes where possible. Charges for services is made up of various licenses, housing permits, fines and parking system fees, franchise fees, rental income, intergovernmental service fees, and ambulance revenues.



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



Business-Type Activities - Revenues and Expenses

Revenues for the City’s business-type activities increased by \$1 million or 17%. Revenue types seeing increases from prior year include charges for services (\$149,554), operating grants (\$10,585), and capital grants (\$883,280). The increases were offset by decreases in other general revenues (\$39,208). In regards to charges for services, water and sewer gallons billed increased by 1 percent and annual water and sewer rates increased 3 percent at the beginning of the year. Expenses for the City’s business-type activities increased \$354,960 or 8% from prior year.

Overall, the City’s net position from business-type activities increased by \$2.3 million. Program revenues exceeded expenses of such activities (\$2.3 million) which was sufficient to fund transfers to other activities (\$62,674). Thus the total increase in net position from such activities was \$2.3 million after interest income, net increase (decrease) in fair value of investments, and miscellaneous income of \$86,126 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, 2022, the governmental funds reported combined total fund balance of \$13.4 million, a \$3.9 million (41%) increase from the prior year. Notable changes in fund balances from the prior year are as follows:

- General Fund balance increased \$3.4 million (42%).
- The fund balance of the Motor Fuel Tax Fund increased by \$382,060 or 28%. Revenue received will be expended on capital projects planned for future years.
- Tax Increment Financing Fund increased \$106,027 (73%) this fiscal year.

Of the total fund balance for governmental funds, \$10.7 million is unassigned which indicates the funds are available to support the continued operations of the City. Unassigned fund balance increased \$3.2 million from prior year. An additional \$62,529 is committed or assigned meaning the City has limited the use of funds to specific functions. Restricted fund balance of \$2.6 million is limited by legal restrictions from outside parties on how the funds may be spent. Unspendable fund balance in the amount of \$32,406 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 \$2.3 million from prior year. Operating revenues increased by \$155,217 from prior year and operating expenses increased by \$372,719. Non-operating revenues, including grant income, increased \$918,799. Contributions, extraordinary items and transfers decreased \$26,276.

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

General Fund Budgetary Highlights

Below is a table which reflects the original and final budget plus the actual revenues and expenditures for the General Fund. This corresponds to pages 37-39 in the basic financial statements.

For the Fiscal Year Ended April 30, 2022			
General Fund	Original Budget	Final Budget	Actual
Revenues:			
Taxes	\$ 12,399,782	\$ 12,849,782	\$ 13,814,573
Licenses and permits	405,960	405,960	440,593
Intergovernmental revenue	1,908,568	1,908,568	2,746,794
Charges for services	1,425,728	1,425,728	2,344,497
Other	1,873,805	1,873,805	1,373,244
Total	\$ 18,013,843	\$ 18,463,843	\$ 20,719,701
Expenditures and transfers:			
Expenditures	18,123,411	18,573,411	17,339,078
Transfers	(109,568)	(109,568)	(47,248)
Total	\$ 18,013,843	\$ 18,463,843	\$ 17,291,830
Change in fund balance	\$ -	\$ -	\$ 3,427,871

The general fund actual revenues were \$2.3 million more than the final budgeted amount. The actual revenue collected in the categories of taxes, licenses and permits, intergovernmental revenue, and charges for services were higher than the final budget by \$964,791, \$34,633, \$838,226, and \$918,769 respectively. Other revenue finished under the final budgeted revenue amount by \$500,561. The general fund actual expenditures and transfers were \$1.2 million less than the final budget amount.

Capital Assets

As shown on the following chart, the City of Charleston had a \$53.4 million investment in capital assets of its governmental and business-type activities, net of accumulated depreciation as of April 30, 2022. A large portion (48%) of this investment represents infrastructure including roads, sidewalks, bridges, and sewers. Overall, the City's investment in capital assets net of depreciation increased by \$755,510.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,503,499	\$ 1,437,068	\$ 1,201,452	\$ 1,201,452	\$ 2,704,951	\$ 2,638,520
Buildings and Improvements	8,948,051	9,219,944	8,949,412	9,241,154	17,897,463	18,461,098
Vehicles, machinery and equipment	2,598,499	2,250,852	1,607,415	1,538,824	4,205,914	3,789,676
Infrastructure	7,655,752	8,052,078	18,176,296	18,820,650	25,832,048	26,872,728
Construction in Progress	1,313,348	366,057	1,433,206	503,341	2,746,554	869,398
	\$ 22,019,149	\$ 21,325,999	\$ 31,367,781	\$ 31,305,421	\$ 53,386,930	\$ 52,631,420

Significant capital additions in the fiscal year ending April 30, 2022 included the following:

- Linder Sports Complex infrastructure and field creation
- Nutrient removal system for the waste water treatment plant
- Street resurfacing on 10th Street
- Street resurfacing on University Avenue
- Lighting, signage and traffic control upgrades on Lincoln Avenue
- Fire department safety gear (AirPak Pro SCBA)
- 5 Ford F150 pickup trucks

These additions to capital assets were offset by depreciation of \$3 million. Readers desiring more detailed information on capital assets activity should refer to the discussion in Note C to these financial statements on pages 59-61.

Long-Term Liabilities

The City of Charleston’s long term liabilities totaled \$50 million for governmental activities and \$4 million for business-type activities as of April 30, 2022.

Table 4- Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Unamortized bond premium	\$ -	\$ -	\$ 15,333	\$ 30,072	\$ 15,333	\$ 30,072
Compensated absences	1,953,353	1,852,752	220,985	241,654	2,174,338	2,094,406
Net pension liability	43,527,115	43,024,985	-	-	43,527,115	43,024,985
Net OPEB liability	2,621,696	2,772,184	132,388	149,331	2,754,084	2,921,515
Bank notes payable	-	-	-	-	-	-
State of Illinois notes payable	-	-	2,961,375	3,290,417	2,961,375	3,290,417
General obligation bonds	1,770,000	2,305,000	-	-	1,770,000	2,305,000
Alternative revenue bonds	-	-	645,000	1,265,000	645,000	1,265,000
	<u>\$ 49,872,164</u>	<u>\$ 49,954,921</u>	<u>\$ 3,975,081</u>	<u>\$ 4,976,474</u>	<u>\$ 53,847,245</u>	<u>\$ 54,931,395</u>

Governmental long-term liabilities decreased by \$82,757. No new debt was issued.

Business-type activities decreased long-term debt by \$1 million. A new note was entered into with the State of Illinois to help fund the required upgrades for nutrient removal processing at the waste water treatment plant. As of April 30, 2022 all loan advances were forgiven through an IEPA Clean Water Revolving Fund grant resulting in a balance of \$0 for the new note.

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

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

Additional information on long term debt may be found in Note F in the Notes to the Financial Statements on pages 78-80.

Economic Factors and Next Year's Budget

The equalized assessed value (EAV) of taxable property in the City for the 2021 levy year increased 6% percent from prior year to \$206,243,405. 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, 2021 was roughly \$619 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 5 consecutive years. As a result of the stable local economy, sales taxes continue to increase. Fiscal year 19/20 reported an increase of 3%, FY20/21 showed an increase of 13.4%, FY21/22 increased by 26.6% and we are expecting an increase of 1% in fiscal year 2022/2023.

The fiscal year 2022/23 budget is a balanced budget. Due in large part to the Federal American Rescue Plan Act of 2022 funding and other emergency assistance grants, finances continue to improve for the City.

The City of Charleston continues to respond quickly to declining revenues when expected and exercises tight control on spending. Similar to other municipalities, the City of Charleston continues to face multiple challenges including inflation and supply chain issues all of which are accounted for in the budget.

The City has aggressively been seeking ways boost revenues, control spending, and closely monitor the budget. This process will continue into the fiscal year 2022/23 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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carnegie Public Library
ASSETS				
Cash deposits	\$ 10,093,153	\$ 4,196,548	\$ 14,289,701	\$ 327,286
Investments, at fair value	2,443,020	396,628	2,839,648	-
Receivables:				
Property taxes	5,010,673	-	5,010,673	396,833
Other taxes	68,694	-	68,694	-
Customers	216,907	566,876	783,783	-
Other	948,601	-	948,601	-
Interest	2,036	709	2,745	-
Due from other governmental agencies	1,822,044	-	1,822,044	39,508
Prepaid expenses	87,731	26,407	114,138	9,979
Inventory	32,406	233,246	265,652	-
Due from component unit	17,266	-	17,266	-
Due from primary government	-	-	-	8,690
Internal balances	170,814	(170,814)	-	-
Restricted assets:				
Cash deposits	-	276,813	276,813	-
Net pension asset	2,371,884	1,614,126	3,986,010	-
Capital assets, net of accumulated depreciation	<u>22,019,149</u>	<u>31,367,781</u>	<u>53,386,930</u>	<u>855,623</u>
Total assets	<u>45,304,378</u>	<u>38,508,320</u>	<u>83,812,698</u>	<u>1,637,919</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	3,793,411	252,814	4,046,225	-
Deferred OPEB	<u>1,111,175</u>	<u>56,111</u>	<u>1,167,286</u>	<u>10,126</u>
Total deferred outflows of resources	<u>4,904,586</u>	<u>308,925</u>	<u>5,213,511</u>	<u>10,126</u>
LIABILITIES				
Accounts payable	1,371,302	331,594	1,702,896	19,631
Claims payable	168,778	-	168,778	-
Accrued wages	138,616	30,637	169,253	3,914
Accrued interest	15,626	7,256	22,882	158
Deposits held for others	5,000	600	5,600	-
Due to component unit	8,690	-	8,690	-
Due to primary government	-	-	-	17,266
Accrued compensated absences	32,906	-	32,906	-
Unearned revenue	37,011	-	37,011	-

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
April 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Carnegie Public Library
Long-term liabilities:				
Accrued compensated absences	1,953,353	220,985	2,174,338	10,218
Net OPEB liability	2,621,696	132,388	2,754,084	23,891
Net pension liability	43,527,115	-	43,527,115	-
Unamortized bond premium	-	15,333	15,333	-
Capital lease payable:				
Due within one year	-	-	-	3,474
Bonds payable:				
Due within one year	565,000	645,000	1,210,000	-
Due in more than one year	1,205,000	-	1,205,000	-
Notes payable:				
Due within one year	-	329,042	329,042	28,110
Due in more than one year	-	2,632,333	2,632,333	74,107
Total liabilities	<u>51,650,093</u>	<u>4,345,168</u>	<u>55,995,261</u>	<u>180,769</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	5,010,673	-	5,010,673	396,833
Deferred amount on refunding	14,877	-	14,877	-
Deferred pensions	7,398,147	2,070,599	9,468,746	-
Deferred OPEB	859,536	43,405	902,941	7,833
Total deferred inflows of resources	<u>13,283,233</u>	<u>2,114,004</u>	<u>15,397,237</u>	<u>404,666</u>
NET POSITION				
Net investment in capital assets	19,885,008	27,621,571	47,506,579	749,932
Restricted for:				
Public safety	43,897	-	43,897	-
Highways and streets	1,729,365	-	1,729,365	-
Culture and recreation	1,118,709	-	1,118,709	35,569
Debt service	28,278	268,750	297,028	-
Unrestricted (deficit)	<u>(37,529,619)</u>	<u>4,467,752</u>	<u>(33,061,867)</u>	<u>277,109</u>
Total Net Position (Deficit)	<u>\$ (14,724,362)</u>	<u>\$ 32,358,073</u>	<u>\$ 17,633,711</u>	<u>\$ 1,062,610</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, 2022

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit Carnegie Public Library
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Program Activities:								
Primary Government:								
Governmental activities:								
General government	\$ 2,696,912	\$ 394,935	\$ 1,100	\$ -	\$ (2,300,877)	\$ -	\$ (2,300,877)	
Public safety	10,462,491	2,774,938	1,681,920	222,727	(5,782,906)	-	(5,782,906)	
Highways and streets	2,092,593	-	1,350,303	404,844	(337,446)	-	(337,446)	
Health and welfare	98,505	-	4,175	-	(94,330)	-	(94,330)	
Culture and recreation	798,971	356,219	783,434	745,510	1,086,192	-	1,086,192	
Urban redevelopment and housing	581,531	62,755	129,782	-	(388,994)	-	(388,994)	
Economic development and assistance	96,314	-	-	-	(96,314)	-	(96,314)	
Interest expense	51,170	-	-	-	(51,170)	-	(51,170)	
Total governmental activities	<u>16,878,487</u>	<u>3,588,847</u>	<u>3,950,714</u>	<u>1,373,081</u>	<u>(7,965,845)</u>	<u>-</u>	<u>(7,965,845)</u>	
Business-type activities:								
Water	2,414,468	3,011,404	12,977	-	-	609,913	609,913	
Sewer	2,195,170	3,011,404	-	883,280	-	1,699,514	1,699,514	
Total business-type activities	<u>4,609,638</u>	<u>6,022,808</u>	<u>12,977</u>	<u>883,280</u>	<u>-</u>	<u>2,309,427</u>	<u>2,309,427</u>	
Total primary government	<u>\$ 21,488,125</u>	<u>\$ 9,611,655</u>	<u>\$ 3,963,691</u>	<u>\$ 2,256,361</u>	<u>(7,965,845)</u>	<u>2,309,427</u>	<u>(5,656,418)</u>	
Component Unit: Carnegie Public Library	<u>\$ 442,796</u>	<u>\$ 20,541</u>	<u>\$ 73,329</u>	<u>\$ -</u>				<u>\$ (348,926)</u>
General Revenues:								
Taxes:								
Property taxes					4,863,605	-	4,863,605	399,446
Illinois income tax					3,045,359	-	3,045,359	-
Municipal retailers' occupation tax					4,648,831	-	4,648,831	-
Utility tax					753,092	-	753,092	-
Use tax					739,979	-	739,979	-
Cannabis excise tax					30,952	-	30,952	-
Replacement tax					659,201	-	659,201	56,810
Other taxes					413,934	-	413,934	-
Interest income					28,473	13,031	41,504	247
Gain (loss) on sale or disposal of assets					38,159	-	38,159	-
Net increase (decrease) in fair value of investments					(51,512)	(5,852)	(57,364)	-
Miscellaneous					91,506	78,947	170,453	-
Transfers					62,674	(62,674)	-	-
Total general revenues and transfers					<u>15,324,253</u>	<u>23,452</u>	<u>15,347,705</u>	<u>456,503</u>
Change in net position					7,358,408	2,332,879	9,691,287	107,577

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF ACTIVITIES (Continued)
For the Year Ended April 30, 2022

	Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
Net position (deficit), beginning of year	(22,082,770)	30,025,193	7,942,423	955,033
Net Position (Deficit), End of Year	\$ (14,724,362)	\$ 32,358,072	\$ 17,633,710	\$ 1,062,610

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

FUND FINANCIAL STATEMENTS

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2022

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Component Unit Carnegie Public Library</u>
ASSETS				
Cash deposits	\$ 7,701,397	\$ 2,090,042	\$ 9,791,439	\$ 327,286
Investments, at fair value	2,443,020	-	2,443,020	-
Receivables, net of allowance for uncollectible:				
Property taxes	4,013,464	997,209	5,010,673	396,833
Other taxes	68,694	-	68,694	-
Customers	207,458	7,805	215,263	-
Other	927,729	20,872	948,601	-
Interest	2,036	-	2,036	-
Due from other governmental agencies	1,738,262	83,783	1,822,045	39,508
Due from other funds	50,000	-	50,000	1,017
Due from component unit	17,266	-	17,266	-
Inventory	-	32,406	32,406	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 17,169,326</u>	<u>\$ 3,232,117</u>	<u>\$ 20,401,443</u>	<u>\$ 764,644</u>
LIABILITIES				
Accounts payable	\$ 1,003,206	\$ 333,819	\$ 1,337,025	\$ 19,631
Accrued wages	132,426	6,189	138,615	3,914
Deposits held for others	5,000	-	5,000	-
Due to other funds	-	50,000	50,000	-
Due to component unit	1,017	-	1,017	-
Due to primary government	-	-	-	17,266
Accrued compensated absences	32,906	-	32,906	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,174,555</u>	<u>390,008</u>	<u>1,564,563</u>	<u>40,811</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable miscellaneous revenue	386,743	44,208	430,951	-
Unavailable grant revenue	-	-	-	25,497
Unavailable property tax revenue	4,013,464	997,209	5,010,673	396,833
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>4,400,207</u>	<u>1,041,417</u>	<u>5,441,624</u>	<u>422,330</u>

CITY OF CHARLESTON, ILLINOIS
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
April 30, 2022

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>Component Unit Carnegie Public Library</u>
FUND BALANCE				
Nonspendable	-	32,406	32,406	-
Restricted for:				
Public safety	24,014	19,883	43,897	-
Highways and streets	-	1,696,959	1,696,959	-
Culture and recreation	868,709	-	868,709	35,569
Debt service	-	28,278	28,278	-
Committed for:				
Culture and recreation	-	62,529	62,529	-
Unassigned (deficit)	<u>10,701,841</u>	<u>(39,363)</u>	<u>10,662,478</u>	<u>265,934</u>
Total fund balance	<u>11,594,564</u>	<u>1,800,692</u>	<u>13,395,256</u>	<u>301,503</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 17,169,326</u>	 <u>\$ 3,232,117</u>	 <u>\$ 20,401,443</u>	 <u>\$ 764,644</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, 2022

Total fund balance - total governmental funds		\$ 13,395,256
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 \$45,933,308 exceeded accumulated depreciation of \$23,914,159		22,019,149
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.		71,000
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.		393,940
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	\$ (797,850)	
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	(332,747)	
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>	(3,353,097)
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.		(15,626)
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	\$ 546,121	
Current liabilities	<u>(265,948)</u>	280,173

CITY OF CHARLESTON, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION (Continued)
April 30, 2022

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	\$ 2,371,884	
Net pension liability	<u>(43,527,115)</u>	(41,155,231)

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	\$ (1,953,353)	
Net OPEB liability	(2,621,696)	
Deferred amount on refunding	(14,877)	
Due within one year	(565,000)	
Due in more than one year	<u>(1,205,000)</u>	<u>(6,359,926)</u>

Net Position (Deficit) of Governmental Activities	<u>\$ (14,724,362)</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, 2022

Total fund balance - component unit		\$ 301,503
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 \$495,204.		855,623
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.		9,979
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.		25,497
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		10,126
Deferred inflows of resources		(7,833)
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.		(158)
Internal service funds are used by the primary government to charge the costs of various activities internally to individual funds. The Library's share of assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.		7,673
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.		
Accrued compensated absences	\$ (10,218)	
Net OPEB liability	(23,891)	
Due within one year	(31,584)	
Due in more than one year	<u>(74,107)</u>	<u>(139,800)</u>
Net Position of Component Unit		<u>\$ 1,062,610</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, 2022

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
Revenues:				
Property taxes	\$ 3,871,549	\$ 975,329	\$ 4,846,878	\$ 398,978
Mobile home privilege tax	4,379	905	5,284	468
Replacement income tax	659,201	-	659,201	56,810
Tourism tax	61,231	-	61,231	-
Utility tax	753,092	-	753,092	-
Fines, parking system fees, and charge for services	207,217	-	207,217	1,688
Municipal retailers' occupation tax	4,648,831	-	4,648,831	-
Illinois income tax	3,045,359	-	3,045,359	-
Use tax	739,979	-	739,979	-
Cannabis use tax	30,952	-	30,952	-
Ambulance revenue	2,137,280	-	2,137,280	-
Other governmental agencies	2,746,794	1,350,432	4,097,226	62,306
Rental income	29,692	-	29,692	874
Licenses, permits and fees	440,593	356,219	796,812	5,570
Interest income	28,205	269	28,474	247
Private donations and contributions	1,269,448	33,305	1,302,753	17,964
Net increase (decrease) in fair value of investments	(51,512)	12	(51,500)	-
Miscellaneous income	82,263	26,151	108,414	12,409
Total revenues	<u>20,704,553</u>	<u>2,742,622</u>	<u>23,447,175</u>	<u>557,314</u>
Expenditures:				
General government	3,031,817	-	3,031,817	-
Public safety	11,294,547	1,071	11,295,618	-
Highways and streets	855,511	589,451	1,444,962	-
Health and welfare	98,505	-	98,505	-
Culture and recreation	72,944	632,612	705,556	427,489
Urban redevelopment and housing	569,597	-	569,597	-
Economic development and assistance	-	96,314	96,314	-
Debt service:				
Principal	-	535,000	535,000	32,453
Interest	-	55,283	55,283	2,991
Capital outlay	<u>1,416,157</u>	<u>396,914</u>	<u>1,813,071</u>	<u>-</u>
Total expenditures	<u>17,339,078</u>	<u>2,306,645</u>	<u>19,645,723</u>	<u>462,933</u>
Excess of revenues over (under) expenditures	<u>3,365,475</u>	<u>435,977</u>	<u>3,801,452</u>	<u>94,381</u>

CITY OF CHARLESTON, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE (Continued)
 GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2022

	General Fund	Non-Major Governmental Funds	Total Governmental Funds	Component Unit Carnegie Public Library
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	15,148	-	15,148	-
Transfers in	67,248	20,000	87,248	-
Transfers out	(20,000)	-	(20,000)	-
Total other financing sources (uses)	<u>62,396</u>	<u>20,000</u>	<u>82,396</u>	<u>-</u>
Net change in fund balance	3,427,871	455,977	3,883,848	94,381
Fund balance, beginning of year	<u>8,166,693</u>	<u>1,344,715</u>	<u>9,511,408</u>	<u>207,122</u>
Fund Balance, End of Year	<u>\$ 11,594,564</u>	<u>\$ 1,800,692</u>	<u>\$ 13,395,256</u>	<u>\$ 301,503</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, 2022

Net change in governmental fund balance \$ 3,883,848

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. 1,813,072

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. (1,588,741)

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. 23,000
This is the amount of contributions of capital assets that increased net position. 406,506
This is the net book value of capital assets transferred from Business-Type Fund. 39,313

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. (1,224,833)

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. (88,635)

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. 1,734,934

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. (189,027)

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. 164,017

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, 2022

Certain prepaid expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	5,100
Bond premiums are reported as income in the governmental funds, but these are capitalized and amortized in the statement of activities.	9,551
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.	288,875
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	(100,601)
Change in net OPEB liability	150,488
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	\$ 1,994,558
Net pension liability	<u>(502,130)</u>
	1,492,428
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.	535,000
Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>4,113</u>
Change in Net Position of Governmental Activities	<u>\$ 7,358,408</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, 2022

Net change in component unit fund balance	\$	94,381
Amounts reported for the component unit in the statement of activities are different because:		
Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.		(20,887)
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.		(1,100)
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.		(1,559)
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.		246
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.		(6,941)
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		3,557
Change in net OPEB liability		2,047
Principal paid on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal payments.		32,451
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, 2022

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>5,340</u>
Change in Net Position of Component Unit	<u>\$ 107,577</u>

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

CITY OF CHARLESTON, ILLINOIS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND

(Includes General and Pension Tax Levy Funds)
 For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
General Fund:				
Revenues:				
Property taxes	\$ 567,333	\$ 567,333	\$ 567,734	\$ 401
Mobile home privilege tax	1,000	1,000	502	(498)
Replacement income tax	20,130	20,130	55,469	35,339
Tourism tax	62,000	62,000	61,231	(769)
Utility tax	665,626	665,626	753,092	87,466
Fines, parking system fees, and charges for services	216,500	216,500	207,217	(9,283)
Municipal retailers' occupation tax	3,911,347	3,911,347	4,648,831	737,484
Illinois income tax	2,650,000	2,650,000	3,045,359	395,359
Use tax	971,791	971,791	739,979	(231,812)
Cannabis excise tax	20,310	20,310	30,952	10,642
Ambulance revenue	1,209,228	1,209,228	2,137,280	928,052
Other governmental agencies	1,908,568	1,908,568	2,746,794	838,226
Rental income	29,701	29,701	29,692	(9)
Licenses, permits and fees	405,960	405,960	440,593	34,633
Interest income	20,000	20,000	28,205	8,205
Private donations and contributions	1,238,700	1,238,700	1,269,448	30,748
Net increase (decrease) in fair value of investments	-	-	(51,512)	(51,512)
Miscellaneous income	9,910	9,910	82,263	72,353
Total revenues	13,908,104	13,908,104	16,793,129	2,885,025
Expenditures:				
General Government:				
Administration, boards and city manager	442,652	442,652	441,506	1,146
City clerk	117,798	117,798	121,810	(4,012)
Comptroller's office	170,009	170,009	176,079	(6,070)
City attorney's office	123,028	123,028	96,715	26,313
Information services	142,397	142,397	139,579	2,818
Engineering department	1,812,895	1,812,895	187,220	1,625,675
Contingencies	100,000	100,000	591	99,409
Parks and maintenance department	588,186	588,186	631,172	(42,986)
Judgment	521,795	521,795	513,498	8,297
Human resources	110,191	110,191	116,291	(6,100)
Employee benefits	609,000	609,000	607,356	1,644
	4,737,951	4,737,951	3,031,817	1,706,134

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General and Pension Tax Levy Funds)
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Public Safety:				
Police protection	3,435,432	3,435,432	3,475,827	(40,395)
Fire protection	4,052,420	4,052,420	3,907,296	145,124
	<u>7,487,852</u>	<u>7,487,852</u>	<u>7,383,123</u>	<u>104,729</u>
Highways and Streets:				
Street department	1,110,692	1,110,692	780,695	329,997
City garage	72,862	72,862	74,816	(1,954)
	<u>1,183,554</u>	<u>1,183,554</u>	<u>855,511</u>	<u>328,043</u>
Health and Welfare:				
Public service	87,515	87,515	98,505	(10,990)
Culture and Recreation:				
Tourism	135,511	135,511	72,944	62,567
Urban Redevelopment and Housing:				
Building and development services	433,986	433,986	418,085	15,901
Rehabilitation and community development assistance program	475,728	475,728	151,512	324,216
	<u>909,714</u>	<u>909,714</u>	<u>569,597</u>	<u>340,117</u>
Debt Service:				
Principal	45,262	45,262	-	45,262
Interest	5,807	5,807	-	5,807
	<u>51,069</u>	<u>51,069</u>	<u>-</u>	<u>51,069</u>
Capital Outlay	-	-	1,416,157	(1,416,157)
Total expenditures	<u>14,593,166</u>	<u>14,593,166</u>	<u>13,427,654</u>	<u>1,165,512</u>
Excess of revenues over (under) expenditures	<u>(685,062)</u>	<u>(685,062)</u>	<u>3,365,475</u>	<u>4,050,537</u>

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
GENERAL FUND
(Includes General and Pension Tax Levy Funds)
For the Year Ended April 30, 2022

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Other Financing Sources (Uses):				
Proceeds from sale of capital assets	-	-	15,148	15,148
Loan proceeds	575,494	575,494	-	(575,494)
Transfers in	129,568	129,568	67,248	(62,320)
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	685,062	685,062	62,396	(622,666)
 Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	3,427,871	3,427,871
 Pensions Tax Levy Fund:				
Revenues:				
Property taxes	3,316,245	3,316,245	3,303,815	(12,430)
Mobile home privilege tax	4,000	4,000	3,877	(123)
Replacement income tax	210,000	660,000	603,732	(56,268)
Total revenues	3,530,245	3,980,245	3,911,424	(68,821)
 Expenditures:				
Public safety	3,530,245	3,980,245	3,911,424	68,821
 Excess of revenues over (under) expenditures	-	-	-	-
 Net change in fund balance	\$ -	\$ -	3,427,871	\$ 3,427,871
 Fund balance, beginning of year			8,166,693	
 Fund Balance, End of Year			\$ 11,594,564	

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2022

	Water and Sewer Fund	Internal Service Fund
ASSETS		
Current assets:		
Cash deposits	\$ 4,196,548	\$ 301,714
Investments, at fair value	396,628	-
Receivables, net of allowance for uncollectible:		
Customer	566,876	1,644
Interest receivable	709	-
Prepaid expenses	26,407	16,731
Inventory	233,246	-
Due from other funds	-	226,032
Restricted assets:		
Cash deposits	276,813	-
Total current assets	5,697,227	546,121
Noncurrent assets:		
Net pension asset	1,614,126	-
Capital assets, net of accumulated depreciation	31,367,781	-
Total noncurrent assets	32,981,907	-
Total assets	38,679,134	546,121
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pensions	252,814	-
Deferred OPEB	56,111	-
Total deferred outflows of resources	308,925	-
LIABILITIES		
Current liabilities:		
Accounts payable	331,594	34,278
Claims payable	-	168,778
Accrued wages	30,637	-
Accrued interest	7,256	-
Deposits held for others	600	-
Due to other funds	226,032	-
Bonds payable	645,000	-
Notes payable	329,042	-
Total current liabilities	1,570,161	203,056

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
April 30, 2022

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
Noncurrent liabilities:		
Accrued compensated absences	220,985	-
Net OPEB liability	132,388	-
Unamortized bond premium	15,333	-
Notes payable	2,632,333	-
Total noncurrent liabilities	<u>3,001,039</u>	<u>-</u>
Total liabilities	<u>4,571,200</u>	<u>203,056</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred pensions	2,070,599	-
Deferred OPEB	43,405	-
Total deferred inflows of resources	<u>2,114,004</u>	<u>-</u>
 NET POSITION		
Net investment in capital assets	27,621,571	-
Debt service	268,750	-
Unrestricted	4,412,534	343,065
Total Net Position	<u>\$ 32,302,855</u>	<u>\$ 343,065</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, 2022

Total enterprise fund net position	\$ 32,302,855
Amounts reported for enterprise activities in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain services to individual funds. The enterprise fund's share of assets and liabilities of the internal service fund is included in business-type activities in the statement of net position.	<u>55,218</u>
Net Position of Business-Type Activities	<u>\$ 32,358,073</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2022

	Water and Sewer Fund	Internal Service Fund
Operating Revenues:		
Water and sewer utility	\$ 6,022,807	\$ -
Charges for services	-	1,649,487
Other	64,208	-
Total operating revenues	6,087,015	1,649,487
Operating Expenses:		
Personnel services	1,683,336	-
Commodities	537,444	-
Contractual services	920,914	432,579
Non-capitalized capital outlay	71,738	-
Depreciation	1,396,552	-
Claims expenses	-	1,015,657
Total operating expenses	4,609,984	1,448,236
Net operating income (loss)	1,477,031	201,251
Non-Operating Revenues (Expenses):		
Grant income	896,257	-
Interest income	13,031	-
Net increase (decrease) in fair value of investments	(5,852)	-
Transfer of capital assets	(39,313)	-
Interest expense	(31,545)	-
Amortization	14,739	-
Total non-operating revenues (expenses)	847,317	-
Net income (loss) before contributions, extraordinary items, and transfers	2,324,348	201,251
Contributions, Extraordinary Items, and Transfers:		
Capital contributions	43,888	-
Transfers out	(67,248)	-
Total contributions, extraordinary items, and transfers	(23,360)	-
Change in net position	2,300,988	201,251
Net position (deficit), beginning of year	30,001,867	141,814
Net Position, End of Year	\$ 32,302,855	\$ 343,065

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, 2022

Net change in net position of enterprise fund	\$ 2,300,988
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>31,892</u>
Change in Net Position of Business-Type Activities	<u><u>\$ 2,332,880</u></u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2022

	Water and Sewer Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from customers	\$ 6,092,669	\$ 414,355
Interfund services provided	-	1,234,323
Payments to suppliers	(1,341,606)	(433,172)
Payments to employees	(2,225,719)	-
Payments to claimants	-	(925,877)
Net cash provided (used) by operating activities	2,525,344	289,629
Cash Flows from Noncapital Financing Activities:		
Transfers in (out)	(67,248)	-
Loan from (to) other funds	108,147	(226,032)
Grant income	12,977	-
Net cash provided (used) by noncapital financing activities	53,876	(226,032)
Cash Flows from Capital and Related Financing Activities:		
Grant income	883,280	-
Transfers in (out)	(39,313)	-
Purchases of capital assets	(1,415,024)	-
Principal paid on capital debt	(949,042)	-
Interest paid on capital debt	(38,520)	-
Net cash provided (used) by financing activities	(1,558,619)	-
Cash Flows from Investing Activities:		
Proceeds from sales and maturities of investments	360,000	-
Purchases of investments	(399,000)	-
Interest income	14,255	-
Net cash provided (used) by investing activities	(24,745)	-
Net increase (decrease) in cash and cash deposits	995,856	63,597
Cash and cash deposits, beginning of year	3,477,505	238,117
Cash and Cash Deposits, End of Year	\$ 4,473,361	\$ 301,714

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF CHANGES IN CASH FLOWS (Continued)
PROPRIETARY FUNDS
For the Year Ended April 30, 2022

	<u>Water and Sewer Fund</u>	<u>Internal Service Fund</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 1,477,031	\$ 201,251
Noncash items included in operating income:		
Depreciation	1,396,552	-
Net (increase) decrease in:		
Customer receivables	5,054	19
Prepaid expenses	(844)	(593)
Inventory	27,470	-
Net pension asset	(1,375,718)	-
Deferred pensions	112,932	-
Deferred OPEB	8,520	-
Net increase (decrease) in:		
Accounts payable	161,865	1,575
Claims payable	-	88,186
Accrued wages	8	-
Deposits held for others	600	-
Deferred revenue	-	(809)
Accrued compensated absences	(20,669)	-
Net OPEB liability	(16,943)	-
Deferred pensions	742,200	-
Deferred OPEB	<u>7,286</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,525,344</u>	<u>\$ 289,629</u>

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

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
April 30, 2022

	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash	\$ 1,553,317	\$ 376,107	\$ 1,929,424
Receivables:			
Interest	26,352	-	26,352
Due from primary government	<u>148,899</u>	<u>-</u>	<u>148,899</u>
Total receivables	<u>175,251</u>	<u>-</u>	<u>175,251</u>
Prepaid expenses	<u>1,060</u>	<u>1,210</u>	<u>2,270</u>
Investments, at fair value:			
Fixed income	5,393,908	-	5,393,908
Mutual funds	10,843,714	4,351	10,848,065
Pooled investments	<u>16,087,606</u>	<u>-</u>	<u>16,087,606</u>
Total investments	<u>32,325,228</u>	<u>4,351</u>	<u>32,329,579</u>
Total assets	<u>34,054,856</u>	<u>381,668</u>	<u>34,436,524</u>
LIABILITIES			
Accounts payable	<u>14,609</u>	<u>7,897</u>	<u>22,506</u>
NET POSITION			
Fiduciary net position - held in trust for pension benefits	34,040,247	-	34,040,247
Fiduciary net position - held for others	<u>-</u>	<u>373,771</u>	<u>373,771</u>
Total Net Position	<u>\$ 34,040,247</u>	<u>\$ 373,771</u>	<u>\$ 34,414,018</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, 2022

	Pension Trust Funds	Custodial Funds	Total Fiduciary Funds
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Employer contributions	\$ 3,911,424	\$ -	\$ 3,911,424
Plan members contributions	579,730	-	579,730
Investment income:			
Net appreciation (depreciation)			
in fair value of investments	(2,370,121)	(202)	(2,370,323)
Interest	324,152	92	324,244
Dividends and capital gain distributions	389,916	-	389,916
Less investment expense	<u>(36,551)</u>	<u>-</u>	<u>(36,551)</u>
Net investment income	<u>(1,692,604)</u>	<u>(110)</u>	<u>(1,692,714)</u>
Grants, donations, and sponsors	-	47,543	47,543
Fundraisers	-	60,336	60,336
Contracted services	-	35,470	35,470
Other additions	<u>399</u>	<u>85,302</u>	<u>85,701</u>
 Total additions	 <u>2,798,949</u>	 <u>228,541</u>	 <u>3,027,490</u>
Deductions:			
Benefits	3,923,746	-	3,923,746
Refunds of contributions	18,242	-	18,242
Administration expenses	58,782	-	58,782
Program expenses	<u>-</u>	<u>302,914</u>	<u>302,914</u>
Total deductions	<u>4,000,770</u>	<u>302,914</u>	<u>4,303,684</u>
 Change in net position	 (1,201,821)	 (74,373)	 (1,276,194)
 Net position, beginning of year	 <u>35,242,068</u>	 <u>448,144</u>	 <u>35,690,212</u>
 Net Position, End of Year	 <u>\$ 34,040,247</u>	 <u>\$ 373,771</u>	 <u>\$ 34,414,018</u>

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of the more significant policies:

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

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

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

Joint Ventures –

- 1) The City of Charleston Police Department is a participant in a joint venture known as the East Central Illinois Task Force. Other participants include the Illinois State Police, the Mattoon Police Department, the Arcola Police Department, the Eastern Illinois University Police Department, the Coles County Sheriff's Department, and the Douglas County Sheriff's Department. The Task Force was created to provide citizens of each jurisdiction the most effective drug law enforcement protection against those who engage in actions detrimental to public safety. In the event of dissolution, all Task Force property obtained through grants from the Illinois Criminal Justice Information Authority shall be disposed of consistent with the current property management or disposition guidelines issued by the Office of Federal Assistance Programs. All non-grant Task Force property, inventory, and all existing or currently pending forfeited assets will be distributed between the current participants. The East Central Illinois Task Force is governed by a Board of Directors which consists of the Sheriff or Chief of each participating agency and the Zone Commander of the Illinois State Police. Complete financial statements for the East Central Illinois Task Force can be obtained from the Mattoon Police Department at 1710 Wabash Avenue, Mattoon, IL 61938. The City of Charleston acts as a custodian of a portion of the financial records.
 - 2) The City of Charleston is a member of a joint venture known as the Government Telecommunications Consortium ("GovTC"). Other participants include Coles County, City of Mattoon, Eastern Illinois University, and Lake Land College. GovTC was created to acquire, construct and operate a long-term, shared telecommunications tower, service, and support consortium. In the event of dissolution, all shared assets will be liquidated and distributed between the current members. GovTC is governed by a Board of Directors which consists of one Director and one alternate Director from each member. The City of Charleston acts as the custodian of the financial records. Separate financial statements are not issued.
- b) Basis of Presentation – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service and internal service funds are classified as governmental activities while the City's enterprise funds are classified as business-type activities. The City's fiduciary funds are not incorporated into the government-wide statements since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government.

Government-Wide Financial Statements:

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

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

Fund Financial Statements:

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

Governmental Funds:

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

General Fund is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

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

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Proprietary Funds:

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

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

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

Internal Service Fund:

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

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

Fiduciary Funds:

Fiduciary fund types are used to account for assets controlled by the government, assets are not derived from the government’s own-source revenues or government-mandated nonexchange transactions, and the assets are administered through a trust or the government does not have administrative involvement. The City’s fiduciary funds include pension trust and custodial funds.

Pension Trust Funds are used to account for the accumulation of resources needed to pay pension costs when due. Resources are member contributions at rates fixed by state statutes and City contributions in the form of an annual property tax levy. Assets are administered by a trust in which the government is not a beneficiary and trust assets are restricted for benefits of third parties under the benefit terms and are legally protected from the government’s creditors. The City has two pension trust funds for the Police Pension Trust Fund and the Firefighters’ Pension Trust Fund. The measurement focus and basis of accounting of the pension trust funds is similar to proprietary funds and are reported as fiduciary type component units.

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

- d) Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:
1. A proposed operating budget is submitted to the city council for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
 2. Public meetings are conducted to obtain taxpayer comments.
 3. The tax levy ordinance is adopted and filed with the county clerk on or before the last Tuesday in December.
 4. Formal budgetary integration is employed as a management control device during the year for all funds.
 5. The budgets for the governmental funds are adopted substantially on a modified accrual basis of accounting which is consistent with U.S. generally accepted accounting principles (GAAP). All budget comparisons presented in this report are on a GAAP budgetary basis and are compared with actual revenues and expenditures at April 30, 2022. The budget was amended April 19, 2022.
 6. Unused appropriations for all of the annually budgeted funds lapse at the end of each year.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- e) Cash and Cash Equivalents – For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The City maintains a cash pool for use by all funds, except for the Firefighters’ Pension Trust Fund and Police Pension Trust Fund. Each fund’s portion of this pool is included in the financial statements as cash and cash equivalents.
- f) Investments – Investments, including those reported in pension trust funds, are stated at fair value. Securities traded on a national exchange are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Unrealized gains or losses from the appreciation or depreciation in fair value of investments are reported as “net increase (decrease) in fair value of investments.”

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

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

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

- g) Receivables – Ambulance and adjudication customer receivables are shown net of the allowance for uncollectible accounts of \$350,000 and \$488,767, 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, 2022. 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, unavailable grant 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, 2022 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 67,248	\$ 20,000
Other governmental funds	<u>20,000</u>	<u>-</u>
Total Governmental Activities	<u>\$ 87,248</u>	<u>\$ 20,000</u>
Business-Type Activities:		
Water and Sewer Fund	<u>\$ -</u>	<u>\$ 67,248</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. The Water and Sewer Fund transferred \$34,557 to the General Fund to cover expenses related to human resources and \$32,691 to the General Fund to cover expenses related to information technology. On the government-wide financial statements only, the business-type activities transferred \$39,313 of internal labor and materials for governmental capital projects, and the governmental activities transferred \$43,888 of internal labor on business-type capital projects.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Activities:		
General Fund	\$ 67,266	\$ 1,017
Other governmental funds	<u>-</u>	<u>50,000</u>
Total Governmental Activities	<u>\$ 67,266</u>	<u>\$ 51,017</u>
Business-Type Activities:		
Water and Sewer Fund	\$ -	\$ 226,032
Internal Service Fund	<u>226,032</u>	<u>-</u>
Total Business-Type Activities	<u>\$ 226,032</u>	<u>\$ 226,032</u>
Component Unit:		
Carnegie Public Library	<u>\$ 1,017</u>	<u>\$ 17,266</u>

The purposes of interfund receivables and payables are as follows:

The General Fund has loaned \$17,266 to the Library Fund for operating expenses from the pooled cash account and \$50,000 to the Tax Increment Financing Fund for TIF public improvements. The General Fund owes \$1,017 to the Library Fund for FEMA grant expenses incurred but not yet reimbursed. The Internal Service Fund has loaned \$226,032 to the Water and Sewer Fund for operating expenses from the pooled cash account. All loans are expected to be repaid within one year. The internal service fund net position has been charged to various activities resulting in a loan to the General Fund of \$55,218 from the Water and Sewer Fund and \$7,673 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 21, 2021 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.

CITY OF CHARLESTON, ILLINOIS
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 2023, the City will implement Governmental Accounting Standards Board (GASB) issued Statement No.87, *Leases*. The primary objective of this statement is to improve accounting and financial reporting for leases by governments.

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, 2022, the City’s primary government and fiduciary component units had the following investments:

<u>Investment Type</u>	<u>Level of Hierarchy</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Governmental Activities:				
Certificates of Deposit	2	\$ 2,421,898	1.04	n/a
Illinois Metropolitan Investment Fund	2	<u>21,122</u>	n/a	Aaa/bf
Total Investments		<u>\$ 2,443,020</u>		
Business-Type Activities:				
Certificates of Deposit	2	<u>\$ 396,628</u>	0.72	n/a

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

<u>Investment Type</u>	<u>Level of Hierarchy</u>	<u>Fair Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating</u>
Fiduciary Pension Trust Funds:				
Firefighters' Pension Trust Fund:				
Pooled Investments		<u>\$ 16,087,606</u>	n/a	n/a
Police Pension Trust Fund:				
Fixed Income:				
U.S. Government and its Agencies	2	\$ 3,010,999	8.07	n/a
Corporate Bonds	2	1,981,981	3.75	AA+/BBB-
Certificates of Deposit	2	400,928	0.17	n/a
Mutual Funds	1	<u>10,843,714</u>	n/a	n/a
Total Investments		<u>\$ 16,237,622</u>		
Custodial Funds:				
Illinois Metropolitan Investment Fund	2	<u>\$ 4,351</u>	n/a	Aaa/bf

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, 2022, of the City's total bank balances (excluding \$4,632,939 of deposits held with the Illinois Funds Money Market Fund), \$742,683 was secured by federal depository insurance and \$9,394,339 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, 2022, 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, 2022, the City had investments with the Illinois Metropolitan Investment Fund. This fund is rated by Moody's as Aaa/bf.

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.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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, 2022, 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:

	<u>Balance May 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2022</u>
Primary Government:				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,437,068	\$ 66,431	\$ -	\$ 1,503,499
Construction in progress	<u>366,057</u>	<u>1,109,133</u>	<u>(161,842)</u>	<u>1,313,348</u>
Capital assets being depreciated:				
Building and improvements	13,575,050	-	-	13,575,050
Accumulated depreciation	<u>(4,355,106)</u>	<u>(271,893)</u>	<u>-</u>	<u>(4,626,999)</u>
Building and improvements, net	<u>9,219,944</u>	<u>(271,893)</u>	<u>-</u>	<u>8,948,051</u>
Vehicles, machinery and equipment	9,273,239	854,952	(361,152)	9,767,039
Accumulated depreciation	<u>(7,022,387)</u>	<u>(507,305)</u>	<u>361,152</u>	<u>(7,168,540)</u>
Vehicles, machinery and equipment, net	<u>2,250,852</u>	<u>347,647</u>	<u>-</u>	<u>2,598,499</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	<u>Balance May 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2022</u>
Infrastructure	19,361,155	413,217	-	19,774,372
Accumulated depreciation	<u>(11,309,077)</u>	<u>(809,543)</u>	<u>-</u>	<u>(12,118,620)</u>
Infrastructure, net	<u>8,052,078</u>	<u>(396,326)</u>	<u>-</u>	<u>7,655,752</u>
 Total, Governmental Activities, Net Capital Assets	 <u>\$ 21,325,999</u>	 <u>\$ 854,992</u>	 <u>\$ (161,842)</u>	 <u>\$ 22,019,149</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>503,341</u>	<u>1,068,398</u>	<u>(138,533)</u>	<u>1,433,206</u>
 Capital assets being depreciated:				
Building and improvements	15,165,981	-	-	15,165,981
Accumulated depreciation	<u>(5,924,827)</u>	<u>(291,742)</u>	<u>-</u>	<u>(6,216,569)</u>
Building and improvements, net	<u>9,241,154</u>	<u>(291,742)</u>	<u>-</u>	<u>8,949,412</u>
Vehicles, machinery and equipment	5,522,922	375,844	(46,764)	5,852,002
Accumulated depreciation	<u>(3,984,098)</u>	<u>(307,253)</u>	<u>46,764</u>	<u>(4,244,587)</u>
Vehicles, machinery and equipment, net	<u>1,538,824</u>	<u>68,591</u>	<u>-</u>	<u>1,607,415</u>
Infrastructure	39,266,309	153,203	-	39,419,512
Accumulated depreciation	<u>(20,445,659)</u>	<u>(797,557)</u>	<u>-</u>	<u>(21,243,216)</u>
Infrastructure, net	<u>18,820,650</u>	<u>(644,354)</u>	<u>-</u>	<u>18,176,296</u>
 Total, Business-Type Activities, Net Capital Assets	 <u>\$ 31,305,421</u>	 <u>\$ 200,893</u>	 <u>\$ (138,533)</u>	 <u>\$ 31,367,781</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	841,576	-	-	841,576
Accumulated depreciation	<u>(386,697)</u>	<u>(17,165)</u>	<u>-</u>	<u>(403,862)</u>
Building and improvements, net	<u>454,879</u>	<u>(17,165)</u>	<u>-</u>	<u>437,714</u>
Vehicles, machinery and equipment	113,294	-	-	113,294
Accumulated depreciation	<u>(87,620)</u>	<u>(3,722)</u>	<u>-</u>	<u>(91,342)</u>
Vehicles, machinery and equipment, net	<u>25,674</u>	<u>(3,722)</u>	<u>-</u>	<u>21,952</u>
 Total, Governmental Activities, Net Capital Assets	 <u>\$ 876,510</u>	 <u>\$ (20,887)</u>	 <u>\$ -</u>	 <u>\$ 855,623</u>

CITY OF CHARLESTON, ILLINOIS
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Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 409,655
Public safety	350,948
Highways and streets	673,578
Culture and recreation	145,095
Urban development and housing	<u>9,465</u>
Total Depreciation Expense, Governmental Activities	<u>\$1,588,741</u>
Business-Type Activities	<u>\$1,396,552</u>
Component Unit - Library	<u>\$ 20,887</u>

The City has the following construction in progress at April 30, 2022:

Project	Expenses	Estimated Cost	Estimated Completion Date
Governmental Activities:			
Surveillance System	\$ 29,780	\$ 45,000	April 2023
Loxa Road Restroom	76,246	156,000	February 2023
Linder Sports Complex	979,940	1,729,000	August 2023
Sister City Maintenance Building	54,776	405,000	April 2023
Douglas Drive Phase 1	154,606	4,005,000	April 2025
12 th Street Drainage	<u>18,000</u>	200,000	April 2027
	<u>\$ 1,313,348</u>		
Business-Type Activities:			
Wastewater Treatment Plant Nutrient Removal	\$ 1,359,131	\$ 9,859,000	April 2024
3 rd Street Sidewalk	54,212	59,000	May 2023
EIU Water Tower	<u>19,863</u>	695,000	April 2024
	<u>\$ 1,433,206</u>		

NOTE D - DEFINED BENEFIT PENSION PLANS

Plan Description – The City’s defined benefit pension plans provide retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plans are managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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

CITY OF CHARLESTON, ILLINOIS
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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, 2021. 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, 2021:

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

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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	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	(.60)%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70-5.50%
Cash Equivalents	1%	(.90)%
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 1.84%, and the resulting single discount rate is 7.25%.

Additional information for each plan follows:

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

Employees Covered by Benefit Terms – As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	111
Inactive plan members entitled to but not yet receiving benefits	44
Active plan members	78
Total	233

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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 13.11% and 9.93% for calendar year 2021 and 2022, respectively. For the fiscal year ended April 30, 2022, the City contributed \$542,803 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, 2021. 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, 2020	\$ 34,296,417	\$ 34,870,925	\$ (574,508)
Changes for the year:			
Service cost	364,374	-	364,374
Interest on the total pension liability	2,423,357	-	2,423,357
Differences between expected and actual experience of the total pension liability	222,498	-	222,498
Changes of assumptions	-	-	-
Contributions – employer	-	532,087	(532,087)
Contributions – employees	-	182,638	(182,638)
Net investment income	-	6,093,773	(6,093,773)
Benefit payments, including refunds of employee contributions	(2,105,980)	(2,105,980)	-
Other (net transfer)	-	(439,235)	439,235
Net changes	<u>904,249</u>	<u>4,263,283</u>	<u>(3,359,034)</u>
Balances at December 31, 2021	<u>\$ 35,200,666</u>	<u>\$ 39,134,208</u>	<u>\$ (3,933,542)</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)	\$ 174,874	\$ (3,933,542)	\$ (7,286,222)

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Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2022, the City recognized pension expense (income) of (\$706,150). At April 30, 2022, 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	\$ 411,719	\$ -
Changes of assumptions	14,996	149,675
Net difference between projected and actual earnings on pension plan investments	-	4,896,268
Total deferred amounts to be recognized in pension expense in future periods	426,715	5,045,943
Pension contributions made subsequent to the measurement date	189,379	-
 Total Deferred Amounts Related to Pensions	 \$ 616,094	 \$ 5,045,943

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

Year Ending April 30	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ (952,783)
2024	(1,790,138)
2025	(1,149,909)
2026	(726,398)
2027	-
Thereafter	-
 Total	 \$ (4,619,228)

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

Employees Covered by Benefit Terms – As of December 31, 2021, 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	-
 Total	 2

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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 12.43% for calendar year 2021 and 2022, respectively. For the fiscal year ended April 30, 2022, 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, 2021. 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, 2020	\$ 33,328	\$ 74,554	\$ (41,226)
Changes for the year:			
Interest on the total pension liability	2,324	-	2,324
Differences between expected and actual experience of the total pension liability	312	-	312
Changes of assumptions	-	-	-
Net investment income	-	14,007	(14,007)
Benefit payments, including refunds of employee contributions	(2,558)	(2,558)	-
Other (net transfer)	-	(129)	129
Net changes	<u>78</u>	<u>11,320</u>	<u>(11,242)</u>
Balances at December 31, 2021	<u>\$ 33,406</u>	<u>\$ 85,874</u>	<u>\$ (52,468)</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)	\$ (49,172)	\$ (52,468)	\$ (55,288)

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2022, the City recognized pension expense (income) of (\$6,051). At April 30, 2022, 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	-	11,111
Total deferred amounts to be recognized in pension expense in future periods	-	11,111
Pension contributions made subsequent to the measurement date	-	-
 Total Deferred Amounts Related to Pensions	 \$ -	 \$ 11,111

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>
2023	\$ (2,493)
2024	(3,989)
2025	(2,890)
2026	(1,739)
2027	-
Thereafter	-
 Total	 \$ (11,111)

c) Firefighters' Pension Trust Fund

Plan Description:

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

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Benefits Provided:

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

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

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

Plan Membership:

At April 30, 2022, participation was:

Inactive plan members or beneficiaries currently receiving benefits	39
Inactive plan members entitled to but not yet receiving benefits	11
Active plan members	<u>34</u>
Total	<u><u>84</u></u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Contributions:

Covered employees are required by Illinois Compiled Statutes to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Fund, as actuarially determined by an enrolled actuary. However, effective January 1, 2011, Illinois Compiled Statutes requires the City to contribute a minimum amount annually calculated using the projected unit credit actuarial cost method that will result in the funding of 90% of the past service cost by the year 2040. For the fiscal year ended April 30, 2022, the City contributed \$1,980,212 to the plan.

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation performed as of May 1, 2021 with a measurement date of April 30, 2022 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2021
Actuarial Cost Method	Entry-age normal (level %)
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount rate used for the total pension liability	6.75%
Long term expected rate of return on plan assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.21%
Projected individual salary increases	3.75%-18.06%
Projected increase in total payroll	3.25%
Consumer price index (urban)	2.25%
Inflation	2.25%
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Appropriate
Retirement	L&A 2020 IL Firefighters Retirement Rates (Capped at age 65)
Disability	L&A 2020 IL Firefighters Disability Rates
Termination	L&A 2020 IL Firefighters Termination Rates
Marital Assumptions	Actual Spousal Data

Some assumptions were changed from the prior year. The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 2.27% to 3.21%. 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.

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.

CITY OF CHARLESTON, ILLINOIS
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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>
U.S. Equity	31%	5.20%
Developed Market Equity (non-US)	16%	5.10%
Emerging Market Equity	8%	5.50%
Private Equity	5%	8.60%
Public Credit	3%	1.80%
Private Credit	5%	7.00%
Cash Equivalents	0%	(0.60%)
Core Investment Grade Bonds	15%	1.60%
Long-Term Treasuries	3%	1.30%
TIPS	4%	0.80%
Real Estate	5%	4.90%
Infrastructure	5%	5.10%

Illinois Compiled Statutes (ILCS) limit the Fund’s investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. 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, 2022 are listed in the table above.

Investment Rate of Return:

For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (10.16)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate:

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

The expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.21%, and the resulting single discount rate is 6.75%.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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	\$ 27,198,172	\$ 21,754,042	\$ 17,304,886

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, 2021	\$ 39,504,980	\$ 17,797,951	\$ 21,707,029
Changes for the year:			
Service cost	607,943	-	607,943
Interest on the total pension liability	2,481,518	-	2,481,518
Actuarial experience	(1,721,702)	-	(1,721,702)
Changes of assumptions	-	-	-
Change of benefit terms	-	-	-
Contributions – employer	-	1,980,212	(1,980,212)
Contributions – member	-	226,590	(226,590)
Contributions – other	-	24,574	(24,574)
Net investment income	-	(876,107)	876,107
Benefit payments, including refunds of member contributions	(1,991,754)	(1,991,754)	-
Administrative expense	-	(34,523)	34,523
Net changes	(623,995)	(671,008)	47,013
Balances at April 30, 2022	\$ 38,880,985	\$ 17,126,943	\$ 21,754,042

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2022, the City recognized pension expense of \$1,240,532. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CHARLESTON, ILLINOIS
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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	\$ 794,460	\$ 1,576,645
Changes of assumptions	454,426	829,601
Net difference between projected and actual earnings on pension plan investments	<u>208,016</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>1,456,902</u>	<u>2,406,246</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
 Total Deferred Amounts Related to Pensions	 <u>\$ 1,456,902</u>	 <u>\$ 2,406,246</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>
2023	\$ (172,125)
2024	(30,217)
2025	(489,181)
2026	113,926
2027	(340,755)
Thereafter	<u>(30,992)</u>
 Total	 <u>\$ (949,344)</u>

d) Police Pension Trust Fund

Plan Description:

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

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

Benefits Provided:

The Fund provides retirement benefits as well as death and disability benefits in two tiers depending on when a participant enters a plan. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20

CITY OF CHARLESTON, ILLINOIS
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years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least 8 years, but less than 20 years, of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

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

Surviving spouses receive 100% of final salary for fatalities resulting from an act of duty or otherwise the greater of 54% of final salary or the employee's retirement benefit. Employees disabled in the line of duty receive 65% of final salary.

Plan Membership:

At April 30, 2022, participation was:

Inactive plan members or beneficiaries currently receiving benefits	37
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>32</u>
Total	<u><u>75</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, 2022, the City contributed \$1,931,212 to the plan.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions:

The total pension liability above was determined by an actuarial valuation performed as of May 1, 2021 with a measurement date of April 30, 2022 using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2021
Actuarial Cost Method	Entry-age normal (level %)
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount rate used for the total pension liability	6.75%
Long term expected rate of return on plan assets	6.75%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.21%
Projected individual salary increases	3.75%-22.27%
Projected increase in total payroll	3.25%
Consumer price index (urban)	2.25%
Inflation	2.25%
Mortality	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Appropriate
Retirement	L&A 2020 IL Police Retirement Rates (Capped at age 65)
Disability	L&A 2020 IL Police Disability Rates
Termination	L&A 2020 IL Police Termination Rates
Marital Assumptions	Actual Spousal Data

Some assumptions were changed from the prior year. The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 2.27% to 3.21%. 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.

Investment Policy:

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

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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

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

Illinois Compiled Statutes (ILCS) limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund. 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, 2022 are listed in the table above.

Investment Rate of Return:

For the year ended April 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.58)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate:

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

The expected rate of return on plan investments is 6.75%, the municipal bond rate is 3.21%, and the resulting single discount rate is 6.75%.

CITY OF CHARLESTON, ILLINOIS
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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	\$ 27,387,559	\$ 21,773,073	\$ 17,217,898

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, 2021	\$ 38,762,073	\$ 17,444,117	\$ 21,317,956
Changes for the year:			
Service cost	527,072	-	527,072
Interest on the total pension liability	2,473,617	-	2,473,617
Actuarial experience	(1,126,151)	-	(1,126,151)
Changes of assumptions	-	-	-
Changes of benefit terms	-	-	-
Contributions – employer	-	1,931,212	(1,931,212)
Contributions – member	-	328,566	(328,566)
Net investment income	-	(812,254)	812,254
Benefit payments, including refunds of member contributions	(1,950,234)	(1,950,234)	-
Administrative expense	-	(28,103)	28,103
Net changes	(75,696)	(530,813)	455,117
Balances at April 30, 2022	\$ 38,686,377	\$ 16,913,304	\$ 21,773,073

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – For the year ended April 30, 2022, the City recognized pension expense of \$1,402,780. At April 30, 2022, 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	\$ 1,383,215	\$ 1,189,155
Changes of assumptions	590,014	605,964
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>210,327</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>1,973,229</u>	<u>2,005,446</u>
Pension contributions made subsequent to the measurement date	<u>-</u>	<u>-</u>
 Total Deferred Amounts Related to Pensions	 <u>\$ 1,973,229</u>	 <u>\$ 2,005,446</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>
2023	\$ 23,128
2024	24,567
2025	(168,707)
2026	314,554
2027	(168,742)
Thereafter	<u>(57,017)</u>
 Total	 <u>\$ (32,217)</u>

e) Aggregate Pension Reporting:

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

IMRF – Regular	\$ (706,150)
IMRF – Sheriff’s Law Enforcement Personnel	(6,051)
Firefighters’ Pension Trust Fund	1,240,532
Police Pension Trust Fund	<u>1,402,780</u>
 Total	 <u>\$ 1,931,111</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE E - DEFERRED COMPENSATION AND OTHER RETIREMENT PLANS

- a) The City maintains for its employees a deferred compensation plan under provisions of Internal Revenue Code Section 457. The plan, available to all full-time employees, allows participants to defer a portion of their salary until future years. Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. The City has very little administrative involvement, performs no investing function, and has no fiduciary responsibility for this plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and are not subject to claims of the City's creditors. Accordingly, these plan assets are not reported as a part of these financial statements.
- b) The City participates in a Section 401 qualified plan. The City has agreed to provide additional compensation to the City Manager through the Illinois City Managers Association Retirement Fund. The City's agreement states it will make mandatory contributions to the Illinois City Managers Association Retirement Fund in an amount equal to 7.5% of the employee's salary. The employee's interest in the plan's contributions and earnings are 100% vested at all times. The City made plan contributions of \$10,956 for the year ended April 30, 2022.

NOTE F - LONG-TERM LIABILITIES

- a) The following is a summary of the City's long-term liabilities as of April 30, 2022, and transactions for the year then ended:

	Balance May 1, 2021	Additions	Retired	Balance April 30, 2022	Amount Due Within One Year
Governmental Activities:					
2012 GO Refunding Bonds	\$ 2,305,000	\$ -	\$ 535,000	\$ 1,770,000	\$ 565,000
Compensated absences	<u>1,852,752</u>	<u>100,601</u>	<u>-</u>	<u>1,953,353</u>	<u>-</u>
Total Governmental Activities, Long-Term Liabilities	<u>\$ 4,157,752</u>	<u>\$ 100,601</u>	<u>\$ 535,000</u>	<u>\$ 3,723,353</u>	<u>\$ 565,000</u>
Business-Type Activities:					
Notes payable	\$ 3,290,417	\$ 883,280	\$ 1,212,322	\$ 2,961,375	\$ 329,042
2011A Alternative Revenue Bonds	1,265,000	-	620,000	645,000	645,000
Compensated absences	<u>241,654</u>	<u>-</u>	<u>20,669</u>	<u>220,985</u>	<u>-</u>
Total Business-Type Activities, Long-Term Liabilities	<u>\$ 4,797,071</u>	<u>\$ 883,280</u>	<u>\$ 1,852,991</u>	<u>\$ 3,827,360</u>	<u>\$ 974,042</u>
Component Unit:					
Notes payable	\$ 129,701	\$ -	\$ 27,484	\$ 102,217	\$ 28,110
Capital lease payable	8,441	-	4,967	3,474	3,474
Compensated absences	<u>13,775</u>	<u>-</u>	<u>3,557</u>	<u>10,218</u>	<u>-</u>
Total Component Unit	<u>\$ 151,917</u>	<u>\$ -</u>	<u>\$ 36,008</u>	<u>\$ 115,909</u>	<u>\$ 31,584</u>

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

b) Governmental Activities:

The City issued \$5,145,000 general obligation refunding bonds, series 2012. Bond proceeds were issued to refund the general obligation bonds, series 2005 which were originally for the library renovation. BNY Mellon Trust Company is bond registrar and paying agent. Bonds are dated May 30, 2012, with final payment due December 15, 2024. Principal payments are due annually on December 15 and interest payments, varying from 0.80% to 2.50%, are due semiannually on June 15 and December 15. The economic gain, calculated on a present value basis, amounted to \$481,195. At April 30, 2022, the outstanding liability was \$1,770,000.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2022, are as follows:

<u>Year Ending</u> <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,770,000</u>	<u>\$ 86,285</u>	<u>\$ 1,856,285</u>

c) Business-Type Activities:

On October 9, 2009, the City obtained a loan from the State of Illinois. The loan calls for semi-annual payments of \$164,520.83 with no interest. The final maturity date is March 8, 2031. The loan is unsecured. At April 30, 2022, the outstanding liability was \$2,961,375.

On January 27, 2022, the State of Illinois authorized a loan to the City through the Illinois Environmental Protection Agency's Water Pollution Control Program in the amount of \$8,383,255. The loan calls for semi-annual principal payments at 0.83% interest. The final maturity date is December 20, 2041. As of April 30, 2022, \$883,280 had been drawn down. The loan will be reduced by \$2,514,977 as a result of debt forgiveness by the State of Illinois. At April 30, 2022, \$883,280 had been forgiven, and the City had no outstanding liability.

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, 2022, the outstanding liability was \$645,000.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2022, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 974,042	\$ 19,350	\$ 993,392
2024	329,042	-	329,042
2025	329,042	-	329,042
2026	329,042	-	329,042
2027	329,042	-	329,042
2028-2032	<u>1,316,165</u>	<u>-</u>	<u>1,316,165</u>
Total	<u>\$ 3,606,375</u>	<u>\$ 19,350</u>	<u>\$ 3,625,725</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, 2022, the outstanding liability was \$102,217.

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, 2022, the outstanding liability was \$3,474.

The annual requirements to retire long-term debt (excluding compensated absences) as of April 30, 2022, are as follows:

Year Ending <u>April 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 31,584	\$ 2,086	\$ 33,670
2024	28,745	1,376	30,121
2025	29,402	719	30,121
2026	<u>15,960</u>	<u>91</u>	<u>16,051</u>
Total	<u>\$ 105,691</u>	<u>\$ 4,272</u>	<u>\$ 109,963</u>

NOTE G - ECONOMIC DEPENDENCY

Eleven percent or \$636,370 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, 2022:

Tax Increment Financing Fund	\$ 39,363
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CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE I - EXPENDITURES IN EXCESS OF APPROPRIATIONS

Expenditures exceeded appropriations in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>
Motor Fuel Tax Fund	\$ 888,894	\$ 971,032

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, 2022 is as follows:

Claims payable, beginning of the year	\$ 80,592
Claims incurred and changes in accrual	1,015,656
Claims payments	<u>(927,470)</u>
Claims Payable, End of the Year	<u>\$ 168,778</u>

NOTE K - OTHER POST-EMPLOYMENT BENEFITS

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

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

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, 2022, 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, 2022, benefit payments for retiree medical coverage were \$137,875. 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, 2022:

Actuarial Cost Method:	Entry Age Normal
Salary Increases:	3.00%
Municipal Bond Rate:	2.27% beginning of year
	3.21% 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
Retirement Rates:	2028 year ultimate trend reached
	IMRF based on rates from IMRF Experience Study Report dated December 14, 2020
	100% of the L&A Assumption Study Cap Age 65 for Firefighters 2020
Termination Rates:	100% of the L&A Assumption Study Cap Age 65 for Police 2020
	IMRF based on rates from IMRF Experience Study Report dated December 14, 2020
	100% of the L&A Assumption Study for Firefighters 2020
Disability Rates:	100% of the L&A Assumption Study for Police 2020
	IMRF based on rates from IMRF Experience Study Report dated December 14, 2020
	100% of the L&A Assumption Study for Firefighters 2020
	100% of the L&A Assumption Study for Police 2020

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Mortality Rates:

IMRF PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020

Active police and firefighter mortality follows the sex distinct raw rates as developed in the PubS-2010(A) study improved to 2017 using MP-2019 improvements rates.

These rates are improved generationally using MP-2019 improvement rates.

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

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

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

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

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

The Actuary for the Illinois Municipal Retirement Fund performed an actuarial experience study of IMRF experience dated December 14, 2020. The assumptions impacted include:

- Mortality Rates
- Mortality Improvement Rates
- Retirement Rates
- Termination Rates
- Disability Rates

The above stated assumption changes were made to better reflect the future anticipated experience of the plan.

CITY OF CHARLESTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 2.27% to 3.21% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index and is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index.

The discount rate used in the determination of the Total OPEB Liability was changed from 2.27% to 3.21%.

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, 2022 was 3.21%. The discount rate used at April 30, 2021 was 2.27%.

Changes in OPEB Liability:	Total OPEB Liability (A)	OPEB Plan Net Position (B)	Net OPEB Liability (A) – (B)
Balances at April 30, 2021	\$ 2,947,453	\$ -	\$ 2,947,453
Changes for the year:			
Service cost	170,511	-	170,511
Interest	65,342	-	65,342
Actuarial experience	-	-	-
Assumptions changes	(267,456)	-	(267,456)
Contributions – employer	-	137,875	(137,875)
Contributions – employees	-	-	-
Net investment income	-	-	-
Benefit payments	(137,875)	(137,875)	-
Other (net transfer)	-	-	-
Net changes	<u>(169,478)</u>	<u>-</u>	<u>(169,478)</u>
Balances at April 30, 2022	<u>\$ 2,777,975</u>	<u>\$ -</u>	<u>\$ 2,777,975</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the plan’s net OPEB liability, calculated using a single discount rate of 3.21%, as well as what the plan’s net OPEB liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Lower 2.21%	Current 3.21%	1% Higher 4.21%
Net OPEB Liability (Asset)	\$ 3,006,349	\$ 2,777,975	\$ 2,569,408

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)	\$ 2,445,964	\$ 2,777,975	\$ 3,172,636

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, 2022, the City recognized OPEB expense of \$264,525. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts Related to OPEB:		
Deferred Amounts to be Recognized in OPEB		
Expense in Future Periods:		
Differences between expected and actual experience	\$ 906,299	\$ -
Changes of assumptions	271,113	910,774
Net difference between projected and actual earnings on plan investments	-	-
Total deferred amounts to be recognized in OPEB expense in future periods	1,177,412	910,774
Contributions made subsequent to the measurement date	-	-
Total Deferred Amounts Related to OPEB	\$ 1,177,412	\$ 910,774

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:

Year Ending April 30	Net Deferred Outflows/ (Inflows) of Resources
2023	\$ 28,672
2024	28,672
2025	28,672
2026	28,672
2027	28,672
Thereafter	123,278
Total	\$ 266,638

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 year ended April 30, 2022 are \$3,739.

The City has also entered into a redevelopment agreement with RHP Charleston, LLC to abate 30% of property taxes due to the City for two years beginning with the 2020 taxes payable in 2021. The City's current year property tax revenues are affected. The gross amount of property taxes abated during the year ended April 30, 2022 are \$17,356.

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 - SUBSEQUENT EVENTS

The City has been notified of a \$2,737,615 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 \$1,368,807 in September 2021 and the remaining balance was received in September 2022.

Beginning June 1, 2022 through July 31, 2022, the Police Pension Trust Fund transitioned all investment assets from the Plan's control to the consolidated Illinois Police Officers' Pension Investment Fund (IPOPIF) portfolio. As of that time, the statutory and fiduciary responsibility for the investment of pension fund assets shifted exclusively to the IPOPIF.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 April 30, 2022

Total OPEB Liability:	2022	2021	2020	2019
Service cost	\$ 170,511	\$ 110,132	\$ 84,471	\$ 78,631
Interest	65,342	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	(267,456)	(764,412)	325,403	-
Benefit payments	(137,875)	(181,046)	(194,023)	(166,674)
Net change in total OPEB liability	(169,478)	278,160	303,814	30,375
Total OPEB liability, beginning of year	2,947,453	2,669,293	2,365,479	2,335,104
Total OPEB Liability, End of Year	\$ 2,777,975	\$ 2,947,453	\$ 2,669,293	\$ 2,365,479
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 0.00%	 0.00%	 0.00%	 0.00%
 Covered Employee Payroll	 \$ 8,846,971	 \$ 8,722,579	 \$ 8,017,632	 \$ 7,784,109
 Employer's Net OPEB Liability as a Percentage of Covered Employee Payroll	 31.40%	 33.79%	 33.29%	 30.39%

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

Notes to Schedule:

The total OPEB liability amount presented for each fiscal year was determined as of the fiscal year-end. No assets have been accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4, to pay related benefits. However, the City did make contributions from other City resources in the current year in the amount of \$137,875.

For the 2022 measurement year, there were no changes of benefit terms from the prior year.

For the purpose of developing changes in OPEB liability for GASB Statement No. 75 reporting, the discount rate increased from 2.27% to 3.21%. Changes in assumptions reflect a change in the mortality rates, mortality improvement rates, retirement rates, termination rates, and disability rates based on the IMRF actuarial experience study dated December 14, 2020.

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, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service cost	\$ 364,374	\$ 389,046	\$ 377,192	\$ 380,401	\$ 401,334	\$ 440,775	\$ 405,183
Interest	2,423,357	2,364,133	2,311,826	2,244,216	2,258,310	2,230,481	2,084,227
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	222,498	449,795	47,731	423,358	(86,560)	(683,055)	989,302
Changes of assumptions	-	(297,575)	-	870,592	(988,996)	(106,305)	72,805
Benefit payments, including refunds of employee contributions	(2,105,980)	(2,046,375)	(1,996,032)	(1,909,134)	(1,613,952)	(1,607,168)	(1,466,691)
Net change in total pension liability	904,249	859,024	740,717	2,009,433	(29,864)	274,728	2,084,826
Total pension liability, beginning of year	34,296,417	33,437,393	32,696,676	30,687,243	30,717,107	30,442,379	28,357,553
Total Pension Liability, End of Year	\$ 35,200,666	\$ 34,296,417	\$ 33,437,393	\$ 32,696,676	\$ 30,687,243	\$ 30,717,107	\$ 30,442,379
Plan Fiduciary Net Position:							
Contributions - employer	\$ 532,087	\$ 532,453	\$ 406,324	\$ 547,453	\$ 558,745	\$ 529,174	\$ 552,229
Contributions - employees	182,638	174,728	189,838	176,685	184,679	187,795	217,296
Net investment income	6,093,773	4,602,740	5,352,130	(1,809,322)	4,871,511	1,766,549	129,901
Benefit payments, including refunds of employee contributions	(2,105,980)	(2,046,375)	(1,996,032)	(1,909,134)	(1,613,952)	(1,607,168)	(1,466,691)
Other (net transfer)	(439,235)	478,403	(270,340)	655,653	(1,076,041)	(69,676)	292,517
Net change in fiduciary net position	4,263,283	3,741,949	3,681,920	(2,338,665)	2,924,942	806,674	(274,748)
Plan net position, beginning of year	34,870,925	31,128,976	27,447,056	29,785,721	26,860,779	26,054,105	26,328,853
Plan Net Position, End of Year	\$ 39,134,208	\$ 34,870,925	\$ 31,128,976	\$ 27,447,056	\$ 29,785,721	\$ 26,860,779	\$ 26,054,105
Employer's Net Pension Liability (Asset)	\$ (3,933,542)	\$ (574,508)	\$ 2,308,417	\$ 5,249,620	\$ 901,522	\$ 3,856,328	\$ 4,388,274
Plan Fiduciary Net Position							
as a Percentage of the Total Pension Liability	111.17%	101.68%	93.10%	83.94%	97.06%	87.45%	85.58%
Covered Employee Payroll	\$ 4,058,628	\$ 3,882,844	\$ 3,899,449	\$ 3,926,327	\$ 3,976,231	\$ 3,951,200	\$ 4,184,930
Employer's Net Pension Liability (Asset)							
as a Percentage of Covered Employee Payroll	-96.92%	-14.80%	59.20%	133.70%	22.67%	97.60%	104.86%

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

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS (Continued)
ILLINOIS MUNICIPAL RETIREMENT PLANS
SHERIFF'S LAW ENFORCEMENT PERSONNEL
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	2,324	2,314	1,645	1,647	1,614	1,544	1,429
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	312	221	9,204	(1,073)	(897)	(600)	101
Changes of assumptions	-	108	-	565	(283)	-	-
Benefit payments, including refunds of employee contributions	<u>(2,558)</u>	<u>(2,453)</u>	<u>(810)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total pension liability	78	190	10,039	1,139	434	944	1,530
Total pension liability, beginning 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>	<u>19,052</u>
Total Pension Liability, End of Year	<u>\$ 33,406</u>	<u>\$ 33,328</u>	<u>\$ 33,138</u>	<u>\$ 23,099</u>	<u>\$ 21,960</u>	<u>\$ 21,526</u>	<u>\$ 20,582</u>
Plan Fiduciary Net Position:							
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - employees	-	-	-	-	-	-	-
Net investment income	14,007	10,473	9,596	(2,999)	8,875	3,321	260
Benefit payments, including refunds of employee contributions	(2,558)	(2,453)	(810)	-	-	-	-
Other (net transfer)	<u>(129)</u>	<u>436</u>	<u>538</u>	<u>162</u>	<u>(108)</u>	<u>94</u>	<u>(4,906)</u>
Net change in fiduciary net position	11,320	8,456	9,324	(2,837)	8,767	3,415	(4,646)
Plan net position, beginning 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>	<u>52,075</u>
Plan Net Position, End of Year	<u>\$ 85,874</u>	<u>\$ 74,554</u>	<u>\$ 66,098</u>	<u>\$ 56,774</u>	<u>\$ 59,611</u>	<u>\$ 50,844</u>	<u>\$ 47,429</u>
Employer's Net Pension Liability (Asset)	<u>\$ (52,468)</u>	<u>\$ (41,226)</u>	<u>\$ (32,960)</u>	<u>\$ (33,675)</u>	<u>\$ (37,651)</u>	<u>\$ (29,318)</u>	<u>\$ (26,847)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	257.06%	223.70%	199.46%	245.79%	271.45%	236.20%	230.44%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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, 2021

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
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>\$ (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>\$ 94,871</u>					
Employer's Net Pension Liability (Asset)	<u>\$ -</u>	<u>\$ (16,426)</u>	<u>\$ (9,328)</u>				
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	110.90%
Covered Employee Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost	\$ 607,943	\$ 650,264	\$ 658,606	\$ 658,795	\$ 732,324	\$ 748,705	\$ 637,009	\$ 534,247
Interest	2,481,518	2,514,880	2,340,586	2,235,344	2,136,096	2,230,456	1,965,715	1,836,335
Changes of benefit terms	-	-	120,504	-	-	-	-	-
Differences between expected and actual experience	(1,721,702)	748,376	(82,942)	495,946	208,933	(1,830,944)	316,828	178,958
Changes of assumptions	-	-	(1,215,249)	50,281	1,498,602	(2,177,903)	3,888,066	3,843,696
Benefit payments, including refunds of member contributions	(1,991,754)	(1,865,515)	(1,758,264)	(1,730,149)	(1,644,259)	(1,598,424)	(1,533,438)	(1,543,895)
Net change in total pension liability	(623,995)	2,048,005	63,241	1,710,217	2,931,696	(2,628,110)	5,274,180	4,849,341
Total pension liability, beginning of year	39,504,980	37,456,975	37,393,734	35,683,517	32,751,821	35,379,931	30,105,751	25,256,410
Total Pension Liability, End of Year	<u>\$ 38,880,985</u>	<u>\$ 39,504,980</u>	<u>\$ 37,456,975</u>	<u>\$ 37,393,734</u>	<u>\$ 35,683,517</u>	<u>\$ 32,751,821</u>	<u>\$ 35,379,931</u>	<u>\$ 30,105,751</u>
Plan Fiduciary Net Position:								
Contributions - employer	\$ 1,980,212	\$ 1,609,463	\$ 1,499,010	\$ 1,108,429	\$ 1,077,518	\$ 828,911	\$ 853,070	\$ 737,795
Contributions - members	226,590	235,841	224,001	218,125	198,334	185,745	180,258	167,333
Contributions - other	24,574	-	3,896	-	-	-	-	-
Net investment income	(876,107)	4,171,122	(166,281)	663,012	697,658	969,425	(327,615)	970,210
Benefit payments, including refunds of member contributions	(1,991,754)	(1,865,515)	(1,758,264)	(1,730,149)	(1,644,259)	(1,598,424)	(1,533,438)	(1,543,895)
Administrative expense	(34,523)	(35,858)	(21,951)	(21,005)	(21,371)	(19,833)	(25,281)	(21,700)
Net change in fiduciary net position	(671,008)	4,115,053	(219,589)	238,412	307,880	365,824	(853,006)	309,743
Plan net position, beginning of year	17,797,951	13,682,898	13,902,487	13,664,075	13,356,195	12,990,371	13,843,377	13,533,634
Plan Net Position, End of Year	<u>\$ 17,126,943</u>	<u>\$ 17,797,951</u>	<u>\$ 13,682,898</u>	<u>\$ 13,902,487</u>	<u>\$ 13,664,075</u>	<u>\$ 13,356,195</u>	<u>\$ 12,990,371</u>	<u>\$ 13,843,377</u>
Employer's Net Pension Liability	<u>\$ 21,754,042</u>	<u>\$ 21,707,029</u>	<u>\$ 23,774,077</u>	<u>\$ 23,491,247</u>	<u>\$ 22,019,442</u>	<u>\$ 19,395,626</u>	<u>\$ 22,389,560</u>	<u>\$ 16,262,374</u>
Plan Fiduciary Net Position								
as a Percentage of the Total Pension Liability	44.05%	45.05%	36.53%	37.18%	38.29%	40.78%	36.72%	45.98%
Covered employee payroll	\$ 2,396,508	\$ 2,443,333	\$ 2,366,424	\$ 2,306,984	\$ 2,252,717	\$ 2,283,318	\$ 2,170,081	\$ 2,036,241
Employer's Net Pension Liability								
as a Percentage of Covered Employee Payroll	907.74%	888.42%	1004.64%	1018.27%	977.46%	849.45%	1031.74%	798.65%
Annual money-weighted rate of return,								
net of investment expense	-10.16%	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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:								
Service cost	\$ 527,072	\$ 571,700	\$ 579,314	\$ 587,888	\$ 650,800	\$ 587,268	\$ 545,029	\$ 429,374
Interest	2,473,617	2,469,899	2,187,308	2,064,043	2,079,372	2,054,386	1,865,469	1,672,362
Changes of benefit terms	-	-	157,915	-	-	-	-	-
Differences between expected and actual experience	(1,126,151)	731,533	738,284	1,025,200	(1,072,898)	(11,029)	(296,852)	733,545
Changes of assumptions	-	-	(1,011,744)	391,918	1,868,943	(1,845,368)	3,063,749	3,559,196
Benefit payments, including refunds of member contributions	(1,950,234)	(1,865,145)	(1,700,009)	(1,649,883)	(1,423,140)	(1,347,343)	(1,335,801)	(1,182,746)
Net change in total pension liability	(75,696)	1,907,987	951,068	2,419,166	2,103,077	(562,086)	3,841,594	5,211,731
Total pension liability, beginning of year	38,762,073	36,854,086	35,903,018	33,483,852	31,380,775	31,942,861	28,101,267	22,889,536
Total Pension Liability, End of Year	<u>\$ 38,686,377</u>	<u>\$ 38,762,073</u>	<u>\$ 36,854,086</u>	<u>\$ 35,903,018</u>	<u>\$ 33,483,852</u>	<u>\$ 31,380,775</u>	<u>\$ 31,942,861</u>	<u>\$ 28,101,267</u>
Plan Fiduciary Net Position:								
Contributions - employer	\$ 1,931,212	\$ 1,569,987	\$ 1,431,294	\$ 1,044,406	\$ 987,043	\$ 817,671	\$ 730,357	\$ 665,353
Contributions - members	328,566	226,287	209,955	202,203	240,179	198,592	229,505	189,348
Net investment income	(812,254)	4,253,680	199,347	1,174,039	714,790	823,497	(270,127)	781,669
Benefit payments, including refunds of member contributions	(1,950,234)	(1,865,145)	(1,700,009)	(1,649,883)	(1,423,140)	(1,347,343)	(1,335,801)	(1,182,746)
Administrative expense	(28,103)	(36,343)	(60,820)	(29,230)	(35,528)	(22,259)	(91,373)	(40,273)
Net change in fiduciary net position	(530,813)	4,148,466	79,767	741,535	483,344	470,158	(737,439)	413,351
Plan net position, beginning of year	17,444,117	13,295,651	13,215,884	12,474,349	11,991,005	11,520,847	12,258,286	11,844,935
Plan Net Position, End of Year	<u>\$ 16,913,304</u>	<u>\$ 17,444,117</u>	<u>\$ 13,295,651</u>	<u>\$ 13,215,884</u>	<u>\$ 12,474,349</u>	<u>\$ 11,991,005</u>	<u>\$ 11,520,847</u>	<u>\$ 12,258,286</u>
Employer's Net Pension Liability	<u>\$ 21,773,073</u>	<u>\$ 21,317,956</u>	<u>\$ 23,558,435</u>	<u>\$ 22,687,134</u>	<u>\$ 21,009,503</u>	<u>\$ 19,389,770</u>	<u>\$ 20,422,014</u>	<u>\$ 15,842,981</u>
Plan Fiduciary Net Position								
as a Percentage of the Total Pension Liability	43.72%	45.00%	36.08%	36.81%	37.25%	38.21%	36.07%	43.62%
Covered employee payroll	\$ 2,283,827	\$ 2,179,898	\$ 2,111,281	\$ 2,036,242	\$ 2,055,187	\$ 2,030,064	\$ 1,882,651	\$ 1,887,054
Employer's Net Pension Liability								
as a Percentage of Covered Employee Payroll	953.36%	977.93%	1115.84%	1114.17%	1022.27%	955.13%	1084.75%	839.56%
Annual money-weighted rate of return,								
net of investment expense	-4.58%	33.82%	1.88%	9.34%	6.05%	6.53%	-1.90%	6.78%

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

CITY OF CHARLESTON, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT PLANS
 December 31, 2021

Calendar Year Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
-------------------------------------------	-------------------------------------------	------------------------	----------------------------------------	--------------------------------	--------------------------------------------------------------

Illinois Municipal Retirement Fund - Regular Plan:

2021	\$ 532,086	\$ 532,087	\$ (1)	\$ 4,058,628	13.11%
2020	519,913	532,453	(12,540)	3,882,844	13.71%
2019	406,323	406,324	(1)	3,899,449	10.42%
2018	495,895	547,453	(51,558)	3,926,327	13.94%
2017	508,162	558,745	(50,583)	3,976,231	14.05%
2016	507,729	529,174	(21,445)	3,951,200	13.39%
2015	546,970	552,229	(5,259)	4,184,930	13.20%

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

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

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

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

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS (Continued)
December 31, 2021

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 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:	22-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 17 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, 2019 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, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,714,245	\$ 1,522,087	\$ 1,425,227	\$ 1,039,797	\$ 1,024,356	\$ 809,085	\$ 661,765	\$ 613,488	\$ 543,261	\$ 516,548
Contributions in relation to the actuarially determined contribution	<u>1,980,212</u>	<u>1,609,463</u>	<u>1,499,010</u>	<u>1,108,429</u>	<u>1,077,518</u>	<u>828,911</u>	<u>853,070</u>	<u>737,795</u>	<u>711,004</u>	<u>791,765</u>
Contribution Deficiency (Excess)	<u>\$ (265,967)</u>	<u>\$ (87,376)</u>	<u>\$ (73,783)</u>	<u>\$ (68,632)</u>	<u>\$ (53,162)</u>	<u>\$ (19,826)</u>	<u>\$ (191,305)</u>	<u>\$ (124,307)</u>	<u>\$ (167,743)</u>	<u>\$ (275,217)</u>
Covered employee payroll	\$ 2,396,508	\$ 2,492,847	\$ 2,366,424	\$ 2,306,984	\$ 2,252,717	\$ 2,283,318	\$ 2,170,081	\$ 2,036,241	\$ 1,943,033	\$ 1,861,605
Contributions as a percentage of covered employee payroll	82.63%	64.56%	63.34%	48.05%	47.83%	36.30%	39.31%	36.23%	36.59%	42.53%

Notes to the Required Supplementary Information:

The actuarially determined contribution shown above for the current year is the statutory minimum contribution from the May 1, 2021 actuarial valuation completed by Lauterbach and Amen, LLP for the December 2020 tax levy. The methods and assumptions shown below are based on the same actuarial valuation.

Actuarial valuation date	May 1, 2021
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay (closed)
Amortization target	90% funded over 20 years
Asset valuation method	5-Year smoothed market value
Inflation	2.25%
Total payroll increases	3.25%
Individual pay increases	3.75%-18.06%
Expected rate of return on investments	6.75%
Mortality rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described
Retirement rates	100% of L&A 2020 Illinois Firefighters Retirement Rates Capped at Age 65
Termination rates	100% of L&A 2020 Illinois Firefighters Termination Rates
Disability rates	100% of L&A 2020 Illinois Firefighters Disability Rates

CITY OF CHARLESTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND
April 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,678,361	\$ 1,486,420	\$ 1,361,003	\$ 979,592	\$ 938,100	\$ 804,106	\$ 669,480	\$ 615,874	\$ 573,920	\$ 558,760
Contributions in relation to the actuarially determined contribution	<u>1,931,212</u>	<u>1,569,987</u>	<u>1,431,294</u>	<u>1,044,406</u>	<u>987,043</u>	<u>817,671</u>	<u>730,357</u>	<u>665,353</u>	<u>665,412</u>	<u>734,408</u>
Contribution Deficiency (Excess)	<u>\$ (252,851)</u>	<u>\$ (83,567)</u>	<u>\$ (70,291)</u>	<u>\$ (64,814)</u>	<u>\$ (48,943)</u>	<u>\$ (13,565)</u>	<u>\$ (60,877)</u>	<u>\$ (49,479)</u>	<u>\$ (91,492)</u>	<u>\$ (175,648)</u>
Covered employee payroll	\$ 2,283,827	\$ 2,275,099	\$ 2,111,281	\$ 2,036,242	\$ 2,055,187	\$ 2,030,064	\$ 1,882,651	\$ 1,887,054	\$ 1,888,677	\$ 1,772,626
Contributions as a percentage of covered employee payroll	84.56%	69.01%	67.79%	51.29%	48.03%	40.28%	38.79%	35.26%	35.23%	41.43%

Notes to the Required Supplementary Information:

The actuarially determined contribution shown above for the current year is the statutory minimum contribution from the May 1, 2021 actuarial valuation completed by Lauterbach and Amen, LLP for the December 2020 tax levy. The methods and assumptions shown below are based on the same actuarial valuation.

Actuarial valuation date	May 1, 2021
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay (closed)
Amortization target	90% funded over 20 years
Asset valuation method	5-Year smoothed market value
Inflation	2.25%
Total payroll increases	3.25%
Individual pay increases	3.75%-22.27%
Expected rate of return on investments	6.75%
Mortality rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described
Retirement rates	100% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65
Termination rates	100% of L&A 2020 Illinois Police Termination Rates
Disability rates	100% of L&A 2020 Illinois Police Disability Rates

SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, ILLINOIS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 April 30, 2022

	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	\$ 1,908,464	\$ 19,843	\$ 20,786	\$ -	\$ 112,671	\$ 28,278	\$ 2,090,042
Receivables, net of allowance for uncollectible:							
Property taxes	-	-	204,863	-	179,576	612,770	997,209
Other	-	-	-	-	20,872	-	20,872
Customers	-	-	-	-	7,805	-	7,805
Due from other governmental agencies	73,280	40	-	-	10,463	-	83,783
Inventory	32,406	-	-	-	-	-	32,406
Total Assets	<u>\$ 2,014,150</u>	<u>\$ 19,883</u>	<u>\$ 225,649</u>	<u>\$ -</u>	<u>\$ 331,387</u>	<u>\$ 641,048</u>	<u>\$ 3,232,117</u>
LIABILITIES							
Accounts payable	\$ 284,102	\$ -	\$ 10,149	\$ -	\$ 39,568	\$ -	\$ 333,819
Accrued wages	683	-	-	-	5,506	-	6,189
Due to other funds	-	-	50,000	-	-	-	50,000
Total liabilities	<u>284,785</u>	<u>-</u>	<u>60,149</u>	<u>-</u>	<u>45,074</u>	<u>-</u>	<u>390,008</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable miscellaneous revenue	-	-	-	-	44,208	-	44,208
Unavailable property tax revenue	-	-	204,863	-	179,576	612,770	997,209
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>204,863</u>	<u>-</u>	<u>223,784</u>	<u>612,770</u>	<u>1,041,417</u>
FUND BALANCE							
Nonspendable	32,406	-	-	-	-	-	32,406
Restricted for:							
Public safety	-	19,883	-	-	-	-	19,883
Highways and streets	1,696,959	-	-	-	-	-	1,696,959
Debt service	-	-	-	-	-	28,278	28,278
Committed for:							
Culture and recreation	-	-	-	-	62,529	-	62,529
Unassigned (deficit)	-	-	(39,363)	-	-	-	(39,363)
Total fund balance (deficit)	<u>1,729,365</u>	<u>19,883</u>	<u>(39,363)</u>	<u>-</u>	<u>62,529</u>	<u>28,278</u>	<u>1,800,692</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,014,150</u>	<u>\$ 19,883</u>	<u>\$ 225,649</u>	<u>\$ -</u>	<u>\$ 331,387</u>	<u>\$ 641,048</u>	<u>\$ 3,232,117</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, 2022

	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	\$ -	\$ -	\$ 203,719	\$ -	\$ 180,527	\$ 591,083	\$ 975,329
Mobile home privilege tax	-	-	-	-	212	693	905
Other governmental agencies	1,350,303	-	-	-	129	-	1,350,432
Licenses, permits and fees	-	-	-	-	356,219	-	356,219
Interest income	-	3	39	-	110	117	269
Private donations and contributions	-	-	-	-	33,305	-	33,305
Gain (loss) on sale of investments	-	-	-	12	-	-	12
Miscellaneous income	2,789	17,398	-	-	5,964	-	26,151
Total revenues	<u>1,353,092</u>	<u>17,401</u>	<u>203,758</u>	<u>12</u>	<u>576,466</u>	<u>591,893</u>	<u>2,742,622</u>
Expenditures:							
Public safety	-	1,071	-	-	-	-	1,071
Highways and streets	589,451	-	-	-	-	-	589,451
Culture and recreation	-	-	-	21	632,591	-	632,612
Economic development and assistance	-	-	96,314	-	-	-	96,314
Debt service:							
Principal	-	-	-	-	-	535,000	535,000
Interest	-	-	1,417	-	-	53,866	55,283
Capital outlay	381,581	-	-	15,333	-	-	396,914
Total expenditures	<u>971,032</u>	<u>1,071</u>	<u>97,731</u>	<u>15,354</u>	<u>632,591</u>	<u>588,866</u>	<u>2,306,645</u>
Excess of revenues over (under) expenditures	<u>382,060</u>	<u>16,330</u>	<u>106,027</u>	<u>(15,342)</u>	<u>(56,125)</u>	<u>3,027</u>	<u>435,977</u>
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	20,000	-	20,000
Net change in fund balance	382,060	16,330	106,027	(15,342)	(36,125)	3,027	455,977
Fund balance (deficit), beginning 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>
Fund Balance (Deficit), End of Year	<u>\$ 1,729,365</u>	<u>\$ 19,883</u>	<u>\$ (39,363)</u>	<u>\$ -</u>	<u>\$ 62,529</u>	<u>\$ 28,278</u>	<u>\$ 1,800,692</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Motor fuel tax allotments	\$ 859,327	\$ 859,327	\$ 870,566	\$ 11,239
State grants	479,737	479,737	479,737	-
Contingencies	<u>4,500</u>	<u>4,500</u>	<u>2,789</u>	<u>(1,711)</u>
Total revenues	<u>1,343,564</u>	<u>1,343,564</u>	<u>1,353,092</u>	<u>9,528</u>
Expenditures:				
Highways and Streets:				
Personnel services	40,494	40,494	40,496	(2)
Commodities	227,900	227,900	252,772	(24,872)
Contractual services	422,500	422,500	148,816	273,684
Non-capitalized capital outlay	<u>198,000</u>	<u>198,000</u>	<u>147,367</u>	<u>50,633</u>
	<u>888,894</u>	<u>888,894</u>	<u>589,451</u>	<u>299,443</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>381,581</u>	<u>(381,581)</u>
Total expenditures	<u>888,894</u>	<u>888,894</u>	<u>971,032</u>	<u>(82,138)</u>
Net change in fund balance	<u>\$ 454,670</u>	<u>\$ 454,670</u>	382,060	<u>\$ (72,610)</u>
Fund balance, beginning of year			<u>1,347,305</u>	
Fund Balance, End of Year			<u>\$ 1,729,365</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Interest income	\$ 10	\$ 10	\$ 3	\$ (7)
Offender payments	6,000	6,000	16,908	10,908
Miscellaneous income	<u>-</u>	<u>-</u>	<u>490</u>	<u>490</u>
Total revenues	<u>6,010</u>	<u>6,010</u>	<u>17,401</u>	<u>11,391</u>
Expenditures:				
Public Safety:				
Commodities	1,000	1,000	1,071	(71)
Contractual services	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>1,071</u>	<u>929</u>
Net change in fund balance	<u>\$ 4,010</u>	<u>\$ 4,010</u>	16,330	<u>\$ 12,320</u>
Fund balance, beginning of year			<u>3,553</u>	
Fund Balance, End of Year			<u>\$ 19,883</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 191,861	\$ 191,861	\$ 203,719	\$ 11,858
Interest income	100	100	39	(61)
Total revenues	<u>191,961</u>	<u>191,961</u>	<u>203,758</u>	<u>11,797</u>
Expenditures:				
Economic Development and Assistance:				
Contractual services:				
Audit and accounting services	650	650	600	50
Other consulting services	<u>2,500</u>	<u>2,500</u>	<u>1,372</u>	<u>1,128</u>
	<u>3,150</u>	<u>3,150</u>	<u>1,972</u>	<u>1,178</u>
Capital outlay:				
Rebate to taxing bodies	38,372	38,372	40,744	(2,372)
TIF grants	70,000	70,000	42,886	27,114
TIF public improvements	<u>20,000</u>	<u>20,000</u>	<u>10,712</u>	<u>9,288</u>
	<u>128,372</u>	<u>128,372</u>	<u>94,342</u>	<u>34,030</u>
Total economic development and assistance	<u>131,522</u>	<u>131,522</u>	<u>96,314</u>	<u>35,208</u>
Debt Service:				
Interest	<u>1,500</u>	<u>1,500</u>	<u>1,417</u>	<u>83</u>
Total expenditures	<u>133,022</u>	<u>133,022</u>	<u>97,731</u>	<u>35,291</u>
Net change in fund balance	<u>\$ 58,939</u>	<u>\$ 58,939</u>	106,027	<u>\$ 47,088</u>
Fund balance (deficit), beginning of year			<u>(145,390)</u>	
Fund Balance (Deficit), End of Year			<u>\$ (39,363)</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, 2022

	<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	\$ 200	\$ 200	\$ 12	\$ (188)
Expenditures:				
Culture and recreation	-	-	21	(21)
Capital outlay	-	16,000	15,333	667
Total expenditures	-	16,000	15,354	646
Net change in fund balance	<u>\$ 200</u>	<u>\$ (15,800)</u>	(15,342)	<u>\$ 458</u>
Fund balance, beginning of year			<u>15,342</u>	
Fund Balance, End of Year			<u>\$ -</u>	

CITY OF CHARLESTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
PLAYGROUND AND RECREATION FUND
For the Year Ended April 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 181,239	\$ 181,239	\$ 180,527	\$ (712)
Mobile home taxes	260	260	212	(48)
Rentals	5,500	5,500	3,801	(1,699)
Recreation programs fees	273,670	273,670	275,495	1,825
Concessions	2,600	2,600	2,462	(138)
Brochure advertising	2,300	2,300	1,150	(1,150)
Other governmental agencies	-	-	129	129
Interest income	950	950	110	(840)
Private donations and contributions	24,500	24,500	22,100	(2,400)
Program sponsors	8,000	8,000	11,205	3,205
Swimming pool	104,050	104,050	73,311	(30,739)
Miscellaneous income	6,225	6,225	5,964	(261)
Total revenues	<u>609,294</u>	<u>609,294</u>	<u>576,466</u>	<u>(32,828)</u>
Expenditures:				
Culture and Recreation:				
Recreation programs	489,051	489,051	482,651	6,400
Swimming pool	<u>190,427</u>	<u>190,427</u>	<u>149,940</u>	<u>40,487</u>
Total culture and recreation	<u>679,478</u>	<u>679,478</u>	<u>632,591</u>	<u>46,887</u>
Excess of revenues over (under) expenditures	<u>(70,184)</u>	<u>(70,184)</u>	<u>(56,125)</u>	<u>14,059</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>\$ (50,184)</u>	<u>\$ (50,184)</u>	<u>(36,125)</u>	<u>\$ 14,059</u>
Fund balance, beginning of year			<u>98,654</u>	
Fund Balance, End of Year			<u>\$ 62,529</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Revenues:				
Property taxes	\$ 587,638	\$ 587,638	\$ 591,083	\$ 3,445
Mobile home taxes	825	825	693	(132)
Interest income	<u>1,035</u>	<u>1,035</u>	<u>117</u>	<u>(918)</u>
Total revenues	<u>589,498</u>	<u>589,498</u>	<u>591,893</u>	<u>2,395</u>
Expenditures:				
Debt service:				
Principal	535,000	535,000	535,000	-
Interest	<u>54,498</u>	<u>54,498</u>	<u>53,866</u>	<u>632</u>
Total expenditures	<u>589,498</u>	<u>589,498</u>	<u>588,866</u>	<u>632</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,027	<u>\$ 3,027</u>
Fund balance, beginning of year			<u>25,251</u>	
Fund Balance, End of Year			<u>\$ 28,278</u>	

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 April 30, 2022

	Pension Trust Funds			Custodial Funds			Total Fiduciary Funds	
	Firefighters' Pension Fund	Police Pension Fund	Total Pension Funds	East Central Illinois Task Force Fund	GovTC Fund	Recreation Affiliates Funds		Total Custodial Funds
ASSETS								
Cash	\$ 967,991	\$ 585,326	\$ 1,553,317	\$ 266	\$ 148,279	\$ 227,562	\$ 376,107	\$ 1,929,424
Receivables:								
Interest	-	26,352	26,352	-	-	-	-	26,352
Due from primary government	76,231	72,668	148,899	-	-	-	-	148,899
Total receivables	76,231	99,020	175,251	-	-	-	-	175,251
Prepaid expenses	530	530	1,060	-	1,210	-	1,210	2,270
Investments, at fair value:								
Fixed income	-	5,393,908	5,393,908	-	-	-	-	5,393,908
Mutual funds	-	10,843,714	10,843,714	-	-	4,351	4,351	10,848,065
Pooled investments	16,087,606	-	16,087,606	-	-	-	-	16,087,606
Total investments	16,087,606	16,237,622	32,325,228	-	-	4,351	4,351	32,329,579
Total assets	17,132,358	16,922,498	34,054,856	266	149,489	231,913	381,668	34,436,524
LIABILITIES								
Accounts payable	5,415	9,194	14,609	-	-	7,897	7,897	22,506
NET POSITION								
Fiduciary net position - held in trust for pension benefits	17,126,943	16,913,304	34,040,247	-	-	-	-	34,040,247
Fiduciary net position - held for others	-	-	-	266	149,489	224,016	373,771	373,771
Total Net Position	\$ 17,126,943	\$ 16,913,304	\$ 34,040,247	\$ 266	\$ 149,489	\$ 224,016	\$ 373,771	\$ 34,414,018

CITY OF CHARLESTON, ILLINOIS
 COMBINING STATEMENT OF CHANGES IN
 FIDUCIARY NET POSITION
 For the Year Ended April 30, 2022

	Pension Trust Funds			Custodial Funds				Total Fiduciary Funds
	Firefighters' Pension Fund	Police Pension Fund	Total Pension Funds	East Central Illinois Task Force Fund	GovTC Fund	Recreation Affiliates Funds	Total Custodial Funds	
Additions:								
Employer contributions	\$ 1,980,212	\$ 1,931,212	\$ 3,911,424	\$ -	\$ -	\$ -	\$ -	\$ 3,911,424
Plan members contributions	251,164	328,566	579,730	-	-	-	-	579,730
Investment income:								
Net appreciation (depreciation) in fair value of investments	(1,039,577)	(1,330,544)	(2,370,121)	-	-	(202)	(202)	(2,370,323)
Interest	95,029	229,123	324,152	-	-	92	92	324,244
Dividends and capital gain distributions	79,354	310,562	389,916	-	-	-	-	389,916
Less investment expense	(14,827)	(21,724)	(36,551)	-	-	-	-	(36,551)
Net investment income	(880,021)	(812,583)	(1,692,604)	-	-	(110)	(110)	(1,692,714)
Grants, donations, and sponsors	-	-	-	-	-	47,543	47,543	47,543
Fundraisers	-	-	-	-	-	60,336	60,336	60,336
Contracted services	-	-	-	-	29,988	5,482	35,470	35,470
Other additions	70	329	399	-	7,386	77,916	85,302	85,701
Total additions	<u>1,351,425</u>	<u>1,447,524</u>	<u>2,798,949</u>	<u>-</u>	<u>37,374</u>	<u>191,167</u>	<u>228,541</u>	<u>3,027,490</u>
Deductions:								
Benefits	1,991,754	1,931,992	3,923,746	-	-	-	-	3,923,746
Refunds of contributions	-	18,242	18,242	-	-	-	-	18,242
Administration expenses	30,679	28,103	58,782	-	-	-	-	58,782
Program expenses	-	-	-	547	108,991	193,376	302,914	302,914
Total deductions	<u>2,022,433</u>	<u>1,978,337</u>	<u>4,000,770</u>	<u>547</u>	<u>108,991</u>	<u>193,376</u>	<u>302,914</u>	<u>4,303,684</u>
Change in net position	(671,008)	(530,813)	(1,201,821)	(547)	(71,617)	(2,209)	(74,373)	(1,276,194)
Net position, beginning of year	<u>17,797,951</u>	<u>17,444,117</u>	<u>35,242,068</u>	<u>813</u>	<u>221,106</u>	<u>226,225</u>	<u>448,144</u>	<u>35,690,212</u>
Net Position, End of Year	<u>\$ 17,126,943</u>	<u>\$ 16,913,304</u>	<u>\$ 34,040,247</u>	<u>\$ 266</u>	<u>\$ 149,489</u>	<u>\$ 224,016</u>	<u>\$ 373,771</u>	<u>\$ 34,414,018</u>

CITY OF CHARLESTON, ILLINOIS
CONSOLIDATED YEAR-END FINANCIAL REPORT
For the Year Ended April 30, 2022

CSFA Number	Program Name	State Amount	Federal Amount	Other Amount	Total Amount
350-00-0015	Grants to States	\$ -	\$ 310	\$ -	\$ 310
	Community Development Block Grant Housing Rehabilitation Program	-	129,782	-	129,782
420-75-1633	Community Development Block Grant Revolving Loan Fund Closeout Program	-	47,339	-	47,339
444-26-1565	Tobacco Enforcement Program	-	1,980	-	1,980
482-00-0894	EMS Assistance Fund Grant	-	222,727	-	222,727
494-00-1488	Motor Fuel Tax Program	971,032	-	-	971,032
	State and Community Highway Safety/National Priority Safety Program	-	3,358	-	3,358
494-10-0343	Section 319(h) - Nonpoint Source Pollution Control Financial Assistance Program	-	1,281,239	-	1,281,239
532-60-0378	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	-	86,576	-	86,576
588-40-0448	Other grant programs and activities	-	1,525,528	5,552	1,531,080
	All other costs not allocated	-	-	19,541,046	19,541,046
		<u>\$ 971,032</u>	<u>\$ 3,298,839</u>	<u>\$ 19,546,598</u>	<u>\$ 23,816,469</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, 2022

Operating Revenues:	
Sewer service charges	\$ 3,011,403
Miscellaneous	34,434
	<u>3,045,837</u>
Operating Expenses:	
Information technology	46,508
City garage	40,430
Utility department	477,273
Waste water treatment plant	735,195
Accounting	213,505
Employee benefits	(95,569)
Judgment	63,779
Depreciation	698,276
	<u>2,179,397</u>
Net Operating Income	<u>\$ 866,440</u>

CITY OF CHARLESTON, ILLINOIS
 SCHEDULE OF OPERATING REVENUES AND EXPENSES
 OF THE WATER TREATMENT PLANT
 For the Year Ended April 30, 2022

Operating Revenues:	
Water service charges	\$ 3,011,404
Miscellaneous	<u>29,774</u>
	<u>3,041,178</u>
Operating Expenses:	
Information technology	46,508
City garage	40,430
Utility department	477,273
Water treatment plant	986,384
Accounting	213,505
Employee benefits	(95,568)
Judgment	63,779
Depreciation	<u>698,276</u>
	<u>2,430,587</u>
Net Operating Income	<u><u>\$ 610,591</u></u>

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
May	6,980	6,940	40,782	38,361	37,747	35,579	27,138	25,013	113,477	175,300
June	7,037	7,002	40,582	42,019	36,829	38,094	29,882	28,891	81,843	110,000
July	7,049	7,045	44,123	45,661	40,306	42,007	31,057	31,848	107,537	93,600
August	7,107	7,044	45,968	46,927	42,488	43,442	31,615	31,445	68,224	123,706
September	7,028	7,020	44,824	47,774	41,643	44,471	33,926	33,564	62,140	47,794
October	7,007	6,998	42,426	43,779	39,058	40,611	30,976	32,807	108,070	61,141
November	7,011	6,979	39,096	38,118	36,098	35,740	29,333	29,818	68,805	93,852
December	6,983	6,969	38,637	37,022	36,056	35,186	28,787	27,047	94,965	84,256
January	6,992	7,050	42,271	38,229	38,960	35,860	25,553	26,095	87,331	91,197
February	6,979	6,972	38,020	39,940	35,251	36,942	30,756	28,672	100,959	110,258
March	6,975	6,978	40,268	39,224	37,011	36,850	26,623	26,698	131,476	142,817
April	7,004	6,974	38,290	38,062	35,554	35,771	27,605	28,167	120,387	93,945
	<u>84,152</u>	<u>83,971</u>	<u>495,287</u>	<u>495,116</u>	<u>457,001</u>	<u>460,553</u>	<u>353,251</u>	<u>350,065</u>	<u>1,145,214</u>	<u>1,227,866</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, 2022

Rates Effective										
After 5-1-21		5-1-20 to 4-30-21		5-1-19 to 4-30-20		5-1-18 to 4-30-19		5-1-17 to 4-30-18		

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

First	1,000 gallons	\$ 16.42		\$ 15.94		\$ 15.33		\$ 14.75		\$ 14.18
Next	9,000 gallons	16.42	Per M	15.94	Per M	15.33	Per M	14.75	Per M	14.18
Over	10,000 gallons	15.76	" "	15.34	" "	14.75	" "	14.19	" "	13.64

WATER SERVICE ONLY - IN CORPORATE LIMITS

First	1,000 gallons	\$ 14.78		\$ 14.49		\$ 13.94		\$ 13.41		\$ 12.76
Next	9,000 gallons	14.78	Per M	14.49	Per M	13.94	Per M	13.41	Per M	12.76
Over	10,000 gallons	14.12	" "	13.93	" "	13.40	" "	12.89	" "	12.25

WATER SERVICE ONLY - OUTSIDE

First	1,000 gallons	\$ 29.56		\$ 28.98		\$ 27.88		\$ 26.82		\$ 25.52
Next	9,000 gallons	29.56	Per M	28.98	Per M	27.88	Per M	26.82	Per M	25.52
Over	10,000 gallons	28.24	" "	27.86	" "	26.80	" "	25.78	" "	24.50

WATER AND SEWER SERVICE - EASTERN ILLINOIS UNIVERSITY

Effective 5-1-17	13.64	Per M
Effective 5-1-18	14.19	" "
Effective 5-1-19	14.75	" "
Effective 5-1-20	15.34	" "
Effective 5-1-21	15.76	" "

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
 Rates effective 5-1-21 by ordinance 21-O-8

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assessed Valuation	<u>\$ 206,243,405</u>	<u>\$ 194,985,381</u>	<u>\$ 187,021,837</u>
Statutory debt limitation (8.625% of assessed valuation)	<u>\$ 17,788,494</u>	<u>\$ 16,817,489</u>	<u>\$ 16,130,633</u>
Total Debt:			
General obligation debt:			
Bonds	2,415,000	3,570,000	4,690,000
Notes payable	<u>3,067,066</u>	<u>3,428,559</u>	<u>4,416,484</u>
	<u>5,482,066</u>	<u>6,998,559</u>	<u>9,106,484</u>
Less bonds exempt from debt limitation computation	<u>(645,000)</u>	<u>(1,265,000)</u>	<u>(1,865,000)</u>
	<u>4,837,066</u>	<u>5,733,559</u>	<u>7,241,484</u>
Legal Debt Margin	<u>\$ 12,951,428</u>	<u>\$ 11,083,930</u>	<u>\$ 8,889,149</u>

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

	Tax Levy Year		
	2021	2020	2019
Assessed Valuation	<u>\$ 206,243,405</u>	<u>\$ 194,985,381</u>	<u>\$ 187,021,837</u>
Tax Rates:			
General corporate	0.00039	0.00048	0.00045
IMRF	0.00048	0.00051	0.00365
Fire protection	0.00048	0.00051	0.00053
Firemen's pension	0.84883	0.86004	0.79317
Police protection	0.00048	0.00051	0.00053
Police pension	0.80781	0.84105	0.77351
Library	0.19241	0.20547	0.21336
Garbage	0.00048	0.00051	0.00053
Audit	0.00048	0.00051	0.00053
Judgment	0.19362	0.21579	0.24003
Street lighting	-	-	0.00053
Playground and recreation	0.08707	0.09297	0.09655
Emergency services	0.00048	0.00051	0.00053
Social security	0.00048	0.00051	0.13062
Ambulance service	0.00048	0.00051	0.00053
General obligation bonds (Library series)	0.29711	0.30440	0.31446
Revenue recapture	<u>0.02380</u>	<u>-</u>	<u>-</u>
Total	<u>2.45488</u>	<u>2.52428</u>	<u>2.56951</u>

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

	Tax Levy Year		
	2021	2020	2019
Taxes Extended:			
General corporate	\$ 804	\$ 937	\$ 842
Street and bridge *	139,615	140,343	140,366
IMRF	990	994	6,826
Fire protection	990	994	991
Firemen's pension	1,750,656	1,676,953	1,483,401
Police protection	990	994	991
Police pension	1,666,055	1,639,925	1,446,633
Library	396,833	400,637	399,030
Garbage	990	994	991
Audit	990	994	991
Judgment	399,328	420,759	448,909
Street lighting	-	-	991
Playground and recreation	179,576	181,278	180,570
Emergency services	990	994	991
Social security	990	994	244,288
Ambulance service	990	994	991
General obligation bonds (Library series)	612,770	593,536	588,109
Revenue recapture	49,086	-	-
Total	<u>\$ 5,202,643</u>	<u>\$ 5,062,320</u>	<u>\$ 4,945,911</u>
Net Taxes Collected:			
Municipal levy		\$ 4,902,280	\$ 4,764,679
City's share of township road and bridge		<u>139,856</u>	<u>139,233</u>
Total		<u>\$ 5,042,136</u>	<u>\$ 4,903,912</u>
Percent Collected		99.60%	99.15%
Net Taxes Collected:			
Tax Increment Finance		<u>\$ 203,719</u>	<u>\$ 191,861</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, 2022

Federal Grantor/Pass-Through Grantor	Program Title or Cluster	Name of Grant	Pass-Through Grantor Number	Assistance Listing Number	Federal Expenditures
U.S. Department of Housing and Urban Development pass through Illinois Department of Commerce and Economic Opportunity	Community Development Block Grants	RLF Closeout Program	18-248151	14.228	\$ 47,339
		Housing Grant	12-243019	14.228	<u>129,782</u>
<i>Total U.S. Department of Housing and Urban Development</i>					<u>177,121</u>
U.S. Department of Justice	Bulletproof Vest Partnership Program		n/a	16.607	<u>2,330</u>
		Public Safety Partnership and Community Policing Grants	COPS Grant	IL01502	16.710
<i>Total U.S. Department of Justice</i>					<u>53,508</u>
U.S. Department of Transportation pass through Illinois Department of Transportation	State and Community Highway Safety (Highway Safety Cluster)	Distracted Driving Grant	HS220401	20.600	<u>3,358</u>
<i>Total U.S. Department of Transportation</i>					<u>3,358</u>
U.S. Treasury	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		n/a	21.027	<u>1,368,807</u>
<i>Total U.S. Treasury</i>					<u>1,368,807 (M)</u>
National Endowment for the Humanities pass through Illinois Secretary of State	Grants to States	Back to Books	21-6291-BTB	45.310	<u>310</u>
<i>Total National Endowment for the Humanities</i>					<u>310</u>

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended April 30, 2022

Federal Grantor/Pass-Through Grantor	Program Title or Cluster	Name of Grant	Pass-Through Grantor Number	Assistance Listing Number	Federal Expenditures
Environmental Protection Agency pass through Illinois Environmental Protection Agency	Capitalization Grants for Clean Water State Revolving Funds (Clean Water State Revolving Fund Cluster)	Clean Water Revolving Fund	L17-5808	66.458	<u>1,281,239</u>
<i>Total Environmental Protection Agency</i>					<u>1,281,239 (M)</u>
U.S. Department of Health and Human Services	COVID-19 Provider Relief Fund	Phase 4 ARP Rural	n/a	93.498	67,067
		Phase 4 General	n/a	93.498	<u>36,146</u>
					<u>103,213</u>
U.S. Department of Health and Human Services pass through Illinois Department of Human Services	Block Grants for Prevention and Treatment of Substance Abuse	Tobacco Enforcement Program	43CAZ03411	93.959	<u>1,980</u>
<i>Total Department of Health and Human Services</i>					<u>105,193</u>
U.S. Department of Homeland Security pass through Illinois Emergency Management Agency	COVID-19 Disaster Grants-Public Assistance		166163	97.036	57,002
			667650	97.036	<u>29,574</u>
					86,576
U.S. Department of Homeland Security	Assistance to Firefighters Grant		n/a	97.044	<u>222,727</u>
<i>Total U.S. Department of Homeland Security</i>					<u>309,303</u>
Total Expenditures of Federal Awards					<u><u>\$ 3,298,839</u></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, 2022. 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.

NOTE D - UNAUDITED – DONATED PERSONAL PROTECTIVE EQUIPMENT

The estimated fair market value of the federally funded, donated personal protective equipment (PPE), received by the City during the fiscal year ending April 30, 2022 was \$179,487.

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2022

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

FINDINGS - FINANCIAL STATEMENT AUDIT

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

Criteria: Expenses should be recorded in the period in which the goods are received or the services rendered.

Cause: The City incorrectly evaluated invoices for inclusion as accounts payable.

Effect: The combined factual and projected misstatement was a material amount to the City's financial statements.

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

Management Response: Agree with finding. The City will review accounts payable invoices closely to ensure expenses are reported in the proper period.

CITY OF CHARLESTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended April 30, 2022

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, 2022

Finding No.: 2022-1

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

Management's Response: Agree with finding.

Corrective Action Plan: The City will review accounts payable invoices closely to ensure expenses are reported in the proper period.

Anticipated Date of Completion: April 2023

Name of Contact Person: Heather Kuykendall, City Comptroller