

City of Grayville

White and Edwards County, Illinois

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

For the Fiscal Year Ended April 30, 2022

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



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August 18, 2022

Independent Auditors' Report

The City Council
City of Grayville
Grayville, IL 62844

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the IMRF pension schedules on pages 42-47 and 48-49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

Supplementary 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 accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 18, 2022, 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.

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August 18, 2022

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, 2022, 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 18, 2022.

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

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the City of Grayville, Illinois' response to the findings identified in our audit and described previously. The City of Grayville, Illinois' response 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 other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

City of Grayville
White and Edwards County, Illinois
Statement of Net Position
April 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,496,755	\$ 1,653,183	\$ 3,149,938
Receivables, net	296,054	172,408	468,462
Prepaid expense	30,237	23,987	54,224
Total current assets	<u>1,823,046</u>	<u>1,849,578</u>	<u>3,672,624</u>
Noncurrent assets:			
Restricted cash	78,482	323,168	401,650
Net pension asset	365,029	376,805	741,834
Land	248,673	131,920	380,593
Capital assets, net	4,358,987	5,407,047	9,766,034
Total noncurrent assets	<u>5,051,171</u>	<u>6,238,940</u>	<u>11,290,111</u>
Total assets	<u>6,874,217</u>	<u>8,088,518</u>	<u>14,962,735</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	106,300	109,729	216,029
Total assets and deferred outflows	<u>\$ 6,980,517</u>	<u>\$ 8,198,247</u>	<u>\$ 15,178,764</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 4,522	\$ 11,684	\$ 16,206
Customer deposits	-	14,611	14,611
Accrued expenses	32,582	45,409	77,991
Bank overdraft	-	382,960	382,960
Unearned revenue	-	106,486	106,486
Current portion of long-term debt	90,000	115,512	205,512
Total current liabilities	<u>127,104</u>	<u>676,662</u>	<u>803,766</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	1,365,000	2,652,546	4,017,546
Total noncurrent liabilities	<u>1,365,000</u>	<u>2,652,546</u>	<u>4,017,546</u>
Total liabilities	<u>1,492,104</u>	<u>3,329,208</u>	<u>4,821,312</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	383,450	395,822	779,272
Total liabilities and deferred inflows	<u>1,875,554</u>	<u>3,725,030</u>	<u>5,600,584</u>
Net position			
Investment in capital assets	3,152,660	2,770,909	5,923,569
Restricted for:			
Debt service	78,482	323,168	401,650
Pensions	365,029	376,805	741,834
Economic development	1,108,675	-	1,108,675
Public safety	1,516	-	1,516
Streets and roads	271,170	-	271,170
Culture and recreation	120,228	-	120,228
Unrestricted	7,203	1,002,335	1,009,538
Total net position	<u>\$ 5,104,963</u>	<u>\$ 4,473,217</u>	<u>\$ 9,578,180</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, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Fees, Licenses, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
		Governmental Activities	Business-Type Activities	Primary Government	
Governmental activities					
General government	\$ 130,163	\$ 15,559	\$ 52,546	\$ -	\$ (62,058)
Social services	72,430	14,475	-	-	(57,955)
Public safety	316,516	23,319	-	-	(293,197)
Streets and roads	210,066	-	-	-	(210,066)
Culture and recreation	226,641	18,464	-	-	(208,177)
Economic development	236,351	-	13,000	-	(223,351)
Interest	56,617	-	-	-	(56,617)
Total governmental activities	<u>1,248,784</u>	<u>71,817</u>	<u>65,546</u>	<u>-</u>	<u>(1,111,421)</u>
Business-type activities					
Gas	619,452	686,328	-	-	66,876
Water	477,474	501,144	-	474,881	498,551
Sewer	375,050	269,939	-	-	(105,111)
Garbage	113,203	101,454	-	-	(11,749)
Total business-type activities	<u>1,585,179</u>	<u>1,558,865</u>	<u>-</u>	<u>474,881</u>	<u>448,567</u>
Total primary government	<u>\$ 2,833,963</u>	<u>\$ 1,630,682</u>	<u>\$ 65,546</u>	<u>\$ 474,881</u>	<u>(662,854)</u>
General revenues					
Property tax				658,350	675,373
Sales and use tax				335,812	335,812
Income tax				253,861	253,861
Motor fuel tax				102,911	102,911
Video gaming tax				127,884	127,884
Motel tax				60,032	60,032
Other intergovernmental revenue				81,203	81,203
Miscellaneous				113,226	122,103
Interest				11,177	30,311
Transfers				-	-
Total general revenues and transfers				<u>1,744,456</u>	<u>1,789,490</u>
Change in net position				<u>633,035</u>	<u>1,126,636</u>
Net position - beginning				<u>4,471,928</u>	<u>8,451,544</u>
Net position - ending				<u>\$ 5,104,963</u>	<u>\$ 9,578,180</u>

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Balance Sheet
Governmental Funds
April 30, 2022

	General	TIF #1	Nonmajor Governmental	Total Governmental
Assets				
Cash and cash equivalents	\$ 268,746	\$ 434,176	\$ 793,833	\$ 1,496,755
Receivables, net	139,898	82,322	73,834	296,054
Prepaid items	30,237	-	-	30,237
Due from other funds	4,320	-	-	4,320
Restricted cash	78,482	-	-	78,482
Total assets	<u>\$ 521,683</u>	<u>\$ 516,498</u>	<u>\$ 867,667</u>	<u>\$ 1,905,848</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 4,522	\$ -	\$ -	\$ 4,522
Accrued expense	32,582	-	-	32,582
Due to other funds	-	-	4,320	4,320
Total liabilities	<u>37,104</u>	<u>-</u>	<u>4,320</u>	<u>41,424</u>
Fund balances				
Nonspendable:				
Prepaid	30,237	-	-	30,237
Restricted for:				
Debt service	78,482	-	-	78,482
Economic development	-	516,498	592,177	1,108,675
Public safety	1,516	-	-	1,516
Streets and roads	-	-	271,170	271,170
Culture and recreation	120,228	-	-	120,228
Unassigned	254,116	-	-	254,116
Total fund balances	<u>484,579</u>	<u>516,498</u>	<u>863,347</u>	<u>1,864,424</u>
Total liabilities and fund balances	<u>\$ 521,683</u>	<u>\$ 516,498</u>	<u>\$ 867,667</u>	

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.

4,607,660

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

87,879

Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

(1,455,000)

Net position of governmental activities

\$ 5,104,963

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, 2022

	General	TIF #1	Nonmajor Governmental	Total Governmental
Revenues				
Property taxes	\$ 291,281	\$ 275,468	\$ 91,601	\$ 658,350
Other taxes	-	-	60,032	60,032
Licenses and permits	15,559	-	-	15,559
Fines and forfeitures	23,319	-	-	23,319
Interest	353	3,357	7,467	11,177
Intergovernmental	864,306	-	102,911	967,217
Charges for services	32,939	-	-	32,939
Miscellaneous	113,226	-	-	113,226
Total revenues	<u>1,340,983</u>	<u>278,825</u>	<u>262,011</u>	<u>1,881,819</u>
Expenditures				
Current:				
General government	126,456	-	-	126,456
Social services	100,096	-	-	100,096
Public safety	374,437	-	-	374,437
Streets and roads	140,581	-	6,137	146,718
Economic development	-	181,810	50,546	232,356
Culture and recreation	218,205	-	-	218,205
Debt Service:				
Principal	90,000	-	-	90,000
Interest	56,617	-	-	56,617
Capital outlay	12,251	-	-	12,251
Total expenditures	<u>1,118,643</u>	<u>181,810</u>	<u>56,683</u>	<u>1,357,136</u>
Excess (deficiency) of revenues over expenditures	<u>222,340</u>	<u>97,015</u>	<u>205,328</u>	<u>524,683</u>
Other financing sources (uses)				
Transfer in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	222,340	97,015	205,328	524,683
Fund balances - beginning	262,239	419,483	658,019	1,339,741
Fund balances - ending	<u>\$ 484,579</u>	<u>\$ 516,498</u>	<u>\$ 863,347</u>	<u>\$ 1,864,424</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, 2022

Net change in fund balances - total governmental funds	\$ 524,683
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>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 (\$163,252) exceeded capital outlay \$12,251 in the current period.</p>	
	(151,001)
<p>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 \$90,000 exceeded proceeds (\$0) in the current period.</p>	
	90,000
<p>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 asset \$216,762, pension-related deferred outflows of resources (\$30,972), and pension-related deferred inflows of resources (\$16,437) in the current period.</p>	
	<u>169,353</u>
Change in net position of governmental activities	<u>\$ 633,035</u>

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, 2022

	Water	Sewer	Gas	Garbage	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 58,666	\$ -	\$ 1,566,775	\$ 27,742	\$ 1,653,183
Receivables, net	53,027	29,562	74,500	15,319	172,408
Prepaid expense	4,383	7,381	12,154	69	23,987
Total current assets	<u>116,076</u>	<u>36,943</u>	<u>1,653,429</u>	<u>43,130</u>	<u>1,849,578</u>
Noncurrent assets:					
Restricted cash	127,534	195,634	-	-	323,168
Net pension asset	110,436	58,691	196,202	11,476	376,805
Capital assets, net	2,700,411	2,017,212	821,344	-	5,538,967
Total noncurrent assets	<u>2,938,381</u>	<u>2,271,537</u>	<u>1,017,546</u>	<u>11,476</u>	<u>6,238,940</u>
Total assets	<u>3,054,457</u>	<u>2,308,480</u>	<u>2,670,975</u>	<u>54,606</u>	<u>8,088,518</u>
Deferred Outflows of Resources:					
Deferred outflows related to pensions	32,160	17,091	57,136	3,342	109,729
Total assets and deferred outflows	<u>\$ 3,086,617</u>	<u>\$ 2,325,571</u>	<u>\$ 2,728,111</u>	<u>\$ 57,948</u>	<u>\$ 8,198,247</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 655	\$ 3,636	\$ -	\$ 7,393	\$ 11,684
Bank overdraft	-	382,960	-	-	382,960
Customer deposits	4,792	3,809	6,010	-	14,611
Accrued expenses	16,548	13,848	12,788	2,225	45,409
Unearned revenue	-	106,486	-	-	106,486
Current portion of long-term debt	96,512	19,000	-	-	115,512
Total current liabilities	<u>118,507</u>	<u>529,739</u>	<u>18,798</u>	<u>9,618</u>	<u>676,662</u>
Noncurrent liabilities:					
Long-term debt, net of current portion	1,562,534	1,071,000	19,012	-	2,652,546
Total noncurrent liabilities	<u>1,562,534</u>	<u>1,071,000</u>	<u>19,012</u>	<u>-</u>	<u>2,652,546</u>
Deferred Inflows of Resources:					
Deferred inflows related to pensions	116,009	61,653	206,104	12,056	395,822
Total liabilities and deferred inflows	<u>1,797,050</u>	<u>1,662,392</u>	<u>243,914</u>	<u>21,674</u>	<u>3,725,030</u>
Net position					
Investment in capital assets	1,041,365	927,212	802,332	-	2,770,909
Restricted for debt service	127,534	195,634	-	-	323,168
Restricted for pensions	110,436	58,691	196,202	11,476	376,805
Unrestricted	10,232	(518,358)	1,485,663	24,798	1,002,335
Total net position	<u>\$ 1,289,567</u>	<u>\$ 663,179</u>	<u>\$ 2,484,197</u>	<u>\$ 36,274</u>	<u>\$ 4,473,217</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, 2022

	Water	Sewer	Gas	Garbage	Total
Operating revenues:					
Charges for services	\$ 501,144	\$ 269,939	\$ 686,328	\$ 101,454	\$ 1,558,865
Miscellaneous	3,898	240	4,289	450	8,877
Total operating revenues	<u>505,042</u>	<u>270,179</u>	<u>690,617</u>	<u>101,904</u>	<u>1,567,742</u>
Operating expenses:					
Salaries and benefits	81,764	44,799	145,114	8,761	280,438
Purchase of service	-	-	311,973	97,809	409,782
Services and supplies	148,043	19,020	72,408	3,065	242,536
Insurance	6,048	11,197	13,906	990	32,141
Utilities and telephone	28,325	43,462	1,513	-	73,300
Depreciation	152,457	225,113	35,721	-	413,291
Utility taxes	-	-	29,405	-	29,405
Other expenses	6,665	6,529	9,412	2,578	25,184
Total operating expenses	<u>423,302</u>	<u>350,120</u>	<u>619,452</u>	<u>113,203</u>	<u>1,506,077</u>
Operating income (loss)	<u>81,740</u>	<u>(79,941)</u>	<u>71,165</u>	<u>(11,299)</u>	<u>61,665</u>
Nonoperating revenues (expenses):					
Property tax	-	986	-	16,037	17,023
CDBG grant	474,881	-	-	-	474,881
Interest income	599	751	17,784	-	19,134
Interest expense	(54,172)	(24,930)	-	-	(79,102)
Total nonoperating revenues (expenses)	<u>421,308</u>	<u>(23,193)</u>	<u>17,784</u>	<u>16,037</u>	<u>431,936</u>
Income (loss) before transfers	503,048	(103,134)	88,949	4,738	493,601
Operating transfers in (out)	<u>12,508</u>	<u>-</u>	<u>(12,508)</u>	<u>-</u>	<u>-</u>
Change in net position	515,556	(103,134)	76,441	4,738	493,601
Net position - beginning	774,011	766,313	2,407,756	31,536	3,979,616
Net position - ending	<u>\$ 1,289,567</u>	<u>\$ 663,179</u>	<u>\$ 2,484,197</u>	<u>\$ 36,274</u>	<u>\$ 4,473,217</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, 2022

	Water	Sewer	Gas	Garbage	Total
Cash flows from operating activities:					
Receipts from customers	\$ 520,486	\$ 278,810	\$ 674,901	\$ 104,728	\$ 1,578,925
Payments to employees	(132,453)	(74,182)	(232,387)	(14,266)	(453,288)
Payments to suppliers	(188,504)	(78,400)	(446,500)	(97,049)	(810,453)
Net cash provided (used) by operating activities	<u>199,529</u>	<u>126,228</u>	<u>(3,986)</u>	<u>(6,587)</u>	<u>315,184</u>
Cash flows from noncapital financing activities:					
Property tax	-	1,865	-	24,825	26,690
Interfund transfers	12,508	-	(12,508)	-	-
Bank overdraft	-	(4,682)	-	-	(4,682)
Net cash provided (used) by noncapital financing activities	<u>12,508</u>	<u>(2,817)</u>	<u>(12,508)</u>	<u>24,825</u>	<u>22,008</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(556,715)	(65,900)	-	-	(622,615)
Rural development grant	474,881	-	-	-	474,881
ARPA grant	-	106,486	-	-	106,486
Principal paid	(105,600)	(18,000)	-	-	(123,600)
Interest paid	(54,172)	(24,930)	-	-	(79,102)
Net cash provided (used) by capital and related financing activities	<u>(241,606)</u>	<u>(2,344)</u>	<u>-</u>	<u>-</u>	<u>(243,950)</u>
Cash flows from investing activities:					
Interest earned	599	751	17,784	-	19,134
Net cash provided (used) by investing activities	<u>599</u>	<u>751</u>	<u>17,784</u>	<u>-</u>	<u>19,134</u>
Net increase (decrease) in cash and cash equivalents	(28,970)	121,818	1,290	18,238	112,376
Cash and cash equivalents at beginning of year	215,170	73,816	1,565,485	9,504	1,863,975
Cash and cash equivalents at end of year	<u>\$ 186,200</u>	<u>\$ 195,634</u>	<u>\$ 1,566,775</u>	<u>\$ 27,742</u>	<u>\$ 1,976,351</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, 2022
(Concluded)

	Water	Sewer	Gas	Garbage	Total
Cash and cash equivalents per statement of net position:					
Unrestricted	\$ 58,666	-	\$ 1,566,775	\$ 27,742	\$ 1,653,183
Restricted	127,534	195,634	-	-	323,168
Cash and cash equivalents at end of year	<u>\$ 186,200</u>	<u>\$ 195,634</u>	<u>\$ 1,566,775</u>	<u>\$ 27,742</u>	<u>\$ 1,976,351</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 81,740	\$ (79,941)	\$ 71,165	\$ (11,299)	\$ 61,665
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	152,457	225,113	35,721	-	413,291
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	14,069	8,231	(16,266)	2,824	8,858
(Increase) decrease in prepaid expenses	-	-	(7,771)	-	(7,771)
(Increase) decrease in net pension asset	(66,574)	(30,931)	(123,339)	(6,484)	(227,328)
(Increase) decrease in deferred outflows of resources	8,449	8,610	10,324	1,280	28,663
Increase (decrease) in accounts payable	577	1,808	(112)	7,393	9,666
Increase (decrease) in customer deposits	1,375	400	550	-	2,325
Increase (decrease) in deferred inflows of resources	7,436	(7,062)	25,742	(301)	25,815
Net cash provided (used) by operating activities	<u>\$ 199,529</u>	<u>\$ 126,228</u>	<u>\$ (3,986)</u>	<u>\$ (6,587)</u>	<u>\$ 315,184</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, 2022

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, 2022, 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, 2022
(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. Custodial funds are used to report resources held by the reporting government in a purely custodial capacity. Custodial 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, 2022
(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, 2022
(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, 2022
(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, 2022
(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 paycheck 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, 2022, was \$64,587.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(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, 2022
(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, 2022
(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, 2022, \$2,471,055 of the City's bank balance of \$3,358,417 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	2,471,055
Total	<u>\$ 2,471,055</u>

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 16, 2022, the pool was rated "AAAmf" by Fitch Ratings. The annual report of The Illinois Funds for the year ended June 30, 2021 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, 2022
(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, 2022 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, 2022 were due in September and October 2021. The City receives their share of these taxes approximately one month after their due dates.

Note 6. 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.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(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, 2022 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	\$ 248,673	\$ -	\$ -	\$ 248,673
Capital assets, being depreciated				
Buildings	732,699	-	-	732,699
Vehicles and equipment	510,846	12,251	-	523,097
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>15,439,639</u>	<u>12,251</u>	<u>-</u>	<u>15,451,890</u>
Less accumulated depreciation for:				
Buildings	349,873	22,757	-	372,630
Vehicles and equipment	382,499	36,855	-	419,354
Infrastructure	9,955,067	79,927	-	10,034,994
Pool system	84,926	4,539	-	89,465
Park Improvements	56,237	16,182	-	72,419
Boat ramp	101,049	2,992	-	104,041
Total accumulated depreciation	<u>10,929,651</u>	<u>163,252</u>	<u>-</u>	<u>11,092,903</u>
Total capital assets, being depreciated, net	<u>4,509,988</u>	<u>(151,001)</u>	<u>-</u>	<u>4,358,987</u>
Governmental activities capital assets, net	<u>\$ 4,758,661</u>	<u>\$ (151,001)</u>	<u>\$ -</u>	<u>\$ 4,607,660</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(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	1,927,367	-	-	1,927,367
Sewer system	6,529,653	65,900	-	6,595,553
Water system	4,308,724	556,715	-	4,865,439
Equipment	40,837	-	-	40,837
Total capital assets, being depreciated	<u>12,806,581</u>	<u>622,615</u>	<u>-</u>	<u>13,429,196</u>
Less accumulated depreciation for:				
Gas system	1,070,302	35,721	-	1,106,023
Sewer system	4,449,491	225,113	-	4,674,604
Water system	2,048,228	152,457	-	2,200,685
Equipment	40,837	-	-	40,837
Total accumulated depreciation	<u>7,608,858</u>	<u>413,291</u>	<u>-</u>	<u>8,022,149</u>
Total capital assets, being depreciated, net	<u>5,197,723</u>	<u>209,324</u>	<u>-</u>	<u>5,407,047</u>
Business-type activities capital assets, net	<u>\$ 5,329,643</u>	<u>\$ 209,324</u>	<u>\$ -</u>	<u>\$ 5,538,967</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	19,570
Culture and recreation	39,822
Economic development	3,995
Social services	3,193
Total depreciation expense - governmental activities	<u>\$ 163,252</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 9. 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, 2022
(Continued)

Note 9. 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, 2021, 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	9
Active Plan Members	18
Total	54

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 2021 was 10.58%. For the fiscal year ended April 30, 2022, the employer contributed \$56,584 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, 2021. 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, 2022
(Continued)

Note 9. 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, 2021:

- 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, 2021:

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 9. 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	39%	1.90%
International Equity	15%	3.15%
Fixed Income	25%	-0.60%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70-5.50%
Cash Equivalents	1%	-0.90%
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 1.84%, and the resulting single discount rate is 7.25%.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 9. 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, 2020	\$ 3,896,877	\$ 4,194,621	\$ (297,744)
Changes for the year:			
Service Cost	55,891	-	55,891
Interest on the Total Pension Liability	274,537	-	274,537
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	137,452	-	137,452
Changes of Assumptions	-	-	-
Contributions - Employer	-	62,805	(62,805)
Contributions - Employees	-	26,713	(26,713)
Net Investment Income	-	740,713	(740,713)
Benefit Payments, including Refunds of Employee Contributions	(276,222)	(276,222)	-
Other (Net Transfer)	-	81,739	(81,739)
Net Changes	191,658	635,748	(444,090)
Balances at December 31, 2021	<u>\$ 4,088,535</u>	<u>\$ 4,830,369</u>	<u>\$ (741,834)</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	\$ 4,510,445	\$ 4,088,535	\$ 3,752,730
Plan Fiduciary Net Position	4,830,369	4,830,369	4,830,369
Net Pension Liability/(Asset)	<u>\$ (319,924)</u>	<u>\$ (741,834)</u>	<u>\$ (1,077,639)</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 9. 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, 2022, the employer recognized pension income of \$285,729. At April 30, 2022, 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	\$ 92,974	\$ 60,002
Changes of assumptions	-	8,536
Net difference between projected and actual earnings on pension plan investments	<u>108,176</u>	<u>710,734</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 201,150</u>	<u>\$ 779,272</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>\$ 14,879</u>	<u>\$ -</u>
Total Deferred Amounts Related to Pensions	<u>\$ 216,029</u>	<u>\$ 779,272</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
2022	\$ (120,464)
2023	(205,688)
2024	(149,011)
2025	(88,080)
2026	-
Thereafter	-
Total	<u>\$ (563,243)</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 9. 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, 2022, no employees were participating in the plan.

Note 10. Accounts Receivable

Accounts receivable at April 30, 2022 consisted of the following:

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Intergovernmental	\$ 135,090	\$ -	\$ 135,090
Accounts	-	188,863	188,863
Notes	146,394	-	146,394
Interest	37	943	980
Other	15,583	7,518	23,101
Gross receivables	<u>297,104</u>	<u>197,324</u>	<u>494,428</u>
Allowance for uncollectible	(1,050)	(24,916)	(25,966)
Net total receivables	<u>\$ 296,054</u>	<u>\$ 172,408</u>	<u>\$ 468,462</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 11. Interfund Balances

Interfund balances at April 30, 2022, consisted of the following:

Due From:	<u>Nonmajor</u> <u>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 12. Notes Receivable

The Revolving Loan Fund reflects community development loans receivable in the amount of \$64,072. 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 determined to be unnecessary at April 30, 2022.

The TIF #1 Fund has one community development loan receivable in the amount of \$82,322. The loan bears interest at an annual rate of 3% and will be repaid over a period of 10 years.

Note 13. Restricted Cash

Restricted cash in the amount of \$401,650 is comprised of the following: In the General Fund, \$78,482 is restricted for debt service. In the Water Fund, \$127,534 is restricted for debt service. In the Sewer Fund, \$195,634 is restricted for debt service.

Note 14. 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, 2022
(Continued)

Note 15. Long-term Debt

Governmental long-term debt activity for the year ended April 30, 2022 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
2014 Alternate Revenue Bonds	\$ 1,545,000	\$ -	\$ 90,000	\$ 1,455,000

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, 2022 were as follows:

Year Ended April 30	Principal	Interest	Total
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	100,000	41,773	141,773
2028-2032	575,000	145,921	720,921
2033-2035	405,000	26,387	431,387
Totals	\$ 1,455,000	\$ 413,261	\$ 1,868,261

Business-type long-term debt activity for the year ended April 30, 2022 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
Sewer Revenue Bonds 92-06	\$ 976,000	\$ -	\$ 16,000	\$ 960,000
Sewer Revenue Bonds 92-07	132,000	-	2,000	130,000
Utility Truck Loan	12,151	-	12,151	-
Water Revenue Bonds 91-05	920,000	-	20,000	900,000
Meter Lease-Water Fund	832,495	-	73,449	759,046
Meter Lease-Gas Fund	19,012	-	-	19,012
Total	\$ 2,891,658	\$ -	\$ 123,600	\$ 2,768,058

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 15. Long-term Debt (Cont'd)

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, 2022 are as follows:

Year Ended April 30	Principal	Interest	Total
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	24,000	19,980	43,980
2028-2032	120,000	91,800	211,800
2033-2037	120,000	78,300	198,300
2038-2042	136,000	64,620	200,620
2043-2047	160,000	47,700	207,700
2048-2052	168,000	29,700	197,700
2053-2056	160,000	9,000	169,000
Totals	<u>\$ 960,000</u>	<u>\$ 425,340</u>	<u>\$ 1,385,340</u>

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, 2022 are as follows:

Year Ended April 30	Principal	Interest	Total
2023	\$ 3,000	\$ 2,925	\$ 5,925
2024	3,000	2,858	5,858
2025	3,000	2,790	5,790
2026	3,000	2,723	5,723
2027	3,000	2,655	5,655
2028-2032	15,000	12,262	27,262
2033-2037	16,000	10,575	26,575
2038-2042	20,000	8,550	28,550
2043-2047	20,000	6,300	26,300
2048-2052	24,000	3,915	27,915
2053-2056	20,000	1,126	21,126
Totals	<u>\$ 130,000</u>	<u>\$ 56,679</u>	<u>\$ 186,679</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 15. Long-term Debt (Cont'd)

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 carried an interest rate of 2.95% and called for annual payments of \$12,511. The loan matured on May 30, 2021.

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, 2022 are as follows:

Year Ended April 30	Principal	Interest	Total
2023	\$ 20,000	\$ 20,250	\$ 40,250
2024	20,000	19,800	39,800
2025	20,000	19,350	39,350
2026	20,000	18,900	38,900
2027	20,000	18,450	38,450
2028-2032	100,000	85,500	185,500
2033-2037	100,000	74,250	174,250
2038-2042	140,000	61,650	201,650
2043-2047	150,000	45,000	195,000
2048-2052	150,000	28,124	178,124
2053-2056	160,000	9,000	169,000
Totals	<u>\$ 900,000</u>	<u>\$ 400,274</u>	<u>\$ 1,300,274</u>

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. Amortization expense has been included in depreciation expense in the financial statements. 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, 2022 are as follows:

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 15. Long-term Debt (Cont'd)

Year Ended April 30	Principal	Interest	Total
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	90,095	16,469	106,564
2028-2029	362,235	17,611	379,846
	<u>\$ 778,058</u>	<u>\$ 134,608</u>	<u>\$ 912,666</u>

Note 16. Transfers

Interfund transfers consisted of the following as of April 30, 2022:

Transfer From:	Gas
Transfer To:	
Water	\$ 12,508

The above transfer was made to pay loan payments.

Note 17. 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.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Continued)

Note 17. Bond Compliance (Cont'd)

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, 2022.

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:

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, 2022.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2022
(Concluded)

Note 18. Legal Debt Margin

Assessed Valuation - 2020	\$ 12,567,790
Legal Debt Limit - 8.625% of assessed valuation	\$ 1,083,972
Amount of debt applicable to debt limit	-
Legal debt margin (deficit)	\$ 1,083,972

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, 2022

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Property taxes	\$ 275,510	\$ 291,281
Licenses and permits	11,975	15,559
Intergovernmental		
Replacement tax	20,000	66,033
Sales and use tax	226,200	335,812
Illinois income tax	169,000	253,861
Video gaming tax	65,750	127,884
Cannabis use tax	1,000	2,531
Franchise tax	12,000	12,639
Grants	-	65,546
Total intergovernmental	493,950	864,306
Fines and fees	18,910	23,319
Charges for services	30,000	32,939
Miscellaneous		
Oil royalties	15,000	33,651
Interest	50	353
Donations	1,000	13,184
Other	15,000	28,925
Lease income	12,000	16,510
Refunds/reimbursements	250	12,304
Sale of assets/materials	2,000	8,652
Total miscellaneous	45,300	113,579
Total revenues	875,645	1,340,983

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, 2022
(Continued)

	Original and Final Budget	Actual
Expenditures		
Current:		
General Government:		
<u>Administration</u>		
Salaries and benefits	\$ 52,088	\$ 49,572
Contractual services	9,950	12,044
Office supplies	12,750	6,461
Training and travel	350	-
Insurance	8,976	11,604
Telephone and utilities	16,500	9,929
Supplies	2,550	3,979
Donations	7,500	7,700
Miscellaneous	34,100	22,673
Total administration	144,764	123,962
<u>Zoning</u>		
Contractual services	750	1,622
Total zoning	750	1,622
<u>Dog pound</u>		
Contractual services	600	125
Operating supplies	110	122
Miscellaneous	100	625
Total dog pound	810	872
Total general government	146,324	126,456
Social Services:		
<u>Cemetery</u>		
Salaries and benefits	84,682	82,368
Contractual services	1,775	5,829
Insurance	1,892	3,762
Supplies	2,800	3,972
Utilities	2,150	2,946
Office supplies	1,720	641
Miscellaneous	-	578
Total cemetery	95,019	100,096

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, 2022
(Continued)

	Original and Final Budget	Actual
Streets and Roads:		
Salaries and benefits	\$ 77,661	\$ 63,720
Insurance	3,925	7,057
Office expense	400	691
Telephone and utilities	20,400	20,011
Contractual services	12,775	17,591
Materials and supplies	24,850	28,402
Rentals	2,500	2,100
Miscellaneous	400	1,009
Total streets and roads	142,911	140,581
 Public Safety:		
<u>Police</u>		
Salaries and benefits	231,051	217,584
Contractual services	13,725	25,263
Dispatching	31,200	31,200
Office expense	2,600	3,792
Telephone and utilities	10,500	13,394
Insurance	12,753	14,872
Rentals	750	2,000
Miscellaneous	5,000	3,813
Materials and supplies	15,900	48,567
Training and travel	1,250	13,952
Total police	324,729	374,437

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, 2022
(Continued)

	Original and Final Budget	Actual
Culture and Recreation:		
<u>Library</u>		
Salaries and benefits	\$ 68,596	\$ 77,717
Contractual services	5,720	9,540
Telephone and utilities	3,200	5,495
Supplies	17,600	15,353
Miscellaneous	-	4,925
Office expense	1,000	6,837
Training and travel	650	-
Insurance	2,236	2,236
Total library	99,002	122,103
<u>Parks</u>		
Salaries and benefits	20,921	10,955
Insurance	3,543	4,208
Telephone and utilities	12,100	12,449
Operating supplies	8,375	5,240
Contractual services	17,575	37,398
Training and travel	100	687
Office expense	225	641
Rentals	-	4,080
Supplies	-	18,939
Miscellaneous	500	1,505
Total parks	63,339	96,102
Total culture and recreation	162,341	218,205
Debt Service	147,787	146,617
Capital Outlay	39,000	12,251
Total expenditures	1,058,111	1,118,643

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, 2022
(Concluded)

	Original and Final Budget	Actual
Excess (deficiency) of revenues over expenditures	\$ (182,466)	\$ 222,340
Other financing sources (uses)		
Transfer in	-	-
Transfer out	-	-
Total other financing sources (uses)	-	-
Net change in fund balance	\$ (182,466)	222,340
Fund balances - beginning		262,239
Fund balances - ending		\$ 484,579

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, 2022

	Original and Final Budget	Actual
Revenues		
Property taxes	\$ 200,000	\$ 275,468
Interest	2,644	3,357
Total revenues	202,644	278,825
Expenditures		
Current:		
Economic development:		
Engineering	1,000	3,225
Legal services	1,000	1,440
Consulting fees	1,500	2,127
Advertising	-	120
Training	-	700
Inducements	165,000	160,656
Public improvements	35,000	13,542
Capital outlay	85,000	-
Total expenditures	288,500	181,810
Excess (deficiency) of revenues over expenditures	(85,856)	97,015
Other financing sources (uses)		
Transfer in (out)	-	-
Total other financing sources (uses)	-	-
Net change in fund balances	\$ (85,856)	97,015
Fund balances - beginning		419,483
Fund balances - ending		\$ 516,498

City of Grayville
White and Edwards County, Illinois
Illinois Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
April 30, 2022

	2021	2020	2019	2018	2017	2016	2015
Calendar year ending December 31,							
Total pension liability	\$ 55,891	\$ 69,429	\$ 63,349	\$ 52,028	\$ 48,087	\$ 55,878	\$ 61,071
Service cost	274,537	284,893	275,339	278,354	282,841	287,916	298,992
Interest on the total pension liability	-	-	-	-	-	-	-
Changes of benefit terms	137,452	(183,770)	62,495	(94,424)	(5,140)	(131,330)	(218,437)
Differences between expected and actual experience	-	(26,142)	-	104,559	(123,944)	(8,978)	-
Changes of assumptions	(276,222)	(284,742)	(260,145)	(259,428)	(267,859)	(287,190)	(287,018)
Benefit payments and refunds	191,658	(140,332)	141,038	81,089	(66,015)	(83,704)	(145,392)
Net change in total pension liability	3,896,877	4,037,209	3,896,171	3,815,082	3,881,097	3,964,801	4,110,193
Total pension liability - beginning	\$ 4,088,535	\$ 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	\$ 62,805	\$ 60,009	\$ 48,095	\$ 67,405	\$ 72,384	\$ 87,344	\$ 81,286
Contributions - employer	26,713	25,596	27,712	25,446	24,344	23,966	24,192
Contributions - employee	740,713	575,859	677,499	(259,172)	651,869	230,908	17,158
Net investment income	(276,222)	(284,742)	(260,145)	(259,428)	(267,859)	(287,190)	(287,018)
Benefit payments and refunds	81,739	(45,336)	(21,792)	(43,459)	(89,907)	31,359	25,828
Other (Net Transfer)	635,748	331,386	471,369	(469,208)	390,831	86,387	(138,554)
Net change in plan fiduciary net position	4,194,621	3,863,235	3,391,866	3,861,074	3,470,243	3,383,856	3,522,410
Plan fiduciary net position - beginning	\$ 4,830,369	\$ 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)	\$ (741,834)	\$ (297,744)	\$ 173,974	\$ 504,305	\$ (45,992)	\$ 410,854	\$ 580,945
Plan fiduciary net position as a percentage of the total pension liability	118.14%	107.64%	95.69%	87.06%	101.21%	89.41%	85.35%
Covered-employee payroll	\$ 593,620	\$ 568,803	\$ 615,817	\$ 565,478	\$ 540,987	\$ 532,582	\$ 537,610
City's net pension liability as a percentage of covered-valuation payroll	-124.97%	-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, 2022

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%
2021	62,805	62,805	-	593,620	10.58%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 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 2021 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): 22-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, 2019, actuarial valuation

City of Grayville
White and Edwards County, Illinois
Notes to the Required Supplementary Information
April 30, 2022

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 19, 2021 and was not amended.

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

The General Fund had expenditures in excess of budgeted amounts of \$60,532 for the fiscal year ending April 30, 2022.

Supplementary Information

City of Grayville
White and Edwards County, Illinois
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2022

	<u>Special Revenue Funds</u>				Total Nonmajor Governmental Funds
	Motel Tax	Motor Fuel Tax	Revolving Loan	TIF #2	
Assets					
Cash and cash equivalents	\$ 77,426	\$ 265,682	\$ 72,023	\$ 378,702	\$ 793,833
Receivables, net	4,274	5,488	64,072	-	73,834
Total assets	<u>\$ 81,700</u>	<u>\$ 271,170</u>	<u>\$ 136,095</u>	<u>\$ 378,702</u>	<u>\$ 867,667</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	81,700	-	136,095	374,382	592,177
Streets and roads	-	271,170	-	-	271,170
Total fund balances	<u>81,700</u>	<u>271,170</u>	<u>136,095</u>	<u>374,382</u>	<u>863,347</u>
Total liabilities and fund balances	<u>\$ 81,700</u>	<u>\$ 271,170</u>	<u>\$ 136,095</u>	<u>\$ 378,702</u>	<u>\$ 867,667</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, 2022

	<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	\$ -	\$ -	\$ -	\$ 91,601	\$ 91,601
Other taxes	60,032	-	-	-	60,032
Intergovernmental	-	102,911	-	-	102,911
Interest	107	535	6,080	745	7,467
Total revenues	<u>60,139</u>	<u>103,446</u>	<u>6,080</u>	<u>92,346</u>	<u>262,011</u>
Expenditures					
Current:					
Streets and roads	-	6,137	-	-	6,137
Economic development	31,699	-	16,454	2,393	50,546
Total expenditures	<u>31,699</u>	<u>6,137</u>	<u>16,454</u>	<u>2,393</u>	<u>56,683</u>
Excess (deficiency) of revenues over expenditures	<u>28,440</u>	<u>97,309</u>	<u>(10,374)</u>	<u>89,953</u>	<u>205,328</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	28,440	97,309	(10,374)	89,953	205,328
Fund balances - beginning	53,260	173,861	146,469	284,429	658,019
Fund balances - ending	<u>\$ 81,700</u>	<u>\$ 271,170</u>	<u>\$ 136,095</u>	<u>\$ 374,382</u>	<u>\$ 863,347</u>