

City of Grayville

White and Edwards County, Illinois

**Annual Financial Report
and Independent Auditors' Report**

For the Fiscal Year Ended April 30, 2021

City of Grayville
White and Edwards County, Illinois
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White and Edwards County, Illinois
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Financial Section



BOTSCH AND ASSOCIATES, CPA'S, LLC

—AND—

H. KEITH BOTSCH, CPA
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113 E. Main Street
Carmi, Illinois 62821
(618) 382-4151

August 13, 2021

Independent Auditors' Report

The City Council
City of Grayville
Grayville, IL 62844

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grayville, Illinois, as of April 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

We draw attention to Note 6 in the financial statements, which deals with the possible effects of the future implications of COVID-19 on the City of Grayville, Illinois' financial position. Our opinion is not modified in respect of this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the IMRF pension schedules on pages 41-46 and 47-48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grayville, Illinois' basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2021, on our consideration of the City of Grayville, 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 Grayville, 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 Grayville, Illinois' internal control over financial reporting and compliance.

Botsch & Associates, CPA's, LLC

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**BOTSCH AND
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**H. KEITH BOTSCH, CPA
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**113 E. Main Street
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(618) 382-4151**

August 13, 2021

**Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards***

To the City Officials
City of Grayville
Grayville, IL 62844

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, each major fund, and the aggregate remaining fund information of the City of Grayville, Illinois, as of and for the year ended April 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Grayville, Illinois' basic financial statements and have issued our report thereon dated August 13, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or

significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies as follows: The City lacks the expertise to make all adjusting entries and prepare financial statements, including disclosures, in accordance with accounting principles generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grayville, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as follows: The City is not in compliance with the Operations and Maintenance and Debt Service Fund requirements for the Water and Sewer Bonds.

City of Grayville, Illinois' Response to Findings

The City of Grayville, Illinois' responses to the findings identified in our audit are as follows: We acknowledge that we do not have personnel capable of drafting the financial statements or footnotes; however, we accept full responsibility for the financial statements and footnotes, which are drafted by the auditor, and acknowledge such in writing. We are comfortable with the auditor drafting the financial statements and footnotes. The City will put procedures in place to prevent bond noncompliance in the future. The City of Grayville, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion of 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.

Botsch & Associates, CPA's, LLC

113 E Main St.
Carmi, IL 62821

Basic Financial Statements

City of Grayville
White and Edwards County, Illinois
Statement of Net Position
April 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 603,632	\$ 1,684,144	\$ 2,287,776
Receivables, net	706,120	190,933	897,053
Prepaid expense	30,237	16,216	46,453
Total current assets	<u>1,339,989</u>	<u>1,891,293</u>	<u>3,231,282</u>
Noncurrent assets:			
Restricted cash	57,953	179,831	237,784
Net pension asset	148,267	149,477	297,744
Land	248,673	131,920	380,593
Capital assets, net	4,509,988	5,197,723	9,707,711
Total noncurrent assets	<u>4,964,881</u>	<u>5,658,951</u>	<u>10,623,832</u>
Total assets	<u>6,304,870</u>	<u>7,550,244</u>	<u>13,855,114</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	137,272	138,392	275,664
Total assets and deferred outflows	<u>\$ 6,442,142</u>	<u>\$ 7,688,636</u>	<u>\$ 14,130,778</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 5,745	\$ 2,018	\$ 7,763
Customer deposits	-	12,286	12,286
Accrued expenses	36,678	45,409	82,087
Bank overdraft	15,778	387,642	403,420
Current portion of long-term debt	90,000	123,601	213,601
Total current liabilities	<u>148,201</u>	<u>570,956</u>	<u>719,157</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	1,455,000	2,768,057	4,223,057
Total noncurrent liabilities	<u>1,455,000</u>	<u>2,768,057</u>	<u>4,223,057</u>
Total liabilities	<u>1,603,201</u>	<u>3,339,013</u>	<u>4,942,214</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	367,013	370,007	737,020
Total liabilities and deferred inflows	<u>1,970,214</u>	<u>3,709,020</u>	<u>5,679,234</u>
Net position			
Investment in capital assets	3,213,661	2,437,985	5,651,646
Restricted for:			
Debt service	57,953	179,831	237,784
Pensions	148,267	149,477	297,744
Economic development	903,641	-	903,641
Streets and roads	173,861	-	173,861
Culture and recreation	104,710	-	104,710
Unrestricted	(130,165)	1,212,323	1,082,158
Total net position	<u>\$ 4,471,928</u>	<u>\$ 3,979,616</u>	<u>\$ 8,451,544</u>

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Statement of Activities
For the Year Ended April 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Licenses, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Governmental Activities	Business-Type Activities
Governmental activities							
General government	\$ 165,259	\$ 16,447	\$ 24,731	\$ -	\$ (124,081)	\$ -	\$ (124,081)
Social services	84,315	13,650	-	-	(70,665)	-	(70,665)
Public safety	307,495	37,179	-	-	(270,316)	-	(270,316)
Streets and roads	251,328	-	-	-	(251,328)	-	(251,328)
Culture and recreation	160,986	16,947	-	-	(144,039)	-	(144,039)
Economic development	202,539	-	25,000	-	(177,539)	-	(177,539)
Interest	59,115	-	-	-	(59,115)	-	(59,115)
Total governmental activities	1,231,037	84,223	49,731	-	(1,097,083)	-	(1,097,083)
Business-type activities							
Gas	596,104	557,564	-	-	-	(38,540)	(38,540)
Water	404,289	511,686	-	71,657	-	179,054	179,054
Sewer	382,927	269,086	-	-	-	(113,841)	(113,841)
Garbage	140,318	126,670	-	-	-	(13,648)	(13,648)
Total business-type activities	1,523,638	1,465,006	-	71,657	-	13,025	13,025
Total primary government	\$ 2,754,675	\$ 1,549,229	\$ 49,731	\$ 71,657	(1,097,083)	13,025	(1,084,058)
General revenues							
Property tax					700,001	16,913	716,914
Sales and use tax					272,352	-	272,352
Income tax					202,224	-	202,224
Motor fuel tax					115,855	-	115,855
Video gaming tax					63,482	-	63,482
Motel tax					43,937	-	43,937
Other intergovernmental revenue					43,261	-	43,261
Miscellaneous					104,060	53,291	157,351
Interest					4,443	17,074	21,517
Transfers					24,564	(24,564)	-
Total general revenues and transfers					1,574,179	62,714	1,636,893
Change in net position					477,096	75,739	552,835
Net position - beginning					3,994,832	3,903,877	7,898,709
Net position - ending					\$ 4,471,928	\$ 3,979,616	\$ 8,451,544

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Balance Sheet
Governmental Funds
April 30, 2021

	General	TIF #1	Nonmajor Governmental	Total Governmental
Assets				
Cash and cash equivalents	\$ -	\$ 44,535	\$ 559,097	\$ 603,632
Receivables, net	227,930	374,948	103,242	706,120
Prepaid items	30,237	-	-	30,237
Due from other funds	4,320	-	-	4,320
Restricted cash	57,953	-	-	57,953
Total assets	\$ 320,440	\$ 419,483	\$ 662,339	\$ 1,402,262
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 5,745	\$ -	\$ -	\$ 5,745
Bank overdraft	15,778	-	-	15,778
Accrued expense	36,678	-	-	36,678
Due to other funds	-	-	4,320	4,320
Total liabilities	58,201	-	4,320	62,521
Fund balances				
Nonspendable:				
Prepaid	30,237	-	-	30,237
Restricted for:				
Debt service	57,953	-	-	57,953
Economic development	-	419,483	484,158	903,641
Streets and roads	-	-	173,861	173,861
Culture and recreation	104,710	-	-	104,710
Unassigned	69,339	-	-	69,339
Total fund balances	262,239	419,483	658,019	1,339,741
Total liabilities and fund balances	\$ 320,440	\$ 419,483	\$ 662,339	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,758,661
Net pension assets and pension related deferred outflows and inflows of resources are not available to pay for current-period expenditures and therefore are deferred in the funds	(81,474)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(1,545,000)
Net position of governmental activities	\$ 4,471,928

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended April 30, 2021

	General	TIF #1	Nonmajor Governmental	Total Governmental
Revenues				
Property taxes	\$ 281,515	\$ 302,013	\$ 116,473	\$ 700,001
Other taxes	-	-	43,937	43,937
Licenses and permits	16,447	-	-	16,447
Fines and forfeitures	37,179	-	-	37,179
Interest	120	3,027	1,296	4,443
Intergovernmental	631,050	-	115,855	746,905
Charges for services	30,597	-	-	30,597
Miscellaneous	104,060	-	-	104,060
Total revenues	<u>1,100,968</u>	<u>305,040</u>	<u>277,561</u>	<u>1,683,569</u>
Expenditures				
Current:				
General government	158,448	-	-	158,448
Social services	94,949	-	-	94,949
Public safety	322,069	-	-	322,069
Streets and roads	138,343	-	38,055	176,398
Economic development	-	115,034	84,714	199,748
Culture and recreation	130,609	-	-	130,609
Debt Service:				
Principal	96,930	-	-	96,930
Interest	59,115	-	-	59,115
Capital outlay	-	82,303	-	82,303
Total expenditures	<u>1,000,463</u>	<u>197,337</u>	<u>122,769</u>	<u>1,320,569</u>
Excess (deficiency) of revenues over expenditures	<u>100,505</u>	<u>107,703</u>	<u>154,792</u>	<u>363,000</u>
Other financing sources (uses)				
Transfer in (out)	24,564	-	-	24,564
Total other financing sources (uses)	<u>24,564</u>	<u>-</u>	<u>-</u>	<u>24,564</u>
Net change in fund balances	125,069	107,703	154,792	387,564
Fund balances - beginning	137,170	311,780	503,227	952,177
Fund balances - ending	<u>\$ 262,239</u>	<u>\$ 419,483</u>	<u>\$ 658,019</u>	<u>\$ 1,339,741</u>

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2021

Net change in fund balances - total governmental funds \$ 387,564

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$165,377) exceeded capital outlay \$82,303 in the current period. (83,074)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments \$96,930 exceeded proceeds (\$0) in the current period. 96,930

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in governmental funds. This amount represents the change in net pension liability \$94,262, pension-related deferred outflows of resources (\$97,944), pension-related deferred inflows of resources (\$68,909), and net pension asset \$148,267 in the current period. 75,676

Change in net position of governmental activities \$ 477,096

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Statement of Net Position
Proprietary Funds
April 30, 2021

	Water	Sewer	Gas	Garbage	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 109,155	\$ -	\$ 1,565,485	\$ 9,504	\$ 1,684,144
Receivables, net	67,096	38,672	58,234	26,931	190,933
Prepaid expense	4,383	7,381	4,383	69	16,216
Total current assets	<u>180,634</u>	<u>46,053</u>	<u>1,628,102</u>	<u>36,504</u>	<u>1,891,293</u>
Noncurrent assets:					
Restricted cash	106,015	73,816	-	-	179,831
Net pension asset	43,862	27,760	72,863	4,992	149,477
Capital assets, net	2,296,153	2,176,425	857,065	-	5,329,643
Total noncurrent assets	<u>2,446,030</u>	<u>2,278,001</u>	<u>929,928</u>	<u>4,992</u>	<u>5,658,951</u>
Total assets	<u>2,626,664</u>	<u>2,324,054</u>	<u>2,558,030</u>	<u>41,496</u>	<u>7,550,244</u>
Deferred Outflows of Resources:					
Deferred outflows related to pensions	40,609	25,701	67,460	4,622	138,392
Total assets and deferred outflows	<u>\$ 2,667,273</u>	<u>\$ 2,349,755</u>	<u>\$ 2,625,490</u>	<u>\$ 46,118</u>	<u>\$ 7,688,636</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 78	\$ 1,828	\$ 112	\$ -	\$ 2,018
Bank overdraft	-	387,642	-	-	387,642
Customer deposits	3,417	3,409	5,460	-	12,286
Accrued expenses	16,548	13,848	12,788	2,225	45,409
Current portion of long-term debt	105,601	18,000	-	-	123,601
Total current liabilities	<u>125,644</u>	<u>424,727</u>	<u>18,360</u>	<u>2,225</u>	<u>570,956</u>
Noncurrent liabilities:					
Long-term debt, net of current portion	1,659,045	1,090,000	19,012	-	2,768,057
Total noncurrent liabilities	<u>1,659,045</u>	<u>1,090,000</u>	<u>19,012</u>	<u>-</u>	<u>2,768,057</u>
Deferred Inflows of Resources:					
Deferred inflows related to pensions	108,573	68,715	180,362	12,357	370,007
Total liabilities and deferred inflows	<u>1,893,262</u>	<u>1,583,442</u>	<u>217,734</u>	<u>14,582</u>	<u>3,709,020</u>
Net position					
Investment in capital assets	531,507	1,068,425	838,053	-	2,437,985
Restricted for debt service	106,015	73,816	-	-	179,831
Restricted for pensions	43,862	27,760	72,863	4,992	149,477
Unrestricted	92,627	(403,688)	1,496,840	26,544	1,212,323
Total net position	<u>\$ 774,011</u>	<u>\$ 766,313</u>	<u>\$ 2,407,756</u>	<u>\$ 31,536</u>	<u>\$ 3,979,616</u>

City of Grayville
White and Edwards County, Illinois
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended April 30, 2021

	Water	Sewer	Gas	Garbage	Total
Operating revenues:					
Charges for services	\$ 511,686	\$ 269,086	\$ 557,564	\$ 126,670	\$ 1,465,006
Miscellaneous	17,998	25,600	9,393	300	53,291
Total operating revenues	<u>529,684</u>	<u>294,686</u>	<u>566,957</u>	<u>126,970</u>	<u>1,518,297</u>
Operating expenses:					
Salaries and benefits	118,719	63,625	214,322	8,435	405,101
Purchase of service	-	-	208,151	101,850	310,001
Services and supplies	50,353	20,610	66,575	25,126	162,664
Insurance	5,554	6,708	24,539	3,932	40,733
Utilities and telephone	20,175	44,252	1,482	-	65,909
Depreciation	141,639	218,524	32,956	-	393,119
Utility taxes	-	-	25,003	-	25,003
Other expenses	9,938	3,873	23,076	975	37,862
Total operating expenses	<u>346,378</u>	<u>357,592</u>	<u>596,104</u>	<u>140,318</u>	<u>1,440,392</u>
Operating income (loss)	<u>183,306</u>	<u>(62,906)</u>	<u>(29,147)</u>	<u>(13,348)</u>	<u>77,905</u>
Nonoperating revenues (expenses):					
Property tax	-	1,276	-	15,637	16,913
Rural development grant	71,657	-	-	-	71,657
Interest income	499	329	16,246	-	17,074
Interest expense	(57,911)	(25,335)	-	-	(83,246)
Total nonoperating revenues (expenses)	<u>14,245</u>	<u>(23,730)</u>	<u>16,246</u>	<u>15,637</u>	<u>22,398</u>
Income (loss) before transfers	197,551	(86,636)	(12,901)	2,289	100,303
Operating transfers in (out)	12,511	(24,564)	(12,511)	-	(24,564)
Change in net position	210,062	(111,200)	(25,412)	2,289	75,739
Net position - beginning	563,949	877,513	2,433,168	29,247	3,903,877
Net position - ending	<u>\$ 774,011</u>	<u>\$ 766,313</u>	<u>\$ 2,407,756</u>	<u>\$ 31,536</u>	<u>\$ 3,979,616</u>

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2021

	Water	Sewer	Gas	Garbage	Total
Cash flows from operating activities:					
Receipts from customers	\$ 520,997	\$ 285,283	\$ 576,805	\$ 125,906	\$ 1,508,991
Payments to employees	(128,552)	(85,006)	(209,567)	(14,924)	(438,049)
Payments to suppliers	(114,930)	(82,092)	(344,473)	(140,984)	(682,479)
Net cash provided (used) by operating activities	<u>277,515</u>	<u>118,185</u>	<u>22,765</u>	<u>(30,002)</u>	<u>388,463</u>
Cash flows from noncapital financing activities:					
Property tax	-	397	-	6,849	7,246
Interfund balances	-	12,284	-	-	12,284
Interfund transfers	12,511	(24,564)	(12,511)	-	(24,564)
Bank overdraft	-	(48,387)	-	-	(48,387)
Net cash provided (used) by noncapital financing activities	<u>12,511</u>	<u>(60,270)</u>	<u>(12,511)</u>	<u>6,849</u>	<u>(53,421)</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(92,366)	-	(165,907)	-	(258,273)
Rural development grant	71,657	-	-	-	71,657
Principal paid	(102,313)	(18,000)	-	-	(120,313)
Interest paid	(57,911)	(25,335)	-	-	(83,246)
Net cash provided (used) by capital and related financing activities	<u>(180,933)</u>	<u>(43,335)</u>	<u>(165,907)</u>	<u>-</u>	<u>(390,175)</u>
Cash flows from investing activities:					
Interest earned	499	329	16,246	-	17,074
Net cash provided (used) by investing activities	<u>499</u>	<u>329</u>	<u>16,246</u>	<u>-</u>	<u>17,074</u>
Net increase (decrease) in cash and cash equivalents	109,592	14,909	(139,407)	(23,153)	(38,059)
Cash and cash equivalents at beginning of year	105,578	58,907	1,704,892	32,657	1,902,034
Cash and cash equivalents at end of year	<u>\$ 215,170</u>	<u>\$ 73,816</u>	<u>\$ 1,565,485</u>	<u>\$ 9,504</u>	<u>\$ 1,863,975</u>

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Statement of Cash Flows
Proprietary Funds
For the Year Ended April 30, 2021
(Concluded)

	Water	Sewer	Gas	Garbage	Total
Cash and cash equivalents per statement of net position:					
Unrestricted	\$ 109,155	\$ -	\$ 1,565,485	\$ 9,504	\$ 1,684,144
Restricted	106,015	73,816	-	-	179,831
Cash and cash equivalents at end of year	<u>\$ 215,170</u>	<u>\$ 73,816</u>	<u>\$ 1,565,485</u>	<u>\$ 9,504</u>	<u>\$ 1,863,975</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 183,306	\$ (62,906)	\$ (29,147)	\$ (13,348)	\$ 77,905
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	141,639	218,524	32,956	-	393,119
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(9,962)	(9,452)	9,448	(1,064)	(11,030)
(Increase) decrease in prepaid expenses	(3,876)	(6,553)	15,994	-	5,565
(Increase) decrease in net pension asset	(43,862)	(27,760)	(72,863)	(4,992)	(149,477)
(Increase) decrease in deferred outflows of resources	20,608	35,516	(5,515)	9,907	60,516
Increase (decrease) in accounts payable	(25,034)	(96)	(11,641)	(9,101)	(45,872)
Increase (decrease) in customer deposits	1,275	49	400	-	1,724
Increase (decrease) in accrued expenses	6,965	4,265	6,102	475	17,807
Increase (decrease) in net pension liability	(24,533)	(24,533)	(24,824)	(5,822)	(79,712)
Increase (decrease) in deferred inflows of resources	30,989	(8,869)	101,855	(6,057)	117,918
Net cash provided (used) by operating activities	<u>\$ 277,515</u>	<u>\$ 118,185</u>	<u>\$ 22,765</u>	<u>\$ (30,002)</u>	<u>\$ 388,463</u>

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021

Note 1. Summary of Significant Accounting Policies

The accounting policies of the City of Grayville, White and Edwards County, Illinois (the City), as reflected in the accompanying financial statements for the year ended April 30, 2021, conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

A. Reporting Entity

As required by GAAP, these financial statements present only the operations of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity 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 segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported, instead, as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are reported in the supplementary information.

C. Fund Accounting

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Cont'd)

C. Fund Accounting (Cont'd)

Funds are classified into three broad categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "Fund Types."

The City has the following fund types and account groups:

Governmental Funds are used to account for the City's general governmental activities. There are two of these types and they each use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

Proprietary Funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities are provided to outside parties by the enterprise fund.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under terms of a formal trust agreement. Agency funds are used to report resources held by the reporting government in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to specific individuals, private organizations, or other governments.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes as available if they are collected within 60 days of the end of the current fiscal period. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, sales taxes, income taxes, motor fuel taxes, licenses, interest revenue, and charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. It includes administration, zoning, police, street, dispatch, library, dog pound, park, and cemetery activities.

The *TIF #1 Fund* is the special revenue fund that accounts for tax revenues used to promote economic development in the City.

The City reports the following major enterprise funds:

The *Water, Sewer, Gas, and Garbage Funds* account for the provision of water, sewer, and gas services to the City residents as well as repairs and improvements. All activities necessary to provide these services are accounted for in these funds including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections. Monies are provided from user charges and miscellaneous sources.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are fees for services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the general, special revenue, and enterprise funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

The City Treasurer is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.

F. Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less at the date of purchase are considered cash equivalents.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Cont'd)

G. Receivables

GASB Statement No. 33 - Accounting and Financial Reporting for Non-Exchange Transactions recognizes receivables associated with non-exchange transactions as follows:

- Derived tax receivables (such as: sales, income, and motor fuel taxes) are recognized when the underlying exchanges have occurred.
- Imposed non-exchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government mandates or voluntary non-exchange transaction receivables (such as: mandates or grants) are recognized when all legal requirements have been met.

H. Prepaid Items

Prepaid items represent payments made to vendors for services that will benefit future periods at the end of the fiscal year and are accounted for using the consumption method.

I. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of more than \$10,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Streets	10-50
Buildings	30
Sewer, Water and Pool systems	30
Gas system	66
Equipment	10-30
Vehicles	3-5
Boat ramp	50

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Cont'd)

J. Compensated Absences

a. Vacation

Each employee who is regular full time shall be entitled to vacation with pay in accordance with the schedule set below based on the employee's anniversary date.

- Employees who have completed one (1) year of continuous service shall receive five (5) working days of paid vacation.
- Employees who have completed two (2) years of continuous service shall receive ten (10) working days of paid vacation.
- Employees who have completed seven (7) years of continuous service shall receive fifteen (15) working days of paid vacation.
- Employees who have completed twelve (12) years of continuous service shall receive twenty (20) working days of paid vacation.
- Employees who have completed twenty (20) years of continuous service shall receive twenty-five (25) working days of paid vacation.

Employees may accumulate vacation time equal to the amount of vacation that could be earned over a two (2) year period. However, accumulated vacation in excess of the maximum amount must be used prior to January 1 of each year or that excess accumulation will be forfeited. In the event a requested vacation time is denied; the excess accumulation will be paid in full.

An employee who quits or is laid off and is entitled to vacation pay or vacation earned, but not used, on the date of their termination, will be paid by the City in full with the next payroll period.

b. Sick Leave

Each regular full-time employee shall accrue sick leave at the rate of eight (8) hours per month of continuous employment. The accrual shall be credited the first pay check of the following month. Employees may accumulate up to maximum of 960 hours of sick leave.

Upon bona fide retirement from service, employees will convert unused sick leave to a salary payment not to exceed a maximum of thirty (30) days. At termination of employment, for any other reason, sick leave will also terminate. Sick leave may be credited towards retirement as per IMRF code and regulations.

Accrued leave at April 30, 2021 was \$68,682.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Cont'd)

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position.

L. Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council – the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The City has no committed funds.

Assigned fund balance. This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and City Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 1. Summary of Significant Accounting Policies (Cont'd)

L. Fund Equity (Cont'd)

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed.

N. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future reporting periods and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future reporting periods and so will not be recognized as an inflow of resources until that time.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 2. Deposits and Investments

The City's investment policy is to establish cash management and investment guidelines for the City officials responsible for the stewardship of public funds. The City has established specific objectives to meet these guidelines.

The City deposits and invests all its monies in investments allowed by Illinois State Statutes. The Statutes authorize the City to make deposits in commercial banks and savings and loan institutions.

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial Credit Risk:

Deposits: This is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk.

As of April 30, 2021, \$1,385,851 of the City's bank balance of \$2,319,876 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's trust department not in the City's name	1,385,851
Total	\$ 1,385,851

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have custodial credit risk policies for investments.

For pension trust funds, the types of deposits authorized, and the mix of credit risk categories do not differ significantly from the other funds of the City.

The City has investments in The Illinois Funds, which has regulatory oversight from the State of Illinois, Office of the Auditor General, in which the fair value of the City's position in the pool is the same as the value of the pool shares. As of June 15, 2021, the pool was rated "AAAmmf" by Fitch Ratings. The annual report of The Illinois Funds for the year ended June 30, 2020 is available from the Illinois State Treasurer, The Illinois Funds Administrative Office, 400 West Monroe Street, Suite 401, Springfield, IL 62704, 1-800-947-8479, or is available online at: <http://www.auditor.illinois.gov/Audit-Reports/THE-ILLINOIS-FUNDS.asp>.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 3. Contingent Liabilities

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Note 4. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs: property, liability, workers compensation, and auto. The City estimates the range of contingent losses to be borne by the City to not be possible to estimate. During the fiscal year ended April 30, 2021 there were no significant reductions in insurance coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 5. Receivables - Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes must be levied by the last Tuesday in December and a copy of the tax levy ordinance must be filed with the County Clerk by this date. Property taxes for the fiscal year ended April 30, 2021 were due in September and October 2019. The City receives their share of these taxes approximately one month after their due dates.

Note 6. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impact could occur though such potential impact is unknown at this time.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 7. Restricted Fund Balance

The City's restricted fund balance is restricted by enabling legislation as follows:

The Revolving Loan and Motel Tax Funds are restricted by state legislation.

The Motor Fuel Tax Fund is restricted by the Illinois Department of Transportation for the repair and maintenance of roads.

The TIF Funds are restricted by their tax levies.

The police, park, and streets and roads funds are restricted by their tax levies and are accounted for in the General Fund.

Note 8. Capital Assets

Capital asset activity for the year ended April 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Ending Balance</u>
A. Governmental Activities:				
Capital assets, not being depreciated - Land	\$ 238,673	\$ 10,000	\$ -	\$ 248,673
Capital assets, being depreciated				
Buildings	660,396	72,303	-	732,699
Vehicles and equipment	510,846	-	-	510,846
Infrastructure	13,424,855	-	-	13,424,855
Pool system	136,149	-	-	136,149
Park Improvements	485,460	-	-	485,460
Boat ramp	149,630	-	-	149,630
Total capital assets, being depreciated	<u>15,367,336</u>	<u>72,303</u>	<u>-</u>	<u>15,439,639</u>
Less accumulated depreciation for:				
Buildings	328,321	21,552	-	349,873
Vehicles and equipment	342,313	40,186	-	382,499
Infrastructure	9,875,140	79,927	-	9,955,067
Pool system	80,388	4,538	-	84,926
Park Improvements	40,055	16,182	-	56,237
Boat ramp	98,057	2,992	-	101,049
Total accumulated depreciation	<u>10,764,274</u>	<u>165,377</u>	<u>-</u>	<u>10,929,651</u>
Total capital assets, being depreciated, net	<u>4,603,062</u>	<u>(93,074)</u>	<u>-</u>	<u>4,509,988</u>
Governmental activities capital assets, net	<u>\$ 4,841,735</u>	<u>\$ (83,074)</u>	<u>\$ -</u>	<u>\$ 4,758,661</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 8. Capital Assets – (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Disposals</u>	<u>Ending Balance</u>
B. Business-type Activities:				
Capital assets, not being depreciated - Land	\$ 131,920	\$ -	\$ -	\$ 131,920
Capital assets, being depreciated				
Gas system	1,761,460	165,907	-	1,927,367
Sewer system	6,529,653	-	-	6,529,653
Water system	4,216,358	92,366	-	4,308,724
Equipment	40,837	-	-	40,837
Total capital assets, being depreciated	<u>12,548,308</u>	<u>258,273</u>	<u>-</u>	<u>12,806,581</u>
Less accumulated depreciation for:				
Gas system	1,037,346	32,956	-	1,070,302
Sewer system	4,230,967	218,524	-	4,449,491
Water system	1,906,589	141,639	-	2,048,228
Equipment	40,837	-	-	40,837
Total accumulated depreciation	<u>7,215,739</u>	<u>393,119</u>	<u>-</u>	<u>7,608,858</u>
Total capital assets, being depreciated, net	<u>5,332,569</u>	<u>(134,846)</u>	<u>-</u>	<u>5,197,723</u>
Business-type activities capital assets, net	<u>\$ 5,464,489</u>	<u>\$ (134,846)</u>	<u>\$ -</u>	<u>\$ 5,329,643</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental activities:	
General government	\$ 9,297
Streets and roads	87,375
Public safety	22,748
Culture and recreation	39,973
Economic development	2,791
Social services	3,193
Total depreciation expense - governmental activities	<u>\$ 165,377</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 9. Litigation

The City was named as a defendant in Charles Given, et.al. vs White County, et.al. 2014-CH-22 White County Illinois Circuit Court. The lawsuit involves the White County Landfill. Damages are being sought against the defendants. The City has retained the services of an attorney to defend this case.

Note 10. Employee Retirement Systems

Illinois Municipal Retirement Fund

Plan Description. The employer's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer's plan is 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 of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 10. Employee Retirement Systems – (Cont'd)

Illinois Municipal Retirement Fund – (Cont'd)

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.

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

	IMRF
Retirees and Beneficiaries currently receiving benefits	27
Inactive Plan Members entitled to but not yet receiving benefits	10
Active Plan Members	14
Total	51

Contributions. As set by statute, the employer'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 employer's annual contribution rate for calendar year 2020 was 10.55%. For the fiscal year ended April 30, 2021, the employer contributed \$62,019 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

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

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 10. Employee Retirement Systems – (Cont'd)

Illinois Municipal Retirement Fund – (Cont'd)

Actuarial Assumptions. The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study of the period 2017-2019.
- For **Non-Disabled Retirees**, the Pub-210, 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-210, 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-210, Amount-Weighted, below median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2020:

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 10. Employee Retirement Systems – (Cont'd)

Illinois Municipal Retirement Fund – (Cont'd)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	1%	0.70%
Total	<u>100%</u>	

Single Discount Rate. A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 10. Employee Retirement Systems – (Cont'd)

Illinois Municipal Retirement Fund – (Cont'd)

Changes in the Net Pension Liability.

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 4,037,209	\$ 3,863,235	\$ 173,974
Changes for the year:			
Service Cost	69,429	-	69,429
Interest on the Total Pension Liability	284,893	-	284,893
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(183,770)	-	(183,770)
Changes of Assumptions	(26,142)	-	(26,142)
Contributions - Employer	-	60,009	(60,009)
Contributions - Employees	-	25,596	(25,596)
Net Investment Income	-	575,859	(575,859)
Benefit Payments, including Refunds of Employee Contributions	(284,742)	(284,742)	-
Other (Net Transfer)	-	(45,336)	45,336
Net Changes	(140,332)	331,386	(471,718)
Balances at December 31, 2020	<u>\$ 3,896,877</u>	<u>\$ 4,194,621</u>	<u>\$ (297,744)</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 Discount (7.25%)	1% Higher (8.25%)
Total Pension Liability	\$ 4,307,755	\$ 3,896,877	\$ 3,568,733
Plan Fiduciary Net Position	4,194,621	4,194,621	4,194,621
Net Pension Liability/(Asset)	<u>\$ 113,134</u>	<u>\$ (297,744)</u>	<u>\$ (625,888)</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 10. Employee Retirement Systems – (Cont'd)

Illinois Municipal Retirement Fund – (Cont'd)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions. For the year ended April 30, 2021, the employer recognized pension income of \$64,250. At April 30, 2021, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 26,619	\$ 132,256
Changes of assumptions	11,484	17,339
Net difference between projected and actual earnings on pension plan investments	<u>216,351</u>	<u>587,425</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 254,454</u>	<u>\$ 737,020</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>\$ 21,210</u>	<u>\$ -</u>
Total Deferred Amounts Related to Pensions	<u>\$ 275,664</u>	<u>\$ 737,020</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:

Year Ending December 31,	Net Deferred Outflows of Resources
2021	\$ (151,267)
2022	(100,420)
2023	(148,740)
2024	(60,929)
2025	-
Thereafter	-
Total	<u>\$ (461,356)</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 10. Employee Retirement Systems – (Cont'd)

Section 457 Deferred Compensation Plan

Employees of the City of Grayville, Illinois may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the City subject only to the claims of the City's general creditors.

In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant's rights are equal to his or her share of the fair value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

As part of its fiduciary role, the City has an obligation of due care in selecting the third-party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan. At April 30, 2021, no employees were participating in the plan.

Note 11. Accounts Receivable

Accounts receivable at April 30, 2021 consisted of the following:

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Intergovernmental	\$ 102,177	\$ -	\$ 102,177
Accounts	-	205,239	205,239
Notes	188,370	-	188,370
Taxes	408,862	9,667	418,529
Interest	557	943	1,500
Other	22,204	-	22,204
Gross receivables	<u>722,170</u>	<u>215,849</u>	<u>938,019</u>
Allowance for uncollectible	<u>(16,050)</u>	<u>(24,916)</u>	<u>(40,966)</u>
Net total receivables	<u>\$ 706,120</u>	<u>\$ 190,933</u>	<u>\$ 897,053</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 12. Interfund Balances

Interfund balances at April 30, 2021, consisted of the following:

Due From:	<u>Nonmajor Governmental</u>
Due To:	
General Fund	\$ 4,320

The TIF #2 Fund owes the General Fund \$4,320 for proceeds from the sale of TIF land that were deposited in its checking account twice.

Note 13. Notes Receivable

The Revolving Loan Fund reflects community development loans receivable in the amount of \$97,076. The loans bear interest at annual rates between 0 and 3 percent. The loans will be repaid over periods of up to 20 years. An allowance account has been established in the amount of \$15,000 for the Downs Pizza loan which is in bankruptcy.

The TIF #1 Fund has one community development loan receivable in the amount of \$91,294. The loan bears interest at an annual rate of 3% and will be paid over the remaining period of 10 years.

Note 14. Restricted Cash

Restricted cash in the amount of \$237,784 is comprised of the following: In the General Fund, \$57,953 is restricted for debt service. In the Water Fund, \$106,015 is restricted for debt service. In the Sewer Fund, \$73,816 is restricted for debt service.

Note 15. Gas Purchase Contract

During fiscal year 2020, the City entered into a 30-year contract for the purchase of natural gas from PEFA, Inc. The City anticipates realizing a discount to market index natural gas prices.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 16. Long-term Debt

Governmental long-term debt activity for the year ended April 30, 2021 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
2014 Alternate Revenue Bonds	\$ 1,630,000	\$ -	\$ 85,000	\$ 1,545,000
Police Car Loan #2	11,930	-	11,930	-
Total	<u>\$ 1,641,930</u>	<u>\$ -</u>	<u>\$ 96,930</u>	<u>\$ 1,545,000</u>

The City of Grayville issued \$2,030,000 of General Obligation Bonds (Alternate Revenue Source), Series 2014, during the 2015 fiscal year for the purpose of providing funds to acquire, construct, renovate, and improve streets, sidewalks and utilities within the City. The bonds carry interest rates varying from 0.60% to 4.30% over their life with principal due November 1st each year and interest due May 1st and November 1st each year. The bonds have a maturity date of November 1, 2034. Bond payments are made from the General Fund. Debt service requirements at April 30, 2021 were as follows:

Year Ended April 30	Principal	Interest	Total
2022	\$ 90,000	\$ 56,618	\$ 146,618
2023	90,000	54,165	144,165
2024	95,000	51,410	146,410
2025	95,000	48,394	143,394
2026	95,000	45,211	140,211
2027-2031	550,000	167,914	717,914
2032-2035	530,000	46,167	576,167
Totals	<u>\$ 1,545,000</u>	<u>\$ 469,879</u>	<u>\$ 2,014,879</u>

On March 28, 2019, the City obtained a promissory note from Fairfield National Bank in the amount of \$23,520 for the purchase of a police car. The loan carried an interest rate of 2.95% and called for annual payments of \$12,284. The loan matured on March 28, 2021. Loan payments were made from the General Fund.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 16. Long-term Debt (Cont'd)

Business-type long-term debt activity for the year ended April 30, 2021 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
Sewer Revenue Bonds 92-06	\$ 992,000	\$ -	\$ 16,000	\$ 976,000
Sewer Revenue Bonds 92-07	134,000	-	2,000	132,000
Utility Truck Loan	23,955	-	11,804	12,151
Water Revenue Bonds 91-05	940,000	-	20,000	920,000
Meter Lease-Water Fund	903,004	-	70,509	832,495
Meter Lease-Gas Fund	19,012	-	-	19,012
Total	<u>\$ 3,011,971</u>	<u>\$ -</u>	<u>\$ 120,313</u>	<u>\$ 2,891,658</u>

On May 2, 2016, the City issued \$1,040,000 of Sewer System Revenue Bonds, Series 2016A, for the purpose of constructing sewer line extensions. The bonds carry an interest rate of 2.25% with principal due May 1st each year and interest due May 1st and November 1st each year. The bonds have a maturity date of May 1, 2056. Debt service requirements at April 30, 2021 are as follows:

Year Ended April 30	Principal	Interest	Total
2022	\$ 16,000	\$ 21,960	\$ 37,960
2023	16,000	21,600	37,600
2024	16,000	21,240	37,240
2025	16,000	20,880	36,880
2026	24,000	20,520	44,520
2027-2031	120,000	94,500	214,500
2032-2036	120,000	81,000	201,000
2037-2041	128,000	67,500	195,500
2042-2046	160,000	51,300	211,300
2047-2051	160,000	33,300	193,300
2052-2056	200,000	13,500	213,500
Totals	<u>\$ 976,000</u>	<u>\$ 447,300</u>	<u>\$ 1,423,300</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 16. Long-term Debt (Cont'd)

On May 2, 2016, the City issued \$140,000 of Sewer System Revenue Bonds, Series 2016B, for the purpose of constructing sewer line extensions. The bonds carry an interest rate of 2.5% with principal due May 1st each year and interest due May 1st and November 1st each year. The bonds have a maturity date of May 1, 2056. Debt service requirements at April 30, 2021 are as follows:

Year Ended April 30	Principal	Interest	Total
2021	\$ 2,000	\$ 2,970	\$ 4,970
2022	3,000	2,925	5,925
2023	3,000	2,858	5,858
2024	3,000	2,790	5,790
2025	3,000	2,723	5,723
2026-2030	15,000	12,599	27,599
2031-2035	15,000	10,913	25,913
2036-2040	20,000	9,000	29,000
2041-2045	20,000	6,750	26,750
2046-2050	23,000	4,433	27,433
2051-2055	25,000	1,688	26,688
Totals	<u>\$ 132,000</u>	<u>\$ 59,649</u>	<u>\$ 191,649</u>

On May 30, 2019, the City obtained a promissory note from Fairfield National Bank in the amount of \$23,955 for the purchase of a utility truck. The loan carries an interest rate of 2.95% and calls for annual payments of \$12,511. The loan matures on May 30, 2021. Loan payments are made from the Water Fund. Debt service requirements at April 30, 2021 were as follows:

Year Ended April 30	Principal	Interest	Total
2022	\$ 12,151	\$ 360	\$ 12,511

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 16. Long-term Debt (Cont'd)

On May 2, 2016, the City issued \$1,000,000 of Water System Revenue Bonds, Series 2016, for the purpose of constructing water line extensions. The bonds carry an interest rate of 2.25% with principal due May 1st each year and interest due May 1st and November 1st each year. The bonds have a maturity date of May 1, 2056. Debt service requirements at April 30, 2021 are as follows:

Year Ended April 30	Principal	Interest	Total
2021	\$ 20,000	\$ 20,700	\$ 40,700
2022	20,000	20,250	40,250
2023	20,000	19,800	39,800
2024	20,000	19,350	39,350
2025	20,000	18,900	38,900
2026-2030	100,000	87,750	187,750
2031-2035	100,000	76,500	176,500
2036-2040	130,000	64,575	194,575
2041-2045	150,000	48,375	198,375
2046-2050	150,000	31,499	181,499
2051-2055	190,000	13,275	203,275
Totals	\$ 920,000	\$ 420,974	\$ 1,340,974

On July 26, 2018 the City entered into a lease agreement with BB Community Leasing Services, Inc. for the purchase of an automated meter information system. Final draws on the lease totaled \$1,016,760. The lease carries an interest rate of 4.09% with monthly payments of \$8,880 due through November 1, 2028, and a final payment of \$220,000 due on December 1, 2028. The lease has been accounted for in the Water and Gas Funds. Debt service requirements at April 30, 2021 are as follows:

Year Ended April 30	Principal	Interest	Total
2022	\$ 73,450	\$ 33,114	\$ 106,564
2023	76,512	30,052	106,564
2024	79,702	26,862	106,564
2025	83,026	23,538	106,564
2026	86,488	20,076	106,564
2027-2029	452,329	34,080	486,409
	\$ 851,507	\$ 167,722	\$ 1,019,229

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Continued)

Note 17. Transfers

Interfund transfers consisted of the following as of April 30, 2021:

Transfer From:	Sewer	Gas	Total
Transfer To:			
General	\$ 24,564	\$ -	\$ 24,564
Water	-	12,511	12,511
Total	\$ 24,564	\$ 12,511	\$ 37,075

The above transfers were made to pay loan payments.

Note 18. Bond Compliance

Bond compliance for the General Fund bonds are as follows: There shall be established and administered by the City Treasurer the following separate funds and accounts:

1. A Bond Proceeds Account shall be maintained and used solely for the purpose of (1) paying the costs of the Project in accordance with the plans and specifications approved by the City Council, (2) paying the costs and expenses of issuing the Bonds, (3) redeeming Bonds, and (4) paying capitalized interest on the Bonds for a period not to exceed two years from the issue date of the Bonds. Upon completion of the purpose for which the Bonds have been issued, any surplus remaining in the Bond Proceeds account shall be transferred to and deposited in the Bond Reserve Account.

2. A Bond Reserve Account shall be maintained and used solely for the purpose of carrying out the terms and conditions of the Bond Ordinance. The Treasurer shall deposit pledged taxes levied for the bonds into this account. In each calendar year, the Treasurer shall deposit such an amount until there is accumulated and held, before the abatement of pledged taxes, an amount sufficient to pay the principal and interest on the outstanding bonds due in the next succeeding bond year. Any money remaining in the Bond Reserve account after retirement of the indebtedness for which the Bonds were issued shall be paid into the City's General Fund.

The City was in compliance with the above requirements at April 30, 2021.

Bond compliance for the Water & Sewer Fund bonds are as follows: There shall be established and administered by the City Treasurer the following separate funds and accounts:

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2021
(Concluded)

Note 18. Bond Compliance (Cont'd)

1. An Operations and Maintenance Fund shall be maintained into which sufficient funds shall be transferred to pay the estimated cost of expenses during the ensuing month.
2. A Debt Service Fund shall be established into which monthly transfers shall be made equal to 1/6 of the amount of interest becoming due on the bonds on the next succeeding interest payment date and 1/12 of the amount of principal that will become due on the bonds on the next succeeding bond payment date.
3. A Debt Service Reserve Fund must be maintained to prevent any default in the payment of the bonds. For the Sewer Fund bonds, a sum of \$382 must be deposited each month until a sum of \$45,773 is reached. For the Water Fund bonds, a sum of \$324 must be deposited each month until a sum of \$38,790 is reached.
4. A Short-Lived Asset Fund must be maintained for the repair and replacement of the system. For the Sewer Fund, a monthly transfer of \$833 is required until the bonds are paid off. For the Water Fund, a monthly transfer of \$1,421 is required until the bonds are paid off.

The City was not in compliance with the Debt Service requirements for the Water and Sewer Bonds, as well as the Operations and Maintenance requirement for the Sewer Bonds at April 30, 2021.

Note 19. Legal Debt Margin

Assessed Valuation - 2019	\$ 13,101,056
Legal Debt Limit - 8.625% of assessed valuation	\$ 1,129,966
Amount of debt applicable to debt limit	<u>(12,151)</u>
Legal debt margin (deficit)	<u>\$ 1,117,815</u>

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.25% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Required Supplementary Information

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues			
Property taxes	\$ 275,510	\$ 160,569	\$ 281,515
Licenses and permits	12,375	16,457	16,447
Intergovernmental			
Replacement tax	24,500	25,056	29,848
Sales and use tax	269,200	260,561	272,352
Illinois income tax	181,000	190,987	202,224
Video gaming tax	95,500	55,785	63,482
Franchise tax	12,000	13,413	13,413
Grants	200,000	49,731	49,731
Total intergovernmental	<u>782,200</u>	<u>595,533</u>	<u>631,050</u>
Fines and fees	20,200	32,456	37,179
Charges for services	30,050	30,597	30,597
Miscellaneous			
Oil	5,500	23,109	22,248
Interest	150	119	120
Donations	41,500	23,027	23,026
Other	43,500	14,757	15,669
Lease income	-	3,510	3,510
Refunds/reimbursements	-	21,870	20,969
Sale of assets/materials	2,000	11,965	18,638
Total miscellaneous	<u>92,650</u>	<u>98,357</u>	<u>104,180</u>
Total revenues	<u>1,212,985</u>	<u>933,969</u>	<u>1,100,968</u>

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2021
(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Expenditures			
Current:			
General Government:			
<u>Administration</u>			
Salaries and benefits	\$ 47,867	\$ 47,507	\$ 47,507
Contractual services	8,200	11,392	12,773
Office supplies	13,250	5,647	5,647
Training and travel	3,500	42	42
Insurance	12,942	14,431	7,167
Telephone and utilities	20,000	11,366	11,366
Supplies	350	4,729	4,729
Donations	10,000	7,600	7,600
Grayville Days	45,000	24,363	24,363
Miscellaneous	9,300	34,116	34,116
Total administration	<u>170,409</u>	<u>161,193</u>	<u>155,310</u>
<u>Zoning</u>			
Contractual services	200	2,710	1,910
Miscellaneous	100	-	800
Total zoning	<u>300</u>	<u>2,710</u>	<u>2,710</u>
<u>Dog pound</u>			
Contractual services	600	377	378
Operating supplies	150	44	50
Miscellaneous	500	6	-
Total dog pound	<u>1,250</u>	<u>427</u>	<u>428</u>
Total general government	<u>171,959</u>	<u>164,330</u>	<u>158,448</u>
Social Services:			
<u>Cemetery</u>			
Salaries and benefits	84,632	82,391	79,575
Contractual services	1,725	2,117	2,117
Insurance	1,354	6,119	6,704
Supplies	16,225	2,627	2,627
Travel	50	-	-
Utilities	1,150	3,758	3,757
Office supplies	285	169	169
Miscellaneous	100	-	-
Total cemetery	<u>105,521</u>	<u>97,181</u>	<u>94,949</u>

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2021
(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Streets and Roads:			
Salaries and benefits	\$ 89,425	\$ 76,734	\$ 76,735
Insurance	3,436	10,999	6,812
Office expense	400	1,934	1,934
Telephone and utilities	20,400	17,152	16,086
Contractual services	17,375	12,083	10,708
Materials and supplies	36,850	21,156	21,550
Rentals	2,500	2,100	2,100
Miscellaneous	1,030	2,398	2,418
Total streets and roads	<u>171,416</u>	<u>144,556</u>	<u>138,343</u>
Public Safety:			
<u>Police</u>			
Salaries and benefits	222,799	211,800	202,911
Contractual services	13,825	32,236	32,237
Dispatching	-	31,200	28,600
Office expense	2,600	3,958	3,957
Telephone and utilities	10,500	12,972	12,972
Insurance	12,753	19,287	9,964
Rentals	750	170	170
Miscellaneous	5,000	(50)	450
Materials and supplies	15,900	27,904	30,658
Training and travel	1,250	150	150
Total police	<u>285,377</u>	<u>339,627</u>	<u>322,069</u>
<u>Dispatch</u>			
Dispatch services	<u>31,200</u>	<u>-</u>	<u>-</u>
Total dispatch	<u>31,200</u>	<u>-</u>	<u>-</u>
Total public safety	<u>316,577</u>	<u>339,627</u>	<u>322,069</u>

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2021
(Continued)

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
Culture and Recreation:			
<u>Library</u>			
Salaries and benefits	\$ 73,346	\$ 64,694	\$ 64,015
Contractual services	6,216	7,648	7,679
Telephone and utilities	6,920	5,891	6,265
Supplies	11,285	15,878	18,220
Miscellaneous	-	278	338
Office expense	200	447	754
Training and travel	650	-	-
Insurance	4,675	6,371	5,724
Total library	<u>103,292</u>	<u>101,207</u>	<u>102,995</u>
<u>Parks</u>			
Salaries and benefits	19,337	1,101	-
Insurance	3,833	6,387	4,991
Telephone and utilities	12,100	5,231	5,231
Operating supplies	8,300	1,202	1,202
Contractual services	17,575	15,117	15,116
Training and travel	100	-	-
Office expense	300	327	327
Miscellaneous	500	747	747
Total parks	<u>62,045</u>	<u>30,112</u>	<u>27,614</u>
Total culture and recreation	<u>165,337</u>	<u>131,319</u>	<u>130,609</u>
Debt Service	143,765	58,765	156,045
Capital Outlay	10,000	-	-
Total expenditures	<u>1,084,575</u>	<u>935,778</u>	<u>1,000,463</u>

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2021
(Concluded)

	Original Budget	Amended Budget	Actual
Excess (deficiency) of revenues over expenditures	\$ 128,410	\$ (1,809)	\$ 100,505
Other financing sources (uses)			
Transfer in	-	-	24,564
Transfer out	-	-	-
Total other financing sources (uses)	-	-	24,564
Net change in fund balance	\$ 128,410	\$ (1,809)	125,069
Fund balances - beginning			137,170
Fund balances - ending			\$ 262,239

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual TIF #1 Fund
For the Year Ended April 30, 2021

	Original Budget	Amended Budget	Actual
Revenues			
Property taxes	\$ 200,000	\$ 18,358	\$ 302,013
Interest	25	3,027	3,027
Total revenues	200,025	21,385	305,040
Expenditures			
Current:			
Economic development:			
Engineering	1,000	-	-
Legal services	1,000	573	573
Consulting fees	2,000	1,225	1,225
Inducements	165,000	113,236	113,236
Public improvements	70,000	-	-
Capital outlay	-	82,303	82,303
Total expenditures	239,000	197,337	197,337
Excess (deficiency) of revenues over expenditures	(38,975)	(175,952)	107,703
Other financing sources (uses)			
Transfer in (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	\$ (38,975)	\$ (175,952)	107,703
Fund balances - beginning			311,780
Fund balances - ending			\$ 419,483

City of Grayville
White and Edwards County, Illinois
Illinois Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
April 30, 2021

Calendar year ending December 31,	2020	2019	2018	2017	2016	2015
Total pension liability	\$ 69,429	\$ 63,349	\$ 52,028	\$ 48,087	\$ 55,878	\$ 61,071
Service cost	284,893	275,339	278,354	282,841	287,916	298,992
Interest on the total pension liability	-	-	-	-	-	-
Changes of benefit terms	(183,770)	62,495	(94,424)	(5,140)	(131,330)	(218,437)
Differences between expected and actual experience	(26,142)	-	104,569	(123,944)	(8,978)	-
Changes of assumptions	(284,742)	(260,145)	(259,428)	(267,859)	(287,190)	(287,018)
Benefit payments and refunds	(140,332)	141,038	81,089	(66,015)	(83,704)	(145,392)
Net change in total pension liability	4,037,209	3,896,171	3,815,082	3,881,097	3,964,801	4,110,193
Total pension liability - beginning	\$ 3,896,877	\$ 4,037,209	\$ 3,896,171	\$ 3,815,082	\$ 3,881,097	\$ 3,964,801
Total pension liability - ending (a)						
Plan fiduciary net position	\$ 60,009	\$ 48,095	\$ 67,405	\$ 72,384	\$ 87,344	\$ 81,286
Contributions - employer	25,596	27,712	25,446	24,344	23,966	24,192
Contributions - employee	575,859	677,499	(259,172)	651,869	230,908	17,158
Net investment income	(284,742)	(260,145)	(259,428)	(267,859)	(287,190)	(287,018)
Benefit payments and refunds	(45,336)	(21,792)	(43,459)	(89,907)	31,359	25,828
Other (Net Transfer)	331,386	471,369	(469,208)	390,831	86,387	(138,554)
Net change in plan fiduciary net position	3,863,235	3,391,866	3,861,074	3,470,243	3,383,856	3,522,410
Plan fiduciary net position - beginning	\$ 4,194,621	\$ 3,863,235	\$ 3,391,866	\$ 3,861,074	\$ 3,470,243	\$ 3,383,856
Plan fiduciary net position - ending (b)						
City's net pension liability - ending (a) - (b)	\$ (297,744)	\$ 173,974	\$ 504,305	\$ (45,992)	\$ 410,854	\$ 580,945
Plan fiduciary net position as a percentage of the total pension liability	107.64%	95.69%	87.06%	101.21%	89.41%	85.35%
Covered-employee payroll	\$ 568,803	\$ 615,817	\$ 565,478	\$ 540,987	\$ 532,582	\$ 537,610
City's net pension liability as a percentage of covered-valuation payroll	-52.35%	28.25%	89.18%	-8.50%	77.14%	108.06%

City of Grayville
White and Edwards County, Illinois
Illinois Municipal Retirement Fund Schedule of Contributions
April 30, 2021

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 81,287	\$ 81,286	\$ 1	\$ 537,610	15.12%
2016	87,343	87,344	(1)	532,582	16.40%
2017	72,384	72,384	-	540,987	13.38%
2018	67,405	67,405	-	565,478	11.92%
2019	48,095	48,095	-	615,817	7.81%
2020	60,009	60,009	-	568,803	10.55%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2020 Contribution Rate*

Valuation Date:

Notes

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

Methods and Assumptions Used to Determine 2019 Contribution Rates:

Actuarial Cost Method: Aggregate entry age normal
Amortization Method: Level percentage of payroll, closed
Remaining Amortization Period: Non-taxing bodies: 10-year rolling period.
Taxing bodies (Regular, SLEP and ECO groups): 23-year closed period
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.

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 2014-2016.

Mortality: For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes:

There were no benefit changes during the year.

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

City of Grayville
White and Edwards County, Illinois
Notes to the Required Supplementary Information
April 30, 2021

Note 1. Legal Compliance and Accountability

A. Budgetary Control

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Council proposes an operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the City to obtain taxpayer comments, if applicable.
3. Subsequently, the budget is legally enacted through the passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.
5. Budgets for the governmental funds for which budgets have been adopted are adopted on a basis consistent with GAAP.
6. Budgetary authority lapses at fiscal year-end.
7. State law requires that Aexpenditures be made in conformity with appropriations/budget. As under the Budget Act, transfers between line items and departments may be made by administrative action. Amounts to be transferred between funds require City Board approval. The level of legal control is generally the fund budget in total.
8. Budgeted amounts are as originally adopted, with the exceptions of Board approved transfers which were not material in relation to the budget taken as a whole.

The budget was approved on April 27, 2020 and was amended on April 26, 2021.

B. Excess of Expenditures/Expenses over Budget in Major Governmental Funds

The General Fund had expenditures in excess of budgeted amounts of \$64,685 for the fiscal year ending April 30, 2021.

Supplementary Information

City of Grayville
White and Edwards County, Illinois
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2021

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	Motel Tax	Motor Fuel Tax	Revolving Loan	TIF #2	
Assets					
Cash and cash equivalents	\$ 42,365	\$ 168,373	\$ 63,872	\$ 284,487	\$ 559,097
Receivables, net	10,895	5,488	82,597	4,262	103,242
Total assets	<u>\$ 53,260</u>	<u>\$ 173,861</u>	<u>\$ 146,469</u>	<u>\$ 288,749</u>	<u>\$ 662,339</u>
Liabilities and Fund Balances					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 4,320	\$ 4,320
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,320</u>	<u>4,320</u>
Fund balances:					
Restricted for:					
Economic development	53,260	-	146,469	284,429	484,158
Streets and roads	-	173,861	-	-	173,861
Total fund balances	<u>53,260</u>	<u>173,861</u>	<u>146,469</u>	<u>284,429</u>	<u>658,019</u>
Total liabilities and fund balances	<u>\$ 53,260</u>	<u>\$ 173,861</u>	<u>\$ 146,469</u>	<u>\$ 288,749</u>	<u>\$ 662,339</u>

City of Grayville
White and Edwards County, Illinois
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended April 30, 2021

	<u>Special Revenue Funds</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Motel Tax</u>	<u>Motor Fuel Tax</u>	<u>Revolving Loan</u>	<u>TIF #2</u>	
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ 116,473	\$ 116,473
Other taxes	43,937	-	-	-	43,937
Intergovernmental	-	115,855	-	-	115,855
Interest	16	293	800	187	1,296
Total revenues	<u>43,953</u>	<u>116,148</u>	<u>800</u>	<u>116,660</u>	<u>277,561</u>
Expenditures					
Current:					
Streets and roads	-	38,055	-	-	38,055
Economic development	22,972	-	34,089	27,653	84,714
Total expenditures	<u>22,972</u>	<u>38,055</u>	<u>34,089</u>	<u>27,653</u>	<u>122,769</u>
Excess (deficiency) of revenues over expenditures	<u>20,981</u>	<u>78,093</u>	<u>(33,289)</u>	<u>89,007</u>	<u>154,792</u>
Other financing sources (uses)					
Transfers in (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	20,981	78,093	(33,289)	89,007	154,792
Fund balances - beginning	32,279	95,768	179,758	195,422	503,227
Fund balances - ending	<u>\$ 53,260</u>	<u>\$ 173,861</u>	<u>\$ 146,469</u>	<u>\$ 284,429</u>	<u>\$ 658,019</u>