



**PHILLIPS, SALMI + ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF EUREKA, ILLINOIS**

**FINANCIAL STATEMENTS**

**YEAR ENDED APRIL 30, 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and  
Members of the City Council  
City of Eureka, Illinois

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

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting and cash basis of accounting are an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Eureka, Illinois as of April 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

### ***Basis of Accounting***

We draw your attention to Note 1 of the financial statements which describes the basis of accounting. As discussed in Note 1, the City of Eureka, Illinois, prepares its financial statements on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Eureka's basic financial statements. The other information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of General Fund Expenditures - Modified Cash Basis - Budget and Actual on page 48 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The remaining Other Information listed in the accompanying table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

*Phillips, Salmi & Associates, LLC*

October 14, 2021  
Washington, Illinois

CITY OF EUREKA, ILLINOIS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
APRIL 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 4,325,547	\$ 1,821,066	\$ 6,146,613
Investments	541,275	-	541,275
Notes receivable	33,840	-	33,840
Capital assets, net of accumulated depreciation	4,708,553	6,745,235	11,453,788
Capital assets not being depreciated	1,577,904	214,792	1,792,696
<b>Total Assets</b>	<b>\$ 11,187,119</b>	<b>\$ 8,781,093</b>	<b>\$ 19,968,212</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Utility customer deposits	\$ -	\$ 21,220	\$ 21,220
Other	-	2,028	2,028
<b>Total Current Liabilities</b>	<b>-</b>	<b>23,248</b>	<b>23,248</b>
<b>NET POSITION</b>			
Invested in capital assets	6,286,457	6,505,778	12,792,235
Restricted for:			
Streets and Sidewalks	883,943	-	883,943
Public Safety	9,781	-	9,781
Parks and recreation	5,082	-	5,082
Employee benefits	4,166	-	4,166
Other	730	-	730
Unrestricted	3,996,960	2,252,067	6,249,027
<b>Total Net Position</b>	<b>11,187,119</b>	<b>8,757,845</b>	<b>19,944,964</b>
	<b>\$ 11,187,119</b>	<b>\$ 8,781,093</b>	<b>\$ 19,968,212</b>

CITY OF EUREKA, ILLINOIS  
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
YEAR ENDED APRIL 30, 2021

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 431,005	\$ 99,999	\$ 218,435	\$ -
Public safety	759,053	89,233	-	-
Streets, alleys & sidewalks	764,899	-	6,820	174,481
City parks & buildings	133,944	1,020	-	-
Emergency services	17,923	-	-	-
Economic development	60,682	-	-	-
Total Governmental Activities	2,167,506	190,252	225,255	174,481
Business-Type Activities:				
Storm water	38,877	235,209	-	-
Water & sewer	1,438,434	1,747,755	-	-
Total Business-Type Activities	1,477,311	1,982,964	-	-
Total Primary Government	\$ 3,644,817	\$ 2,173,216	\$ 225,255	\$ 174,481

General Revenues:

- Property taxes
- Other local taxes
- Replacement taxes
- Sales taxes
- State income taxes
- Motor fuel taxes
- Interest
- Miscellaneous
- Gain from disposal of property
- Total General Revenues

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (112,571)	\$ -	\$ (112,571)
(669,820)	-	(669,820)
(583,598)	-	(583,598)
(132,924)	-	(132,924)
(17,923)	-	(17,923)
(60,682)	-	(60,682)
<u>(1,577,518)</u>	<u>-</u>	<u>(1,577,518)</u>
-	196,332	196,332
-	309,321	309,321
<u>-</u>	<u>505,653</u>	<u>505,653</u>
(1,577,518)	505,653	(1,071,865)
511,845	-	511,845
63,911	-	63,911
33,208	-	33,208
692,982	-	692,982
844,739	-	844,739
198,269	-	198,269
31,279	5,943	37,222
13,390	-	13,390
120,073	-	120,073
<u>2,509,696</u>	<u>5,943</u>	<u>2,515,639</u>
932,178	511,596	1,443,774
<u>10,254,941</u>	<u>8,246,249</u>	<u>18,501,190</u>
<u>\$ 11,187,119</u>	<u>\$ 8,757,845</u>	<u>\$ 19,944,964</u>

CITY OF EUREKA, ILLINOIS  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
APRIL 30, 2021

	General	Motor Fuel Tax	Total Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,441,604	\$ 883,943	\$ 4,325,547
Investments	541,275	-	541,275
Notes receivable	33,840	-	33,840
	<u>\$ 4,016,719</u>	<u>\$ 883,943</u>	<u>\$ 4,900,662</u>
 <b>FUND BALANCE</b>			
Fund Balance			
Restricted	\$ 19,759	\$ 883,943	\$ 903,702
Assigned	792,306	-	792,306
Unassigned	3,204,654	-	3,204,654
	<u>\$ 4,016,719</u>	<u>\$ 883,943</u>	<u>\$ 4,900,662</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION:

Capital assets used in governmental activities of \$10,101,609, net of accumulated depreciation of \$3,815,152 are not financial resources and, therefore, are not reported in the governmental funds.	<u>6,286,457</u>
Net position of governmental activities.	<u>\$ 11,187,119</u>

See accompanying notes.



CITY OF EUREKA, ILLINOIS  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2021

	General	Motor Fuel Tax	Total
<b>REVENUES RECEIVED</b>			
Property taxes	\$ 511,845	\$ -	\$ 511,845
Other local taxes	63,911	-	63,911
Replacement taxes	33,208	-	33,208
Sales taxes	692,982	-	692,982
State income taxes	844,739	-	844,739
Motor fuel taxes	-	198,269	198,269
Federal and state grants	225,255	174,481	399,736
Interest	30,368	911	31,279
Licenses, fees, and fines	190,252	-	190,252
Other	13,390	-	13,390
Total Revenues	<u>2,605,950</u>	<u>373,661</u>	<u>2,979,611</u>
<b>EXPENDITURES DISBURSED</b>			
Current:			
General government	376,467	-	376,467
Public safety	645,604	-	645,604
Streets	452,699	-	452,699
Park	84,644	-	84,644
Emergency services	10,030	-	10,030
Economic development	57,480	-	57,480
Employee retirement	112,051	-	112,051
Capital outlay	229,276	-	229,276
Total Expenditures	<u>1,968,251</u>	<u>-</u>	<u>1,968,251</u>
Excess of Revenues Over (Under) Expenditures	<u>637,699</u>	<u>373,661</u>	<u>1,011,360</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from sale of capital assets	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Change in Fund Balances	727,699	373,661	1,101,360
Fund Balances, Beginning of Year	<u>3,289,020</u>	<u>510,282</u>	<u>3,799,302</u>
Fund Balances, End of Year	<u>\$ 4,016,719</u>	<u>\$ 883,943</u>	<u>\$ 4,900,662</u>

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2021

Net change in fund balances - governmental funds	\$	1,101,360
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities		
Capital outlay		229,276
Depreciation expense		(428,531)
		(199,255)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations, and disposals)		
Disposal of capital assets		30,073
		30,073
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	932,178

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
ENTERPRISE FUNDS  
APRIL 30, 2021

	Stormwater Fund	Waterworks and Sewerage Fund	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 842,839	\$ 978,227	\$ 1,821,066
Noncurrent Assets:			
Capital assets not being depreciated	-	214,792	214,792
Capital assets, net of accumulated depreciation	454,249	6,290,986	6,745,235
Total Noncurrent Assets	454,249	6,505,778	6,960,027
Total Assets	\$ 1,297,088	\$ 7,484,005	\$ 8,781,093
<b>LIABILITIES</b>			
Current Liabilities:			
Utility customer deposits	\$ -	\$ 21,220	\$ 21,220
Other payables	-	2,028	2,028
Total Current Liabilities	-	23,248	23,248
<b>NET POSITION</b>			
Net investment in capital assets	454,249	6,505,778	6,960,027
Unrestricted	842,839	954,979	1,797,818
Total Net Position	1,297,088	7,460,757	8,757,845
	\$ 1,297,088	\$ 7,484,005	\$ 8,781,093

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION -  
MODIFIED CASH BASIS - ENTERPRISE FUNDS  
YEAR ENDED APRIL 30, 2021

	Stormwater Fund	Waterworks and Sewerage Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services and sales	\$ 235,209	\$ 1,728,866	\$ 1,964,075
Penalties and miscellaneous	-	18,889	18,889
 Total Operating Revenue	 <u>235,209</u>	 <u>1,747,755</u>	 <u>1,982,964</u>
<b>OPERATING EXPENSES</b>			
Personnel services	-	333,598	333,598
Contractual services	21,421	328,271	349,692
Commodities	-	249,878	249,878
Depreciation	17,456	524,359	541,815
 Total Operating Expenses	 <u>38,877</u>	 <u>1,436,106</u>	 <u>1,474,983</u>
 Operating Income	 196,332	 311,649	 507,981
<b>Nonoperating Revenues (Expenses)</b>			
Interest income	-	5,943	5,943
Bond interest expense	-	(2,328)	(2,328)
 Total Nonoperating Revenues (Expenses)	 <u>-</u>	 <u>3,615</u>	 <u>3,615</u>
 Change in Net Position	 196,332	 315,264	 511,596
Net Position, Beginning of Year	<u>1,100,756</u>	<u>7,145,493</u>	<u>8,246,249</u>
Net Position, End of Year	<u>\$ 1,297,088</u>	<u>\$ 7,460,757</u>	<u>\$ 8,757,845</u>

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF CASH FLOWS -  
MODIFIED CASH BASIS - ENTERPRISE FUNDS  
YEAR ENDED APRIL 30, 2021

	Stormwater Fund	Waterworks and Sewerage Fund	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 235,209	\$ 1,755,883	\$ 1,991,092
Payments to suppliers	(21,421)	(578,149)	(599,570)
Payments to employees for services	-	(333,598)	(333,598)
	<u>213,788</u>	<u>844,136</u>	<u>1,057,924</u>
<b>Net Cash Provided by Operating Activities</b>			
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of capital assets	(8,400)	(327,203)	(335,603)
<b>Cash Flows From Investing Activities:</b>			
Decrease in note receivable	-	25,456	25,456
Interest received	-	5,943	5,943
Payment of bond principal and interest	-	(99,328)	(99,328)
	<u>-</u>	<u>(67,929)</u>	<u>(67,929)</u>
<b>Net Cash Used by Investing Activities</b>			
<b>Net Increase in Cash and Cash Equivalents</b>			
	205,388	449,004	654,392
Cash and Cash Equivalents - Beginning of Year	<u>637,451</u>	<u>529,223</u>	<u>1,166,674</u>
Cash and Cash Equivalents - End of Year	<u>\$ 842,839</u>	<u>\$ 978,227</u>	<u>\$ 1,821,066</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income	\$ 196,332	\$ 311,649	507,981
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	17,456	524,359	541,815
Loss on disposal of capital assets	-	8,383	8,383
Changes in assets and liabilities:			
Decrease in utility customer deposits	-	(255)	(255)
	<u>-</u>	<u>(255)</u>	<u>(255)</u>
<b>Net Cash Provided by Operating Activities</b>			
	<u>\$ 213,788</u>	<u>\$ 844,136</u>	<u>\$ 1,057,924</u>

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF FIDUCIARY NET POSITION -  
MODIFIED CASH BASIS - POLICE PENSION FUND  
APRIL 30, 2021

<b>ASSETS</b>	
Cash and cash equivalents	\$ 247,280
Investments	<u>729,724</u>
 Total Assets	 <u><u>\$ 977,004</u></u>
 <b>NET ASSETS</b>	
Held in trust for pension benefits	 <u><u>\$ 977,004</u></u>

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
MODIFIED CASH BASIS - POLICE PENSION FUND  
YEAR ENDED APRIL 30, 2021

**ADDITIONS**

Investment earnings	
Interest, dividends, and other	\$ 9,144
Members' contributions	32,296
Employer contributions	83,231
Other income	29
	124,700
Total additions	124,700

**DEDUCTIONS**

Administrative expense	4,176
Professional expenses	9,128
	13,304
Total Deductions	13,304

Change in Net Position	111,396
Net Position, Beginning of Year	865,608
Net Position, End of Year	\$ 977,004

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in this Note, these financial statements are presented in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, as applied to government entities (hereinafter referred to as generally accepted accounting principles (GAAP)). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. The more significant of the City's accounting policies are described below:

A. Financial Reporting Entity

Generally Accepted Accounting Principles require the financial reporting entity to include the primary government and other organizations for which the primary government is financially accountable (component units). Financial accountability includes the primary government's ability to appoint a voting majority of the organization's governing body and the ability to impose will on an organization if an organization is fiscally dependent on the primary government.

The City is not a component unit of any other entity. However, based on these criteria, management has determined the Police Pension Fund is a fiduciary component unit of the City. A fiduciary component unit, although a legally separate entity, is in substance part of the City's operations; therefore, data from this unit is combined with data of the primary government. The Police Pension Fund was established to provide retirement, death, and disability payments to the police of the City or their beneficiaries and is a single-employer defined benefit pension plan. Contribution levels are mandated by Illinois Statutes and may be amended only by the Illinois legislature. The fiscal year-end for the Police Pension Fund is April 30, and it is reflected as a fiduciary fund in the financial statements.

B. Basis of Presentation

*Government-Wide Financial Statements* – The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

*Fund Financial Statements* – Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund balance/net position, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:



- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total of the corresponding total for all governmental and enterprise funds combined.

*Other Information* – Budgetary comparison schedules are presented. The original and final budget for revenues and expenditures is presented in comparison with the actual final budgetary revenues and expenditures.

The funds of the financial reporting entity are described below:

#### Governmental Funds

**General Fund** – The General Fund is the general operating fund of the City. It is used to account for all financial resources and expenditures not required by law or contractual agreement to be accounted for in another fund.

**Special Revenue Funds** – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following special revenue fund:

**Motor Fuel Tax Fund** – Accounts for the operations of the City’s Street Department in connection with highway construction and maintenance projects authorized by the Illinois Department of Transportation. Financing is provided by the City’s share of the State Motor Fuel Tax.

#### Proprietary Funds

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

**Waterworks and Sewerage Fund** – Accounts for the water wastewater operations. Revenue is provided through user charges that are designed to pay operating expenses (including depreciation of the Fund’s capital assets) and provide for an increase in net position to finance the continued operations of the system.

**Stormwater Fund** – Accounts for the stormwater operations. Revenue is provided through user charges that are designed to pay operating expenses (including depreciation of the Fund’s capital assets) and provide for an increase in net position to finance the continued operations of the system.

## Fiduciary Fund

Police Pension Trust Fund – Accounts for the activities of the City of Eureka Police Pension Fund, which accumulates resources for retirement, death, and disability benefits to the police of the City or their beneficiaries.

### C. Measurement Focus and Basis of Accounting

“Measurement focus” is a term used to describe *how* transactions are recorded within the various financial statements. “Basis of accounting” refers to *when* transactions are recorded, regardless of the measurement focus applied.

#### Measurement Focus

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus is used as appropriate:

- Governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
- Proprietary funds utilize an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

#### Basis of Accounting

In the government-wide financial statements and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with provisions for depreciation and amortization in the government-wide statements and the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as water deposits, accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Fiduciary fund financial statements are accounted for using the modified cash basis.

#### D. Budgets and Budgetary Accounting

The budget for all governmental fund types is prepared on the modified cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The original and final budget was passed through an appropriations ordinance on April 6, 2020. For each fund, total fund expenditures may not legally exceed the budgeted expenditures. The budget lapses at the end of each fiscal year. Encumbrances accounting is not employed.

The City adopts its annual budget in accordance with Chapter 65, Paragraph 5/8-2-9.4 of the Illinois Compiled Statutes, as follows:

- (1) The budget officer submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) Prior to May 1, the budget is legally adopted through passage of an ordinance.
- (4) Budgeted amounts may be transferred between object classes within a fund at any time. The annual budget may be revised by a vote of two-thirds of the City Council by deleting, adding to, or changing budgeted items.
- (5) No revision of the budget can be made increasing the budget in the event funds are not available.

The City also adopts an informal operating budget for proprietary funds containing estimated revenues and expenses, which is used as a management control device.

#### E. Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

#### F. Investments

Investments classified in the financial statements consist of certificates of deposit whose original maturity exceeds three months. Investments are carried at cost, which approximates fair value. The City is allowed to invest in securities as authorized by Chapter 30, Paragraph 235/2 of the Illinois Compiled Statutes. Generally, allowable investments consist of interest-bearing deposits in financial institutions, the Illinois Funds Money Market Fund, notes and bonds guaranteed by the United States of America, and, subject to certain restrictions, short-term corporate obligations and repurchase agreements with financial institutions.

### G. Sewer Reimbursement Agreements

The City has entered into a municipal agreement with certain residents for reimbursement of costs for a sewer main replacement. Payment is due upon annexation to the City's sewer. As a result of using the modified cash basis of accounting, receivables related to these agreements are not recorded in the government-wide or fund financial statements, but payments are recorded when received. Outstanding payments to be received totaled approximately \$57,000 at April 30, 2021.

### H. Real Estate Taxes

Real estate taxes are a lien on individual properties from January 1 in the year in which the taxes are levied. The levy must be filed with the County Clerk by the last Tuesday in December each year. The tax levy for amounts received in the fiscal year ended April 30, 2021 was passed December 7, 2020. Due dates, by statute, are June 1 and September 1 of the following year. Generally, collections of tax monies are made within 30 to 60 days of the due dates.

The following are the tax rates limits permitted by state law and local referendum and the actual rates levied for 2020 per \$100 of assessed valuation:

City valuation	\$	75,419,072		
			Actual	
	Limit	<u>2020 Levy</u>	<u>2019 Levy</u>	<u>2019 Extension</u>
Corporate	.3330	.1512	.1692	\$ 123,568
IMRF	None	.0199	.0206	15,044
Police protection	.1500	.0710	.0733	53,531
Police pension	None	.1868	.1140	83,255
Audit	None	.0332	.0220	16,067
Liability insurance	None	.1196	.1236	90,266
Parks	0.100	.0199	.0665	48,565
ESDA	0.050	.0018	.0019	1,388
Social security	None	.1061	.1096	80,042
		<u>.7095</u>	<u>.7007</u>	<u>\$ 511,726</u>

The City is limited under state law to aggregate indebtedness of 8.625 percent of assessed valuation. This limitation does not apply to indebtedness used to finance water and wastewater treatment facilities. The available legal debt margin approximates \$6.5 million at April 30, 2021.

### I. Compensated Absences

As a result of using the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/Expenses related to compensated absences are recorded when paid. The City's policy is to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation.

The estimated liability for unused vacation and sick leave of the City at April 30, 2021 is approximately \$159,000 (not reflected in the financial statements).

## J. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

## K. Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

### Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost, if actual is unavailable. Prior to May 1, 2004 governmental funds infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of asset is as follows:

#### Capitalization

	<u>Useful Life</u>	<u>Threshold</u>
Buildings and utility plant	20-50 years	\$25,000
Land improvements	10-40 years	10,000
Water, sewer, and stormwater extensions	20-40 years	25,000
Equipment	5-30 years	1,000
Infrastructure	20-30 years	25,000

### Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

## L. Long Term Debt

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

## M. Equity Classification

### Government-Wide Statements

Equity is classified as net position and displayed in three components:

- (1) Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- (2) Restricted net position - Net position with constraints placed on its use by external groups or by law through constitutional provisions or enabling legislation.
- (3) Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Restricted net position for the business-type activities and governmental activities is described in Notes 3 and 6, respectively.

### Fund Financial Statements

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance is classified in five categories, as applicable:

- (1) Non-spendable fund balance – Amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- (2) Restricted fund balance – Amounts with constraints placed on their use by external groups or by law through constitutional provisions or enabling legislation.
- (3) Committed fund balance – Amounts that can only be used for specific purposes as determined by formal action (an ordinance) of the City's highest level of decision-making authority (the City Council). The committed amounts cannot be used for any other purpose unless the City Council takes the same formal action to remove or change the imposed constraints.
- (4) Assigned fund balance – Amounts intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The City Council, through ordinance establishing the City's fund balance policy, has delegated to the City Administrator the authority to assign amounts to specific purposes. Pursuant to the City's fund balance policy, any fund balance assigned by the City Administrator must be reported to the City Council at its next regular meeting. The City Council has the authority to remove or change the assigned fund balance with a simple majority vote.
- (5) Unassigned fund balance – Amounts in the general fund that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes in the general fund. In other governmental funds, the unassigned fund balance classification is only used, as applicable, to report a deficit balance in that fund.

As of April 30, 2021, the City's fund balances are classified as restricted, assigned, and unassigned (see Note 6).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the City considers restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, the City considers committed amounts to have been spent first, followed by assigned amounts and then unassigned amounts.

The City's formally adopted minimum fund balance policy is to maintain a minimum unassigned fund balance in its general fund equal to seven months of subsequent year's budgeted expenditures and outgoing transfers.

#### N. Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government – Licenses, permits, and specific donations.

Public Safety - Fine revenue and grants from the U.S. Department of Justice and State of Illinois.

Streets – Reimbursements and grants received from the Illinois Department of Transportation.

Park – Rental income, recreation fees, concession sales, and specific donations.

All other governmental revenues are reported as general. All taxes are classified as general revenue, even if restricted for a specific purpose.

#### O. Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods/and or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

#### P. Interfund Balances and Activities

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements.

#### Q. Subsequent Events

The City has evaluated subsequent events through October 14 2021, the date which the financial statements were available to be issued.

### **NOTE 2. CASH AND INVESTMENTS**

It is the City's policy to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

## Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's deposit policy provides that all deposits be guaranteed by the U.S. government, insured by the Federal Deposit Insurance Corporation (FDIC), or fully collateralized with securities held by the City or its agent in the City's name or by its counterparty's trust department or agent in the City's name.

The City's cash and cash equivalents at April 30, 2021 consisted of deposits with financial institutions. The City's (primary government) investments consist of one certificate of deposit at one financial institution. The Police Pension Fund's investments consist of five certificates of deposit at one financial institution. The investments have not been rated by an independent rating agency. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The certificates of deposit have original maturities of 6 months to 5 years.

At April 30, 2021, approximately \$2.8 million of the City's deposits with Goodfield State Bank were not covered by federal depository insurance, by collateral held by the financial institution's trust department or agent in the City's name.

The investments are reflected in the financial statements at April 30, 2021:

	<u>Carrying Amount</u>	<u>Weighted Average Years to Maturity</u>
Government-wide statement of net position:		
Certificates of deposit	\$ 541,275	0.09
Statement of fiduciary net position:		
Certificates of deposit	<u>729,724</u>	2.63
	<u>\$ 1,270,999</u>	

The deposits are reflected on the financial statements at April 30, 2021 as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 6,146,613
Investments	541,275
Fiduciary statement of net position:	
Cash	247,280
Investments	<u>729,724</u>
Total cash and cash equivalents	<u>\$ 7,664,892</u>



**NOTE 3. CAPITAL ASSETS**

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2021, is as follows:

	<u>Balance</u> <u>April 30, 2020</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance</u> <u>April 30, 2021</u>
<i>Governmental Activities:</i>				
Capital assets not being depreciated				
Land	\$ 1,577,904	\$ -	\$ -	\$ 1,577,904
Capital assets being depreciated:				
Land improvements	913,184	78,886	-	992,070
Building	1,637,201	14,560	26,000	1,625,761
Equipment and vehicles	2,297,779	210,830	131,654	2,376,955
Infrastructure	3,526,919	-	-	3,526,919
Utility plant	2,000	-	-	2,000
Total capital assets being depreciated	8,377,083	304,276	157,654	8,523,705
Less accumulated depreciation for:				
Land improvements	482,367	35,953	-	518,320
Building	351,827	45,652	26,000	371,479
Equipment and vehicles	1,446,543	179,231	86,727	1,539,047
Infrastructure	1,217,905	167,629	-	1,385,534
Utility plant	706	66	-	772
Total capital assets being depreciated, net	4,877,735	(124,255)	44,927	4,708,553
Governmental activities capital assets, net	\$ 6,455,639	\$ (124,255)	\$ 44,927	\$ 6,286,457

Depreciation expense was charged to governmental activities as follows:

General government	\$ 27,487
Public safety	67,059
Streets	279,672
Park	43,218
Emergency services	7,893
Economic development	3,202
Total depreciation expense for governmental activities	<u>\$ 428,531</u>

A summary of changes in capital assets for business-type activities of the City is as follows:

	<u>Balance</u> <u>April 30, 2020</u>	<u>Additions</u>	<u>Transfers/ Retirements</u>	<u>Balance</u> <u>April 30, 2021</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated				
Land	\$ 106,473	\$ -	\$ -	\$ 106,473
Construction in process	8,383	108,319	8,383	108,319
	<u>114,856</u>	<u>108,319</u>	<u>8,383</u>	<u>214,792</u>
Capital assets being depreciated				
Land improvements	\$ 7,736	\$ -	\$ -	\$ 7,736
Buildings	100,000	-	-	100,000
Utility plant	10,503,964	52,765	-	10,556,729
Water main extensions	2,812,867	87,525	-	2,900,392
Equipment and vehicles	1,792,732	92,094	12,000	1,872,826
Sewer extensions	2,542,375	-	-	2,542,375
Stormwater extensions	523,673	-	-	523,673
	<u>18,283,347</u>	<u>232,384</u>	<u>12,000</u>	<u>18,503,731</u>
Less accumulated depreciation for:				
Land improvements	7,736	-	-	7,736
Buildings	100,000	-	-	100,000
Utility plant	7,781,875	282,728	-	8,064,603
Water main extensions	1,096,683	165,929	-	1,262,612
Equipment and vehicles	1,101,826	75,702	6,900	1,170,628
Sewer extensions	1,075,092	-	-	1,075,092
Stormwater extensions	60,369	17,456	-	77,825
	<u>11,223,581</u>	<u>541,815</u>	<u>6,900</u>	<u>11,758,496</u>
Total capital assets being depreciated, net	<u>11,223,581</u>	<u>(309,431)</u>	<u>5,100</u>	<u>6,745,235</u>
Business-type activities capital assets, net	<u>\$ 7,059,766</u>	<u>\$ (201,112)</u>	<u>\$ 13,483</u>	<u>\$ 6,960,027</u>

Depreciation expense was charged to business-type activities as follows:

Waterworks and sewerage	\$ 524,359
Stormwater	<u>17,456</u>
Total depreciation expense for business-type activities	<u>\$ 541,815</u>

**NOTE 4. NOTES PAYABLE AND LONG-TERM DEBT**

The City's long-term debt is segregated between amounts to be paid from governmental activities and amounts repaid from business type activities.

The changes in the City’s long-term debt for the year ended April 30, 2021 are as follows:

	Balance <u>April 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>April 30, 2021</u>	Amount Due In <u>One Year</u>
<i>Business-Type Activities:</i>					
Bonds payable	\$ 97,000	\$ -	\$ 97,000	\$ -	\$ -

During April 30, 2021, the long-term indebtedness of the City includes the following:

*Business-Type Activities*

General Obligation Bonds Payable

During fiscal year 2006, the City issued \$1,400,000 in general obligation bonds. These bonds were issued for the purpose of defraying the cost of improving the waterworks and sewerage system. The issue date on the bonds was June 13, 2005, with interest rates ranging from 3.125 to 4.150 percent. On May 15, 2013, the City refunded these obligation bonds, paying down an additional \$300,000 of principal as part of the transaction. The refinanced amount of general obligation refunding bonds was \$686,000, with interest rates ranging from 1.25 to 2.40 percent and maturities through December 15, 2020. The remaining balance at April 30, 2021 and \$2,328 of interest was paid during the year ended April 30, 2021.

Legal Debt Margin

As of April 30, 2021, the computation of the legal debt margin of the City is as follows:

Assessed valuation - 2020 tax levy	<u>\$ 75,419,072</u>
Debt limit - 8.625 percent of total assessed valuation	\$ 6,504,895
Outstanding debt subject to limitations	-
Unused legal debt capacity	<u>\$ 6,504,895</u>

**NOTE 5. GOVERNMENTAL FUND BALANCE**

The fund balances are restricted for the following purposes at April 30, 2021:

Street repair and improvements	\$ 883,943
Law enforcement	9,781
Parks and recreation	5,082
Employee benefits	4,166
Other purpose	730
	<u>\$ 903,702</u>

The fund balances are assigned for the following purposes at April 30, 2021:

Pension	\$	541,275
Law enforcement		122,885
Parks and recreation		90
Economic development		128,056
	\$	<u>792,306</u>

During the year ended April 30, 2021, none of the City funds had a deficit fund balance.

**NOTE 6. DEFINED BENEFIT PENSION PLAN**

Total pension expense for the year ended April 30, 2021 was \$182,123.

**A. Illinois Municipal Retirement Fund**

*Plan description.* The City's defined benefit pension plan for regular employees (Regular Plan) and defined benefit plan for sheriffs, deputy sheriffs, and selected police chiefs (Sheriff's Law Enforcement Personnel Plan) provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and their beneficiaries. These Plans are affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

*Employees Covered by Benefit Terms*

As of December 31, 2020, the following employees were covered by the benefit terms of the Regular Plan:

Retirees and Beneficiaries currently receiving benefits	22
Inactive Plan Members entitled to but not yet receiving benefits	7
Active Plan Members	<u>10</u>
Total	39

As of December 31, 2020, the following employees were covered by the benefit terms of the Sherriff's Law Enforcement Personnel Plan (SLEP):

Retirees and Beneficiaries currently receiving benefits	-
Inactive Plan Members entitled to but not yet receiving benefits	1
Active Plan Members	<u>-</u>
Total	1

*Contributions.* As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's Regular Plan annual contribution rate for calendar year 2020 was 5.98%. There was no required contribution for the City's SLEP Plan for calendar year 2020. For the fiscal year ended 2021, the City contributed \$35,602 and \$1,781 to the Regular Plan and the SLEP plan, respectively. The Village 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 Village's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

- 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
- For non-disabled retirees, an IMRF-specific Mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF specific rates were developed from the RP-2017 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF-specific rates were developed from the RP-2017 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF-specific rates were developed from the RP-2017 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2020:

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

*Discount Rate.* A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

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

*Changes in the Net Pension Liability.*

Regular Plan

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at December 31, 2019	\$ 5,989,887	\$ 6,398,654	\$ (408,767)
Changes for the year:			
Service Cost	53,739	-	53,739
Interest on the Total Pension Liability	421,230	-	421,230
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	110,763	-	110,763
Changes of Assumptions *	(48,161)	-	(48,161)
Contributions – Employer	-	35,602	(35,602)
Contributions – Employees	-	26,791	(26,791)
Net Investment Income	-	970,446	(970,446)
Benefit Payments, including Refunds of Employee Contributions	(413,388)	(413,388)	-
Other (Net Transfer)	-	51,282	(51,282)
Net Changes	<u>124,183</u>	<u>670,733</u>	<u>(546,550)</u>
Balances at December 31, 2020	<u>\$ 6,114,070</u>	<u>\$ 7,069,387</u>	<u>\$ (955,317)</u>

SLEP Plan

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at December 31, 2019	\$ 57,085	\$ 32,597	\$ 24,488
Changes for the year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	4,139	-	4,139
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	11,328	-	11,328
Changes of Assumptions *	(2,702)	-	(2,702)
Contributions – Employer	-	1,781	(1,781)
Contributions – Employees	-	-	-
Net Investment Income	-	4,432	(4,432)
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Other (Net Transfer)	-	103	(103)
Net Changes	<u>12,765</u>	<u>6,316</u>	<u>6,449</u>
Balances at December 31, 2020	<u>\$ 69,850</u>	<u>\$ 38,913</u>	<u>\$ 30,937</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:

Regular Plan

	1% Lower	Current Discount Rate	1% Higher
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
Net Pension Liability/(Asset)	\$ (291,231)	\$ (955,317)	\$ (1,475,443)

SLEP Plan

	1% Lower	Current Discount Rate	1% Higher
	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
Net Pension Liability/(Asset)	\$ 47,016	\$ 30,937	\$ 18,241

B. Police Pension Fund

*Plan Description.* The City of Eureka Police Pension Fund's defined benefit pension plan provides retirement, death, and disability benefits to the City's police officers or their beneficiaries. The Plan was established by municipal ordinance on July 16, 2012. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Illinois Compiled Statutes (Chapter 40, Article 3) and may be amended only by the Illinois legislature. Further information about the pension fund is provided in Note 1 and as follows.

*Board of Trustees.* The Police Pension Fund's Board of Trustees consists of two members appointed by the City of Eureka and three active members of the Police Department elected by the membership.

*Benefits Provided.* Employees attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive a pension benefit of one-half of the salary attached to the rank held by the officer on the last day of service or one year prior to the last day, whichever is greater. The monthly pension shall be increased by 2.5 percent of such salary for each additional year over 20 years of service through 30 years or service, to a maximum of 75 percent of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The Police Pension also provides for annual pension increases for beneficiaries as described in the Illinois Compiled Statutes, which are generally 3 percent of the original pension granted or 3 percent of the pension amount, depending on the individual's date of retirement.

Survivor benefits vary based on the timing of the participant's death. For duty-related deaths, the benefit allowed for survivors is 100 percent of the salary earned at the time of death. For retirement and disability deaths, the benefit allowed for survivors is 100 percent of the benefit being received at the time of death. For survivors of participants who die in service, but not in the line of duty, the benefit is based on the participant's years of service.



Retirement benefits for officers hired on or after January 1, 2011, include the following: The normal retirement age for this tier of officers is 55, with an early retirement age of 50. Officers who enter into early retirement receive a 6-percent reduction for each year they retire prior to age 55. The salary used for retirement will be computed using an average salary representing the 8 highest earning, consecutive years during the last 10 years of service. The salary amount is also limited to a ceiling of \$106,800, with annual increased based on the consumer price index-u. Annual cost of living adjustments will be equal to the lesser of 3 percent or one-half of the annual unadjusted percentage increase of the consumer price index-u. Survivor benefits will be limited to two-thirds of the deceased’s benefits as his or her date of death.

*Employees Covered by Benefit Terms*

As of April 30, 2021, the following employees were covered by the benefit terms of the Police Pension Fund:

Retirees and Beneficiaries currently receiving benefits	-
Inactive Plan Members entitled to but not yet receiving benefits	-
Active Plan Members	<u>6</u>
Total	<u>6</u>

*Contributions.* As set by statute, the Police Pension Fund members are required to contribute 9.91 percent of their salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City of Eureka is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary; the current rate is 25.54 percent of annual covered payroll.

Net Pension Liability

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of May 1, 2020, updated to April 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Service-based with increases ranging from 3.5% to 11%
Investment rate of return	5% per year compounded annually, net of investment-related expenses

Mortality rates were based on PubS-2010 Employee, Healthy Retiree, Survivor and Disabled mortality tables, projected 5 years past the valuation date using Scale MP-2019.

The significant assumptions for the valuation dated May 1, 2021, are based upon the results of an actuarial experience study performed by the State of Illinois Department of Insurance in 2017.

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 by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the Pension Plan’s target asset allocation as of April 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	0 - 10%	N/A
Fixed income	55 - 75%	2.00%
Mutual funds	5 - 10%	N/A
Cash	0 - 25%	0.00%

The Fund has not yet invested in equity or mutual fund investments as allowed per the investment policy. As a result, the long-term expected real rate of return has not been determined for these asset classes. The long-term expected real rate of return for fixed income investments has been estimated using the average interest rate on the fixed income investments, net of inflation.

*Discount rate.* The discount rate used to measure the total pension liability was 5 percent. The discount rate was based on the expected rate of return of 5 percent and the municipal bond rate of 2.85 percent, based on the weekly rate closest to but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the Fund, calculated using the discount rate of five percent, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher.

	1% Lower	Current Discount Rate	1% Higher
	<u>(4.00%)</u>	<u>(5.00%)</u>	<u>(6.00%)</u>
Net pension liability	\$ 851,174	\$ 498,977	\$ 225,447

The Schedule of Changes in the Fund's Net Pension Liability and Related Ratios and the Schedule of Fund Contributions, presented as "Other Information" following the notes to the financial statements, present multiyear trend information about the Plan's current net pension liability and contribution deficiency or excess.

### C. Social Security

All City employees are covered under Social Security. The City paid Social Security taxes of \$61,509 for the year ended April 30, 2021.

**NOTE 7. POSTEMPLOYMENT HEALTH INSURANCE**

Certain non-union City employees who retire with 20 or more years of continuous service are eligible for extended healthcare coverage. The City subsidizes the cost of premiums for the retired employee in accordance with the following formula:

- 1) 2.5 percent of monthly premium for each year of continuous service with the City, not to exceed 30 years (75 percent).
- 2) Effective upon the employee reaching 59.5 years of age and terminating upon the employee's eligibility for Medicare coverage.

As a result of using the modified cash basis of accounting, estimated liabilities related to postemployment health insurance are not recorded in the government-wide or fund financial statements. Expenditures/Expenses related to the Plan are recorded when paid. There were no expenditures or retired employees eligible to receive benefits during the year ended April 30, 2021.

**NOTE 8. PUBLIC SAFETY EMPLOYEES BENEFIT ACT**

The benefits, benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts, except for the Public Safety Employees Benefit Act (PSEBA) enacted by the state which provides lifetime benefits for public safety employees injured in the line of duty.

**NOTE 9. 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; workers' compensation; and natural disasters. The City purchases commercial insurance for those risks of loss, with the exception of workers' compensation. For risk of loss related to workers' compensation, the City has joined the Illinois Municipal League Risk Management Association (IMLRMA), a member entity risk pool currently operating as a common risk management and workers' compensation insurance program for Illinois municipalities. The City pays annual premiums for its insurance coverage, except for employees' health and accident insurance. The City carries insurance through United Healthcare for employees' health and accident risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

OTHER SUPPLEMENTARY INFORMATION

CITY OF EUREKA, ILLINOIS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - BUDGET AND ACTUAL -  
GENERAL AND MOTOR FUEL TAX FUND (UNAUDITED)  
YEAR ENDED APRIL 30, 2021

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>REVENUES</b>			
Property taxes	\$ 511,254	\$ 511,845	\$ 591
Other local taxes	60,000	63,911	3,911
Replacement taxes	29,500	33,208	3,708
Sales taxes	705,000	692,982	(12,018)
State income taxes	700,000	844,739	144,739
Motor fuel taxes	-	-	-
Federal and state grants	1,500	225,255	223,755
Interest	10,000	30,368	20,368
Licenses, fees, and fines	155,750	190,252	34,502
Other	6,750	13,390	6,640
	<u>2,179,754</u>	<u>2,605,950</u>	<u>426,196</u>
<b>EXPENDITURES</b>			
Current:			
General government	403,200	376,467	26,733
Public safety	645,881	645,604	277
Streets	663,250	452,699	210,551
Park	155,000	84,644	70,356
Emergency services	14,600	10,030	4,570
Economic development	182,300	57,480	124,820
Employee retirement	138,000	112,051	25,949
Capital outlay	28,000	229,276	(201,276)
	<u>2,230,231</u>	<u>1,968,251</u>	<u>261,980</u>
Excess of Revenues Over (Under) Expenditures	<u>(50,477)</u>	<u>637,699</u>	<u>164,216</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from the sale of capital assets	<u>50,500</u>	<u>90,000</u>	<u>(39,500)</u>
Net change in fund balance	<u>\$ 23</u>	<u>\$ 727,699</u>	<u>\$ 124,716</u>

Motor Fuel Tax Fund

<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
134,000	198,269	64,269
-	174,481	174,481
-	911	911
-	-	-
-	-	-
<u>134,000</u>	<u>373,661</u>	<u>239,661</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>134,000</u>	<u>373,661</u>	<u>239,661</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 134,000</u>	<u>\$ 373,661</u>	<u>\$ 239,661</u>

CITY OF EUREKA, ILLINOIS  
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY  
AND RELATED RATIOS - IMRF REGULAR (UNAUDITED)  
APRIL 30, 2021

Calendar Year Ended December 31,	2020	2019	2018	2017
<b>Total Pension Liability</b>				
Service Cost	\$ 53,739	\$ 65,517	\$ 54,328	\$ 54,846
Interest on the Total Pension Liability	421,230	408,275	396,980	400,326
Changes of Benefit Terms	-	-	-	-
Difference between expected and actual experience	110,763	106,283	101,046	32,155
Changes of Assumptions	(48,161)	-	145,331	(181,684)
Benefit Payments, including Refunds of Employee Contributions	(413,388)	(377,613)	(352,318)	(347,673)
Net Change in Total Pension Liability	124,183	202,462	345,367	(42,030)
Total Pension Liability - Beginning	5,989,887	5,787,425	5,442,058	5,484,088
Total Pension Liability - Ending (A)	<u>\$ 6,114,070</u>	<u>\$ 5,989,887</u>	<u>\$ 5,787,425</u>	<u>\$ 5,442,058</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 35,602	\$ 9,817	\$ 41,874	\$ 56,072
Contributions - Employees	26,791	27,959	29,124	25,906
Net Investment Income	970,446	1,095,379	(401,093)	1,031,015
Benefit Payments, including Refunds of Employee Contributions	(413,388)	(377,613)	(352,318)	(347,673)
Other (Net Transfers)	51,282	77,385	137,829	(101,265)
Net Change in Plan Fiduciary Net Position	670,733	832,927	(544,584)	664,055
Plan Fiduciary Net Position - Beginning	6,398,654	5,565,727	6,110,311	5,446,256
Plan Fiduciary Net Position - Ending (B)	<u>\$ 7,069,387</u>	<u>\$ 6,398,654</u>	<u>\$ 5,565,727</u>	<u>\$ 6,110,311</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ (955,317)</u>	<u>\$ (408,767)</u>	<u>\$ 221,698</u>	<u>\$ (668,253)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.62%	106.82%	96.17%	112.28%
Covered Valuation Payroll	\$ 595,358	\$ 621,305	\$ 647,208	\$ 575,688
Net Pension Liability as a Percentage of Covered Valuation Payroll	-160.46%	-65.79%	34.25%	-116.08%

2016	2015
\$ 54,068	\$ 56,762
419,463	409,133
-	-
(263,798)	127,457
(5,916)	5,865
(585,996)	(319,354)
(382,179)	279,863
5,866,267	5,586,404
<u>\$ 5,484,088</u>	<u>\$ 5,866,267</u>

\$ 53,609	\$ 69,217
24,516	24,642
370,997	27,646
(585,996)	(319,354)
44,379	94,699
(92,495)	(103,150)
5,538,751	5,641,901
<u>\$ 5,446,256</u>	<u>\$ 5,538,751</u>
<u>\$ 37,832</u>	<u>\$ 327,516</u>

99.31%      94.42%

\$ 544,796    \$ 547,609

6.94%      59.81%



CITY OF EUREKA, ILLINOIS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - IMRF REGULAR (UNAUDITED)  
 APRIL 30, 2021

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
12/31/2020	\$ 35,602	\$ 35,602	\$ -	\$ 595,358	5.98%
12/31/2019	9,817	9,817	-	621,305	1.58%
12/31/2018	41,874	41,874	-	647,208	6.47%
12/31/2017	56,072	56,072	-	575,688	9.74%
12/31/2016	53,608	53,609	(1)	544,796	9.84%
12/31/2015	69,218	69,217	1	547,609	12.64%

Schedule to be built prospectively as the City implemented GASB Statement No. 68 in the fiscal year ending 04/30/2016.

City of Eureka, Illinois  
 Schedule of Employer Contributions – IMRF Regular (Unaudited)

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

*Valuation Date:*

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

Methods and Assumptions Used to Determine 2020 Contribution Rates:

*Actuarial Cost Method:* Aggregate entry age normal

*Amortization Method:* Level percentage of payroll, closed

*Remaining Amortization Period:* 23-year closed period

*Asset Valuation Method:* 5-year smoothed market; 20% corridor

*Wage Growth:* 3.25%

*Price Inflation:* 2.50%

*Salary Increases:* 3.35% to 14.25%, including inflation

*Investment Rate of Return:* 7.25%

*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

*Mortality:* For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

*Other Information:*

*Notes:* There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2018, actuarial valuation; note 12 month lag between valuation and rate setting.

CITY OF EUREKA, ILLINOIS  
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY  
AND RELATED RATIOS - IMRF SLEP (UNAUDITED)  
APRIL 30, 2021

Calendar Year Ended December 31,	2020	2019	2018
<b>Total Pension Liability</b>			
Service Cost	\$ -	\$ -	\$ -
Interest on the Total Pension Liability	4,139	3,704	3,244
Changes of Benefit Terms	-	-	-
Difference between expected and actual experience	11,328	2,285	1,814
Changes of Assumptions	(2,702)	-	2,781
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Net Change in Total Pension Liability	12,765	5,989	7,839
Total Pension Liability - Beginning	57,085	51,096	43,257
Total Pension Liability - Ending (A)	<u>\$ 69,850</u>	<u>\$ 57,085</u>	<u>\$ 51,096</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 1,781	\$ 1,469	\$ 1,502
Contributions - Employees	-	-	-
Net Investment Income	4,432	4,604	(937)
Benefit Payments, including Refunds of Employee Contributions	-	-	-
Other (Net Transfers)	103	(51)	76
Net Change in Plan Fiduciary Net Position	6,316	6,022	641
Plan Fiduciary Net Position - Beginning	32,597	26,575	25,934
Plan Fiduciary Net Position - Ending (B)	<u>\$ 38,913</u>	<u>\$ 32,597</u>	<u>\$ 26,575</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 30,937</u>	<u>\$ 24,488</u>	<u>\$ 24,521</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	55.71%	57.10%	52.01%
Covered Valuation Payroll	\$ -	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Valuation Payroll	0.00%	0.00%	0.00%

2017	2016	2015
\$ -	\$ -	\$ -
3,107	2,877	2,604
-	-	-
790	1,129	1,026
(2,063)	(1,891)	198
-	-	-
1,834	2,115	3,828
41,423	39,308	35,480
<u>\$ 43,257</u>	<u>\$ 41,423</u>	<u>\$ 39,308</u>

\$ 2,122	\$ 2,000	\$ 1,689
-	-	-
3,273	1,230	87
-	-	-
(45)	39	(931)
5,350	3,269	845
20,584	17,315	16,470
<u>\$ 25,934</u>	<u>\$ 20,584</u>	<u>\$ 17,315</u>
<u>\$ 17,323</u>	<u>\$ 20,839</u>	<u>\$ 21,993</u>

59.95%      49.69%      44.05%

\$ -      \$ -      \$ -

0.00%      0.00%      0.00%

CITY OF EUREKA, ILLINOIS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - IMRF SLEP (UNAUDITED)  
 APRIL 30, 2021

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
12/31/2020	\$ -	\$ 1,781	\$ (1,781)	\$ -	0.00%
12/31/2019	-	1,469	(1,469)	-	0.00%
12/31/2018	-	1,502	(1,502)	-	0.00%
12/31/2017	-	2,122	(2,122)	-	0.00%
12/31/2016	-	2,000	(2,000)	-	0.00%
12/31/2015	-	1,689	(1,689)	-	0.00%

Schedule to be built prospectively as the City implemented GASB Statement No. 68 in the fiscal year ending 04/30/2016.

City of Eureka, Illinois  
 Schedule of Employer Contributions – IMRF SLEP (Unaudited)

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

*Valuation Date:*

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

Methods and Assumptions Used to Determine 2020 Contribution Rates:

*Actuarial Cost Method:* Aggregate entry age normal  
*Amortization Method:* Level percentage of payroll, closed  
*Remaining Amortization Period:* 23-year closed period  
*Asset Valuation Method:* 5-year smoothed market; 20% corridor  
*Wage Growth:* 3.25%  
*Price Inflation:* 2.50%  
*Salary Increases:* 3.35% to 14.25%, including inflation  
*Investment Rate of Return:* 7.25%  
*Retirement Age:* Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.

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

*Other Information:*

Notes: There were no benefit changes during the year.

\* Based on Valuation Assumptions used in the December 31, 2018, actuarial valuation; note 12 month lag between valuation and rate setting.

CITY OF EUREKA, ILLINOIS  
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY  
AND RELATED RATIOS - POLICE PENSION FUND (UNAUDITED)  
APRIL 30, 2021

Fiscal Year Ended April 30,	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>					
Service Cost	\$ 118,237	\$ 84,173	\$ 80,164	\$ 84,698	\$ 83,290
Interest on the Total Pension Liability	69,889	42,066	37,679	33,502	29,446
Changes of Benefit Terms	-	439,309	-	-	-
Difference between expected and actual experience	8,303	(43,147)	(50,703)	(24,612)	(23,285)
Changes of Assumptions	-	-	18,066	5,687	-
Benefit Payments, including Refunds of Employee Contributions	-	-	(2,935)	(19,468)	-
Net Change in Total Pension Liability	196,429	522,401	82,271	79,807	89,451
Total Pension Liability - Beginning	1,279,552	757,151	674,880	595,073	505,622
Total Pension Liability - Ending (A)	<u>\$1,475,981</u>	<u>\$1,279,552</u>	<u>\$ 757,151</u>	<u>\$ 674,880</u>	<u>\$ 595,073</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$83,231	\$ 81,727	\$ 87,201	\$ 83,554	\$ 72,953
Contributions - Employees	32,296	32,226	29,552	27,970	26,953
Net Investment Income	9,134	11,429	10,317	8,337	7,536
Benefit Payments, including Refunds of Employee Contributions	-	-	(2,935)	(19,468)	-
Administrative expenses	(13,265)	(3,384)	(4,398)	(6,450)	(4,518)
Other (Net Transfers)	-	(13,257)	(13,225)	(14,080)	(16,972)
Net Change in Plan Fiduciary Net Position	111,396	108,741	106,512	79,863	85,952
Plan Fiduciary Net Position - Beginning	865,608	756,867	650,355	570,492	484,540
Plan Fiduciary Net Position - Ending (B)	<u>\$977,004</u>	<u>\$865,608</u>	<u>\$756,867</u>	<u>\$650,355</u>	<u>\$570,492</u>
Net Pension Liability - Ending (A) - (B)	<u>\$498,977</u>	<u>\$413,944</u>	<u>\$284</u>	<u>\$24,525</u>	<u>\$24,581</u>
<b>Plan Fiduciary Net Position</b>					
as a Percentage of the Total Pension Liability	66.19%	67.65%	99.96%	96.37%	95.87%
Covered Valuation Payroll	\$325,893	\$325,187	\$298,204	\$282,240	\$271,978
Net Pension Liability					
as a Percentage of Covered Valuation Payroll	153.11%	127.29%	0.10%	8.69%	9.04%

	2016		2015
\$	79,215	\$	68,603
	21,827		17,320
	-		-
	30,645		-
	16,604		-
	-		(12,797)
	148,291		73,126
	357,331		284,205
\$	505,622	\$	357,331

\$	63,274	\$	30,000
	26,217		24,444
	2,041		276
	-		(12,797)
	(3,956)		(1,760)
	(14,866)		(10,659)
	72,710		29,504
	411,830		382,326
\$	484,540	\$	411,830
	\$21,082		(\$54,499)

	95.83%		115.25%
\$	264,551	\$	220,229
	7.97%		-24.75%



CITY OF EUREKA, ILLINOIS  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - POLICE PENSION FUND (UNAUDITED)  
 APRIL 30, 2021

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
4/30/2021	\$ 83,231	\$ 83,231	\$ -	\$ 325,893	25.54%
4/30/2020	81,727	81,727	-	325,187	25.13%
4/30/2019	87,201	87,201	-	298,204	29.24%
4/30/2018	83,554	83,554	-	282,240	29.60%
4/30/2017	72,953	72,953	-	271,978	26.82%
4/30/2016	63,274	63,274	-	264,551	23.92%
4/30/2015	-	30,000	(30,000)	220,029	13.63%

Schedule to be built prospectively as the City implemented GASB Statement No. 68 in the fiscal year ending 04/30/2016.

City of Eureka, Illinois  
Schedule of Employer Contributions – Police Pension Fund (Unaudited)

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2021 Contribution Rate\**

*Valuation Date:*

Notes

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

Methods and Assumptions Used to Determine 2021 Contribution Rates:

<i>Actuarial Cost Method:</i>	Entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	19 years as of May 1, 2021
<i>Asset Valuation Method:</i>	5-year smoothed market
<i>Inflation:</i>	2.50%
<i>Salary Increases:</i>	Service-related table with rates grading from 3.5% to 11%
<i>Investment Rate of Return:</i>	5% net of Pension Plan investment expense
<i>Retirement Age:</i>	Assumed age 55 for Tier 1; age 60 for Tier 2
<i>Mortality:</i>	Assumed life expectancies are determined using the MP-2019 Combined Healthy Mortality Table, projected to the valuation date using PubS-2010, and the MP-2019 Disabled Retiree Mortality Table, projected to the valuation date using PubS-2010.

CITY OF EUREKA, ILLINOIS  
 SCHEDULE OF GENERAL FUND EXPENDITURES  
 MODIFIED CASH BASIS - BUDGET AND ACTUAL  
 YEAR ENDED APRIL 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>			
General government:			
Personnel services	\$ 168,000	\$ 171,167	\$ (3,167)
Contractual services	222,400	174,896	47,504
Commodities	6,800	12,928	(6,128)
Other expense	6,000	17,476	(11,476)
	<u>403,200</u>	<u>376,467</u>	<u>26,733</u>
Public safety:			
Personnel services	453,000	414,969	38,031
Police pension	83,231	83,231	-
Contractual services	82,150	103,024	(20,874)
Commodities	27,500	44,380	(16,880)
	<u>645,881</u>	<u>645,604</u>	<u>277</u>
Streets:			
Personnel services	366,000	297,250	68,750
Contractual services	267,750	132,688	135,062
Commodities	29,500	22,761	6,739
	<u>663,250</u>	<u>452,699</u>	<u>210,551</u>
Park			
Personnel services	51,500	26,672	24,828
Contractual services	95,000	50,212	44,788
Commodities	8,500	7,760	740
	<u>155,000</u>	<u>84,644</u>	<u>70,356</u>
Emergency services			
Personnel services	4,000	4,000	-
Contractual services	6,000	2,136	3,864
Commodities	4,600	3,894	706
	<u>14,600</u>	<u>10,030</u>	<u>4,570</u>
Economic development:			
Contractual services	174,300	52,380	121,920
Commodities	8,000	5,100	2,900
	<u>182,300</u>	<u>57,480</u>	<u>124,820</u>
Employee retirement	<u>138,000</u>	<u>112,051</u>	<u>25,949</u>
Capital outlay:			
General government	10,500	10,268	232
Public safety	-	68,844	(68,844)
Streets	15,000	60,008	(45,008)
Park	2,500	54,400	(51,900)
Emergency services	-	35,756	(35,756)
	<u>28,000</u>	<u>229,276</u>	<u>(201,276)</u>
Total expenditures	<u>\$ 2,230,231</u>	<u>\$ 1,968,251</u>	<u>\$ 261,980</u>

CITY OF EUREKA, ILLINOIS  
 INFORMATION REQUIRED BY GENERAL OBLIGATION BOND ORDINANCE  
 ENTERPRISE FUNDS (UNAUDITED)  
 APRIL 30, 2021

The following information is required to be included in the report by Section 17 of General Obligation Bond Ordinance 05-05:

1. Statement in detail of the income and expenditures of the system for the fiscal year. See the Statement of Revenues, Expenses, and Changes in Fund Net Position -Modified Cash Basis - Enterprise Funds.
2. A balance sheet as of the end of the fiscal year, including a statement of the amount held in each of the accounts of the system fund. See the Statement of Net Position-Modified Cash Basis- Enterprise Funds.
3. A summary of rates in effect at the end of the fiscal year for services of the system and any changes in such rates during the fiscal year.

Water	\$8.95*
Sewer	6.03*
Stormwater	6.00**

\* Rate per 1,000 gallons

\*\* Rate per equivalent residential unit

4. The amounts and details of all outstanding bonds. See Note 4 to the financial statements.
5. Independent auditors' comments regarding the manner in which the municipality has carried out the requirements of the ordinance.

Ordinance requires the establishment of the following accounts:

- Operation and maintenance account
- Bond and interest account
- Depreciation, improvement, and extension account
- Surplus account