

CITY OF SULLIVAN, ILLINOIS
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED APRIL 30, 2022



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Sullivan, Illinois
Sullivan, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sullivan, Illinois (the City), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's 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, as of April 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Emphasis of Matter

As described in Note 16 to the financial statements, the City corrected its net pension asset related to employee voluntary additional contribution balances that had previously been included in fiduciary net position, in addition to allocating its net pension asset, and related deferred inflows and outflows, to its enterprise funds. The City also made a correction for accrued compensated absences that had been incorrectly recognized as a liability in the general fund. As a result of these corrections, the City reported a restatement to beginning fund balance and net position. Our opinion is not modified with respect to these matters.

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.

Honorable Mayor and City Commissioners
City of Sullivan, Illinois

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's 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.

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

In performing an audit in accordance with GAAS 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's 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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions, schedule of changes in total OPEB liability and related ratios, and budgetary comparison information for the general fund and major fund special revenue fund 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements of the nonmajor funds 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 GAAS. In our opinion, the combining financial statements of the nonmajor funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

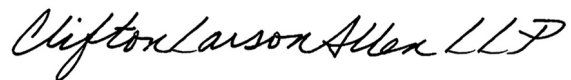
Management is responsible for the other information included in the annual report. The other information comprises the computation of legal debt margin, schedule of property taxes extended, collected, and distributed, and combining schedule of the water and sewer funds, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Honorable Mayor and City Commissioners
City of Sullivan, Illinois

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the City's 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's 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 City of Sullivan, Illinois' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Champaign, Illinois
November 14, 2022

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

As management of the City of Sullivan (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

Financial Highlights

The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of April 30, 2022, by \$53,198,291 (net position). Of this amount, \$22,923,251 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased by \$2,102,838. The City experienced an increase in net position in Governmental Activities of \$1,005,709 and an increase of \$1,097,129 in the Business-Type Activities. The increase in Government Activities was primarily due to transfers in from business-type activities offsetting the increase in operating expenses. The increase in Business-Type Activities was primarily due to large a decrease of \$515,161 in total operating expenses as well as a significant decrease in inter-fund transfers out. Revenues remained consistent.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,912,536, an increase of \$1,365,165 in comparison with the prior year. This increase was due to transfers in from business-type activities offsetting the increase in operating expenses.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,863,239, approximately 3 times total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a matter similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Government-Wide Financial Statements (Continued)

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, economic development, cemetery, and culture and recreation. The business-type activities of the City include an electrical production and distribution operation, a natural gas distribution operation, a water operation, and a sewer operation.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governments' near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Tax Increment Financing Fund (TIF 1), of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for all major governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18-21 of this report.

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Proprietary Funds

The City maintains four different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric production and distribution operation, gas distribution operation, water operation, and sewer operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its broadband internet operation. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric production and distribution operation, gas distribution operation, water operation, and sewer operation, all of which are considered to be major funds of the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-53 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 55-61 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pension and OPEB. Combining and individual fund statements can be found on pages 63-64 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$53,198,291 at the close of the most recent fiscal year.

The largest portion of the City's net position (44%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Government-Wide Financial Analysis (Continued)

City of Sullivan's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$ 22,620,902	\$ 21,105,367	\$ 18,430,253	\$ 16,650,974	\$ 41,051,155	\$ 37,756,341
Capital Assets, Net	5,951,305	6,238,422	19,074,830	19,420,166	25,026,135	25,658,588
Total Assets	<u>28,572,207</u>	<u>27,343,789</u>	<u>37,505,083</u>	<u>36,071,140</u>	<u>66,077,290</u>	<u>63,414,929</u>
Deferred Outflows of Resources	865,563	985,836	691,204	899,727	1,556,767	1,885,563
Current Liabilities	196,985	370,963	1,353,082	1,010,858	1,550,067	1,381,821
Noncurrent Liabilities	2,352,740	2,235,905	3,349,829	5,091,464	5,702,569	7,327,369
Total Liabilities	<u>2,549,725</u>	<u>2,606,868</u>	<u>4,702,911</u>	<u>6,102,322</u>	<u>7,252,636</u>	<u>8,709,190</u>
Deferred Inflows of Resources	5,216,064	4,894,680	1,967,066	-	7,183,130	4,894,680
Net Position:						
Net Investment in Capital Assets	5,890,247	6,238,422	17,589,980	19,420,166	23,480,227	25,658,588
Restricted	5,485,310	3,974,102	1,309,503	-	6,794,813	3,974,102
Unrestricted	<u>10,296,424</u>	<u>10,615,553</u>	<u>12,626,827</u>	<u>11,448,379</u>	<u>22,923,251</u>	<u>22,063,932</u>
Total Net Position	<u>\$ 21,671,981</u>	<u>\$ 20,828,077</u>	<u>\$ 31,526,310</u>	<u>\$ 30,868,545</u>	<u>\$ 53,198,291</u>	<u>\$ 51,696,622</u>

An additional portion of the City's net position (13%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$22,923,251 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current and prior fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate business-type activities.

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Governmental Activities

Governmental activities increased the City's net position by \$2,102,838. Key elements of this increase are as follows:

City of Sullivan's Change in Net Position

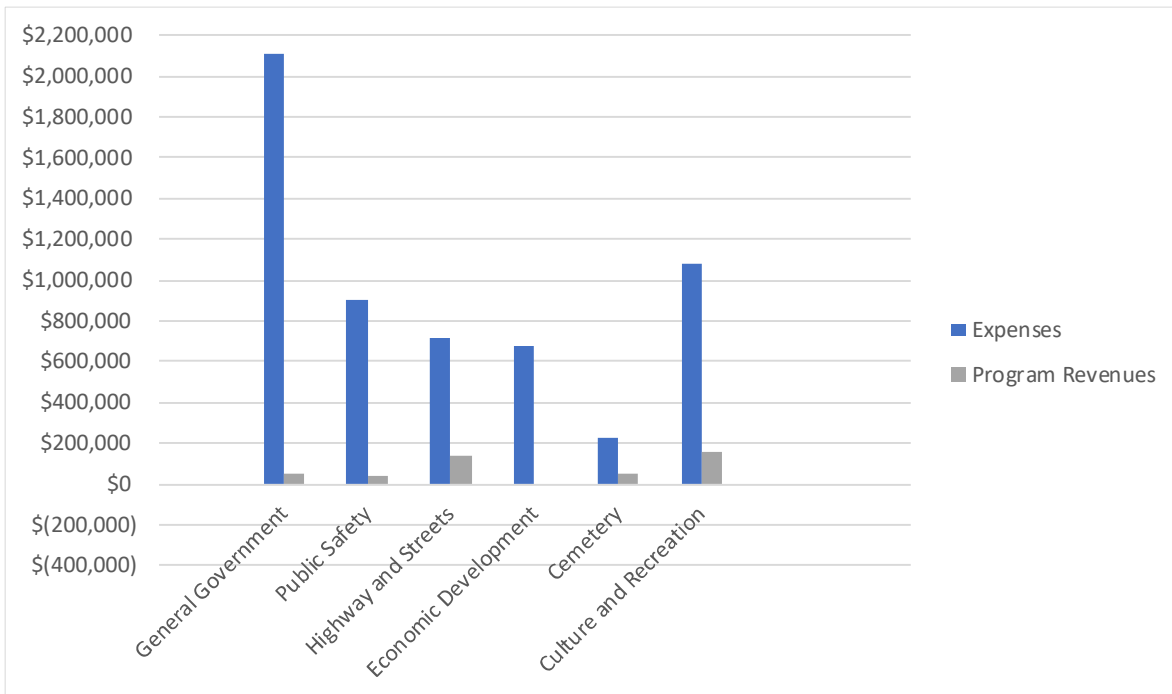
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 333,729	\$ 224,403	\$ 13,752,603	\$ 13,748,994	\$ 14,086,332	\$ 13,973,397
Operating Grants and Contributions	109,743	369,529	-	-	109,743	369,529
Capital Grants and Contributions	-	-	178,404	321,391	178,404	321,391
General Revenues:						
Property Tax	2,557,860	2,336,386	-	-	2,557,860	2,336,386
Sales Tax	1,132,734	1,023,582	-	-	1,132,734	1,023,582
Income Tax	702,822	538,937	-	-	702,822	538,937
Motor Fuel Tax	177,000	158,970	-	-	177,000	158,970
Other Taxes	125,762	82,808	-	-	125,762	82,808
Interest	49,083	33,783	9,896	13,380	58,979	47,163
Gain on Sale of Assets	-	105,921	6,415	6,001	6,415	111,922
Miscellaneous	36,162	47,554	66,464	69,690	102,626	117,244
Total Revenues	5,224,895	4,921,873	14,013,782	14,159,456	19,238,677	19,081,329
Expenses:						
General Government	2,107,240	1,653,522	-	-	2,107,240	1,653,522
Public Safety	903,550	707,002	-	-	903,550	707,002
Highway and Streets	716,562	584,369	-	-	716,562	584,369
Economic Development	680,311	1,004,977	-	-	680,311	1,004,977
Cemetery	221,769	168,303	-	-	221,769	168,303
Retirement	-	(153,197)	-	-	-	(153,197)
Culture and Recreation	1,079,753	900,912	-	-	1,079,753	900,912
Interest	-	-	-	-	-	-
Electric	-	-	7,566,802	7,730,151	7,566,802	7,730,151
Gas	-	-	1,722,996	1,907,260	1,722,996	1,907,260
Water	-	-	1,583,443	1,547,619	1,583,443	1,547,619
Sewer	-	-	553,412	756,784	553,412	756,784
Total Expenses	5,709,186	4,865,888	11,426,653	11,941,814	17,135,839	16,807,702
Change in Net Position Before Transfers and Extraordinary Items						
	(484,291)	55,985	2,587,129	2,217,642	2,102,838	2,273,627
Transfers	1,490,000	1,708,023	(1,490,000)	(1,708,023)	-	-
Extraordinary Items	-	11,297,494	-	-	-	11,297,494
Change in Net Position	1,005,709	13,061,502	1,097,129	509,619	2,102,838	13,571,121
Net Position - Beginning of Year						
	20,666,272	7,766,575	30,429,181	30,358,926	51,095,453	38,125,501
Net Position - End of Year	\$ 21,671,981	\$ 20,828,077	\$ 31,526,310	\$ 30,868,545	\$ 53,198,291	\$ 51,696,622

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Governmental Activities (Continued)

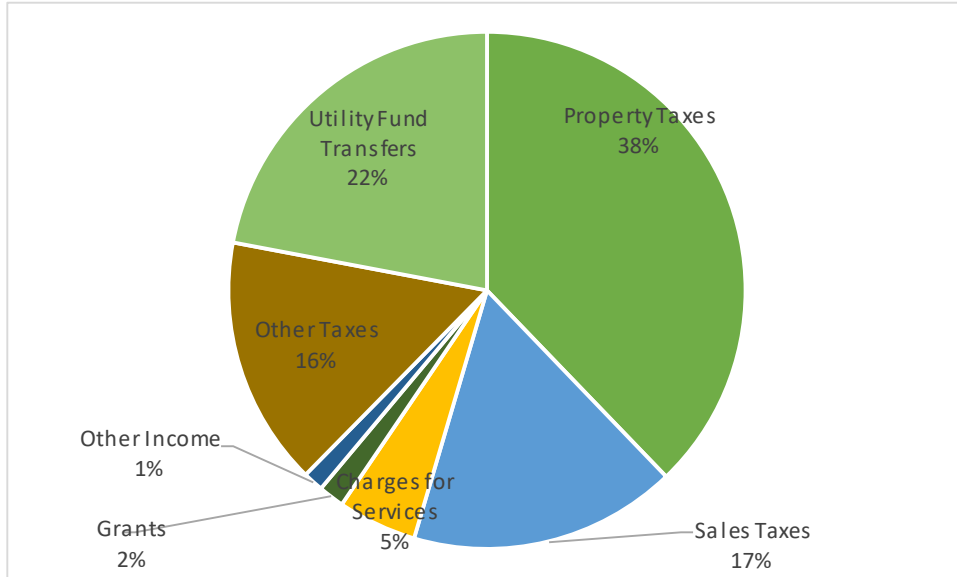
- Total governmental activities expenses increased by \$843,298 primarily due to ordinary fluctuation in costs incurred daily in order to carry out routine operations.
- Total governmental activities revenues increased by \$303,022 with a large increases occurring in charges for services, property tax and state revenues.

Expenses and Program Revenues – Governmental Activities



**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

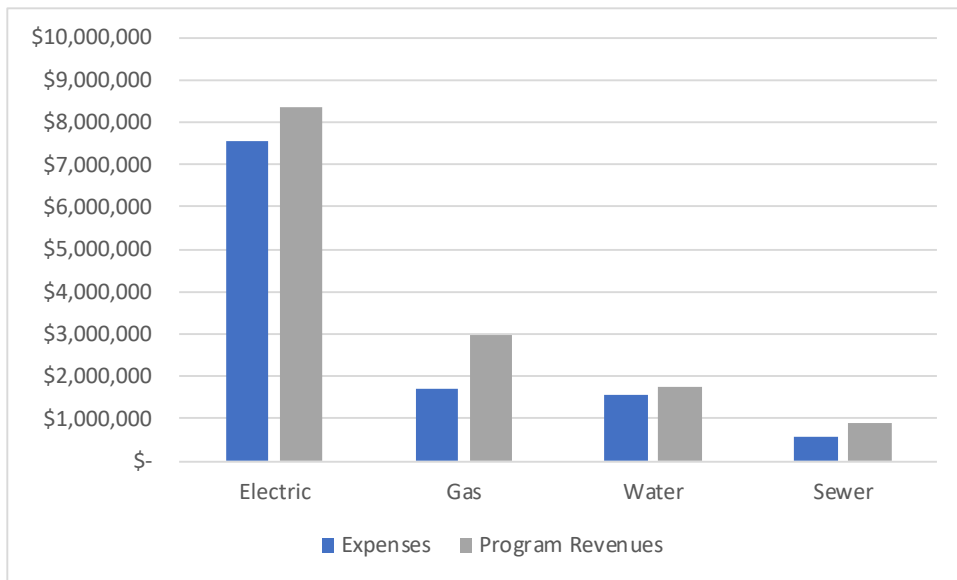
Revenues by Source – Governmental Activities



Business-Type Activities

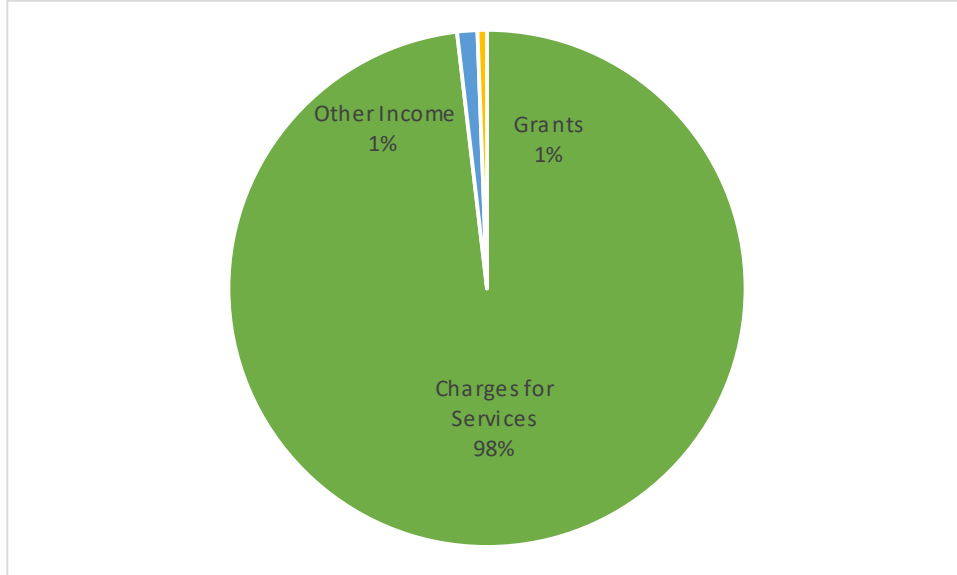
Business-type activities increase the City's net position by \$1,097,129 due to large a decrease of \$515,161 in total operating expenses as well as a significant decrease in inter-fund transfers out. Revenues remained consistent.

Expenses and Program Revenues – Business-Type Activities



**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Revenues by Source – Business-Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$17,912,536, an increase of \$1,365,165 in comparison with prior year. The remainder of fund balance is assigned, restricted and nonspendable to indicate that it is not available for new spending because it has already been assigned 1) for financing other city funds \$91,601, 2) nonspendable for prepaid items \$112,215, or 3) restricted for a variety of other purposes \$3,894,523.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$13,863,239, while total fund balance reached \$14,082,118.

The fund balance of the City's general fund increased by \$224,518 during the current fiscal year. Key factor for this increase is as follows:

- Total revenues increased by \$186,740 primarily from increased charges for services as a result of civic center membership count increases and facility use. Intergovernmental revenues also increased significantly.

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the electrical operation at the end of the fiscal year amounted to \$5,577,890, the gas operations net position amounted to \$5,807,193, the water operations amounted to a \$1,216,695, and sewer operations amounted to \$25,049. The increase in net position for the electric operations was \$175,229, the increase for the gas operations was \$605,189, the increase for water operations was \$12,017 and the increase for sewer operations was \$304,694. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City's business-type activities.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2022, amounts to \$25,026,135 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, and utility infrastructure. The total net decrease in the City's capital assets for the current fiscal year was \$632,453 or 2%.

Major capital asset events during the current fiscal year included the following:

- Five major construction projects were in progress at the end of the fiscal year. Construction in progress at the end of last fiscal year amounted to \$1,670,091 whereas construction in progress as of the close this fiscal year amounted to \$1,646,574.
- Capital asset additions included purchases for real estate, police squad vehicle, multiple equipment purchases such as backhoes, mowers and UTVs, and several additions for infrastructure and economic development projects.

**City of Sullivan's Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 131,276	\$ 131,276	\$ 200,311	\$ 189,092	\$ 331,587	\$ 320,368
Buildings and Improvements	1,190,278	1,252,245	-	-	1,190,278	1,252,245
Equipment	4,583,119	4,662,204	-	-	4,583,119	4,662,204
Production Plant	-	-	5,584,941	5,620,650	5,584,941	5,620,650
Distribution Plant	-	-	7,180,087	7,488,511	7,180,087	7,488,511
General Plant	-	-	148,045	85,449	148,045	85,449
Broadband	-	-	-	652	-	652
Sewer Improvements	-	-	4,338,448	4,525,374	4,338,448	4,525,374
GIS Equipment	-	-	23,056	33,044	23,056	33,044
Construction in Progress	46,632	192,697	1,599,942	1,477,394	1,646,574	1,670,091
Total	\$ 5,951,305	\$ 6,238,422	\$ 19,074,830	\$ 19,420,166	\$ 25,026,135	\$ 25,658,588

Additional information on the City's capital assets can be found in Note 6 of this report.

**CITY OF SULLIVAN, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED APRIL 30, 2022**

Capital Assets and Debt Administration (Continued)

Long-Term Debt

At the end of the current fiscal year, the City had total outstanding debt of \$1,482,750. The City's debt is secured solely by specified revenue sources (i.e., utility revenues).

City of Sullivan's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Notes Payable	\$ -	\$ -	\$ 1,482,750	\$ 1,517,732	\$ 1,482,750	\$ 1,517,732

The City's total debt decreased by \$34,982 (2.3%) during the fiscal year resulting from \$94,981 in debt payments plus \$60,000 in new debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8.625% of its total assessed valuation. The current debt limitation for the City is \$3,123,528.

Additional information on the City's long-term debt can be found in Note 8.

Economic Factors

- The unemployment rate for Moultrie County, where the City is located, is currently 2.9% which is significantly down from a year ago which was 3.50%. This compares favorably to the state's average unemployment rate of 4.70% and the national average of 3.7%.
- The occupancy rate of the government's central business district has remained strong and steady over the past three years. There is considerable growth within City limits with regards to housing development, additional retail spaces, and expansion of industrial and commercial businesses.

All of these factors were considered in preparing the City's budget for the 2022 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$13,863,239. The City has appropriated this amount for spending in the 2023 fiscal year budget. It is intended that this use of available fund balance will help minimize the need to raise taxes or charges during the 2023 fiscal year. It is also intended to reduce the need for the transfer of additional resources to the general fund from the electric, gas, water, and sewer funds, as occurred during the 2023 fiscal year.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. The City provides the financial report on our web page (www.sullivanil.us). If anyone has any questions about this report or needs additional financial information about the City, please contact the City Treasurer's Office at 2 W. Harrison St., Sullivan, Illinois, 61951. The City Treasurer can also be reached at (217) 728-4383.

BASIC FINANCIAL STATEMENTS

**CITY OF SULLIVAN, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2022**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 5,862,529	\$ 9,805,216	\$ 15,667,745
Investments	11,690,987	4,306,973	15,997,960
Receivables, Net	3,193,467	2,170,269	5,363,736
Interest Receivable	1,811	-	1,811
Prepaid Items	112,215	84,146	196,361
Inventories	-	754,146	754,146
Notes Receivables	13,400	-	13,400
Net Pension Asset	1,639,829	1,309,503	2,949,332
Restricted Investments	106,664	-	106,664
Capital Assets:			
Capital Assets not Being Depreciated	177,908	1,800,253	1,978,161
Depreciable Capital Assets, Net	5,773,397	17,274,577	23,047,974
Total Assets	28,572,207	37,505,083	66,077,290
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension	170,410	136,082	306,492
Deferred Postemployment Healthcare	695,153	555,122	1,250,275
Total Deferred Outflows of Resources	865,563	691,204	1,556,767

See accompanying Notes to Basic Financial Statements.

CITY OF SULLIVAN, ILLINOIS
STATEMENT OF NET POSITION (CONTINUED)
APRIL 30, 2022

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	\$ 114,000	\$ 617,114	\$ 731,114
Accrued Payroll	82,985	35,879	118,864
Customer Deposits	-	398,457	398,457
Unearned Revenues	-	301,632	301,632
Long-Term Liabilities:			
Due Within One Year:			
Notes Payable	-	96,886	96,886
Compensated Absences	5,942	3,572	9,514
Due in More Than One Year:			
Notes Payable	-	1,385,864	1,385,864
Compensated Absences	53,478	32,151	85,629
Total OPEB Liability	2,293,320	1,831,356	4,124,676
Total Liabilities	<u>2,549,725</u>	<u>4,702,911</u>	<u>7,252,636</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent Years' Property Taxes	2,752,800	-	2,752,800
Deferred Pension	1,785,994	1,426,225	3,212,219
Deferred Postemployment Healthcare	677,270	540,841	1,218,111
Total Deferred Inflows of Resources	<u>5,216,064</u>	<u>1,967,066</u>	<u>7,183,130</u>
NET POSITION			
Net Investment in Capital Assets	5,890,247	17,589,980	23,480,227
Restricted for:			
Pension Benefits	1,988,923	1,309,503	3,298,426
Economic Development	2,728,374	-	2,728,374
Highway and Streets	661,349	-	661,349
Culture and Recreation	50,042	-	50,042
Perpetual Cemetery Care	56,622	-	56,622
Unrestricted	<u>10,296,424</u>	<u>12,626,827</u>	<u>22,923,251</u>
Total Net Position	<u>\$ 21,671,981</u>	<u>\$ 31,526,310</u>	<u>\$ 53,198,291</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SULLIVAN, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services, Fines, and Permits	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 2,107,240	\$ 45,901	\$ -	\$ -	\$ (2,061,339)	\$ -	\$ (2,061,339)
Public Safety	903,550	42,777	-	-	(860,773)	-	(860,773)
Highway and Streets	716,562	44,306	97,538	-	(574,718)	-	(574,718)
Economic Development	680,311	-	-	-	(680,311)	-	(680,311)
Cemetery	221,769	53,470	-	-	(168,299)	-	(168,299)
Culture and Recreation	1,079,753	147,275	12,205	-	(920,273)	-	(920,273)
Total Governmental Activities	5,709,186	333,729	109,743	-	(5,265,714)	-	(5,265,714)
BUSINESS-TYPE ACTIVITIES:							
Electric	7,566,802	8,334,479	-	-	-	767,677	767,677
Gas	1,722,996	2,941,090	-	13,220	-	1,231,314	1,231,314
Water	1,583,443	1,675,058	-	63,625	-	155,240	155,240
Sewer	553,412	801,976	-	101,559	-	350,123	350,123
Total Business-Type Activities	11,426,653	13,752,603	-	178,404	-	2,504,354	2,504,354
Total Primary Government	\$ 17,135,839	\$ 14,086,332	\$ 109,743	\$ 178,404	(5,265,714)	2,504,354	(2,761,360)
General Revenues:							
Property Taxes					2,557,860	-	2,557,860
Sales Taxes					1,132,734	-	1,132,734
Other Taxes					1,005,584	-	1,005,584
Interest					49,083	9,896	58,979
Gain on Sale of Assets					-	6,415	6,415
Miscellaneous					36,162	66,464	102,626
Transfers					1,490,000	(1,490,000)	-
Total General Revenues and Transfers					6,271,423	(1,407,225)	4,864,198
CHANGE IN NET POSITION							
Net Position - Beginning of Year, As Restated					20,666,272	30,429,181	51,095,453
NET POSITION - END OF YEAR							
					\$ 21,671,981	\$ 31,526,310	\$ 53,198,291

See accompanying Notes to Basic Financial Statements.

**CITY OF SULLIVAN, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2022**

	General Fund	Tax Increment Financing Fund (TIF 1)	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash	\$ 2,020,157	\$ 1,878,198	\$ 1,935,919	\$ 5,834,274
Investments	11,690,987	-	-	11,690,987
Receivables	959,708	1,426,400	807,359	3,193,467
Interest Receivable	1,811	-	-	1,811
Prepaid Items	112,215	-	-	112,215
Notes Receivables	-	13,400	-	13,400
Restricted Investments	106,664	-	-	106,664
	<u>14,891,542</u>	<u>3,317,998</u>	<u>2,743,278</u>	<u>20,952,818</u>
Total Assets	<u>\$ 14,891,542</u>	<u>\$ 3,317,998</u>	<u>\$ 2,743,278</u>	<u>\$ 20,952,818</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	81,542	24,950	\$ 7,508	\$ 114,000
Accrued Payroll	82,985	-	-	82,985
Total Liabilities	<u>164,527</u>	<u>24,950</u>	<u>7,508</u>	<u>196,985</u>
DEFERRED INFLOW OF RESOURCES				
Subsequent Years' Property Taxes	554,400	1,426,400	772,000	2,752,800
Unavailable Sales Taxes	90,497	-	-	90,497
Total Deferred Inflow of Resources	<u>644,897</u>	<u>1,426,400</u>	<u>772,000</u>	<u>2,843,297</u>
FUND BALANCES				
Nonspendable	112,215	-	-	112,215
Restricted for:				
Economic Development	-	1,866,648	861,726	2,728,374
Highway and Streets	-	-	661,349	661,349
Culture and Recreation	50,042	-	-	50,042
Perpetual Cemetery Care	56,622	-	-	56,622
Pension Benefits	-	-	349,094	349,094
Assigned for:				
Culture and Recreation	-	-	59,361	59,361
Highway and Streets	-	-	32,240	32,240
Unassigned	13,863,239	-	-	13,863,239
Total Fund Balances	<u>14,082,118</u>	<u>1,866,648</u>	<u>1,963,770</u>	<u>17,912,536</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 14,891,542</u>	<u>\$ 3,317,998</u>	<u>\$ 2,743,278</u>	<u>\$ 20,952,818</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SULLIVAN, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
APRIL 30, 2022**

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balance - Governmental Funds		\$ 17,912,536
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, the underlying resources are not recognized currently in the governmental funds.		5,951,305
Deferred outflows of resources and deferred inflows of resources for pension and OPEB are applicable to future periods, and, therefore, are not reported in the governmental funds.		
Deferred Outflows of Resources Related to Pensions	\$ 170,410	
Deferred Outflows of Resources Related to OPEB	695,153	
Deferred Inflows of Resources Related to Pensions	(1,785,994)	
Deferred Inflows of Resources Related to OPEB	<u>(677,270)</u>	(1,597,701)
The net pension asset is not an available resource and therefore is not reported in the funds.		1,639,829
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		90,497
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Compensated Absences	(59,420)	
Total OPEB Liability	<u>(2,293,320)</u>	(2,352,740)
Internal service funds are used by management to charge the costs of broadband services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		<u>28,255</u>
Net Position of Governmental Activities		<u>\$ 21,671,981</u>

See accompanying Notes to Basic Financial Statements.

CITY OF SULLIVAN, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2022

	General Fund	Tax Increment Financing Fund (TIF 1)	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 499,441	\$ 1,359,931	\$ 698,488	\$ 2,557,860
Intergovernmental	1,897,105	-	352,773	2,249,878
Interest	43,616	3,786	1,657	49,059
Licenses, Fines, and Permits	41,443	-	-	41,443
Charges for Services	239,012	-	27,714	266,726
Miscellaneous	35,252	-	909	36,161
Total Revenues	<u>2,755,869</u>	<u>1,363,717</u>	<u>1,081,541</u>	<u>5,201,127</u>
EXPENDITURES				
Current:				
General Government	1,637,384	-	-	1,637,384
Public Safety	770,275	-	-	770,275
Highway and Streets	339,534	-	248,382	587,916
Economic Development	-	237,497	148,887	386,384
Cemetery	185,625	-	-	185,625
Retirement	-	-	262,839	262,839
Culture and Recreation:				
Civic Center	429,158	-	-	429,158
Park and Recreation	219,265	-	9,528	228,793
Library	263,768	-	-	263,768
Capital Outlay	176,342	46,345	351,133	573,820
Total Expenditures	<u>4,021,351</u>	<u>283,842</u>	<u>1,020,769</u>	<u>5,325,962</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,265,482)	1,079,875	60,772	(124,835)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,490,000	-	500,000	1,990,000
Transfers Out	-	(500,000)	-	(500,000)
Total Other Financing Sources (Uses)	<u>1,490,000</u>	<u>(500,000)</u>	<u>500,000</u>	<u>1,490,000</u>
NET CHANGE IN FUND BALANCES	224,518	579,875	560,772	1,365,165
Fund Balances - Beginning of Year, As Restated	<u>13,857,600</u>	<u>1,286,773</u>	<u>1,402,998</u>	<u>16,547,371</u>
FUND BALANCES - END OF YEAR	<u>\$ 14,082,118</u>	<u>\$ 1,866,648</u>	<u>\$ 1,963,770</u>	<u>\$ 17,912,536</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SULLIVAN, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2022**

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Changes in Fund Balances - Governmental Funds		\$ 1,365,165
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for Capital Assets	\$ 267,237	
Current Year Depreciation and Amortization	<u>(554,354)</u>	(287,117)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.		
Sales Tax		(1,816)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds.		
Compensated Absences	23,723	
Pension Expense	574,440	
OPEB Expense	<u>(674,120)</u>	(75,957)
The net revenue of the internal service fund is reported with governmental activities on the statement of activities		
		<u>5,434</u>
Change in Net Position of Governmental Activities		<u><u>\$ 1,005,709</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF SULLIVAN, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2022

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Total	Governmental Activities Internal Service Fund
ASSETS						
Current Assets:						
Cash	\$ 3,626,803	\$ 4,044,195	\$ 1,576,308	\$ 557,910	\$ 9,805,216	\$ 28,255
Investments	1,968,312	1,814,892	366,638	157,131	4,306,973	-
Receivables	1,069,908	724,128	270,316	105,917	2,170,269	-
Inventories	601,321	76,059	57,996	18,770	754,146	-
Prepaid Items	37,311	16,514	18,456	11,865	84,146	-
Total Current Assets	7,303,655	6,675,788	2,289,714	851,593	17,120,750	28,255
Noncurrent Assets:						
Net Pension Asset	460,981	259,246	378,989	210,287	1,309,503	-
Capital Assets:						
Land	102,733	4,185	21,334	72,059	200,311	-
Production Plant, Net	5,090,988	-	477,934	16,019	5,584,941	-
Distribution Plant, Net	1,847,072	344,323	4,430,899	557,793	7,180,087	-
General Plant, Net	54,332	-	66,513	27,200	148,045	6,548
Sewer Improvements, Net	-	-	-	4,338,448	4,338,448	-
GIS, Net	2,281	16,212	4,563	-	23,056	-
Construction in Progress	580,806	240,892	770,736	7,508	1,599,942	-
Total Capital Assets (Net of Accumulated Depreciation)	7,678,212	605,612	5,771,979	5,019,027	19,074,830	6,548
Total Noncurrent Assets	8,139,193	864,858	6,150,968	5,229,314	20,384,333	6,548
Total Assets	15,442,848	7,540,646	8,440,682	6,080,907	37,505,083	34,803
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Pension	47,904	26,941	39,384	21,853	136,082	-
Deferred Postemployment Healthcare	195,418	109,899	160,660	89,145	555,122	-
Total Deferred Outflows of Resources	243,322	136,840	200,044	110,998	691,204	-
LIABILITIES						
Current Liabilities:						
Accounts Payable	456,330	117,732	27,880	15,172	617,114	-
Accrued Payroll	9,542	4,407	17,630	4,300	35,879	-
Compensated Absences	1,295	246	1,385	647	3,572	-
Customer Deposits	153,115	128,852	116,490	-	398,457	-
Unearned Revenues	-	-	-	301,632	301,632	-
Notes Payable - Current	-	-	27,472	69,414	96,886	-
Total Current Liabilities	620,282	251,237	190,857	391,165	1,453,540	-
Noncurrent Liabilities:						
Compensated Absences	11,657	2,213	12,461	5,820	32,151	-
Notes Payable	-	-	435,952	949,912	1,385,864	-
Total OPEB Liability	644,687	362,559	530,021	294,089	1,831,356	-
Total Noncurrent Liabilities	656,344	364,772	978,434	1,249,821	3,249,371	-
Total Liabilities	1,276,626	616,009	1,169,290	1,640,986	4,702,911	-
DEFERRED INFLOWS OF RESOURCES						
Deferred Pensions	502,070	282,354	412,770	229,031	1,426,225	-
Deferred Postemployment Healthcare	190,391	107,072	156,527	86,851	540,841	-
Total Deferred Inflows of Resources	692,461	389,426	569,297	315,882	1,967,066	-
NET POSITION						
Net Investment in Capital Assets	7,678,212	605,612	5,306,455	3,999,701	17,589,980	6,548
Restricted for Net Pension Asset	460,981	259,246	378,989	210,287	1,309,503	-
Unrestricted	5,577,890	5,807,193	1,216,695	25,049	12,626,827	28,255
Total Net Position	\$ 13,717,083	\$ 6,672,051	\$ 6,902,139	\$ 4,235,037	\$ 31,526,310	\$ 34,803

See accompanying Notes to Basic Financial Statements.

CITY OF SULLIVAN, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2022

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Total	Governmental Activities Internal Service Fund
OPERATING REVENUES						
Charges for Services	\$ 8,334,479	\$ 2,941,090	\$ 1,675,058	\$ 801,976	\$ 13,752,603	\$ 25,560
Other Services	45,078	15,168	2,078	4,140	66,464	-
Total Operating Revenues	<u>8,379,557</u>	<u>2,956,258</u>	<u>1,677,136</u>	<u>806,116</u>	<u>13,819,067</u>	<u>25,560</u>
OPERATING EXPENSES						
Salaries	525,035	287,558	446,609	239,998	1,499,200	-
Materials, Supplies, and Chemicals	331,889	16,595	298,571	50,339	697,394	-
Fuel	35,182	-	24,179	-	59,361	-
Purchase of Electric and Gas	5,388,190	1,055,857	-	-	6,444,047	-
Repairs	64,421	16,082	78,290	42,813	201,606	-
Other Distribution Expenses	114,643	-	232,860	32,051	379,554	-
Training and Seminars	6,818	10,282	2,394	-	19,494	-
Professional Fees	43,682	977	-	-	44,659	-
Health Insurance	128,266	74,832	132,116	65,997	401,211	-
Insurance	146,129	42,324	68,700	49,431	306,584	-
Public Utility Taxes	209,367	65,562	-	-	274,929	-
Bad Debts	10,905	4,061	4,119	2,319	21,404	-
Utilities	3,843	3,107	55,515	69,412	131,877	-
Other General Expenses	809,601	97,755	11,998	14,837	934,191	18,600
OPEB Expenses	(498,118)	22,613	(106,210)	(213,883)	(795,598)	-
Pension Expenses	(51,454)	(15,188)	(55,228)	(32,524)	(154,394)	-
Depreciation	298,403	40,579	381,078	211,267	931,327	9,821
Total Operating Expenses	<u>7,566,802</u>	<u>1,722,996</u>	<u>1,574,991</u>	<u>532,057</u>	<u>11,396,846</u>	<u>28,421</u>
OPERATING INCOME (LOSS)	812,755	1,233,262	102,145	274,059	2,422,221	(2,861)
NONOPERATING REVENUES (EXPENSES)						
Grants	-	-	-	15,000	15,000	-
Interest Income	4,267	3,707	1,491	431	9,896	24
Gain on Sale of Assets	3,207	-	3,208	-	6,415	-
Interest Expense	-	-	(8,452)	(21,355)	(29,807)	-
Total Nonoperating Revenues (Expenses)	<u>7,474</u>	<u>3,707</u>	<u>(3,753)</u>	<u>(5,924)</u>	<u>1,504</u>	<u>24</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	820,229	1,236,969	98,392	268,135	2,423,725	(2,837)
CONTRIBUTIONS AND TRANSFERS						
Capital Contributions	-	13,220	63,625	86,559	163,404	-
Transfers Out	(645,000)	(645,000)	(150,000)	(50,000)	(1,490,000)	-
CHANGE IN NET POSITION	175,229	605,189	12,017	304,694	1,097,129	(2,837)
Net Position - Beginning of Year, As Restated	<u>13,541,854</u>	<u>6,066,862</u>	<u>6,890,122</u>	<u>3,930,343</u>	<u>30,429,181</u>	<u>37,640</u>
NET POSITION - END OF YEAR	<u>\$ 13,717,083</u>	<u>\$ 6,672,051</u>	<u>\$ 6,902,139</u>	<u>\$ 4,235,037</u>	<u>\$ 31,526,310</u>	<u>\$ 34,803</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF SULLIVAN, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2022**

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Total	Governmental Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from Customers and Users	\$ 8,168,695	\$ 2,646,442	\$ 1,628,247	\$ 1,084,905	\$ 13,528,289	\$ 25,560
Payments to Employees	(533,953)	(300,744)	(439,145)	(243,494)	(1,517,336)	-
Payments to Suppliers	(7,546,437)	(1,431,614)	(1,021,720)	(368,499)	(10,368,270)	(20,150)
Net Cash Provided by Operating Activities	88,305	914,084	167,382	472,912	1,642,683	5,410
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers (to) from Other Funds	(645,000)	(645,000)	(150,000)	(50,000)	(1,490,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from Sale of Assets	3,207	-	3,208	-	6,415	-
Capital Contributions	-	13,220	63,625	86,559	163,404	-
Grant Contributions	-	-	-	15,000	15,000	-
Proceeds from Long-Term Debt	-	-	60,000	-	60,000	-
Principal Paid on Debt	-	-	(26,932)	(68,050)	(94,982)	-
Interest Paid on Debt	-	-	(8,452)	(21,355)	(29,807)	-
Purchase of Capital Assets	(106,415)	(88,214)	(198,550)	(192,812)	(585,991)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(103,208)	(74,994)	(107,101)	(180,658)	(465,961)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Income Received	4,267	3,707	1,491	431	9,896	24
Deposits	(91,897)	(1,763)	(356)	(153)	(94,169)	-
Net Cash Provided (Used) by Investing Activities	(87,630)	1,944	1,135	278	(84,273)	24
INCREASE (DECREASE) IN CASH	(747,533)	196,034	(88,584)	242,532	(397,551)	5,434
Cash - Beginning of Year	4,374,336	3,848,161	1,664,892	315,378	10,202,767	22,821
CASH - END OF YEAR	<u>\$ 3,626,803</u>	<u>\$ 4,044,195</u>	<u>\$ 1,576,308</u>	<u>\$ 557,910</u>	<u>\$ 9,805,216</u>	<u>\$ 28,255</u>

NONCASH INVESTING, CAPITAL, AND RELATED FINANCING ACTIVITIES

During the current fiscal year, the City's Tax Increment Financing (TIF) funds contributed \$163,404 in capital assets to the City's proprietary funds for construction of and repairs to the infrastructure of the utilities.

See accompanying Notes to Basic Financial Statements.

**CITY OF SULLIVAN, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED APRIL 30, 2022**

	Electric Fund	Gas Fund	Water Fund	Sewer Fund	Total	Governmental Activities Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 812,755	\$ 1,233,262	\$ 102,145	\$ 274,059	2,422,221	\$ (2,861)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation Expense	298,403	40,579	381,078	211,267	931,327	9,821
(Increase) Decrease in:						
Accounts Receivable	(210,862)	(309,816)	(48,889)	(22,843)	(592,410)	-
Inventories	(129,865)	(16,885)	(22,227)	(8,500)	(177,477)	-
Prepaid Items	(919)	(1,097)	(2,169)	914	(3,271)	-
Net Pension Asset	(318,838)	(179,307)	(262,127)	(145,444)	(905,716)	-
Deferred Pension	19,992	11,242	16,435	9,119	56,788	-
Deferred Postemployment Healthcare	196,398	6,195	57,016	84,996	344,605	-
Accounts Payable	(13,217)	48,752	(12,284)	7,426	30,677	(1,550)
Accrued Payroll	(652)	(1,864)	9,914	75	7,473	-
Customer Deposits	530	677	1,235	-	2,442	-
Total OPEB Liability	(884,907)	(90,654)	(319,753)	(385,730)	(1,681,044)	-
Compensated Absences	(8,266)	(11,322)	(2,450)	(3,571)	(25,609)	-
Unearned Revenues	-	-	-	301,632	301,632	-
Deferred Pension	137,362	77,250	112,931	62,661	390,204	-
Deferred Postemployment Healthcare	190,391	107,072	156,527	86,851	540,841	-
Net Cash Provided by Operating Activities	<u>\$ 88,305</u>	<u>\$ 914,084</u>	<u>\$ 167,382</u>	<u>\$ 472,912</u>	<u>\$ 410,006</u>	<u>\$ 5,410</u>

See accompanying Notes to Basic Financial Statements.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Sullivan (the City) operates under an elected Mayor/Commissioner (five members) form of government. The City's major operations include public safety, highway and streets, recreation, cemetery, library, and general administrative services. In addition, the City owns and operates four major enterprise activities, a water plant, local sewer system, electrical production and distribution systems, and a gas distribution system.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. In accordance with governmental accounting standards, financial accountability was determined on the basis of authoritative appointments of a voting majority of the potential component unit's board, imposition of its will on the potential component unit, the existence of a financial benefit or burden, fiscal dependency, and the designation of management. Entities may also be part of the financial reporting entity if their inclusion is necessary to prevent the financial statements from being misleading or incomplete or if the entities are closely related to or financially integrated with the primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations, so data from these units would be combined with data of the City. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the City's reporting entity.

Sullivan Ambulance Service, Sullivan Fire Protection District, and Sullivan Township: These potential component units have separate elected boards and provide services to residents generally within the geographic boundaries of the City. They are excluded from the reporting entity because the City does not have the ability to exercise influence over their daily operations, approve budgets, or provide funding.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. However, transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved. Therefore, charges between the City's electric, gas, water and sewer function, and various other functions of the government are included since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of net position includes all of the government's assets and liabilities, including capital assets. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise it assets, deferred outflows, liabilities, deferred inflows, fund balance/net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City reports the following major governmental funds:

General Fund

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources except those required to be reported in other funds.

Tax Increment Financing Fund (TIF 1)

This fund is used to account for the collection of incremental real estate tax to be used to spur redevelopment and capital improvement in this district.

The City reports the following major proprietary funds:

Electric Fund

This fund is used to account for activities of the City's electric production and distribution systems.

Gas Fund

This fund is used to account for activities of the City's gas distribution system.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Water Fund

This fund is used to account for the activities of the City's water distribution system.

Sewer Fund

This fund is used to account for the activities of the City's sewage treatment plant, sewage pumping stations, and collection systems.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenues that are restricted, committed, or assigned to expenditures for specific purposes. Included among these funds are:

Retirement Fund

This fund is used to account for Social Security, Medicare, and IMRF retirement payments paid by the City.

Tax Increment Financing Funds (TIF 2, 3, 4)

These funds are used to account for the collection of incremental real estate taxes to be used to spur redevelopment and capital improvements in these districts.

Motor Fuel Tax Fund

This fund is used to account for the expenditures relative to street construction and maintenance. Revenues are collected and distributed to the City by the state of Illinois.

Recreation Fund

This fund is used to account for the maintenance of playground equipment within Wyman Park.

Street Improvement Fund

This fund is used to account for revenues and expenditures related to the maintenance of street signage within the City.

The City Reports the following other fund types:

Internal Service Funds

Internal Service Funds are used to account for financing of services provided by one department or agency to other departments or agencies of the governmental unit, or other governmental units, on a cost - reimbursement basis. The City's internal service fund accounts for broadband services. This fund is included in governmental activities on the statement of net position.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues from exchange transactions are recognized when they are earned, and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Revenues from taxes or assessments on exchange transactions (sales taxes, utility taxes) are recognized when the underlying exchange transaction occurs. Revenues from nonexchange transactions (state income taxes, motor fuel taxes, replacement taxes) are also recognized in the period when the underlying transaction occurs, provided the state is required to share the revenues under act of law. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues 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 when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers revenues to be available if they are collectible within 60 days after year-end. Expenditures are generally recognized when the related fund liability is incurred, with the exception of principal and interest payments on general long-term debt which are recognized when the payment is due, and certain compensated absences and claims or judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues susceptible to accrual are recognized in the current fiscal period. Those revenues include property taxes, franchise fees, interest, and various taxes collected by the state or other party on behalf of the City. In general, other revenues, such as charges for services and miscellaneous revenues are considered to be measurable and available only when cash is received. Deferred inflow of resources arise when potential revenue does not meet both the measurable and available criteria or when resources are received prior to the government having legal claim to them. The revenues are subsequently recognized when both recognition criteria are met or when the government has legal claim to the resources.

Property taxes are levied no later than the last Tuesday of December. These taxes attach as an enforceable lien on property as of January 1 of the calendar year that the levy ordinance was enacted. The taxes are payable by property owners in two equal installments around July and September subsequent to the year of the levy. The Moultrie County Treasurer generally distributes the 2020 tax extension to the City in July through November. The City Council adopted the 2021 tax levy (receivable in calendar year 2022) on December 14, 2021. For government-wide financial statements, the 2021 property tax levy is deferred. Tax revenue recorded in these financial statements are from the 2020 and prior tax levies.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

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 principle operating revenues of the Electric Fund, Gas Fund, Water Fund, and Sewer Fund are charges to customers for sales and services. Operating expenses for 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.

Deposit and Investments

The City considers cash on hand, checking accounts, savings accounts, other money market funds, and investments held with an original maturity date of less than three months to be cash and cash equivalents.

State statutes authorize the City to invest in obligations of the United States of America or its agencies, short-term obligations of corporations subject to certain qualifications, direct obligations of any bank or savings and loan association that is insured by the Federal Deposit Insurance Corporation, money market mutual funds whose portfolios are limited to governmental securities, and the Illinois Funds Money Market Fund.

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" for the current portion of interfund loans or "advances to/from other funds" for the noncurrent portion of interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are non-spendable in the fund balance in the applicable governmental funds to indicate that they are not available financial resources.

All receivables in the enterprise funds are reported net of an allowance for uncollectible accounts. The allowance is estimated based on the aging of receivables and historical bad debt write-offs.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventory is valued at cost using the first-in, first-out method. The City maintains material inventories in its enterprise funds.

Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items, as reported in the fund financial statements, are offset by a nonspendable fund balance in the applicable governmental funds.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial individual cost of \$7,500 or more for individual equipment, and \$10,000 or more for building and improvements and an estimated useful in excess of one year.

In the case of general infrastructure assets, the City has adopted a policy to capitalize and depreciate general infrastructure assets placed in service after April 30, 2006. General infrastructure assets are defined by the City as roads, bridges, sidewalks, and similar items with initial individual costs of \$10,000 or more for sidewalks, \$20,000 or more for street curbs and gutters, and \$50,000 or more for utility infrastructure and an estimated lives in excess of one year.

As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

In the TIF fund financial statements, management has included capital outlay-type expenditures that do not meet the dollar threshold for capitalization with capital outlay. These amounts are properly not capitalized in the government-wide statements.

**CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation has been reported using the straight-line method over the estimated useful lives of the respective assets. Land is not depreciated. The estimated useful lives for each capital asset type are as follows:

<u>Property</u>	<u>Estimated Useful Lives</u>
Building and Improvements	7 to 40 Years
Electric Production Plant	5 to 40 Years
Electric General Plant and Equipment	5 to 40 Years
Electric Distribution System	5 to 40 Years
Water Production, General, and Distribution Plant	20 to 60 Years
Water System Equipment	5 to 10 Years
Sewer System	50 Years
Gas Utility System	30 to 50 Years
Gas Utility Fund Equipment	50 to 10 Years
General Equipment and Vehicles	3 to 15 Years
Public Domain Infrastructure	40 Years

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to pensions and other postemployment benefits.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time in the government-wide financial statements. The City's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, and subsequent years' property taxes.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The City has reported deferred inflows of resources related to unavailable revenues for property taxes and other tax revenues. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

Unearned Revenue

Unearned revenues are reported in connection with resources that have been received but not yet earned.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, comp-time, and sick pay benefits up to specified maximums. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation and comp-time pay is accrued when incurred in the government-wide and proprietary fund financial statements. For governmental funds, the amount of compensated absences payable from available resources is recorded only when due for payment, such as when an employee retires or resigns.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement Fund (IMRF) and additions to/deductions from the IMRF's fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits(OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the OPEB plan have been determined by an actuarial review of the healthcare coverage purchased by retirees to continue participation in the City's health plan. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability and changes of benefit terms or actuarial assumptions.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification

For government-wide and proprietary fund financial statements, equity is classified as net position and displayed in three components:

- **Net investment in capital assets.** Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position.** Reported when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grants, laws, or regulations of other governments.
- **Unrestricted net position.** The net amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

For governmental fund financial statements, fund equity is classified as fund balance. Fund balance is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. The classifications of fund balances are described as follows:

- **Nonspendable fund balance.** The portion of a governmental fund's fund balance that is not available to be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance.** The portion of a governmental fund's fund balance that is subject to constraints either (a) externally imposed 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.** The portion of a governmental fund's fund balance with self-imposed constraints or limitations that have been placed at the highest level of decision-making authority. The City Council can establish committed fund balances by formal action.
- **Assigned fund balance.** The portion of a governmental fund's fund balance to denote an intended use of resources, but do meet the criteria to be classified as restricted or committed. The City Council is authorized to assign amounts for a specific purpose.
- **Unassigned fund balance.** Available expendable financial resources in the general fund that is not designated for a specific purpose. Any deficit fund balance within the other governmental fund types is reported as unassigned.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification (Continued)

It is the City's policy to first apply restricted resources when an expenditure or expense is incurred for which both restricted and unrestricted resources are available. When an expenditure is incurred for which committed, assigned, or unassigned fund balance is available, it is the City's policy to use fund balance in the following order: committed, assigned, and unassigned.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and disclosures 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.

NOTE 2 DEPOSITS AND INVESTMENTS

Separate bank accounts are not maintained for all City funds; instead, the uninvested cash balances of certain funds are maintained in a common checking account. The City's accounting records are maintained to show the portion of the common bank account attributable to each participating fund.

As of April 30, 2022, the carrying balance of the City's cash deposits, including certificate of deposits was \$26,939,508, and the bank balance totaled \$26,983,305. Included in the carrying amount of the City's bank deposits and the bank balances are nonnegotiable certificates of deposits totaling \$11,271,763.

The City has \$4,832,861 invested with The Illinois Funds. The Illinois Funds is an investment pool managed by the State of Illinois, Office the Treasurer, which allows governments within the state to pool their funds for investment purposes. The Illinois Funds is a GASB No. 79 qualified external investment pool that measurers, for financial reporting purposes, all of its investments at amortized cost which approximates fair values. The Illinois Funds is rated AAmmf by Fitch Ratings, Inc. There are no limitations or restrictions on withdrawals from the pool.

Custodial Credit Risk – the risk that in the event of a bank failure, the government's deposits may not be returned to the government. The City's investment policy requires that all funds on deposit in excess of federal depository insurance limits must be secured by some form of collateral, witnessed by a written agreement, and held at an independent third-party institution in the name of the City. At April 30, 2022, all City deposits and investments were fully insured or collateralized.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 3 RECEIVABLES

Receivables as of April 30, 2022, for the City’s governmental activities and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	Business-Type Activities	Total
Property Taxes	\$ 2,752,800	\$ -	\$ 2,752,800
Sales and Use Tax	263,016	-	263,016
Income Tax	140,078	-	140,078
Telecommunication Tax	2,214	-	2,214
Motor Fuel Tax	14,899	-	14,899
Personal Property Replacement Tax	20,460	-	20,460
Customer Receivables	-	2,202,037	2,202,037
Allowance for Customer Receivables	-	(31,768)	(31,768)
Totals	<u>\$ 3,193,467</u>	<u>\$ 2,170,269</u>	<u>\$ 5,363,736</u>

NOTE 4 NOTES RECEIVABLE

The City’s notes receivable consist of a Tax Increment Financing (TIF) loan. The notes receivable is stated at unpaid principal balance, net allowance for losses.

Interest is recognized over the term of the loan and is calculated using the simple-interest method. Interest income on impaired loans is recognized only to the extent of interest payments received.

Management considers a loan impaired when it is probable that the principal and interest payments will not be collected according to the loan agreement.

The Tax Increment Financing District (TIF1) loan is a low interest loan to qualifying businesses within the TIF 1 district for purposes of improving their business property and at the same time improving the blighted area within the district. The note bears interest at 1% per year and matures July 10, 2032. Note receivable balance at April 30, 2022, was \$13,400, of which management has not identified any uncollectible losses.

NOTE 5 RESTRICTED ASSETS

General Fund restricted deposits and investments consist of \$56,622 to be used for the perpetual upkeep of the cemetery, and \$50,042 received from the Estate of Donald Mattox, whose will provide these monies be expended as needed for trees and shrubbery in Wyman Park.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2022, was as follows:

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 131,276	\$ -	\$ -	\$ 131,276
Construction in Progress	192,697	12,407	158,472	46,632
Total Capital Assets, Not Being Depreciated	323,973	12,407	158,472	177,908
Capital Assets Being Depreciated:				
Buildings and Improvements	3,705,559	39,959	-	3,745,518
Equipment	9,734,796	373,343	-	10,108,139
Total Capital Assets, Being Depreciated	13,440,355	413,302	-	13,853,657
Less Accumulated Depreciation for:				
Buildings and Improvements	2,453,314	101,926	-	2,555,240
Equipment	5,072,592	452,428	-	5,525,020
Total Accumulated Depreciation	7,525,906	554,354	-	8,080,260
Total Capital Assets, Being Depreciated, Net	5,914,449	(141,052)	-	5,773,397
Governmental Activities Capital Assets, Net	<u>\$ 6,238,422</u>	<u>\$ (128,645)</u>	<u>\$ 158,472</u>	<u>\$ 5,951,305</u>

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended April 30, 2022, (continued):

	Balance April 30, 2021	Additions	Deletions	Balance April 30, 2022
<u>Business-Type Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 189,092	\$ 11,219	\$ -	\$ 200,311
Construction in Progress	1,477,393	275,688	153,139	1,599,942
Total Capital Assets, Not Being Depreciated	1,666,485	286,907	153,139	1,800,253
Capital Assets Being Depreciated:				
Production Plant	13,741,426	153,141	10,822	13,883,745
Distribution Plant	24,361,629	220,488	83,106	24,499,011
General Plant	311,377	78,594	-	389,971
Broadband Equipment	244,269	-	-	244,269
GIS	80,773	-	-	80,773
Sewer Improvements	6,171,414	-	-	6,171,414
Total Capital Assets, Being Depreciated	44,910,888	452,223	93,928	45,269,183
Less Accumulated Depreciation for:				
Production Plant	8,120,774	188,852	10,822	8,298,804
Distribution Plant	16,873,118	528,912	83,106	17,318,924
General Plant	225,928	15,998	-	241,926
Broadband Equipment	243,618	651	-	244,269
GIS	47,730	9,987	-	57,717
Sewer Improvements	1,646,039	186,927	-	1,832,966
Total Accumulated Depreciation	27,157,207	931,327	93,928	27,994,606
Total Capital Assets, Being Depreciated, Net	17,753,681	(479,104)	-	17,274,577
Business-Type Activities Capital Assets, Net	<u>\$ 19,420,166</u>	<u>\$ (192,197)</u>	<u>\$ 153,139</u>	<u>\$ 19,074,830</u>

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 6 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
General Government	\$ 73,100
Public Safety	26,596
Highway and Streets	91,205
Cemetery	10,237
Economic Development	293,927
Culture and Recreation:	
Civic Center	46,451
Park and Recreation	12,239
Library	599
Total Depreciation Expense - Governmental Activities	<u>\$ 554,354</u>
Business-Type Activities:	
Electric	\$ 298,403
Gas	40,579
Water	381,078
Sewer	211,267
Total Depreciation Expense - Business-Type Activities	<u>\$ 931,327</u>

NOTE 7 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At April 30, 2022, the City's construction/project related commitments were as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities:		
ITEP Streetscape Project	\$ 29,901	\$ 1,250,000
Alley (Main to Madison)	1,048	146,000
Street Resurfacing (Water & Van Buren)	9,765	146,000
2 W. Harrison Street Project	5,918	2,000,000
Business-Type Activities:		
Fuel Storage Tank \$1m budget	27,933	972,067
Cedar Dale Subdivision \$250,000 cap per agreement	412	249,588
Tabeling Development \$250,000 cap per agreement	83,941	166,059
Hydro-Gear Upgrade \$750,000 multiple phases	73,163	676,837
AMI Metering Project	1,414,493	220,000
Total	<u>\$ 1,646,574</u>	<u>\$ 5,826,551</u>

In addition, in March 2022, the City approved awards approximating \$10m related to a water treatment plant project, which will be financed by USDA loans (see Note 8).

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 8 LONG-TERM DEBT

Direct Borrowing – Notes Payable

On October 28, 2015, the City borrowed \$1,430,500 from the Illinois Environmental Protection Agency (IEPA) with an interest rate of 1.995% for the purpose of upgrading the waste-water treatment plant. During the fiscal year ended April 30, 2016, the Illinois Environmental Protection Agency forgave principal of \$275,000, which adjusted the loan amount to \$1,155,500. During the fiscal year ended April 30, 2017, the City borrowed an additional \$257,806 to complete the project. Payments are made in April and October of each year, with final payment on April 17, 2035.

On March 8, 2016, the City borrowed \$1,115,668 from the Illinois Environmental Protection Agency (IEPA) with an interest rate of 1.995% for the purpose of upgrading the water treatment plant. During the fiscal year ended April 30, 2016, the Illinois Environmental Protection Agency forgave principal of \$557,834, which adjusted the loan to \$557,834. Payments are made in April and October of each year, with final payment on April 23, 2035.

The City's IEPA notes contain a provision that in the event of default, failure to make appropriate action shall cause the IEPA to pursue the collection of the amounts past due, the loan balance and the costs thereby incurred through either the Illinois State Collection Act of 1986 (30 ILCS 210) or by any other reasonable means as may be provided by law.

On July 29, 2019, the City was approved for a loan in amount of \$8,500,000 from the United States Department of Agriculture (USDA) Revenue Bond Series A 91/01 for the purpose of construction and rehabilitation of the City's water and waste disposal infrastructure. As of April 30, 2022, the City has drawn \$50,000 on the loan. Payments will be due annually starting in May 2024 with interest due semiannually for 40 years.

On March 29, 2022, the City was approved for a loan in amount of \$2,000,000 from the United States Department of Agriculture (USDA) Revenue Bond Series A 91/02 for the purpose of construction and rehabilitation of the City's water and waste disposal infrastructure. As of April 30, 2022, the City has drawn \$10,000 on the loan. Payments will be due annually starting in May 2024 with interest due semiannually for 40 years.

The City's USDA loans contain a provision that in the event of default, failure to make appropriate action shall cause the USDA to declare the principal of all bonds then outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said bonds shall become and be immediately due and payable, anything in the bond ordinance or in the bonds contained to the contrary notwithstanding.

Pledged Revenues

The City has pledged future water utility revenue to repay the USDA loans, issued for the construction and rehabilitation of the water and waste disposal infrastructure. At April 30, 2022, \$60,000 is outstanding to be repaid by future utility revenues. For the fiscal year ended April 30, 2022, the net revenue available for service of this debt was \$102,145. No interest or principal was paid on this debt in fiscal year 2022.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 8 LONG-TERM DEBT (CONTINUED)

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

	Balance April 30, 2021	Additions	Reductions	Balance April 30, 2022	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 83,143	\$ 59,420	\$ 83,143	\$ 59,420	\$ 5,942
Total Governmental Activities - Long-Term Liabilities	<u>\$ 83,143</u>	<u>\$ 59,420</u>	<u>\$ 83,143</u>	<u>\$ 59,420</u>	<u>\$ 5,942</u>
Business-Type Activities:					
Compensated Absences	\$ 61,332	\$ 35,723	\$ 61,332	35,723	\$ 3,572
Direct Borrowings:					
IEPA Loan - Wastewater	430,356	-	26,932	403,424	27,472
IEPA Loan - Wastewater	1,087,376	-	68,049	1,019,327	69,414
USDA Loan - Water & Waste Disposal	-	50,000	-	50,000	-
USDA Loan - Water & Waste Disposal	-	10,000	-	10,000	-
Total Business-Type Activities - Long-Term Liabilities	<u>\$ 1,579,064</u>	<u>\$ 95,723</u>	<u>\$ 156,313</u>	<u>\$ 1,518,474</u>	<u>\$ 100,458</u>

Net pension asset or liability changes are disclosed in Note 11. Total OPEB liability changes are disclosed in Note 12.

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending April 30,	Business-Type Activities	
	Direct Borrowings - Notes	
	Principal	Interest
2023	\$ 96,886	\$ 27,903
2024	98,828	25,961
2025	100,810	23,979
2026	102,831	21,958
2027	104,894	19,896
2028-2032	556,865	67,079
2033-2037	361,637	12,730
Thereafter	60,000	-
Total Business-Type Activities	<u>\$ 1,482,751</u>	<u>\$ 199,506</u>

**CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022**

NOTE 9 INTERGOVERNMENTAL REVENUES

Intergovernmental revenues of the governmental fund financial statements during the year ended April 30, 2022, were as follows:

	General Fund	Other Governmental Funds	Total
Sales Tax	\$ 1,134,551	\$ -	\$ 1,134,551
Income Tax	702,822	-	702,822
Telecommunication Tax	10,816	-	10,816
Franchise Tax	31,989	-	31,989
Motor Fuel Tax	-	177,000	177,000
Personal Property Replacement Tax	4,722	78,235	82,957
Federal and State Operating and Capital Grants	12,205	97,538	109,743
Total Governmental Activities	<u>\$ 1,897,105</u>	<u>\$ 352,773</u>	<u>\$ 2,249,878</u>

NOTE 10 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Operating transfers between funds during the year ended April 30, 2022, are as follows:

	Transfers In		Total
	General Fund	Nonmajor Governmental Funds	
Transfers Out:			
TIF 1	\$ -	\$ 500,000	\$ 500,000
Major Enterprise Funds:			
Electric Fund	645,000	-	645,000
Gas Fund	645,000	-	645,000
Water Fund	150,000	-	150,000
Sewer Fund	50,000	-	50,000
Total	<u>\$ 1,490,000</u>	<u>\$ 500,000</u>	<u>\$ 1,990,000</u>

Transfers are used to move unrestricted electric fund, gas fund, water fund, and sewer fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. TIF 1 fund transferred to TIF IV fund as many parcels were moved there, and they are contiguous TIFs.

NOTE 11 EMPLOYEE RETIREMENT SYSTEM

IMRF Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, postretirement increases, and death benefits to plan members and beneficiaries. The City'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.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

IMRF Plan Description (Continued)

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 Annual Comprehensive 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), which is the plan City employees are in.

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 1.67% 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 10 years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.67% 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
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Currently Receiving Benefits	80
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	38
Active Plan Members	<u>65</u>
Total	<u><u>183</u></u>

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar 2021 was 10.42%. For the fiscal year ended 2022 the City contributed \$352,226 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's board of trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2021:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.25%.
- Salary increases were expected to be 2.85% to 13.75%, including inflation.
- The Investment Rate of Return was assumed to be 7.25%.
- Projected Retirement Age was from the Experienced-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For nondisabled 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.

**CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022**

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Actuarial Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	39%	1.50%
International Equity	15%	3.15%
Fixed Income	25%	-0.60%
Real Estate	10%	3.30%
Alternative Investments	10%	1.70%-5.50%
Cash Equivalents	1%	-0.90%
Total	<u>100%</u>	

Single Discount Rate

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

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 1.84%, and the resulting single discount rate is 7.25%.

**CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022**

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
	<u> </u>	<u> </u>	<u> </u>
Balances - December 31, 2020,			
As Restated	\$ 21,290,408	\$ 22,199,838	\$ (909,430)
Changes for the Year:			
Service Cost	280,216	-	280,216
Interest on Total Pension Liability	1,515,329	-	1,515,329
Differences Between Expected and Actual Experience of the Total Pension Liability	192,649	-	192,649
Changes in Assumptions	-	-	-
Contribution - Employer	-	352,226	(352,226)
Contribution - Employees	-	149,693	(149,693)
Net Investment Income	-	3,552,120	(3,552,120)
Benefit Payments, Including Refunds of Employee Contributions	(1,210,908)	(1,210,908)	-
Other (Net Transfer)	-	(25,943)	25,943
Net Changes	<u>777,286</u>	<u>2,817,188</u>	<u>(2,039,902)</u>
Balances - December 31, 2021	<u>\$ 22,067,694</u>	<u>\$ 25,017,026</u>	<u>\$ (2,949,332)</u>

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate

The following presents the plan's net pension liability (asset), calculated using a single discount rate of 7.25%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
	<u> </u>	<u> </u>	<u> </u>
Net Pension Liability (Asset)	<u>\$ (42,441)</u>	<u>\$ (2,949,332)</u>	<u>\$ (5,265,495)</u>

**CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022**

NOTE 11 EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2022, the City recognized pension income of \$703,738. At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences Between Expected and Actual Experience Changes of Assumptions	\$ 208,918	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	9,063	(105,292)
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	<u>-</u>	<u>(3,106,927)</u>
Pension Contributions Made Subsequent to the Measurement Date	217,981	(3,212,219)
Total Deferred Amounts Related to Pensions	<u>88,511</u>	<u>-</u>
	<u>\$ 306,492</u>	<u>\$ (3,212,219)</u>

\$88,511 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as an increase to the net pension asset in the reporting year ended April 30, 2023.

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

<u>Year Ending April 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (689,983)
2024	(1,192,999)
2025	(724,252)
2026	(387,004)
Total	<u>\$ (2,994,238)</u>

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 12 POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

In addition to providing the pension benefits described in Note 11, the City provides postemployment healthcare insurance benefits (OPEB) for retired employees through a single-employer, defined benefit plan. The benefits, benefit levels, retiree contributions, and employer contributions are governed by the City. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Benefits Provided

The City provides postemployment healthcare insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the City's IMRF retirement plan. All healthcare benefits are provided through the City's insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include: general inpatient and outpatient medical services; vision care; dental care; and prescriptions. Upon a retiree reaching 65 years of age, retiree must elect Medicare Supplemental coverage.

Membership

At April 30, 2022, membership data consisted of:

Active Employees	56
Inactive Employees Currently Receiving Benefit Payments	30
Total	<u>86</u>

Funding Policy

There is no funding policy that exists for the postretirement plan at this time, as the total OPEB liability is currently an unfunded obligation.

For the fiscal year 2022, the City contributed \$311,926 for retiree healthcare benefits. Of the benefit payments from other city resources, \$214,569 are explicit benefit payments due to the grandfathered members and \$97,357 are implicit benefit payments due to the presence of retirees in the determination of the blended retiree/active premiums. Presently, the City requires a 100% retiree blended premium for continuation of the health plan. The City does not have a trust dedicated exclusively to the payment of OPEB benefits, the OPEB plan is funded on a "pay as you go" basis.

**CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022**

NOTE 12 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Actuarial Assumptions

The City's OPEB liability was measured as of April 30, 2022, and the total OPEB liability determined by an actuarial valuation as of May 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Total Payroll Increases:	2.50%
Healthcare Cost Trend Rates:	4.00% - 7.50% for FY22 to FY32
Retirement Rates:	IMRF Experience Study Report dated December 14, 2020
Termination Rates:	IMRF Experience Study Report dated December 14, 2020
Disability Rates:	IMRF Experience Study Report dated December 14, 2020
Mortality Rates:	PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020

Discount Rate

The discount rate used in the determination of the total OPEB liability is based on a combination of the expected long-term rate of return on plan assets and the municipal bond rate. If the employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the City, then only the municipal bond rate is used in determining the total OPEB liability. The discount rate used at April 30, 2022, was 3.21%. The discount rate was 2.27% for the April 30, 2021, measurement date.

Changes to Total OPEB Liability

	Total OPEB Liability (A)
Balance - April 30, 2021	\$ 5,665,162
Changes for the Year:	
Service Cost	18,100
Interest	125,059
Assumption Changes	(1,371,719)
Benefit Payments	(311,926)
Net Changes	<u>(1,540,486)</u>
Balance - April 30, 2022	<u>\$ 4,124,676</u>

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 12 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Sensitivity of the Discount Rate

The following presents the plan's total OPEB liability, calculated using a single discount rate of 3.21%, as well as what the plan's total OPEB liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease 2.21%	Current Discount Rate 3.21%	1% Increase 4.21%
Total OPEB Liability	<u>\$ 4,572,255</u>	<u>\$ 4,124,676</u>	<u>\$ 3,749,180</u>

Sensitivity of the Healthcare Cost Trend Rates

The following presents the plan's total OPEB liability, calculated using the current healthcare cost trend rate according to the actuarial assumptions above as well as what the plan's total OPEB liability would be if it were calculated using a rate that is 1% lower or 1% higher:

	1% Decrease Varies	Healthcare Cost Trend Rates Varies	1% Increase Varies
Total OPEB Liability	<u>\$ 3,703,954</u>	<u>\$ 4,124,676</u>	<u>\$ 4,619,870</u>

Deferred Outflows and Inflows of Resources

For the year ended April 30, 2022, the City recognized OPEB expense of \$190,454.

At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 651,637	\$ -
Changes of Assumptions	598,638	1,218,111
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-
Total Deferred Amounts Related to OPEB	<u>\$ 1,250,275</u>	<u>\$ 1,218,111</u>

**CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022**

NOTE 12 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

Deferred Outflows and Inflows of Resources (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (income) in future periods as follows:

<u>Year Ending April 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ 47,292
2024	47,292
2025	47,292
2026	47,292
2027	39,455
Thereafter	<u>(196,459)</u>
Total	<u><u>\$ 32,164</u></u>

NOTE 13 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets; errors and omissions; injuries to employees, and natural disasters. The City carries commercial insurance to cover these risks of loss, including workers' compensation and employees' health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 14 CONTINGENCIES

The City participates in various federal and state grant programs which are subject to program compliance audits. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

The City is a party to various legal proceedings which normally occur in governmental operations. Although the outcome of these legal proceedings is not presently determinable, the City anticipates the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 15 TAX ABATEMENT

The City adopted certain ordinances approving various redevelopment plans pursuant to provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 through 11-74.4-11 (the TIF Act). The redevelopment plans designate a "redevelopment project area" under the Act, and adopt tax increment allocation financing for each redevelopment project area. In an effort to promote redevelopment and finance construction projects in the redevelopment project areas to eradicate blighted conditions, the City uses tax increment financing to reimburse developers for the costs of the TIF-funded improvements pursuant to the terms and conditions of redevelopment agreements entered into by the City and a developer.

Projects range from new construction to redevelopment and expansion initiatives throughout the City. The maximum reimbursable amount is set forth in each agreement. If the total project cost is lower than the project budget established in the agreement, the reimbursable amount will be prorated. For the year ended April 30, 2022, the amount of property tax revenue forgone by the City due to the agreements under the Tax Increment Allocation Redevelopment Act amounts to \$220,817.

NOTE 16 RESTATEMENT OF NET POSITION AND FUND BALANCE

The City previously reported the Retirement Fund as a major governmental fund. This fund is reported as a nonmajor government fund in fiscal year 2022, which changes the beginning fund balance for nonmajor governmental funds, as shown below.

A restatement has been made to correct the net pension asset for employee voluntary additional contribution balances that should not have been reported as part of the IMRF pension plan fiduciary net position. Additionally, an allocation of IMRF net pension asset, and related deferred outflows and inflows, to the business-type funds has been made, that had previously not been allocated. Accordingly, the governmental and business-type activities net position as of April 30, 2021, has been restated as shown below.

CITY OF SULLIVAN, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2022

NOTE 16 RESTATEMENT OF NET POSITION AND FUND BALANCE (CONTINUED)

A restatement has been made to correct accrued compensated absences recognized that should not have been recognized in the general fund in the prior year. Accordingly, the fund balance of the general fund has been restated as of April 30, 2021 as shown below.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position - April 30, 2021, as Previously Reported	\$ 20,828,077	\$ 30,868,545
Correction of Net Pension Asset	(334,250)	(266,919)
Correction of Allocation of Net Pension Asset	(670,706)	670,706
Correction of Allocation of Deferred Outflow Related to Pension	(192,870)	192,870
Correction of Allocation of Deferred Inflow Related to Pension	1,036,021	(1,036,021)
Net Position - April 30, 2021, as Restated	<u>\$ 20,666,272</u>	<u>\$ 30,429,181</u>

	<u>Electric Fund</u>	<u>Gas Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Net Position - April 30, 2021, as Previously Reported	\$ 13,696,523	\$ 6,153,844	\$ 7,017,280	\$ 4,000,898
Adjustment to Net Pension Asset	(93,963)	(52,843)	(77,250)	(42,863)
Allocation of Net Pension Asset	236,106	132,782	194,112	107,706
Allocation of Deferred Outflows Related to Pension	67,896	38,183	55,819	30,972
Allocation of Deferred Inflows Related to Pension	(364,708)	(205,104)	(299,839)	(166,370)
Net Position - April 30, 2021, as Restated	<u>\$ 13,541,854</u>	<u>\$ 6,066,862</u>	<u>\$ 6,890,122</u>	<u>\$ 3,930,343</u>

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balance - April 30, 2021, as Previously Reported	\$ 13,774,457	\$ 1,161,013
Correction of Compensated Absences	83,143	-
Retirement Fund Moved to Nonmajor Governmental	-	241,985
Fund Balance - April 30, 2021, as Restated	<u>\$ 13,857,600</u>	<u>\$ 1,161,013</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SULLIVAN, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
(UNAUDITED)
(AMOUNTS PRESENTED ARE FOR THE CALENDAR YEARS ENDED DECEMBER 31,)

	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:							
Service Cost	\$ 280,216	\$ 311,563	\$ 284,242	\$ 262,381	\$ 265,225	\$ 291,117	\$ 280,695
Interest on the Total Pension Liability	1,515,329	1,486,941	1,422,080	1,375,708	1,381,004	1,379,714	1,319,982
Difference Between Expected and Actual Experience	192,649	(25,271)	274,133	127,258	(97,143)	(632,878)	116,706
Changes in Assumptions	-	(192,557)	-	546,959	(565,850)	(22,485)	22,622
Benefit Payments, Including Refunds of Employee Contributions	(1,210,908)	(1,146,776)	(1,064,806)	(1,042,626)	(1,090,991)	(975,348)	(907,780)
Net Change in Total Pension Liability	777,286	433,900	915,649	1,269,680	(107,755)	40,120	832,225
Total Pension Liability - Beginning	21,290,408	20,856,508	19,940,859	18,671,179	18,778,934	18,738,814	17,906,589
Total Pension Liability - Ending (A)	22,067,694	21,290,408	20,856,508	19,940,859	18,671,179	18,778,934	18,738,814
Plan Fiduciary Net Position:							
Contributions - Employer	352,226	362,336	290,601	328,519	320,392	303,869	329,332
Contributions - Employees	149,693	196,438	168,877	144,243	144,344	139,510	147,299
Net Investment Income	3,552,120	3,180,649	3,465,626	(770,397)	2,392,646	840,507	(7,778)
Benefit Payments, Including Refunds of Employee Contributions	(1,210,908)	(1,146,776)	(1,064,806)	(1,042,626)	(1,090,991)	(975,348)	(907,780)
Other (Net Transfer)	(25,943)	(616,144)	(17,588)	(14,465)	(12,916)	(11,870)	1,095
Net Change in Plan Fiduciary Net Position	2,817,188	1,976,503	2,842,710	(1,354,726)	1,753,475	296,668	(437,832)
Plan Fiduciary Net Position - Beginning	22,199,838	20,223,335	17,380,624	18,735,350	16,982,408	16,685,740	17,123,572
Plan Fiduciary Net Position - Ending (B)	25,017,026	22,199,838	20,223,334	17,380,624	18,735,883	16,982,408	16,685,740
Net Pension Liability (Asset) - Ending (A) - (B)	\$ (2,949,332)	\$ (909,430)	\$ 633,174	\$ 2,560,235	\$ (64,704)	\$ 1,796,526	\$ 2,053,074
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	113.36%	104.27%	96.96%	87.16%	100.00%	90.43%	89.04%
Covered Payroll	\$ 3,326,504	\$ 3,097,068	\$ 3,005,681	\$ 2,788,449	\$ 2,713,481	\$ 2,559,977	\$ 2,712,793
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(88.66%)	(29.36%)	21.07%	91.82%	(2.39%)	70.18%	75.68%

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

See accompanying Notes to Required Supplementary Information.

**CITY OF SULLIVAN, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST 10 FISCAL YEARS*
(UNAUDITED)**

Fiscal Year Ended April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2022	\$ 435,501	\$ 470,089	\$ (34,588)	\$ 3,278,713	14.34%
2021	560,773	582,122	(21,349)	3,271,596	17.79%
2020	466,292	496,301	(30,009)	3,076,952	16.13%
2019	443,763	457,745	(13,982)	2,835,736	16.14%
2018	449,619	456,875	(7,256)	2,719,526	16.80%
2017	453,153	453,153	-	2,655,706	17.06%
2016	460,008	460,008	-	2,654,826	17.33%
2015	463,054	463,054	-	2,563,078	18.07%

*This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is complete, information is presented for these years for which information is available.

CITY OF SULLIVAN, ILLINOIS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*
(UNAUDITED)

	2022	2021	2020	2019
Total OPEB Liability:				
Service Cost	\$ 18,100	\$ 46,479	\$ 33,011	\$ 30,351
Interest	125,059	128,850	169,253	176,803
Changes in Benefit Terms	-	(397,025)	-	-
Difference Between Expected and Actual Experience	-	834,941	-	-
Changes in Assumptions	(1,371,719)	170,292	660,460	87,535
Benefit Payments	(311,926)	(303,164)	(287,422)	(277,364)
Net Change in Total OPEB Liability	(1,540,486)	480,373	575,302	17,325
Total OPEB Liability - Beginning	5,665,162	5,184,789	4,609,487	4,592,162
Total OPEB Liability - Ending	<u>\$ 4,124,676</u>	<u>\$ 5,665,162</u>	<u>\$ 5,184,789</u>	<u>\$ 4,609,487</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-	-	-	-
Covered Employee Payroll	\$ 3,482,807	\$ 3,397,861	\$ 3,191,095	\$ 2,924,894
Total OPEB Liability as a Percentage of Covered Employee Payroll	118.43%	166.73%	162.48%	157.59%

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

Note 1 – No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75 to pay related benefits.

Note 2 – There were no benefits changes during the year.

Note 3 – Assumptions were changed in 2022 increasing the discount rate from 2.27% to 3.21%, along with updating retirement, termination, disability, and mortality rates from IMRF Experience Study Report.

See accompanying Notes to Required Supplementary Information.

CITY OF SULLIVAN, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES	\$ 4,958,100	\$ 4,958,100	\$ 2,755,869	\$ (2,202,231)
EXPENDITURES				
Current:				
General Government	2,693,450	2,703,450	1,637,384	1,066,066
Public Safety	1,479,250	1,479,250	770,275	708,975
Highway and Streets	426,250	426,250	339,534	86,716
Economic Development	400,000	400,000	-	400,000
Cemetery	227,000	229,500	185,625	43,875
Cultural and Recreation:				
Civic Center	545,750	555,750	429,158	126,592
Park and Recreation	321,750	321,750	219,265	102,485
Library	337,150	337,150	263,768	73,382
Capital Outlay	512,500	490,000	176,342	313,658
Total Expenditures	<u>6,943,100</u>	<u>6,943,100</u>	<u>4,021,351</u>	<u>2,921,749</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,985,000)	(1,985,000)	(1,265,482)	719,518
OTHER FINANCING SOURCES (USES)				
Transfers In	1,985,000	1,985,000	1,490,000	(495,000)
Total Other Financing Sources (Uses)	<u>1,985,000</u>	<u>1,985,000</u>	<u>1,490,000</u>	<u>(495,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	224,518	<u>\$ 224,518</u>
Fund Balance - Beginning of Year, As Restated			<u>13,857,600</u>	
FUND BALANCE - END OF YEAR			<u>\$ 14,082,118</u>	

See accompanying Notes to Required Supplementary Information.

CITY OF SULLIVAN, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TAX INCREMENT FINANCING FUND (TIF 1)
YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES	\$ 2,615,000	\$ 2,615,000	\$ 1,363,717	\$ (1,251,283)
EXPENDITURES				
Current:				
Consulting Fees	25,000	25,000	16,433	8,567
Sullivan School District	115,000	115,000	120,866	(5,866)
Reimbursements to Contract Holders	175,000	175,000	100,198	74,802
Capital Outlay	300,000	300,000	46,345	253,655
Total Expenditures	<u>615,000</u>	<u>615,000</u>	<u>283,842</u>	<u>331,158</u>
REVENUES OVER (UNDER) EXPENDITURES	2,000,000	2,000,000	1,079,875	(920,125)
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(500,000)</u>	<u>1,500,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	579,875	<u>\$ 579,875</u>
Fund Balance - Beginning of Year			<u>1,286,773</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,866,648</u>	

See accompanying Notes to Required Supplementary Information.

CITY OF SULLIVAN, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
APRIL 30, 2022

NOTE 1 BUDGETARY INFORMATION

Annual budgets for governmental funds are adopted on the cash basis of accounting, which is another comprehensive basis of accounting. However, the difference between cash basis and a basis consistent with generally accepted accounting principles is considered immaterial. All annual budgets lapse at fiscal year-end. The legal level of budgetary control is the fund level.

The City follow these procedures in establishing the budget figures:

1. A proposed appropriations ordinance for the fiscal year commencing May 1, is submitted to the City Council. The appropriations ordinance includes proposed expenditures and the means of financing them. Revenues are appropriated in the year receipt is expected, and expenditures are appropriated in the year monies are expected to be expended.
2. The appropriations are legally enacted through passage of an ordinance.
3. At any time during the fiscal year, the City Council may, by a two-thirds vote, transfer money appropriated within any department to another appropriation line item within that department. A resolution was passed on April 25, 2022, transferring various amounts from line item to line item.

NOTE 2 IMRF CONTRIBUTION INFORMATION

Summary of actuarial methods and assumptions used in the calculations of the 2021 contribution rate.

Valuation Date:

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.

CITY OF SULLIVAN, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
APRIL 30, 2022

NOTE 2 IMRF CONTRIBUTION INFORMATION (CONTINUED)

Methods and Assumptions Used to Determine 2021 Contribution Rates:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	Nontaxing Bodies: 10-year rolling period. Taxing Bodies (Regular, SLEP, and ECO Groups): 22-year closed period. Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94 - 712 were financed over 17 years for most employers (five employers were financed over 18 years; one employer was financed over 19 years; two employers were financed over 20 years; three employers were financed over 26 years; found employers were financed over 27 years and one employer was financed over 28 years).
Asset Valuation Method:	5-Year Smoothed Market; 20% Corridor
Wage Growth:	3.25%
Price Inflation:	2.50%
Salary Increases:	3.35% to 14.25%, Including Inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014 - 2016.
Mortality:	For non-disabled retirees, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, IMRF specific mortality rates were used with fully generation projection scale MP-2017 (base year 2015). The IMRF specific rates were developed for the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

There were no benefit changes during the year.

Based on Valuation Assumptions used in the December 31, 2019, actuarial valuation; note two-year lag between valuation and rate setting.

COMBINING FUND STATEMENTS

**CITY OF SULLIVAN, ILLINOIS
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2022**

ASSETS	Retirement Fund	Tax Increment Financing Fund (TIF 2)	Tax Increment Financing Fund (TIF 3)	Tax Increment Financing Fund (TIF 4)	Motor Fuel Tax Fund	Recreation Fund	Street Improvement Fund	Total
Cash	\$ 328,634	\$ 489,372	\$ 151,192	\$ 228,670	\$ 646,450	\$ 59,361	\$ 32,240	\$ 1,935,919
Receivables	294,560	169,000	137,000	181,800	14,899	10,100	-	807,359
Total Assets	<u>\$ 623,194</u>	<u>\$ 658,372</u>	<u>\$ 288,192</u>	<u>\$ 410,470</u>	<u>\$ 661,349</u>	<u>\$ 69,461</u>	<u>\$ 32,240</u>	<u>\$ 2,743,278</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
LIABILITIES								
Accounts Payable	\$ -	\$ -	\$ -	\$ 7,508	\$ -	\$ -	\$ -	\$ 7,508
DEFERRED INFLOWS OF RESOURCES								
Subsequent Years' Property Taxes	274,100	169,000	137,000	181,800	-	10,100	-	772,000
FUND BALANCES								
Restricted for:								
Economic Development	-	489,372	151,192	221,162	-	-	-	861,726
Highway and Streets	-	-	-	-	661,349	-	-	661,349
Retirement	349,094	-	-	-	-	-	-	349,094
Assigned for:								
Culture and Recreation	-	-	-	-	-	59,361	-	59,361
Highway and Streets	-	-	-	-	-	-	32,240	32,240
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	<u>349,094</u>	<u>489,372</u>	<u>151,192</u>	<u>221,162</u>	<u>661,349</u>	<u>59,361</u>	<u>32,240</u>	<u>1,963,770</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 623,194</u>	<u>\$ 658,372</u>	<u>\$ 288,192</u>	<u>\$ 410,470</u>	<u>\$ 661,349</u>	<u>\$ 69,461</u>	<u>\$ 32,240</u>	<u>\$ 2,743,278</u>

**CITY OF SULLIVAN, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2022**

	Retirement Fund	Tax Increment Financing Fund (TIF 2)	Tax Increment Financing Fund (TIF 3)	Tax Increment Financing Fund (TIF 4)	Motor Fuel Tax Fund	Recreation Fund	Street Improvement Fund	Total
REVENUES								
Property Taxes	\$ 291,713	\$ 162,822	\$ 94,404	\$ 138,559	\$ -	\$ 10,990	\$ -	\$ 698,488
Intergovernmental	78,235	-	-	-	274,538	-	-	352,773
Interest	-	967	315	96	279	-	-	1,657
Charges for Services	-	-	-	-	-	-	27,714	27,714
Miscellaneous	-	-	-	-	-	405	504	909
Total Revenues	<u>369,948</u>	<u>163,789</u>	<u>94,719</u>	<u>138,655</u>	<u>274,817</u>	<u>11,395</u>	<u>28,218</u>	<u>1,081,541</u>
EXPENDITURES								
Highway and Streets	-	-	-	-	168,542	-	79,840	248,382
Economic Development	-	72,270	60,043	16,574	-	-	-	148,887
Retirement	262,839	-	-	-	-	-	-	262,839
Culture and Recreation	-	-	-	-	-	9,528	-	9,528
Capital Outlay	-	250	492	350,391	-	-	-	351,133
Total Expenditures	<u>262,839</u>	<u>72,520</u>	<u>60,535</u>	<u>366,965</u>	<u>168,542</u>	<u>9,528</u>	<u>79,840</u>	<u>1,020,769</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	107,109	91,269	34,184	(228,310)	106,275	1,867	(51,622)	60,772
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	500,000	-	-	-	500,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
NET CHANGE IN FUND BALANCES	107,109	91,269	34,184	271,690	106,275	1,867	(51,622)	560,772
Fund Balances - Beginning of Year, As Restated	<u>241,985</u>	<u>398,103</u>	<u>117,008</u>	<u>(50,528)</u>	<u>555,074</u>	<u>57,494</u>	<u>83,862</u>	<u>1,402,998</u>
FUND BALANCES - END OF YEAR	<u>\$ 349,094</u>	<u>\$ 489,372</u>	<u>\$ 151,192</u>	<u>\$ 221,162</u>	<u>\$ 661,349</u>	<u>\$ 59,361</u>	<u>\$ 32,240</u>	<u>\$ 1,963,770</u>

OTHER INFORMATION SECTION

**CITY OF SULLIVAN, ILLINOIS
COMPUTATION OF LEGAL DEBT MARGIN
YEAR ENDED APRIL 30, 2022
(UNAUDITED)**

Assessed Valuation, 2021 Levy	<u>\$ 36,214,821</u>
Statutory Debt Limitation, 8.625% of Assessed Valuation	\$ 3,123,528
Total Debt:	
Water and Sewer Notes Payable	1,482,750
Less: Debt Exempt from Statutory Debt Limitation Computation	<u>(1,482,750)</u>
Legal Debt Margin	<u>\$ 3,123,528</u>

**CITY OF SULLIVAN, ILLINOIS
SCHEDULE OF PROPERTY TAXES EXTENDED,
COLLECTED, AND DISTRIBUTED
YEAR ENDED APRIL 30, 2022
(UNAUDITED)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assessed Valuation	\$ 36,214,821	\$ 35,520,541	\$ 34,810,598
Rate per \$100, Excluding Road and Bridge, TIF 1, TIF 2, TIF 3, and TIF 4 Rates	<u>2.23858</u>	<u>2.18026</u>	<u>2.12167</u>
Taxes Extended, Excluding Road and Bridge, TIF 1, TIF 2, TIF 3, and TIF 4 Taxes	810,697	774,900	738,566
Add: City's Share of Road and Bridge, TIF 1, TIF 2, TIF 3, and TIF 4 Taxes Extended	<u>1,941,494</u>	<u>1,786,400</u>	<u>1,595,934</u>
Total Taxes Extended	<u><u>\$ 2,752,191</u></u>	<u><u>\$ 2,561,300</u></u>	<u><u>\$ 2,334,500</u></u>
Taxes Available to City After Abatement and Losses in Collection	<u><u>\$ 2,752,191</u></u>	<u><u>\$ 2,561,300</u></u>	<u><u>\$ 2,334,500</u></u>
Percentage of Extension Available to City	100.00%	100.00%	100.00%
Distributions of Taxes Available (2021 Estimated):			
General Fund:			
General Government	\$ 101,200	\$ 98,924	\$ 97,285
Audit	28,000	27,973	28,049
Tort Insurance	225,000	171,832	155,262
Unemployment	11,000	7,995	7,514
Workers' Compensation	53,000	57,944	55,094
Retirement Fund:			
Social Security	112,000	109,892	105,180
Illinois Municipal Retirement	162,000	181,821	175,298
* Street and Alley Fund	27,500	28,435	28,887
* Police Fund	27,200	26,585	26,152
* Library Fund	54,400	53,168	52,303
* Park Fund	27,200	26,585	26,152
Recreation Fund	10,100	10,990	11,521
TIF 1 Fund	1,426,400	1,359,931	1,218,922
TIF 2 Fund	169,000	162,822	160,819
TIF 3 Fund	137,000	94,404	93,179
TIF 4 Fund	181,800	138,559	94,769
Total Reporting Entity	<u><u>\$ 2,752,800</u></u>	<u><u>\$ 2,557,860</u></u>	<u><u>\$ 2,336,386</u></u>

*These funds are included within the general fund for financial reporting purposes

CITY OF SULLIVAN, ILLINOIS
COMBINING SCHEDULE OF NET POSITION
WATER AND SEWER FUNDS
APRIL 30, 2022
(UNAUDITED)

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Cash	\$ 1,576,308	\$ 557,910	\$ 2,134,218
Investments	366,638	157,131	523,769
Receivables	270,316	105,917	376,233
Inventories	57,996	18,770	76,766
Prepaid Items	18,456	11,865	30,321
Total Current Assets	<u>2,289,714</u>	<u>851,593</u>	<u>3,141,307</u>
Noncurrent Assets:			
Net Pension Asset	378,989	210,287	589,276
Capital Assets:			
Land	21,334	72,059	93,393
Production Plant, Net	477,934	16,019	493,953
Distribution Plant, Net	4,430,899	557,793	4,988,692
General Plant, Net	66,513	27,200	93,713
Sewer Improvements, Net	-	4,338,448	4,338,448
GIS, Net	4,563	-	4,563
Construction in Progress	770,736	7,508	778,244
Total Capital Assets (Net of Accumulated Depreciation)	<u>5,771,979</u>	<u>5,019,027</u>	<u>10,791,006</u>
Total Noncurrent Assets	<u>6,150,968</u>	<u>5,229,314</u>	<u>11,380,282</u>
Total Assets	<u>8,440,682</u>	<u>6,080,907</u>	<u>14,521,589</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pensions	39,384	21,853	61,237
Deferred Postemployment Healthcare	160,660	89,145	249,805
Total Deferred Outflows of Resources	<u>200,044</u>	<u>110,998</u>	<u>311,042</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	27,880	15,172	43,052
Accrued Payroll	17,630	4,300	21,930
Compensated Absences	1,385	647	2,031
Customer Deposits	116,490	-	116,490
Unearned Revenues	-	301,632	301,632
Notes Payable - Current	27,472	69,414	96,886
Total Current Liabilities	<u>190,857</u>	<u>391,165</u>	<u>582,021</u>
Noncurrent Liabilities:			
Compensated Absences	12,461	5,820	18,281
Notes Payable	435,952	949,912	1,385,864
Total OPEB Liability	530,021	294,089	824,110
Total Noncurrent Liabilities	<u>978,434</u>	<u>1,249,821</u>	<u>2,228,255</u>
Total Liabilities	<u>1,169,290</u>	<u>1,640,986</u>	<u>2,810,276</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pensions	412,770	229,031	641,801
Deferred Postemployment Healthcare	156,527	86,851	243,378
Total Deferred Inflows of Resources	<u>569,297</u>	<u>315,882</u>	<u>885,179</u>
NET POSITION			
Net Investment in Capital Assets	5,306,455	3,999,701	9,306,156
Restricted for Net Pension Asset	378,989	210,287	589,276
Unrestricted	1,216,695	25,049	1,241,744
Total Net Position	<u>\$ 6,902,139</u>	<u>\$ 4,235,037</u>	<u>\$ 11,137,176</u>

CITY OF SULLIVAN, ILLINOIS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
WATER AND SEWER FUNDS
YEAR ENDED APRIL 30, 2022
(UNAUDITED)

	Water Fund	Sewer Fund	Total
OPERATING REVENUES			
Charges for Services	\$ 1,675,058	\$ 801,976	\$ 2,477,034
Other Services	2,078	4,140	6,218
Total Operating Revenue	<u>1,677,136</u>	<u>806,116</u>	<u>2,483,252</u>
OPERATING EXPENSES			
Salaries	446,609	239,998	686,607
Materials, Supplies, and Chemicals	298,571	50,339	348,910
Fuel	24,179	-	24,179
Repairs	78,290	42,813	121,103
Other Distribution Expenses	232,860	32,051	264,911
Training and Seminars	2,394	-	2,394
Health Insurance	132,116	65,997	198,113
Insurance	68,700	49,431	118,131
Bad Debts	4,119	2,319	6,438
Utilities	55,515	69,412	124,927
Other General Expenses	11,998	14,837	26,835
OPEB Expenses	(106,210)	(213,883)	(320,093)
Pension Expenses	(55,228)	(32,524)	(87,752)
Depreciation	381,078	211,267	592,345
Total Operating Expenses	<u>1,574,991</u>	<u>532,057</u>	<u>2,107,048</u>
OPERATING INCOME	102,145	274,059	376,204
NONOPERATING REVENUE (EXPENSES)			
Grants	-	15,000	15,000
Interest Income	1,491	431	1,922
Gain on Sale of Assets	3,208	-	3,208
Interest Expense	(8,452)	(21,355)	(29,807)
Total Nonoperating Revenues (Expenses)	<u>(3,753)</u>	<u>(5,924)</u>	<u>(9,677)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	98,392	268,135	366,527
Capital Contributions	63,625	86,559	150,184
Transfers In (Out)	(150,000)	(50,000)	(200,000)
CHANGE IN NET POSITION	12,017	304,694	316,711
Net Position - Beginning of Year, As Restated	<u>6,890,122</u>	<u>3,930,343</u>	<u>10,820,465</u>
NET POSITION - END OF YEAR	<u>\$ 6,902,139</u>	<u>\$ 4,235,037</u>	<u>\$ 11,137,176</u>

**CITY OF SULLIVAN, ILLINOIS
 COMBINING SCHEDULE OF CASH FLOWS
 WATER AND SEWER FUNDS
 YEAR ENDED APRIL 30, 2022
 (UNAUDITED)**

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 1,628,247	\$ 1,084,905	\$ 2,713,152
Payments to Employees	(439,145)	(243,494)	(682,639)
Payments to Suppliers	(1,021,720)	(368,499)	(1,390,219)
Net Cash Provided by Operating Activities	167,382	472,912	640,294
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) from Other Funds	(150,000)	(50,000)	(200,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Assets	3,208	-	3,208
Capital Contributions	63,625	86,559	150,184
Grant Contributions	-	15,000	15,000
Proceeds from Long-Term Debt	60,000	-	60,000
Principal Paid on Long-Term Debt	(26,932)	(68,050)	(94,982)
Interest Paid on Long-Term Debt	(8,452)	(21,355)	(29,807)
Purchase of Capital Assets	(198,550)	(192,812)	(391,362)
Net Cash Provided (Used) by Capital and Related Financing Activities	(107,101)	(180,658)	(287,759)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Income Received	1,491	431	1,922
Deposits	(356)	(153)	(509)
Net Cash Provided by Investing Activities	1,135	278	1,413
INCREASE (DECREASE) IN CASH	(88,584)	242,532	153,948
Cash - Beginning of Year	1,664,892	315,378	1,980,270
CASH - END OF YEAR	\$ 1,576,308	\$ 557,910	\$ 2,134,218

**NONCASH INVESTING, CAPITAL, AND RELATED FINANCING
ACTIVITIES**

During the current fiscal year, the City's Tax Increment Financing (TIF) funds contributed \$150,184 in capital assets to the City's water and sewer funds for construction of and repairs to the infrastructure of the utilities.

CITY OF SULLIVAN, ILLINOIS
COMBINING SCHEDULE OF CASH FLOWS (CONTINUED)
WATER AND SEWER FUNDS
YEAR ENDED APRIL 30, 2022
(UNAUDITED)

	Water Fund	Sewer Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 102,145	\$ 274,059	\$ 376,204
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	381,078	211,267	592,345
(Increase) Decrease in:			
Accounts Receivable	(48,889)	(22,843)	(71,732)
Inventories	(22,227)	(8,500)	(30,727)
Prepaid Items	(2,169)	914	(1,255)
Net Pension Asset	(262,127)	(145,444)	(407,571)
Deferred Pension Outflow	16,435	9,119	25,554
Deferred Postemployment Healthcare Outflow	57,016	84,996	142,012
Accounts Payable	(12,284)	7,426	(4,858)
Accrued Payroll	9,914	75	9,989
Customer Deposits	1,235	-	1,235
Total OPEB Liability	(319,753)	(385,730)	(705,483)
Compensated Absences	(2,450)	(3,571)	(6,021)
Unearned Revenues	-	301,632	301,632
Deferred Pension Inflow	112,931	62,661	175,592
Deferred Postemployment Healthcare Inflow	156,527	86,851	243,378
	<u>\$ 167,382</u>	<u>\$ 472,912</u>	<u>\$ 640,294</u>
Net Cash Provided by Operating Activities			



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