

City of Grayville

White and Edwards County, Illinois

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

For the Fiscal Year Ended April 30, 2023

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



**BOTSCH AND
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—AND—

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August 9, 2023

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, 2023, 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, 2023, 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 9, 2023, 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 9, 2023

**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, 2023, 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 9, 2023.

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.
Carmi, IL 62821

Basic Financial Statements

City of Grayville
White and Edwards County, Illinois
Statement of Net Position
April 30, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,697,304	\$ 1,569,359	\$ 3,266,663
Receivables, net	175,346	159,656	335,002
Prepaid expense	30,237	23,987	54,224
Total current assets	<u>1,902,887</u>	<u>1,753,002</u>	<u>3,655,889</u>
Noncurrent assets:			
Restricted cash	88,510	467,196	555,706
Land	292,139	146,815	438,954
Capital assets, net	4,303,028	5,044,198	9,347,226
Total noncurrent assets	<u>4,683,677</u>	<u>5,658,209</u>	<u>10,341,886</u>
Total assets	<u>6,586,564</u>	<u>7,411,211</u>	<u>13,997,775</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	461,350	456,185	917,535
Total assets and deferred outflows	<u>\$ 7,047,914</u>	<u>\$ 7,867,396</u>	<u>\$ 14,915,310</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 4,113	\$ 41,623	\$ 45,736
Customer deposits	-	14,675	14,675
Accrued expenses	32,582	45,409	77,991
Bank overdraft	-	365,393	365,393
Unearned revenue	-	212,972	212,972
Current portion of long-term debt	118,209	118,702	236,911
Total current liabilities	<u>154,904</u>	<u>798,774</u>	<u>953,678</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	1,275,921	2,533,844	3,809,765
Net pension liability	168,943	167,052	335,995
Total noncurrent liabilities	<u>1,444,864</u>	<u>2,700,896</u>	<u>4,145,760</u>
Total liabilities	<u>1,599,768</u>	<u>3,499,670</u>	<u>5,099,438</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	238,290	235,623	473,913
Total liabilities and deferred inflows	<u>1,838,058</u>	<u>3,735,293</u>	<u>5,573,351</u>
Net position			
Investment in capital assets	3,201,037	2,538,467	5,739,504
Restricted for:			
Debt service	88,510	467,196	555,706
Economic development	1,051,548	-	1,051,548
Public safety	1,774	-	1,774
Streets and roads	301,532	-	301,532
Culture and recreation	123,715	-	123,715
Unrestricted	441,740	1,126,440	1,568,180
Total net position	<u>\$ 5,209,856</u>	<u>\$ 4,132,103</u>	<u>\$ 9,341,959</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, 2023

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	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental activities							
General government	\$ 148,358	\$ 19,344	\$ 2,000	\$ -	\$ (127,014)	\$ -	\$ (127,014)
Social services	112,798	17,600	-	-	(95,198)	-	(95,198)
Public safety	431,041	14,537	-	-	(416,504)	-	(416,504)
Streets and roads	298,989	-	-	-	(298,989)	-	(298,989)
Culture and recreation	248,099	20,303	-	-	(227,796)	-	(227,796)
Economic development	427,306	-	-	-	(427,306)	-	(427,306)
Interest	55,163	-	-	-	(55,163)	-	(55,163)
Total governmental activities	1,721,754	71,784	2,000	-	(1,647,970)	-	(1,647,970)
Business-type activities							
Gas	808,516	691,467	-	-	-	(117,049)	(117,049)
Water	648,192	525,579	-	25,119	-	(97,494)	(97,494)
Sewer	460,972	285,848	-	-	-	(175,124)	(175,124)
Garbage	141,989	129,650	-	-	-	(12,339)	(12,339)
Total business-type activities	2,059,669	1,632,544	-	25,119	-	(402,006)	(402,006)
Total primary government	\$ 3,781,423	\$ 1,704,328	\$ 2,000	\$ 25,119	(1,647,970)	(402,006)	(2,049,976)
		General revenues					
		Property tax			661,923	20,255	682,178
		Sales and use tax			362,674	-	362,674
		Income tax			238,533	-	238,533
		Motor fuel tax			83,222	-	83,222
		Video gaming tax			125,444	-	125,444
		Motel tax			56,527	-	56,527
		Replacement tax			74,637	-	74,637
		Other Intergovernmental revenue			14,290	-	14,290
		Miscellaneous			130,611	16,462	147,073
		Interest			5,002	24,175	29,177
		Total general revenues and transfers			1,752,863	60,892	1,813,755
		Change in net position			104,893	(341,114)	(236,221)
		Net position - beginning			5,104,963	4,473,217	9,578,180
		Net position - ending			\$ 5,209,856	\$ 4,132,103	\$ 9,341,959

The accompanying notes are an integral part of this statement.

City of Grayville
White and Edwards County, Illinois
Balance Sheet
Governmental Funds
April 30, 2023

	General	TIF #1	Nonmajor Governmental	Total Governmental
Assets				
Cash and cash equivalents	\$ 388,985	\$ 566,121	\$ 742,198	\$ 1,697,304
Receivables, net	126,265	-	49,081	175,346
Prepaid items	30,237	-	-	30,237
Due from other funds	4,320	-	-	4,320
Restricted cash	88,510	-	-	88,510
Total assets	<u>\$ 638,317</u>	<u>\$ 566,121</u>	<u>\$ 791,279</u>	<u>\$ 1,995,717</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 4,113	\$ -	\$ -	\$ 4,113
Accrued expense	32,582	-	-	32,582
Due to other funds	-	-	4,320	4,320
Total liabilities	<u>36,695</u>	<u>-</u>	<u>4,320</u>	<u>41,015</u>
Fund balances				
Nonspendable:				
Prepaid	30,237	-	-	30,237
Restricted for:				
Debt service	88,510	-	-	88,510
Economic development	-	566,121	485,427	1,051,548
Public safety	1,774	-	-	1,774
Streets and roads	-	-	301,532	301,532
Culture and recreation	123,715	-	-	123,715
Unassigned	357,386	-	-	357,386
Total fund balances	<u>601,622</u>	<u>566,121</u>	<u>786,959</u>	<u>1,954,702</u>
Total liabilities and fund balances	<u>\$ 638,317</u>	<u>\$ 566,121</u>	<u>\$ 791,279</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.

4,595,167

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

54,117

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

(1,394,130)

Net position of governmental activities

\$ 5,209,856

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, 2023

	<u>General</u>	<u>TIF #1</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Revenues				
Property taxes	\$ 275,319	\$ 289,970	\$ 96,634	\$ 661,923
Other taxes	-	-	56,527	56,527
Licenses and permits	19,344	-	-	19,344
Fines and forfeitures	14,537	-	-	14,537
Interest	386	1,655	2,961	5,002
Intergovernmental	817,578	-	83,222	900,800
Charges for services	37,903	-	-	37,903
Miscellaneous	136,118	-	-	136,118
Total revenues	<u>1,301,185</u>	<u>291,625</u>	<u>239,344</u>	<u>1,832,154</u>
Expenditures				
Current:				
General government	138,056	-	-	138,056
Social services	103,999	-	-	103,999
Public safety	396,086	-	-	396,086
Streets and roads	153,808	-	53,536	207,344
Economic development	-	209,765	213,223	422,988
Culture and recreation	202,856	-	-	202,856
Debt Service:				
Principal	106,915	-	-	106,915
Interest	55,163	-	-	55,163
Capital outlay	73,304	32,237	48,973	154,514
Total expenditures	<u>1,230,187</u>	<u>242,002</u>	<u>315,732</u>	<u>1,787,921</u>
Excess (deficiency) of revenues over expenditures	<u>70,998</u>	<u>49,623</u>	<u>(76,388)</u>	<u>44,233</u>
Other financing sources (uses)				
Transfer in (out)	-	-	-	-
Debt proceeds	46,045	-	-	46,045
Total other financing sources (uses)	<u>46,045</u>	<u>-</u>	<u>-</u>	<u>46,045</u>
Net change in fund balances	117,043	49,623	(76,388)	90,278
Fund balances - beginning	484,579	516,498	863,347	1,864,424
Fund balances - ending	<u>\$ 601,622</u>	<u>\$ 566,121</u>	<u>\$ 786,959</u>	<u>\$ 1,954,702</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, 2023

Net change in fund balances - total governmental funds	\$	90,278
<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 (\$161,500) exceeded capital outlay \$154,514 in the current period.</p>		
		(6,986)
<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 \$106,915 exceeded proceeds (\$46,045) in the current period.</p>		
		60,870
<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 liability (\$168,943), pension-related deferred outflows of resources \$355,050, pension-related deferred inflows of resources \$145,160, and net pension asset (\$365,029) in the current period.</p>		
		(33,762)
<p>In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.</p>		
		<u>(5,507)</u>
Change in net position of governmental activities	\$	<u>104,893</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, 2023

	Water	Sewer	Gas	Garbage	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ 5,462	-	\$ 1,542,508	\$ 21,389	\$ 1,569,359
Receivables, net	54,872	33,493	57,108	14,183	159,656
Prepaid expense	4,383	7,381	12,154	69	23,987
Total current assets	<u>64,717</u>	<u>40,874</u>	<u>1,611,770</u>	<u>35,641</u>	<u>1,753,002</u>
Noncurrent assets:					
Restricted cash	149,160	318,036	-	-	467,196
Capital assets, net	2,569,506	1,792,351	814,261	14,895	5,191,013
Total noncurrent assets	<u>2,718,666</u>	<u>2,110,387</u>	<u>814,261</u>	<u>14,895</u>	<u>5,658,209</u>
Total assets	<u>2,783,383</u>	<u>2,151,261</u>	<u>2,426,031</u>	<u>50,536</u>	<u>7,411,211</u>
Deferred Outflows of Resources:					
Deferred outflows related to pensions	143,104	68,972	231,017	13,092	456,185
Total assets and deferred outflows	<u>\$ 2,926,487</u>	<u>\$ 2,220,233</u>	<u>\$ 2,657,048</u>	<u>\$ 63,628</u>	<u>\$ 7,867,396</u>
Liabilities					
Current liabilities:					
Accounts payable	\$ 20,454	\$ 1,332	\$ 12,444	\$ 7,393	\$ 41,623
Bank overdraft	-	365,393	-	-	365,393
Customer deposits	5,166	3,574	5,935	-	14,675
Accrued expenses	16,548	13,848	12,788	2,225	45,409
Unearned revenue	-	212,972	-	-	212,972
Current portion of long-term debt	99,702	19,000	-	-	118,702
Total current liabilities	<u>141,870</u>	<u>616,119</u>	<u>31,167</u>	<u>9,618</u>	<u>798,774</u>
Noncurrent liabilities:					
Long-term debt, net of current portion	1,462,832	1,052,000	19,012	-	2,533,844
Net pension liability	52,404	25,257	84,597	4,794	167,052
Total noncurrent liabilities	<u>1,515,236</u>	<u>1,077,257</u>	<u>103,609</u>	<u>4,794</u>	<u>2,700,896</u>
Deferred Inflows of Resources:					
Deferred inflows related to pensions	73,914	35,625	119,322	6,762	235,623
Total liabilities and deferred inflows	<u>1,731,020</u>	<u>1,729,001</u>	<u>254,098</u>	<u>21,174</u>	<u>3,735,293</u>
Net position					
Investment in capital assets	1,006,972	721,351	795,249	14,895	2,538,467
Restricted for debt service	149,160	318,036	-	-	467,196
Unrestricted	39,335	(548,155)	1,607,701	27,559	1,126,440
Total net position	<u>\$ 1,195,467</u>	<u>\$ 491,232</u>	<u>\$ 2,402,950</u>	<u>\$ 42,454</u>	<u>\$ 4,132,103</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, 2023

	Water	Sewer	Gas	Garbage	Total
Operating revenues:					
Charges for services	\$ 525,579	\$ 285,848	\$ 691,467	\$ 129,650	\$ 1,632,544
Miscellaneous	2,647	-	13,710	105	16,462
Total operating revenues	<u>528,226</u>	<u>285,848</u>	<u>705,177</u>	<u>129,755</u>	<u>1,649,006</u>
Operating expenses:					
Salaries and benefits	156,858	82,562	254,526	15,725	509,671
Purchase of service	-	-	357,858	111,910	469,768
Services and supplies	232,537	59,538	99,374	11,967	403,416
Insurance	6,048	11,197	15,430	990	33,665
Utilities and telephone	33,319	47,391	2,456	-	83,166
Depreciation	161,635	224,861	36,583	-	423,079
Utility taxes	-	-	33,740	-	33,740
Other expenses	7,491	10,960	8,549	1,397	28,397
Total operating expenses	<u>597,888</u>	<u>436,509</u>	<u>808,516</u>	<u>141,989</u>	<u>1,984,902</u>
Operating income (loss)	<u>(69,662)</u>	<u>(150,661)</u>	<u>(103,339)</u>	<u>(12,234)</u>	<u>(335,896)</u>
Nonoperating revenues (expenses):					
Property tax	-	1,841	-	18,414	20,255
CDBG grant	25,119	-	-	-	25,119
Interest income	747	1,336	22,092	-	24,175
Interest expense	(50,304)	(24,463)	-	-	(74,767)
Total nonoperating revenues (expenses)	<u>(24,438)</u>	<u>(21,286)</u>	<u>22,092</u>	<u>18,414</u>	<u>(5,218)</u>
Income (loss) before transfers	(94,100)	(171,947)	(81,247)	6,180	(341,114)
Operating transfers in (out)	-	-	-	-	-
Change in net position	(94,100)	(171,947)	(81,247)	6,180	(341,114)
Net position - beginning	1,289,567	663,179	2,484,197	36,274	4,473,217
Net position - ending	<u>\$ 1,195,467</u>	<u>\$ 491,232</u>	<u>\$ 2,402,950</u>	<u>\$ 42,454</u>	<u>\$ 4,132,103</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, 2023

	Water	Sewer	Gas	Garbage	Total
Cash flows from operating activities:					
Receipts from customers	\$ 526,755	\$ 281,682	\$ 727,695	\$ 130,891	\$ 1,667,023
Payments to employees	(147,057)	(76,523)	(234,390)	(14,499)	(472,469)
Payments to suppliers	(259,596)	(131,390)	(504,963)	(126,264)	(1,022,213)
Net cash provided (used) by operating activities	<u>120,102</u>	<u>73,769</u>	<u>(11,658)</u>	<u>(9,872)</u>	<u>172,341</u>
Cash flows from noncapital financing activities:					
Property tax	-	1,841	-	18,414	20,255
Bank overdraft	-	(17,567)	-	-	(17,567)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(15,726)</u>	<u>-</u>	<u>18,414</u>	<u>2,688</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(30,730)	-	(29,500)	(14,895)	(75,125)
CDBG grant	25,119	-	-	-	25,119
ARPA grant	-	106,486	-	-	106,486
Principal paid	(96,512)	(19,000)	-	-	(115,512)
Interest paid	(50,304)	(24,463)	-	-	(74,767)
Net cash provided (used) by capital and related financing activities	<u>(152,427)</u>	<u>63,023</u>	<u>(29,500)</u>	<u>(14,895)</u>	<u>(133,799)</u>
Cash flows from investing activities:					
Interest earned	747	1,336	16,891	-	18,974
Net cash provided (used) by investing activities	<u>747</u>	<u>1,336</u>	<u>16,891</u>	<u>-</u>	<u>18,974</u>
Net increase (decrease) in cash and cash equivalents	(31,578)	122,402	(24,267)	(6,353)	60,204
Cash and cash equivalents at beginning of year	186,200	195,634	1,566,775	27,742	1,976,351
Cash and cash equivalents at end of year	<u>\$ 154,622</u>	<u>\$ 318,036</u>	<u>\$ 1,542,508</u>	<u>\$ 21,389</u>	<u>\$ 2,036,555</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, 2023
(Concluded)

	Water	Sewer	Gas	Garbage	Total
Cash and cash equivalents per statement of net position:					
Unrestricted	\$ 5,462	\$ -	\$ 1,542,508	\$ 21,389	\$ 1,569,359
Restricted	149,160	318,036	-	-	467,196
Cash and cash equivalents at end of year	<u>\$ 154,622</u>	<u>\$ 318,036</u>	<u>\$ 1,542,508</u>	<u>\$ 21,389</u>	<u>\$ 2,036,555</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (69,662)	\$ (150,661)	\$ (103,339)	\$ (12,234)	\$ (335,896)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	161,635	224,861	36,583	-	423,079
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,845)	(3,931)	22,593	1,136	17,953
(Increase) decrease in net pension asset	110,436	58,691	196,202	11,476	376,805
(Increase) decrease in deferred outflows of resources	(110,944)	(51,881)	(173,881)	(9,750)	(346,456)
Increase (decrease) in accounts payable	19,799	(2,304)	12,444	-	29,939
Increase (decrease) in customer deposits	374	(235)	(75)	-	64
Increase (decrease) in net pension liability	52,404	25,257	84,597	4,794	167,052
Increase (decrease) in deferred inflows of resources	(42,095)	(26,028)	(86,782)	(5,294)	(160,199)
Net cash provided (used) by operating activities	<u>\$ 120,102</u>	<u>\$ 73,769</u>	<u>\$ (11,658)</u>	<u>\$ (9,872)</u>	<u>\$ 172,341</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023

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, 2023, 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, 2023
(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, 2023
(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, 2023
(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, 2023
(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, 2023
(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, 2023, was \$64,587.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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, 2023
(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, 2023
(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, 2023, \$2,641,527 of the City's bank balance of \$3,655,293 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,703
Uninsured and collateral held by pledging bank's trust department not in the City's name	2,639,824
Total	\$ 2,641,527

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 14, 2023, the pool was rated "AAAmf" by Fitch Ratings. The annual report of The Illinois Funds for the year ended June 30, 2022 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, 2023
(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, 2023 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, 2023 were due in September and October 2022. 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. A closure plan has been submitted to the IL EPA. The City would be responsible for 12.54% of any settlement payment.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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, 2023 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	\$ 48,973	\$ 5,507	\$ 292,139
Capital assets, being depreciated				
Buildings	732,699	-	-	732,699
Vehicles and equipment	523,097	73,304	-	596,401
Infrastructure	13,424,855	32,237	-	13,457,092
Pool system	136,149	-	-	136,149
Park Improvements	485,460	-	-	485,460
Boat ramp	149,630	-	-	149,630
Total capital assets, being depreciated	<u>15,451,890</u>	<u>105,541</u>	<u>-</u>	<u>15,557,431</u>
Less accumulated depreciation for:				
Buildings	372,630	22,757	-	395,387
Vehicles and equipment	419,354	34,781	-	454,135
Infrastructure	10,034,994	80,249	-	10,115,243
Pool system	89,465	4,538	-	94,003
Park Improvements	72,419	16,182	-	88,601
Boat ramp	104,041	2,993	-	107,034
Total accumulated depreciation	<u>11,092,903</u>	<u>161,500</u>	<u>-</u>	<u>11,254,403</u>
Total capital assets, being depreciated, net	<u>4,358,987</u>	<u>(55,959)</u>	<u>-</u>	<u>4,303,028</u>
Governmental activities capital assets, net	<u>\$ 4,607,660</u>	<u>\$ (6,986)</u>	<u>\$ 5,507</u>	<u>\$ 4,595,167</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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	\$ 14,895	\$ -	\$ 146,815
Capital assets, being depreciated				
Gas system	1,927,367	29,500	-	1,956,867
Sewer system	6,595,553	-	-	6,595,553
Water system	4,865,439	30,730	-	4,896,169
Equipment	40,837	-	-	40,837
Total capital assets, being depreciated	<u>13,429,196</u>	<u>60,230</u>	<u>-</u>	<u>13,489,426</u>
Less accumulated depreciation for:				
Gas system	1,106,023	36,583	-	1,142,606
Sewer system	4,674,604	224,861	-	4,899,465
Water system	2,200,685	161,635	-	2,362,320
Equipment	40,837	-	-	40,837
Total accumulated depreciation	<u>8,022,149</u>	<u>423,079</u>	<u>-</u>	<u>8,445,228</u>
Total capital assets, being depreciated, net	<u>5,407,047</u>	<u>(362,849)</u>	<u>-</u>	<u>5,044,198</u>
Business-type activities capital assets, net	<u>\$ 5,538,967</u>	<u>\$ (347,954)</u>	<u>\$ -</u>	<u>\$ 5,191,013</u>

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

Governmental activities:	
General government	\$ 9,297
Streets and roads	87,265
Public safety	17,507
Culture and recreation	39,822
Economic development	4,318
Social services	3,291
Total depreciation expense - governmental activities	<u>\$ 161,500</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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, 2023
(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, 2022, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	26
Inactive Plan Members entitled to but not yet receiving benefits	11
Active Plan Members	15
Total	52

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 2022 was 6.72%. For the fiscal year ended April 30, 2023, the employer contributed \$40,231 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, 2022. 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, 2023
(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, 2022:

- 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, 2022:

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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	35.50%	6.50%
International Equity	18.00%	7.60%
Fixed Income	25.50%	4.90%
Real Estate	10.50%	6.20%
Alternative Investments	9.50%	6.25-9.90%
Cash Equivalents	1.00%	4.00%
Total	<u>100.00%</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 4.05%, and the resulting single discount rate is 7.25%.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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, 2021	\$ 4,088,535	\$ 4,830,369	\$ (741,834)
Changes for the year:			
Service Cost	64,410	-	64,410
Interest on the Total Pension Liability	288,619	-	288,619
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	104,936	-	104,936
Changes of Assumptions	-	-	-
Contributions - Employer	-	45,221	(45,221)
Contributions - Employees	-	30,282	(30,282)
Net Investment Income	-	(663,305)	663,305
Benefit Payments, including Refunds of Employee Contributions	(279,590)	(279,590)	-
Other (Net Transfer)	-	(32,062)	32,062
Net Changes	178,375	(899,454)	1,077,829
Balances at December 31, 2022	<u>\$ 4,266,910</u>	<u>\$ 3,930,915</u>	<u>\$ 335,995</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	\$ 4,715,011	\$ 4,266,910	\$ 3,905,145
Plan Fiduciary Net Position	3,930,915	3,930,915	3,930,915
Net Pension Liability/(Asset)	<u>\$ 784,096</u>	<u>\$ 335,995</u>	<u>\$ (25,770)</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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, 2023, the employer recognized pension expense of \$111,195. At April 30, 2023, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 103,689	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>803,957</u>	<u>473,913</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 907,646</u>	<u>\$ 473,913</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>\$ 9,889</u>	<u>\$ -</u>
Total Deferred Amounts Related to Pensions	<u>\$ 917,535</u>	<u>\$ 473,913</u>

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2023	\$ 37,571
2024	84,359
2025	120,702
2026	200,990
2027	-
Thereafter	-
Total	<u>\$ 443,622</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(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, 2023, no employees were participating in the plan.

Note 10. Accounts Receivable

Accounts receivable at April 30, 2023 consisted of the following:

	<u>Governmental</u>	<u>Proprietary</u>	<u>Total</u>
Intergovernmental	\$ 121,457	\$ -	\$ 121,457
Accounts	-	147,215	147,215
Notes	38,114	-	38,114
Interest	37	6,144	6,181
Other	15,738	6,297	22,035
Gross receivables	<u>175,346</u>	<u>159,656</u>	<u>335,002</u>
Allowance for uncollectible	-	-	-
Net total receivables	<u>\$ 175,346</u>	<u>\$ 159,656</u>	<u>\$ 335,002</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(Continued)

Note 11. Interfund Balances

Interfund balances at April 30, 2023, consisted of the following:

		Nonmajor	
Due From:		<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 \$38,114. The loans bear interest at annual rates between 2.25 and 3 percent. The loans will be repaid over periods of up to 10 years. An allowance account has been determined to be unnecessary at April 30, 2023.

The TIF #1 Fund had one community development loan receivable in the amount of \$82,322. The loan had an interest rate of 3% and was repaid in the current fiscal year.

Note 13. Restricted Cash

Restricted cash in the amount of \$555,706 is comprised of the following: In the General Fund, \$88,510 is restricted for debt service. In the Water Fund, \$149,160 is restricted for debt service. In the Sewer Fund, \$318,036 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, 2023
(Continued)

Note 15. Long-term Debt

Governmental long-term debt activity for the year ended April 30, 2023 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
2014 Alternate Revenue Bonds	\$ 1,455,000	\$ -	\$ 90,000	\$ 1,365,000
Police Truck Loan	-	46,045	16,915	29,130
Total	<u>\$ 1,455,000</u>	<u>\$ 46,045</u>	<u>\$ 106,915</u>	<u>\$ 1,394,130</u>

The City of Grayville issued \$2,030,000 of General Obligation Bonds (Alternate Revenue Source), Series 2014, during the 2015 fiscal year for the purpose of providing funds to acquire, construct, renovate, and improve streets, sidewalks and utilities within the City. The bonds carry interest rates varying from 0.60% to 4.30% over their life with principal due November 1st each year and interest due May 1st and November 1st each year. The bonds have a maturity date of November 1, 2034. Bond payments are made from the General Fund. Debt service requirements at April 30, 2023 were as follows:

Year Ended April 30	Principal	Interest	Total
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	105,000	38,004	143,004
2029-2033	600,000	122,405	722,405
2034-2035	275,000	11,899	286,899
Totals	<u>\$ 1,365,000</u>	<u>\$ 359,096</u>	<u>\$ 1,724,096</u>

On June 9, 2022 the City obtained a loan from Fairfield National Bank in the amount of \$46,045 for the purchase of a police truck. The loan carries an interest rate of 3.29% and requires quarterly payments of \$5,971. The loan matures on June 9, 2024. Debt service requirements at April 30, 2023 were as follows:

Year Ended April 30	Principal	Interest	Total
2024	\$ 23,209	\$ 674	\$ 23,883
2025	5,921	50	5,971
Totals	<u>\$ 29,130</u>	<u>\$ 724</u>	<u>\$ 29,854</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(Continued)

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

Business-type long-term debt activity for the year ended April 30, 2023 was as follows:

	Beginning Balance	Additions	Payments	Ending Balance
Sewer Revenue Bonds 92-06	\$ 960,000	\$ -	\$ 16,000	\$ 944,000
Sewer Revenue Bonds 92-07	130,000	-	3,000	127,000
Water Revenue Bonds 91-05	900,000	-	20,000	880,000
Meter Lease-Water Fund	759,046	-	76,512	682,534
Meter Lease-Gas Fund	19,012	-	-	19,012
Total	<u>\$ 2,768,058</u>	<u>\$ -</u>	<u>\$ 115,512</u>	<u>\$ 2,652,546</u>

On May 2, 2016, the City issued \$1,040,000 of Sewer System Revenue Bonds, Series 2016A, for the purpose of constructing sewer line extensions. The bonds carry an interest rate of 2.25% with principal due May 1st each year and interest due May 1st and November 1st each year. The bonds have a maturity date of May 1, 2056. Debt service requirements at April 30, 2023 are as follows:

Year Ended April 30	Principal	Interest	Total
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	24,000	19,440	43,440
2029-2033	120,000	89,100	209,100
2034-2038	120,000	75,600	195,600
2039-2043	144,000	61,560	205,560
2044-2048	160,000	44,100	204,100
2049-2053	176,000	25,920	201,920
2054-2056	120,000	5,400	125,400
Totals	<u>\$ 944,000</u>	<u>\$ 403,740</u>	<u>\$ 1,347,740</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(Continued)

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

On May 2, 2016, the City issued \$140,000 of Sewer System Revenue Bonds, Series 2016B, for the purpose of constructing sewer line extensions. The bonds carry an interest rate of 2.5% with principal due May 1st each year and interest due May 1st and November 1st each year. The bonds have a maturity date of May 1, 2056. Debt service requirements at April 30, 2023 are as follows:

Year Ended April 30	Principal	Interest	Total
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	3,000	2,586	5,586
2029-2033	15,000	11,926	26,926
2034-2038	17,000	10,215	27,215
2039-2043	20,000	8,100	28,100
2044-2048	20,000	5,850	25,850
2049-2053	25,000	3,375	28,375
2054-2056	15,000	676	15,676
Totals	<u>\$ 127,000</u>	<u>\$ 53,754</u>	<u>\$ 180,754</u>

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, 2023 are as follows:

Year Ended April 30	Principal	Interest	Total
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	20,000	18,000	38,000
2029-2033	100,000	83,250	183,250
2034-2038	100,000	72,000	172,000
2039-2043	150,000	58,500	208,500
2044-2048	150,000	41,624	191,624
2049-2053	160,000	24,750	184,750
2054-2056	120,000	5,400	125,400
Totals	<u>\$ 880,000</u>	<u>\$ 380,024</u>	<u>\$ 1,260,024</u>

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(Continued)

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

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, 2023 are as follows:

Year Ended April 30	Principal	Interest	Total
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	93,851	12,713	106,564
2029	268,384	4,899	273,283
	\$ 701,546	\$ 104,557	\$ 806,103

Note 16. 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, 2023
(Continued)

Note 16. 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 is in compliance with the above requirements at April 30, 2023.

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 is not in compliance with the Debt Service and Operations and Maintenance requirements for the Water and Sewer Bonds at April 30, 2023.

City of Grayville
White and Edwards County, Illinois
Notes to the Financial Statements
April 30, 2023
(Concluded)

Note 17. Legal Debt Margin

Assessed Valuation - 2021	\$ 12,718,121
Legal Debt Limit - 8.625% of assessed valuation	\$ 1,096,938
Amount of debt applicable to debt limit	<u>(29,130)</u>
Legal debt margin (deficit)	<u>\$ 1,067,808</u>

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

Note 18. W-2E, Inc.

W2E, Inc. is an Illinois not-for-profit corporation formed on September 1, 2022. It was formed for the purpose of owning and operating water supply facilities for drinking and general domestic use on a mutual or cooperative basis. It will finance, design, construct and thereafter own and operate a water treatment plant and the related appurtenances and distribution lines necessary to supply potable water to the Cities of Grayville and Albion.

The City of Grayville, Illinois will become a member of W2E, Inc. along with the City of Albion, Illinois. Each of the two members will appoint 3 representatives to the corporation's board of directors. Said directors will then appoint a seventh director.

The City of Grayville will guarantee up to \$500,000 of W2E, Inc.'s debt.

Note 19. Related-Party Transaction

The City authorized a payment from the Revolving Loan Fund in the form of a grant in the amount of \$40,063 to the mayor and his wife to open a flower shop and greenhouse.

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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Property taxes	\$ 271,010	\$ 271,010	\$ 275,319
Licenses and permits	14,250	14,250	19,344
Intergovernmental			
Replacement tax	35,000	35,000	74,637
Sales and use tax	294,700	294,700	362,674
Illinois income tax	200,000	200,000	238,533
Video gaming tax	100,750	100,750	125,444
Cannabis use tax	3,000	3,000	2,440
Franchise tax	4,000	4,000	11,850
Grants	25,000	25,000	2,000
Total intergovernmental	662,450	662,450	817,578
Fines and fees	16,810	16,810	14,537
Charges for services	24,050	24,050	37,903
Miscellaneous			
Oil royalties	15,000	15,000	32,941
Interest	50	50	386
Donations	1,400	1,400	19,525
Other	15,000	15,000	20,186
Lease income	-	-	13,510
Refunds/reimbursements	-	-	17,311
Sale of assets/materials	2,500	2,500	32,645
Total miscellaneous	33,950	33,950	136,504
Total revenues	1,022,520	1,022,520	1,301,185

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, 2023
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Expenditures			
Current:			
General Government:			
<u>Administration</u>			
Salaries and benefits	\$ 59,735	\$ 75,780	\$ 67,814
Contractual services	13,625	13,625	15,617
Office supplies	6,600	6,600	5,313
Training and travel	350	350	138
Insurance	4,602	4,602	11,604
Telephone and utilities	13,500	13,500	12,269
Supplies	3,050	3,050	5,499
Donations	7,500	7,500	7,500
Miscellaneous	9,550	9,550	10,039
Total administration	<u>118,512</u>	<u>134,557</u>	<u>135,793</u>
<u>Zoning</u>			
Contractual services	2,000	2,000	1,127
Total zoning	<u>2,000</u>	<u>2,000</u>	<u>1,127</u>
<u>Dog pound</u>			
Contractual services	650	650	520
Operating supplies	125	125	257
Miscellaneous	1,000	1,000	359
Total dog pound	<u>1,775</u>	<u>1,775</u>	<u>1,136</u>
Total general government	<u>122,287</u>	<u>138,332</u>	<u>138,056</u>
Social Services:			
<u>Cemetery</u>			
Salaries and benefits	86,758	86,758	82,201
Contractual services	2,025	2,025	9,485
Insurance	1,505	1,505	3,762
Supplies	5,750	5,750	7,008
Utilities	4,150	4,150	1,029
Office supplies	85	85	314
Miscellaneous	-	-	200
Total cemetery	<u>100,273</u>	<u>100,273</u>	<u>103,999</u>

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2023
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Streets and Roads:			
Salaries and benefits	\$ 74,088	\$ 74,088	\$ 65,382
Insurance	2,823	2,823	7,057
Office expense	400	400	424
Telephone and utilities	25,400	25,400	21,402
Contractual services	17,875	17,875	15,996
Materials and supplies	29,450	29,450	39,968
Rentals	2,100	2,100	1,925
Miscellaneous	100	100	1,654
Total streets and roads	<u>152,236</u>	<u>152,236</u>	<u>153,808</u>
Public Safety:			
<u>Police</u>			
Salaries and benefits	329,886	329,886	258,399
Contractual services	24,775	36,869	37,149
Dispatching	31,200	31,200	31,200
Office expense	3,800	3,800	2,379
Telephone and utilities	14,000	14,000	11,411
Insurance	5,949	5,949	14,192
Miscellaneous	5,000	5,000	4,486
Materials and supplies	16,000	16,000	34,566
Training and travel	9,800	9,800	2,304
Total police	<u>440,410</u>	<u>452,504</u>	<u>396,086</u>

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2023
(Continued)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Culture and Recreation:			
<u>Library</u>			
Salaries and benefits	\$ 75,856	\$ 78,204	\$ 76,421
Contractual services	4,775	10,060	11,710
Telephone and utilities	6,920	6,920	7,460
Supplies	17,200	17,200	17,365
Miscellaneous	-	-	1,124
Office expense	1,100	1,100	6,324
Training and travel	650	650	3,029
Insurance	2,236	2,236	2,236
Total library	<u>108,737</u>	<u>116,370</u>	<u>125,669</u>
<u>Parks</u>			
Salaries and benefits	22,853	22,853	20,644
Insurance	1,505	1,505	4,208
Telephone and utilities	14,050	14,050	15,033
Materials and supplies	18,950	18,950	21,957
Contractual services	24,675	24,675	13,882
Training and travel	750	750	875
Office expense	275	275	550
Miscellaneous	500	500	38
Total parks	<u>83,558</u>	<u>83,558</u>	<u>77,187</u>
Total culture and recreation	<u>192,295</u>	<u>199,928</u>	<u>202,856</u>
Debt Service	-	54,165	162,078
Capital Outlay	<u>107,000</u>	<u>107,000</u>	<u>73,304</u>
Total expenditures	<u>1,114,501</u>	<u>1,204,438</u>	<u>1,230,187</u>

City of Grayville
White and Edwards County, Illinois
Schedule of Revenues, Expenditures, and Changes in
Fund Balances – Budget and Actual General Fund
For the Year Ended April 30, 2023
(Concluded)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (91,981)</u>	<u>\$ (181,918)</u>	<u>\$ 70,998</u>
Other financing sources (uses)			
Transfer in	-	-	-
Debt proceeds	-	-	46,045
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>46,045</u>
Net change in fund balance	<u><u>\$ (91,981)</u></u>	<u><u>\$ (181,918)</u></u>	117,043
Fund balances - beginning			<u>484,579</u>
Fund balances - ending			<u><u>\$ 601,622</u></u>

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, 2023

	Original Budget	Final Budget	Actual
Revenues			
Property taxes	\$ 270,000	\$ 270,000	\$ 289,970
Interest	2,370	2,370	1,655
Total revenues	272,370	272,370	291,625
Expenditures			
Current:			
Economic development:			
Engineering	1,000	1,000	-
Legal services	1,000	1,000	1,960
Consulting fees	2,000	2,000	2,032
Training	1,000	1,000	-
Inducements	165,000	202,755	202,755
Public improvements	20,000	52,237	3,018
Capital outlay	-	-	32,237
Total expenditures	190,000	259,992	242,002
Excess (deficiency) of revenues over expenditures	82,370	12,378	49,623
Other financing sources (uses)			
Transfer in (out)	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	\$ 82,370	\$ 12,378	49,623
Fund balances - beginning			516,498
Fund balances - ending			\$ 566,121

City of Grayville
White and Edwards County, Illinois
Illinois Municipal Retirement Fund
Schedule of Changes in Net Pension Liability and Related Ratios
April 30, 2023

Calendar year ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	\$ 64,410	\$ 55,891	\$ 69,429	\$ 63,349	\$ 52,028	\$ 48,087	\$ 55,878	\$ 61,071
Interest on the total pension liability	288,619	274,537	284,893	275,339	278,354	282,841	287,916	298,992
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	104,936	137,452	(183,770)	62,495	(94,424)	(5,140)	(131,330)	(218,437)
Changes of assumptions	-	-	(26,142)	-	104,559	(123,944)	(8,978)	-
Benefit payments and refunds	(279,590)	(276,222)	(284,742)	(260,145)	(259,428)	(267,859)	(287,190)	(287,018)
Net change in total pension liability	178,375	191,658	(140,332)	141,038	81,089	(66,015)	(83,704)	(145,392)
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	4,110,193
Total pension liability - ending (a)	\$ 4,266,910	\$ 4,088,535	\$ 3,896,877	\$ 4,037,209	\$ 3,896,171	\$ 3,815,082	\$ 3,881,097	\$ 3,964,801
Plan fiduciary net position								
Contributions - employer	\$ 45,221	\$ 62,805	\$ 60,009	\$ 48,095	\$ 67,405	\$ 72,384	\$ 87,344	\$ 81,286
Contributions - employee	30,282	26,713	25,596	27,712	25,446	24,344	23,966	24,192
Net investment income	(663,305)	740,713	575,859	677,499	(259,172)	651,869	230,908	17,158
Benefit payments and refunds	(279,590)	(276,222)	(284,742)	(260,145)	(259,428)	(267,859)	(287,190)	(287,018)
Other (Net Transfer)	(32,062)	81,739	(45,336)	(21,792)	(43,459)	(89,907)	31,359	25,828
Net change in plan fiduciary net position	(899,454)	635,748	331,386	471,369	(469,208)	390,831	86,387	(138,554)
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	3,522,410
Plan fiduciary net position - ending (b)	\$ 3,930,915	\$ 4,830,369	\$ 4,194,621	\$ 3,863,235	\$ 3,391,866	\$ 3,861,074	\$ 3,470,243	\$ 3,383,856
City's net pension liability - ending (a) - (b)	\$ 335,995	\$ (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	92.13%	118.14%	107.64%	95.69%	87.06%	101.21%	89.41%	85.35%
Covered-employee payroll	\$ 672,942	\$ 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	49.93%	-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, 2023

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%
2022	45,222	45,221	1	672,942	6.72%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 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 2022 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): 21-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%
Salary Increases:	2.85% to 13.75%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes:

There were no benefit changes during the year.

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

City of Grayville
White and Edwards County, Illinois
Notes to the Required Supplementary Information
April 30, 2023

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 expenditures 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 11, 2022 and was amended on May 22, 2023.

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

The General Fund had expenditures in excess of budgeted amounts of \$25,749 for the fiscal year ending April 30, 2023.

Supplementary Information

City of Grayville
White and Edwards County, Illinois
Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Motel Tax	Motor Fuel Tax	Revolving Loan	TIF #2	
Assets					
Cash and cash equivalents	\$ 82,014	\$ 296,044	\$ 7,090	\$ 357,050	\$ 742,198
Receivables, net	5,479	5,488	38,114	-	49,081
Total assets	\$ 87,493	\$ 301,532	\$ 45,204	\$ 357,050	\$ 791,279
Liabilities and Fund Balances					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 4,320	\$ 4,320
Total liabilities	-	-	-	4,320	4,320
Fund balances:					
Restricted for:					
Economic development	87,493	-	45,204	352,730	485,427
Streets and roads	-	301,532	-	-	301,532
Total fund balances	87,493	301,532	45,204	352,730	786,959
Total liabilities and fund balances	\$ 87,493	\$ 301,532	\$ 45,204	\$ 357,050	\$ 791,279

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, 2023

	<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	\$ -	\$ -	\$ -	\$ 96,634	\$ 96,634
Other taxes	56,527	-	-	-	56,527
Intergovernmental	-	83,222	-	-	83,222
Interest	108	676	1,325	852	2,961
Total revenues	<u>56,635</u>	<u>83,898</u>	<u>1,325</u>	<u>97,486</u>	<u>239,344</u>
Expenditures					
Current:					
Streets and roads	-	53,536	-	-	53,536
Economic development	50,842	-	43,243	119,138	213,223
Capital outlay	-	-	48,973	-	48,973
Total expenditures	<u>50,842</u>	<u>53,536</u>	<u>92,216</u>	<u>119,138</u>	<u>315,732</u>
Excess (deficiency) of revenues over expenditures	<u>5,793</u>	<u>30,362</u>	<u>(90,891)</u>	<u>(21,652)</u>	<u>(76,388)</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	5,793	30,362	(90,891)	(21,652)	(76,388)
Fund balances - beginning	81,700	271,170	136,095	374,382	863,347
Fund balances - ending	<u>\$ 87,493</u>	<u>\$ 301,532</u>	<u>\$ 45,204</u>	<u>\$ 352,730</u>	<u>\$ 786,959</u>