



CITY OF MASCOUTAH, ILLINOIS

**FINANCIAL STATEMENTS AND
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED
APRIL 30, 2022**

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CITY OF MASCOUTAH, ILLINOIS

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C. J. SCHLOSSER
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CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Mascoutah, 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 Mascoutah, Illinois, 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 of Mascoutah, Illinois, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 and individual nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2022 on our consideration of the City of Mascoutah, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mascoutah, Illinois' internal control over financial reporting and compliance.

C. J. Schlosser & Company LLC

Certified Public Accountants
Alton, Illinois
October 17, 2022

CITY OF MASCOUTAH, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Mascoutah, Illinois' (City) annual audit presents a management's discussion and analysis of the City's financial activity during the fiscal year ended April 30, 2022. The management's discussion and analysis (MD&A) is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

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 manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

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, streets and highways, health and welfare, development and cultural and recreational. The business-type activities include electric light, water and sewer.

The statement of net position presents information on all of the City's assets, deferred inflows and outflows, and liabilities, 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 City's net position changed during the most recent fiscal year. Changes in net position are reported on the accrual basis for the government-wide statements and the business-type activities.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FUND FINANCIAL STATEMENTS

A fund is a grouping 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. The funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds. Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. 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 City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balance for three major funds: the General Fund, the TIF 2B Fund, and the TIF 3 Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules in the supplementary information section of this report.

The City adopts an annual budget for all governmental funds. A budgetary comparison schedule for the major funds have been provided to demonstrate legal compliance with the adopted budget.

Proprietary funds. Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric light, water and sewer operations.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting method used for fiduciary funds is much like that used in proprietary funds.

Notes to 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.

Supplementary information. The combining nonmajor fund statements, referred to earlier in connection with nonmajor governmental funds, as well as information related to property taxes and TIF compliance are presented immediately following the required supplementary information.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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, the net position balance was \$56,434,945 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequentially, 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. The condensed statement of net assets is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2022	April 30, 2021	April 30, 2022	April 30, 2021	April 30, 2022	April 30, 2021
Current and other assets	\$ 12,350,440	\$ 11,404,474	\$ 13,396,892	\$ 14,736,415	\$ 25,747,332	\$ 26,140,889
Capital assets	23,102,378	23,114,653	36,156,151	24,335,975	59,258,529	47,450,628
Total assets	35,452,818	34,519,127	49,553,043	39,072,390	85,005,861	73,591,517
Deferred outflows	1,476,249	1,693,127	164,430	605,173	1,640,679	2,298,300
Long-term liabilities outstanding	9,193,357	8,982,989	10,072,339	5,791,319	19,265,696	14,774,308
Other liabilities	1,143,866	535,326	2,089,768	671,932	3,233,634	1,207,258
Total liabilities	10,337,223	9,518,315	12,162,107	6,463,251	22,499,330	15,981,566
Deferred inflows	6,138,071	6,395,311	1,574,194	1,688,812	7,712,265	8,084,123
Net position:						
Net investment in capital assets	18,616,395	18,362,899	26,201,109	18,646,822	44,817,504	37,009,721
Restricted	4,983,961	4,297,495	-	-	4,983,961	4,297,495
Unrestricted	(3,146,583)	(2,361,766)	9,780,063	12,878,678	6,633,480	10,516,912
Total net position	\$ 20,453,773	\$ 20,298,628	\$ 35,981,172	\$ 31,525,500	\$ 56,434,945	\$ 51,824,128

Total net position increased \$4,610,817 resulting in a balance of \$56,434,945 as of April 30, 2022. Current and other assets, which include cash, investments, accounts receivable, unbilled revenues, and net pension assets decreased by \$393,557. Non-current assets increased \$11,807,901 due primarily to capital asset additions exceeding depreciation.

Long term liabilities increased in the current year by \$4,491,388 due to the draws on debt instruments to assist in providing funding for the electric and sewer infrastructure and building improvement projects. The total long-term liability balance at April 30, 2022 is \$19,265,696.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2022</u>		<u>2021</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	79.5%	\$ 44,917,504	71.4%	\$ 37,009,721
Restricted	8.8%	4,983,961	8.3%	4,297,495
Unrestricted	11.7%	6,633,480	20.3%	10,516,912
Total net position	100.0%	\$ 56,534,945	100.0%	\$ 51,824,128

Total net position balances increased by \$4,610,817 in fiscal year 2022 to a total ending balance of \$56,534,945. Restricted net position balances increased due to overall increases in the restricted special revenue funds. The unrestricted balances decreased in accordance with the expenses in TIF #3 and the capital spending in the business-type activities. The revenue and expenditure comparisons that comprise the current year increases follow.

GOVERNMENTAL ACTIVITIES

REVENUE COMPARISON BY TYPE

<u>Revenues by type</u>	<u>2022</u>	<u>2021</u>
Property tax	\$ 3,698,786	\$ 3,668,960
Charges for services	2,096,107	772,824
Sales and use tax	1,464,431	1,184,073
State income tax	1,378,426	1,040,005
Motor fuel tax	363,751	336,985
Excise tax	71,139	79,767
Corporate personal property tax	67,687	32,937
Utility tax	406,340	380,624
Gaming taxes	201,450	71,335
Franchise fees	106,638	129,787
Hotel tax	89,734	43,544
Investment earnings	34,952	39,347
Contributions/grants	785,655	1,065,815
Other miscellaneous	18,088	10,814
Governmental revenues	<u>\$ 10,783,184</u>	<u>\$ 8,856,817</u>

Total governmental revenues increased \$1,926,367 in the year ended April 30, 2022. The largest reason for the increase was that the City received funding for COVID-19 in the amount of \$543,369 in addition to receiving a large building permit fee related to the MidAmerican St. Louis Airport PDP plan. Sales and use taxes and income taxes also reported large increases.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

EXPENDITURES BY CATEGORY

<u>Expenditures by category</u>	<u>2022</u>		<u>2021</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	1.5%	\$ 102,121	0.9%	\$ 53,667
Public safety	37.6%	2,506,161	39.8%	2,263,523
Streets and highways	21.6%	1,437,024	22.2%	1,263,856
Health and Welfare	14.1%	937,182	13.4%	761,539
Development	8.0%	531,665	8.1%	462,510
Cultural and recreational	14.8%	988,036	12.5%	713,511
Interest on long-term debt	2.5%	164,151	3.0%	172,168
Total expenditures	<u>100.0%</u>	<u>\$ 6,666,340</u>	<u>100.0%</u>	<u>\$ 5,690,774</u>

The City reported an increase in the governmental activities expenditures largely due to the fluctuations from the implementation of GASB 68 and the related retirement expenditures. In both years, the largest category of expense is public safety which consists of the City's police department. General government expenditures are those related to the general operations and administration of the City.

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2022</u>	<u>2021</u>
General government	\$ 122,920	\$ 119,066
Public safety	92,013	128,718
Streets and highways	585,735	567,902
Health and welfare	20,091	21,358
Cultural and recreational	193,188	191,203
Total depreciation	<u>\$ 1,013,947</u>	<u>\$ 1,028,247</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$1,001,672 which included increases related to infrastructure improvements in addition to the purchase of various equipment. These capital additions were offset in the government-wide financial statements by the depreciation expense related to additions in the current and prior years.

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS-TYPE ACTIVITIES

REVENUE COMPARISON BY TYPE

<u>Revenues by type</u>	<u>2022</u>	<u>2021</u>
Water, sewer and electric charges	\$ 12,578,030	\$ 11,871,534
Contributions/grants	117,346	53,107
Investment earnings	30,619	57,480
Business-type revenues	<u>\$ 12,725,995</u>	<u>\$ 11,982,121</u>

EXPENDITURES BY CATEGORY

<u>Operating Expenditures</u>	<u>2022</u>		<u>2021</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	23.0%	\$ 2,781,344	17.5%	\$ 1,890,124
Contractual services	54.5%	6,580,782	58.3%	6,306,989
Supplies and materials	1.4%	172,270	1.5%	167,199
Administrative overhead	12.2%	1,471,085	12.9%	1,395,248
Depreciation	<u>8.8%</u>	<u>1,061,530</u>	<u>9.7%</u>	<u>1,050,793</u>
Total expenditures	<u>100.0%</u>	<u>\$ 12,067,011</u>	<u>100.0%</u>	<u>\$ 10,810,353</u>

Expenses in the business type activities increased by \$1,256,658 from the prior year. As in the prior year, the largest categories of operating expense were for contractual services that include power and water purchases. The largest increase between years was related to personal services that involves increased salaries in addition to increased pension funding costs.

FUNDS FINANCIAL ANALYSIS

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 financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2022, the City's governmental funds reported combined ending fund balances of \$6,903,542. The governmental fund balance includes \$4,983,961 that has been restricted for specific purposes.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$5,258,332. The fund balance of the General Fund increased by \$2,647,156 during the current fiscal year. Total expenditures in the General fund were \$3,279,672.

The TIF 2B Fund had an increase in the current year of \$435,552 to a balance of \$1,635,712.

The TIF 3 Fund had a decrease in the current year of \$3,392,537 to a balance of \$(3,330,431).

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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

Unrestricted net position of the water and sewer, and electric light funds at the end of the year amounted to \$9,780,063. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's government-wide financial statements.

BUDGETARY HIGHLIGHTS

The City's General fund had budgetary expenditures of \$3,415,240. The budgeted amount for the General Fund was \$4,131,795. The appropriations were not amended in the current year. Total expenditures, including transfers for debt, in the General Fund did not exceed the budgeted amounts.

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 \$59,258,529, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total net increase in capital assets for the current year was \$11,807,901. This increase is due to governmental capital additions of \$1,001,672 and additions of \$12,881,706 in the business-type activities exceeding depreciation expense. The major additions include road projects, electric line additions, the WWTP improvement project, a fire truck, and other miscellaneous equipment purchases. Additional information related to the capital assets of the City can be found in Note 6 of the financial statements. The following schedule reports the different asset accounts net of accumulated depreciation.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>
Land	\$ 863,657	\$ 863,657	\$ 307,313	\$ 307,313	\$ 1,170,970	\$ 1,170,970
Land Improvements	707,030	767,217	-	-	707,030	767,217
Buildings and Improvements	2,222,013	2,333,203	10,482,789	3,446,090	12,704,802	5,779,293
Equipment	909,977	996,521	181,913	200,028	1,091,890	1,196,549
Vehicles	940,664	722,064	458,308	518,938	1,398,972	1,241,002
Infrastructure	17,459,037	17,431,991	24,725,828	19,863,606	42,184,865	37,295,597
	<u>\$ 23,102,378</u>	<u>\$ 23,114,653</u>	<u>\$ 36,156,151</u>	<u>\$ 24,335,975</u>	<u>\$ 59,258,529</u>	<u>\$ 47,450,628</u>

CITY OF MASCOUTAH, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Long-term Debt

At the end of 2022, the City had total debt obligations of \$18,759,790 compared to \$14,774,308 at the end of 2021. Debt additions were related to providing funding for the electric infrastructure project and the WWTP improvement project. Additional information related to the debt of the City can be found in Note 4 of the financial statements.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>
Notes Payable	\$ 2,973,354	\$ 3,158,476	\$ 8,090,042	\$ 3,559,153	\$ 11,063,396	\$ 6,717,629
Bonds Payable	935,000	1,070,000	1,865,000	2,130,000	2,800,000	3,200,000
Compensated Absences	529,523	522,758	117,297	102,166	646,820	624,924
Net Pension Liability	<u>4,249,574</u>	<u>4,231,755</u>	<u>-</u>	<u>-</u>	<u>4,249,574</u>	<u>4,231,755</u>
Total Debt	<u>\$ 8,687,451</u>	<u>\$ 8,982,989</u>	<u>\$ 10,072,339</u>	<u>\$ 5,791,319</u>	<u>\$ 18,759,790</u>	<u>\$ 14,774,308</u>

Requests for Information

This financial report is designed to provide a general overview of the City of Mascoutah, Illinois for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's administrative office, 3 West Main St., Mascoutah, IL 62258.

CITY OF MASCOUTAH, ILLINOIS

**STATEMENT OF NET POSITION
APRIL 30, 2022**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 7,544,053	\$ 10,177,896	\$ 17,721,949
Investments	80,252	-	80,252
Receivables (Net of allowance for uncollectible):			
Property Tax	3,776,000	-	3,776,000
Intergovernmental	729,772	-	729,772
Accounts	77,990	1,490,520	1,568,510
Interest/Other	113,413	17,645	131,058
Internal Balances	(876,254)	876,254	-
Restricted Assets - Cash and Investments	327,585	176,166	503,751
Capital Assets:			
Land	863,657	307,313	1,170,970
Land Improvements	1,563,276	-	1,563,276
Buildings and Improvements	5,867,301	17,827,790	23,695,091
Equipment	2,867,779	893,449	3,761,228
Vehicles	3,217,133	1,544,898	4,762,031
Infrastructure	23,332,973	38,957,263	62,290,236
Accumulated Depreciation	<u>(14,609,741)</u>	<u>(23,374,562)</u>	<u>(37,984,303)</u>
Net Capital Assets	<u>23,102,378</u>	<u>36,156,151</u>	<u>59,258,529</u>
Net Pension Asset	<u>577,629</u>	<u>658,411</u>	<u>1,236,040</u>
Total Assets	<u>35,452,818</u>	<u>49,553,043</u>	<u>85,005,861</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	<u>1,476,249</u>	<u>164,430</u>	<u>1,640,679</u>
	<u>1,476,249</u>	<u>164,430</u>	<u>1,640,679</u>
<u>Liabilities</u>			
Accounts Payable	896,478	1,846,885	2,743,363
Accrued Payroll and Benefits	218,683	61,165	279,848
Accrued Interest Payable	28,705	5,552	34,257
Liabilities Payable from Restricted Assets:			
Customer Deposits	-	176,166	176,166
Noncurrent Liabilities:			
Due Within One Year	331,880	1,201,204	1,533,084
Due in More Than One Year	<u>8,861,477</u>	<u>8,871,135</u>	<u>17,732,612</u>
Total Liabilities	<u>10,337,223</u>	<u>12,162,107</u>	<u>22,499,330</u>
<u>Deferred Inflows of Resources</u>			
Future Pension Expense	2,362,071	1,478,470	3,840,541
Unearned Revenue	<u>3,776,000</u>	<u>95,724</u>	<u>3,871,724</u>
	<u>6,138,071</u>	<u>1,574,194</u>	<u>7,712,265</u>
<u>Net Position</u>			
Net Investment in Capital Assets	18,616,395	26,201,109	44,817,504
Restricted for:			
Debt Service	274,035	-	274,035
Other Purposes	4,709,926	-	4,709,926
Unrestricted	<u>(3,146,583)</u>	<u>9,780,063</u>	<u>6,633,480</u>
Total Net Position	<u>\$ 20,453,773</u>	<u>\$ 35,981,172</u>	<u>\$ 56,434,945</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>							
Governmental Activities:							
General Government	\$ 102,121	\$ 1,127,936	\$ -	\$ -	\$ 1,025,815		\$ 1,025,815
Public Safety	2,506,161	35,579	543,369	-	(1,927,213)		(1,927,213)
Streets and Highways	1,437,024	-	-	188,222	(1,248,802)		(1,248,802)
Health and Welfare	937,182	470,401	-	-	(466,781)		(466,781)
Development	531,665	302,718	-	-	(228,947)		(228,947)
Cultural and Recreational	988,036	159,473	38,194	15,870	(774,499)		(774,499)
Interest on Long-term Debt	164,151	-	-	-	(164,151)		(164,151)
Total Governmental Activities (see Note 1)	<u>6,666,340</u>	<u>2,096,107</u>	<u>581,563</u>	<u>204,092</u>	<u>(3,784,578)</u>		<u>(3,784,578)</u>
Business-type Activities:							
Waterworks and Sewerage	3,443,923	3,974,043	-	-		\$ 530,120	530,120
Electric Light	8,788,099	8,603,987	-	117,346		(66,766)	(66,766)
Total Business-type Activities	<u>12,232,022</u>	<u>12,578,030</u>	<u>-</u>	<u>117,346</u>		<u>463,354</u>	<u>463,354</u>
Total Government	<u>\$ 18,898,362</u>	<u>\$ 14,674,137</u>	<u>\$ 581,563</u>	<u>\$ 321,438</u>	<u>(3,784,578)</u>	<u>463,354</u>	<u>(3,321,224)</u>
General Revenues:							
Property Tax, Levied for General Purposes					3,698,786	-	3,698,786
Sales and Use Tax					1,464,431	-	1,464,431
Income Tax					1,378,426	-	1,378,426
Corporate Personal Property Tax					67,687	-	67,687
Motor Fuel Tax					363,751	-	363,751
Excise Tax					71,139	-	71,139
Hotel Tax					89,734	-	89,734
Gaming Taxes					201,450	-	201,450
Utility Tax					406,340	-	406,340
Franchise Fees					106,638	-	106,638
Investment Earnings					34,952	30,619	65,571
Miscellaneous					18,088	-	18,088
Transfers					(3,961,699)	3,961,699	-
Total General Revenues and Transfers					<u>3,939,723</u>	<u>3,992,318</u>	<u>7,932,041</u>
Change in Net Position					<u>155,145</u>	<u>4,455,672</u>	<u>4,610,817</u>
Net Position - Beginning					<u>20,298,628</u>	<u>31,525,500</u>	<u>51,824,128</u>
Net Position - Ending					<u>\$ 20,453,773</u>	<u>\$ 35,981,172</u>	<u>\$ 56,434,945</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2022

	<u>General Fund</u>	<u>TIF 2B Fund</u>	<u>TIF 3 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 2,118,541	\$ 1,613,212	\$ 794	\$ 3,811,506	\$ 7,544,053
Investments	80,252	-	-	-	80,252
Receivables (Net, where applicable, of allowances for uncollectible):					
Property Tax	576,000	1,279,000	283,000	1,638,000	3,776,000
Intergovernmental	676,919	-	-	52,853	729,772
Other	90,263	22,500	-	78,640	191,403
Due From Other Funds	2,551,460	-	-	28,328	2,579,788
Restricted Cash and Investments	-	-	-	327,585	327,585
Total Assets	<u>\$ 6,093,435</u>	<u>\$ 2,914,712</u>	<u>\$ 283,794</u>	<u>\$ 5,936,912</u>	<u>\$ 15,228,853</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>					
Liabilities:					
Accrued Payroll and Benefits	\$ 46,755	\$ -	\$ -	\$ 25,248	\$ 72,003
Accounts Payable	23,900	-	777,225	95,353	896,478
Due to Other Funds	72,206	-	2,554,000	829,836	3,456,042
Total Liabilities	<u>142,861</u>	<u>-</u>	<u>3,331,225</u>	<u>950,437</u>	<u>4,424,523</u>
Deferred Inflows of Resources:					
Unearned Revenue	692,242	1,279,000	283,000	1,646,546	3,900,788
Fund Balances:					
Nonspendable	-	-	-	350,289	350,289
Restricted For:					
Debt Service	-	-	-	274,035	274,035
Revenue Restrictions	-	1,635,712	-	3,074,214	4,709,926
Unassigned	5,258,332	-	(3,330,431)	(358,609)	1,569,292
Total Fund Balances	<u>5,258,332</u>	<u>1,635,712</u>	<u>(3,330,431)</u>	<u>3,339,929</u>	<u>6,903,542</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,093,435</u>	<u>\$ 2,914,712</u>	<u>\$ 283,794</u>	<u>\$ 5,936,912</u>	<u>\$ 15,228,853</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
APRIL 30, 2022

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 6,903,542
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	23,102,378
Some receivables are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds balance sheet, but recognized as revenue as economic financial resources.	124,788
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(28,705)
Accrued compensated absences are not reported as a liability on the balance sheet of the governmental funds.	(676,203)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(3,908,354)
Net pension liabilities and the related future pension expense are not reported on the balance sheet of the governmental funds.	<u>(5,063,673)</u>
Net position of governmental activities	<u>\$ 20,453,773</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2022**

	General Fund	TIF 2B Fund	TIF 3 Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Tax	\$ 431,733	\$ 1,173,367	\$ 268,498	\$ 1,825,188	\$ 3,698,786
Utility Tax	406,340	-	-	-	406,340
Hotel Tax	89,734	-	-	-	89,734
Intergovernmental	3,610,138	-	-	695,645	4,305,783
Licenses, Permits and Fees	804,922	-	185,252	19,291	1,009,465
Charges for Services	426,412	-	-	620,939	1,047,351
Fines and Forfeitures	27,029	-	-	1,434	28,463
Investment Earnings	13,634	4,104	44	17,170	34,952
Contributions	-	-	-	13,634	13,634
Miscellaneous	339	-	117,466	17,749	135,554
Total Revenues	<u>5,810,281</u>	<u>1,177,471</u>	<u>571,260</u>	<u>3,211,050</u>	<u>10,770,062</u>
Expenditures:					
Current:					
General Government	(19,751)	-	-	550	(19,201)
Public Safety	2,232,617	-	-	85,367	2,317,984
Streets and Highways	633,541	-	-	159,208	792,749
Health and Welfare	-	-	-	881,434	881,434
Development	18,049	361,819	151,797	-	531,665
Cultural and Recreational	-	-	-	766,809	766,809
Capital Outlay	129,103	230,401	-	642,168	1,001,672
Debt Service:					
Principal	179,633	-	-	140,489	320,122
Interest and Charges	106,480	-	-	53,790	160,270
Total Expenditures	<u>3,279,672</u>	<u>592,220</u>	<u>151,797</u>	<u>2,729,815</u>	<u>6,753,504</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,530,609</u>	<u>585,251</u>	<u>419,463</u>	<u>481,235</u>	<u>4,016,558</u>
Other Financing Sources (Uses):					
Operating Transfers In	116,547	-	-	47,691	164,238
Operating Transfers Out	-	(149,699)	(3,812,000)	(164,238)	(4,125,937)
Total Other Financing Sources (Uses)	<u>116,547</u>	<u>(149,699)</u>	<u>(3,812,000)</u>	<u>(116,547)</u>	<u>(3,961,699)</u>
Net Change in Fund Balances	2,647,156	435,552	(3,392,537)	364,688	54,859
Fund Balance, Beginning of Year	<u>2,611,176</u>	<u>1,200,160</u>	<u>62,106</u>	<u>2,975,241</u>	<u>6,848,683</u>
Fund Balance, End of Year	<u>\$ 5,258,332</u>	<u>\$ 1,635,712</u>	<u>\$ (3,330,431)</u>	<u>\$ 3,339,929</u>	<u>\$ 6,903,542</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022

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

Net change in fund balances - total governmental funds	\$ 54,859
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$1,013,947) and losses on disposals exceeded capital outlay (\$1,001,672) in the current year.	(12,275)
Accrued compensated absences are reported in the government-wide statement of activities and changes in net position, but do not require the use of current financial resources; therefore, accrued compensated absences are not reported as expenditures in governmental funds. This is the change in accrued compensated absences between years.	11,210
Net pension liabilities and the related future pension expense are reported in the government-wide statement of activities and changes in net position, but do not require the use of current financial resources; therefore, these obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	(228,012)
The issuance of long-term debt (e.g., bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.	320,122
Some intergovernmental revenues will not be collected for several months after the City's fiscal year end. They are not considered "available" revenues in the governmental funds. This is the change in deferred revenues between fiscal years.	13,122
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	(3,881)
Change in net position of governmental activities	<u>\$ 155,145</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2022

	Waterworks and Sewerage	Electric Light	Total		Waterworks and Sewerage	Electric Light	Total
<u>Assets:</u>				<u>Liabilities:</u>			
Current Assets:				Current Liabilities:			
Cash	\$ 853,619	\$ 9,324,277	\$ 10,177,896	Accrued Payroll and Benefits	\$ 32,580	\$ 28,585	\$ 61,165
Receivables (Net, where applicable, of allowances for uncollectible):				Accounts Payable	1,445,906	400,979	1,846,885
Accounts	152,485	432,645	585,130	Accrued Interest	3,613	1,939	5,552
Unbilled Revenue	340,470	564,920	905,390	Notes/Leases Payable	294,861	626,343	921,204
Other	1,582	16,063	17,645	Bonds Payable	-	280,000	280,000
Due from Other Funds	41,076	835,178	876,254	Total Current Liabilities	1,776,960	1,337,846	3,114,806
Total Current Assets	1,389,232	11,173,083	12,562,315				
Noncurrent Assets:				Liabilities Payable from Restricted Assets:			
Restricted Assets:				Customer Deposits	38,118	138,048	176,166
Cash and Cash Equivalents:							
Customer Deposits	38,118	138,048	176,166	Noncurrent Liabilities:			
Capital Assets:				Accrued Sick Leave	29,451	87,846	117,297
Land	145,341	161,972	307,313	Notes/Leases Payable	4,782,533	2,386,305	7,168,838
Buildings and Improvements	13,636,417	4,191,373	17,827,790	Bonds Payable	-	1,585,000	1,585,000
Equipment	415,995	477,454	893,449	Total Noncurrent Liabilities	4,811,984	4,059,151	8,871,135
Vehicles	561,156	983,742	1,544,898				
Distribution System	17,664,755	21,292,508	38,957,263	Total Liabilities	6,627,062	5,535,045	12,162,107
Total	32,423,664	27,107,049	59,530,713				
Less - Accumulated Depreciation	(11,584,950)	(11,789,612)	(23,374,562)	<u>Deferred Inflows of Resources:</u>			
Net Capital Assets	20,838,714	15,317,437	36,156,151	Future Pension Expense	651,450	827,020	1,478,470
Net Pension Asset	290,112	368,299	658,411	Deferred Connection Fees	-	95,724	95,724
					651,450	922,744	1,574,194
Total Noncurrent Assets	21,166,944	15,823,784	36,990,728				
Total Assets	\$ 22,556,176	\$ 26,996,867	\$ 49,553,043	<u>Net Position:</u>			
<u>Deferred Outflows of Resources:</u>				Net Investment in Capital Assets	15,761,320	10,439,789	26,201,109
Future Pension Expense	\$ 72,452	\$ 91,978	\$ 164,430	Unrestricted	(411,204)	10,191,267	9,780,063
	\$ 72,452	\$ 91,978	\$ 164,430	Total Net Position	\$ 15,350,116	\$ 20,631,056	\$ 35,981,172

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED APRIL 30, 2022

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Operating Revenues:			
Charges for Services	\$ 3,974,043	\$ 8,603,987	\$ 12,578,030
Operating Expenses:			
Personal Services	1,199,933	1,581,411	2,781,344
Supplies	77,543	94,727	172,270
Contractual Services	986,281	5,594,501	6,580,782
Administrative Overhead	618,570	852,515	1,471,085
Depreciation	553,299	508,231	1,061,530
Total Operating Expenses	3,435,626	8,631,385	12,067,011
Operating Income	538,417	(27,398)	511,019
Nonoperating Revenues (Expenses):			
Investment Earnings	5,116	25,503	30,619
Interest and Fiscal Charges	(8,297)	(156,714)	(165,011)
Total Nonoperating Revenues (Expenses)	(3,181)	(131,211)	(134,392)
Income Before Contributions and Transfers	535,236	(158,609)	376,627
Capital Contributions	-	117,346	117,346
Transfers In (Out)	852,584	3,109,115	3,961,699
Change in Net Position	1,387,820	3,067,852	4,455,672
Net Position - Beginning of Year	13,962,296	17,563,204	31,525,500
Net Position - End of Year	\$ 15,350,116	\$ 20,631,056	\$ 35,981,172

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED APRIL 30, 2022

	Business-Type Activities--Enterprise Funds		
	Waterworks and Sewerage	Electric Light	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 3,928,313	\$ 8,568,308	\$ 12,496,621
Payments to Suppliers	(2,019,271)	(6,953,786)	(8,973,057)
Payments to Employees	(787,295)	(998,344)	(1,785,639)
Net Cash Provided by Operating Activities	<u>1,121,747</u>	<u>616,178</u>	<u>1,737,925</u>
Cash Flows from Noncapital Financing Activities:			
Payments from (to) Other Funds	<u>838,609</u>	<u>2,516,549</u>	<u>3,355,158</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>838,609</u>	<u>2,516,549</u>	<u>3,355,158</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Payments on Long-Term Debt	(166,304)	(301,513)	(467,817)
Net Proceeds from Debt	3,523,027	1,210,679	4,733,706
Interest Paid on Debt	(4,684)	(156,704)	(161,388)
Customer Deposits	(4,824)	(1,745)	(6,569)
Capital Contributions	-	117,346	117,346
Cash Payments for Capital Assets	(6,809,201)	(4,610,692)	(11,419,893)
Net Cash Used by Capital Related Financing Activities	<u>(3,461,986)</u>	<u>(3,742,629)</u>	<u>(7,204,615)</u>
Cash Flows from Investing Activities:			
Interest Received	<u>5,116</u>	<u>25,503</u>	<u>30,619</u>
Net Cash Provided by Investing Activities	<u>5,116</u>	<u>25,503</u>	<u>30,619</u>
Net Change in Cash and Cash Equivalents	(1,496,514)	(584,399)	(2,080,913)
Cash and Cash Equivalents, Beginning of Year	<u>2,388,251</u>	<u>10,046,724</u>	<u>12,434,975</u>
Cash and Cash Equivalents, End of Year	<u>\$ 891,737</u>	<u>\$ 9,462,325</u>	<u>\$ 10,354,062</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 538,417	\$ (27,398)	\$ 511,019
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	553,299	508,231	1,061,530
Net Pension Obligation and Deferrals	109,650	163,035	272,685
(Increase) Decrease in Assets:			
Accounts Receivables	(5,630)	5,999	369
Unbilled Revenue	(40,100)	(64,380)	(104,480)
Increase (Decrease) in Liabilities:			
Accrued Payroll and Benefits	9,556	14,406	23,962
Accounts Payable	(43,445)	(6,417)	(49,862)
Deferred Fees	-	22,702	22,702
Net Cash Provided by Operating Activities	<u>\$ 1,121,747</u>	<u>\$ 616,178</u>	<u>\$ 1,737,925</u>
Reconciliation of Total Cash and Cash Equivalents			
Current Assets	\$ 853,619	\$ 9,324,277	\$ 10,177,896
Restricted Assets	<u>38,118</u>	<u>138,048</u>	<u>176,166</u>
Total Cash and Cash Investments	<u>\$ 891,737</u>	<u>\$ 9,462,325</u>	<u>\$ 10,354,062</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - POLICE PENSION TRUST FUND
APRIL 30, 2022

Assets

Cash and Cash Equivalents	\$ 861,728
Investments:	
U.S. Treasury Securities	1,709,970
Corporate Bonds	1,368,818
Mutual Funds	2,803,836
Receivables (Net of Allowance for Doubtful Accounts):	
Property Tax	390,000
Interest	24,165
Total Assets	<u>7,158,517</u>

Liabilities

None	<u>-</u>
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Net Position

Held in Trust For Pension	
Benefits and Other Purposes	<u>\$ 7,158,517</u>

The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - POLICE PENSION TRUST FUND
FOR THE YEAR ENDED APRIL 30, 2022

Additions:

Employer Contributions	\$ 385,907
Employee Contributions	102,456
Employee Portability Contributions	292,318

Investment Earnings:

Interest and Dividends	171,327
Gain (Loss) on Sale of Investments	(3,296)
Net Appreciation in Fair Value of Investments	<u>(548,220)</u>
Total Investment Earnings	(380,189)
Less: Investment Expense	<u>17,012</u>
Net Investment Earnings	<u>(397,201)</u>

Total Additions	<u>383,480</u>
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Deductions:

Benefit Payments	380,404
Portability Payments	39,301
Administrative Expenses	<u>8,922</u>
Total Deductions	<u>428,627</u>

Change in Net Position	(45,147)
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Net Position - Beginning of Year	<u>7,203,664</u>
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Net Position - End of Year	<u><u>\$ 7,158,517</u></u>
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The notes to the financial statements are an integral part of this statement

CITY OF MASCOUTAH, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mascoutah (City) was incorporated in 1921. The City is a home rule unit of government and operates under a managerial council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, culture and recreation (library and parks), health and welfare (ambulance service), electric and water distribution, sewage treatment, public improvements, planning and zoning and general administrative services.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) The financial reporting entity

The City is a political subdivision of the State of Illinois. These financial statements present the government and its component units. Component units are legally separate entities for which the City is financially accountable. The City defines its reporting entity in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. Component units are organizations for which the City, as the primary government, is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either (1) be able to impose its will on the organization or (2) the relationship must have the potential for creating a financial benefit to or imposing a financial burden on the City. The City did not have any component units at April 30, 2022.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government.

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 MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, permits and fees associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues, other revenues, and expenditures that are not restricted by law or contractual agreement to other funds are accounted for in this fund.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The TIF 2B Fund reports all revenue and expenses related to the respective TIF fund.

The TIF 3 Fund reports all revenue and expenses related to the respective TIF fund.

The government reports the following major proprietary funds:

The Waterworks and Sewerage Fund and the Electric Light Fund account for all activities related to the billing, administration, distribution and collection processes of the water, sewer and electric operations. The City operates the water and electric distribution systems as well as the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fund type:

The pension trust fund accounts for the activities of the police pension fund, which accumulates resources for pension benefit payments to qualified public safety employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. 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.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America. The pension trust fund and cemetery trust fund are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

All investments are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

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”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Unbilled water, sewer and electric service receivables are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The City levied its property taxes on December 20, 2021 based upon the assessed valuation as of the previous January 1. Property taxes are due in two installments in the following year, usually in June and August, and are considered delinquent after the due dates. Property taxes for 2021 become an enforceable lien in January 2022. Because this tax levy will be used to pay for expenses budgeted in fiscal year 2023, this tax levy is shown as a receivable and as unearned revenue as of April 30, 2022 in the governmental funds statements and in the statement of activities. Tax revenues reflected in these financial statements are taxes collected on the 2020 levy.

Restricted assets

Governmental Activities

Cemetery Maintenance Trust – The reserve for cemetery maintenance was created to restrict the use of all resources contributed to or earned by the Cemetery Trust Fund. The restriction was mandated by a declaration of trust.

Business-Type Activities

Deposits – These accounts accumulate to provide funds to offset the existing liability for customer utility deposits.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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. The government generally defines capital assets as assets with an individual cost of more than \$1,000 and an estimated useful life in excess of two years. Assets are recorded at historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The City hired a valuation consulting firm to perform an initial valuation of the fixed assets of the City. This valuation was used as the historical basis for the value of the assets reported in the governmental type activities. Subsequent fixed asset additions are based on amounts as recorded by the City in the accounting records.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10 - 40
Buildings and improvements	25 - 50
Infrastructure	25
Distribution systems	20 - 25
Vehicles	5 - 15
Office and other equipment	5 - 20

Compensated absences

The City allows employees to accumulate unused sick leave. Earned vacation time is required to be used within one year of accrual. Upon termination, accumulated sick and any accumulated vacation that has not been taken due to work-related assignments, will be paid to the employee.

Sick leave in excess of 300 hours is accumulated and tracked for IMRF applicable employees. Sick leave in excess of 320 hours for police officers is paid to the employee on or near December 1st. Employees may request to be paid for any and all sick leave at any time.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types 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.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. The City has entered into an agreement with IMLRMA, an intergovernmental association formed pursuant to Article VII, Section 10 of the Illinois Constitution of 1970, to provide the City insurance coverage. There has been no significant reduction in coverage from the prior year.

Fund Balance

In the fund financial statements, the City classifies the fund balances based upon the following criteria:

Nonspendable - includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted - balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. (City Council)

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - the residual classification of the General Fund balance.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following details the description and amount of all constraints recorded by the City in the fund financial statements:

<u>Governmental Funds</u>	
Nonspendable:	
Cemetery Trust	\$ 350,289
Restricted:	
Debt Service	\$ 274,035
Ambulance Fund	1,051,760
Fire Fund	153,489
TIF #2B	1,635,712
Public Library	427,693
Motor Fuel Tax	1,385,642
Retirement Fund	52,140
Special Service Area	3,490
	<u>\$ 4,983,961</u>

When expenditures are incurred for which the City has both restricted and unrestricted funds available, the City spends any restricted funds before using unrestricted sources. Likewise, the City uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available.

Budget Policy and Practices

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

1. The City Manager submits to the City Council a proposed budget ordinance for the fiscal year commencing May 1.
2. A public hearing at the City Hall is conducted to obtain taxpayer comments.
3. Prior to May 1, the budget is legally enacted through the passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Enterprise Funds.
5. Unexpended budgets for all the above annually budgeted funds lapse at the fiscal year end.
6. The budget is prepared on a cash basis of accounting.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Governmental & Business-Type Activities

At April 30, 2022, the carrying amount of the City's deposits was \$18,305,952 and the bank balance was \$19,062,189. The deposits were comprised of interest checking accounts, savings accounts and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name. As of April 30, 2022, the City's deposits were covered by FDIC insurance or collateralized by the financial institutions.

At April 30, 2022, the City had the following cash and investments:

	Weighted Average Maturity (Days)	Fair Value
Cash on Hand	N/A	\$ 600
Deposits as reported above	N/A	18,305,352
Total deposits and investments		<u>\$ 18,305,952</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 17,721,949
Investments		80,252
Cash and Cash Equivalents - Restricted		<u>503,751</u>
		<u>\$ 18,305,952</u>

Interest Rate Risk. The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2022, the City did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2022, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2022, the City did not have a foreign currency risk.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Police Pension Fund

At April 30, 2022, the carrying amount and the bank balance of the Police Pension Fund's deposits was \$861,728. The deposits are comprised of an interest checking account and a money market account.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2022, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	---	\$ 2,803,836
US Treasury Notes	3.42	771,726
US Treasury Bonds	13.49	812,313
FFCB	6.11	55,595
FHLB	2.04	45,333
FNMA	1.23	25,003
Corporate Bonds	7.92	1,368,818
Deposits as reported above		861,728
Total deposits and investments		<u>\$ 6,744,352</u>

Interest Rate Risk. The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2022, the Police Pension Fund had investments in corporate bonds with Moody's ratings of Aa1 to Baa3.

Concentration of Credit Risk. As of April 30, 2022, the Police Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2022, the Police Pension Fund did not have a foreign currency risk.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: RECEIVABLES

City receivables, as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows as of April 30, 2022:

	General <u>Fund</u>	TIF 2B <u>Fund</u>	TIF 3 <u>Fund</u>	Enterprise <u>Funds</u>	Nonmajor <u>Funds</u>	<u>Total</u>
Receivables:						
Property Tax	\$ 576,000	\$ 1,279,000	\$ 283,000	\$ -	\$ 1,638,000	\$ 3,776,000
Intergovernmental	676,919	-	-	-	52,853	729,772
Accounts	-	-	-	1,670,047	203,515	1,873,562
Licenses/Fees/Other	90,263	22,500	-	17,645	12,777	143,185
Gross Receivables	1,343,182	1,301,500	283,000	1,687,692	1,907,145	6,522,519
Less: Allowance for uncollectible	-	-	-	179,527	137,652	317,179
Net Total Receivables	<u>\$ 1,343,182</u>	<u>\$ 1,301,500</u>	<u>\$ 283,000</u>	<u>\$ 1,508,165</u>	<u>\$ 1,769,493</u>	<u>\$ 6,205,340</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

NOTE 4: LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The City has the following outstanding general obligation bond issues:

General Obligation Bonds

General Obligation Bonds, Series 2008 due in annual installments of \$420,000 to \$520,000 through November 1, 2027; interest at 4.40% to 4.625%. The bonds and related interest are being retired by the Debt Service Fund and the Electric Light Fund. The amount of bonds outstanding as of April 30, 2022 is \$2,800,000.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to retire general obligation bonds as of April 30, 2022 are as follows:

Fiscal Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 140,000	\$ 42,367	\$ 280,000	\$ 84,501
2024	145,000	36,207	290,000	72,181
2025	150,000	29,755	305,000	59,276
2026	160,000	23,005	315,000	45,551
2027	165,000	15,725	330,000	31,219
2028	175,000	8,093	345,000	15,955
	<u>\$ 935,000</u>	<u>\$ 155,152</u>	<u>\$ 1,865,000</u>	<u>\$ 308,683</u>

Notes Payable

On April 24, 2009, the City entered into a loan agreement with the Illinois Environmental Protection Agency for \$3,188,881. The loan is being used to provide funding for the construction and rehabilitation of lift stations. The loan is to be paid in 39 semi-annual installments of \$60,782, including interest at 2.5 percent. The note and related interest are being retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2022 is \$972,512.

On July 6, 2009, the City entered into a loan agreement with the Illinois Environmental Protection Agency for \$729,835. The loan is being used to provide funding for improvements and replacement of parts of the water distribution system. The loan is to be paid in 39 interest-free semi-annual installments of \$13,993. The note is being retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2022 is \$223,885.

The City entered into a loan agreement with the Illinois Environmental Protection Agency for \$866,575 on August 28, 2011 to provide funding for sewer infrastructure improvements. The loan is to be repaid in 40 semi-annual installments including interest at 1.25 percent. The note is being retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2022 is \$357,970.

On November 5, 2009, the City entered into an amended loan agreement with Farmers & Merchants National Bank for \$330,348 to provide funding for special service area improvements. The loan is due to be repaid by an current payment of \$155,348 and 22 annual installments, including interest at 5.25 percent. The loan is secured by the property. Upon default on the loan, the entire balance and interest may be declared immediately due. The loan and related interest are being retired by the Special Service Area Fund. The outstanding balance as of April 30, 2022 is \$155,816.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On May 20, 2019, the City entered into a loan agreement with Citizens Community Bank for \$3,295,461 to provide funds to refinance an existing loan for infrastructure improvements. The loan is due on demand, or if no demand, in 19 quarterly installments of \$71,528, interest at 3.64 percent, with a balloon payment on May 20, 2024. The loan is unsecured. Upon default on the loan, the entire balance and interest may be declared immediately due. The loan and related interest are being retired by the General Fund. The outstanding balance as of April 30, 2022 is \$2,817,538.

On July 18, 2016, the City entered into a loan agreement with Citizens Community Bank to provide funds up to \$7,000,000 for the Electric Phase II infrastructure project. The loan and related interest are being retired based on the funded balance at the time quarterly payments are due with interest at 3.24 percent. Final payment is due on July 18, 2026. The loan is unsecured. Upon default on the loan, the entire balance and interest may be declared immediately due. The loan and related interest are being retired by the Light Fund. The outstanding balance as of April 30, 2022 is \$3,012,648.

On June 23, 2021, the City entered into a loan agreement with the Illinois Environmental Protection Agency for \$13,601,000. The loan is being used to provide funding for the improvements of the wastewater system. This project is still in progress and the loan balance is the amount that has been drawn through April 30. The loan is to be paid in 40 semi-annual installments, including interest at 1.15 percent. The note and related interest will be retired by the Waterworks and Sewerage Fund. The outstanding balance as of April 30, 2022 is \$3,523,027.

The annual requirements to retire the loan agreements are as follows:

Fiscal Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
<u>April 30,</u>				
2023	\$ 191,880	\$ 108,209	\$ 921,204	\$ 255,421
2024	199,050	101,038	1,063,991	112,634
2025	2,444,885	29,769	1,089,855	89,770
2026	6,750	7,225	1,116,522	60,105
2027	7,104	6,871	511,371	37,417
2028-2032	41,503	28,372	1,499,948	153,096
2033-2037	53,601	16,274	916,955	85,297
2038-2041	28,581	2,516	970,196	31,123
	<u>\$ 2,973,354</u>	<u>\$ 300,274</u>	<u>\$ 8,090,042</u>	<u>\$ 824,863</u>

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of changes in long-term liabilities for the year ended April 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
General obligation bonds	\$ 1,070,000	\$ -	\$ 135,000	\$ 935,000	\$ 140,000
Notes from direct borrowings	3,158,476	-	185,122	2,973,354	191,880
Compensated absences	522,758	6,765	-	529,523	-
Net pension liability	4,231,755	17,819	-	4,249,574	-
Governmental activities long-term liabilities	<u>\$ 8,982,989</u>	<u>\$ 24,584</u>	<u>\$ 320,122</u>	<u>\$ 8,687,451</u>	<u>\$ 331,880</u>
<u>Business-type Activities:</u>					
General obligation bonds	\$ 2,130,000	\$ -	\$ 265,000	\$ 1,865,000	\$ 280,000
Notes from direct borrowings	3,559,153	4,733,706	202,817	8,090,042	921,204
Compensated absences	102,166	15,131	-	117,297	-
Business-type activities long-term liabilities	<u>\$ 5,791,319</u>	<u>\$ 4,748,837</u>	<u>\$ 467,817</u>	<u>\$ 10,072,339</u>	<u>\$ 1,201,204</u>

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following is a schedule of interfund receivables and payables for the year ending April 30, 2022.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 2,551,460	\$ 72,206
TIF #1 Fund	-	132,300
TIF #3 Fund	-	2,554,000
Business District Fund	-	596,460
Special Service Area Fund	-	41,076
Playground & Recreation Fund	-	60,000
Debt Service Fund	5,624	-
Cemetery Trust Fund	22,704	-
Waterworks and Sewerage Fund	41,076	-
Electric Light Fund	840,802	5,624
Totals	<u>\$ 3,461,666</u>	<u>\$ 3,461,666</u>

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: CAPITAL ASSETS

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

	Beginning Balance	Additions/ Completions	Retirements/ Deletions	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 863,657	\$ -	\$ -	\$ 863,657
Capital assets, being depreciated:				
Land improvements	1,563,276	-	-	1,563,276
Buildings and improvements	5,806,011	61,290	-	5,867,301
Equipment	2,796,566	71,213	-	2,867,779
Vehicles	2,866,920	350,213	-	3,217,133
Infrastructure	22,814,017	518,956	-	23,332,973
Total capital assets being depreciated	35,846,790	1,001,672	-	36,848,462
Less accumulated depreciation for:				
Land improvements	796,059	60,187	-	856,246
Buildings and improvements	3,472,808	172,480	-	3,645,288
Equipment	1,800,045	157,757	-	1,957,802
Vehicles	2,144,856	131,613	-	2,276,469
Infrastructure	5,382,026	491,910	-	5,873,936
Total accumulated depreciation	13,595,794	1,013,947	-	14,609,741
Total capital assets, being depreciated, net	23,114,653	(12,275)	-	22,238,721
Governmental activities capital assets, net	\$ 23,114,653	\$ (12,275)	\$ -	\$ 23,102,378
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 307,313	\$ -	\$ -	\$ 307,313
Capital assets, being depreciated:				
Buildings and improvements	10,672,677	7,155,113	-	17,827,790
Distribution systems	33,246,808	5,710,455	-	38,957,263
Equipment	877,311	16,138	-	893,449
Vehicles	1,544,898	-	-	1,544,898
Total capital assets, being depreciated	46,341,694	12,881,706	-	59,223,400
Less accumulated depreciation for:				
Buildings and improvements	7,226,587	118,414	-	7,345,001
Distribution systems	13,383,202	848,233	-	14,231,435
Equipment	677,283	34,253	-	711,536
Vehicles	1,025,960	60,630	-	1,086,590
Total accumulated depreciation	22,313,032	1,061,530	-	23,374,562
Total capital assets, being depreciated, net	24,028,662	11,820,176	-	35,848,838
Business-type activities capital assets, net	\$ 24,335,975	\$ 11,820,176	\$ -	\$ 36,156,151

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Governmental activities:	
General government	\$ 122,920
Public safety	92,013
Streets and highways, including depreciation of general infrastructure assets	585,735
Health and welfare	20,091
Cultural and recreational	193,188
Total depreciation expense - governmental activities	<u>\$ 1,013,947</u>
Business-type activities:	
Electric, waterworks and sewerage	<u>\$ 1,061,530</u>

NOTE 7: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2021 was 11.10 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	40
Inactive, non-Retired Members	18
Active Members	<u>50</u>
Total	<u>108</u>

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a "risk-free" rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR 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) 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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 1.84%; and the resulting single discount rate is 7.25%.

Actuarial Valuation Date	12/31/21
Measurement Date of the Net Pension Liability	12/31/21
Fiscal Year End	04/30/22

Development of the Single Discount Rate as of December 31, 2021	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	1.84%
Last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded	2121
Resulting Single Discount Rate based on the above development	7.25%

Single Discount Rate calculated using December 31, 2020 Measurement Date	7.25%
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The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2021.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

Total pension liability	
Service Cost	\$ -
Interest on the Total Pension Liability	1,023,688
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	1,793,336
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(725,338)
Net change in total pension liability	\$ 2,091,686
Total pension liability - beginning	14,482,510
Total pension liability - ending	<u>\$ 16,574,196</u>
Plan fiduciary net position	
Contributions - employer	\$ 372,182
Contributions - employee	151,334
Net investment income	2,567,227
Benefit payments, including refunds of employee contributions	(725,338)
Other (Net Transfer)	(188,630)
Net change in plan fiduciary net position	\$ 2,176,775
Plan fiduciary net position - beginning	15,633,461
Plan fiduciary net position - ending	<u>\$ 17,810,236</u>
Net pension liability/(asset)	<u>\$ (1,236,040)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.46%
Covered valuation payroll	\$ 3,145,618
Net pension liability as a percentage of covered valuation payroll	-39.29%

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	Current Single Discount		
	1% Decrease 6.25%	Rate Assumption 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 18,690,261	\$ 16,574,196	\$ 14,911,961
Plan Fiduciary Net Position	17,810,236	17,810,236	17,810,236
Net Pension Liability/(Asset)	<u>\$ 880,025</u>	<u>\$ (1,236,040)</u>	<u>\$ (2,898,275)</u>

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 143,405	\$ 814,303
Changes in assumptions	82,366	44,643
Subsequent contributions	82,914	
Net difference between projected and actual earnings on pension plan investments	-	1,916,597
Total	<u>\$ 308,685</u>	<u>\$ 2,775,543</u>

Year Ending December 31,	Net Deferred Inflows of Resources
2022	\$ (572,772)
2023	(929,573)
2024	(743,684)
2025	(303,743)
2026	-
	<u>\$ (2,549,772)</u>

2. Sheriff's Law Enforcement Personnel (SLEP)

Plan Description. The City's defined benefit pension plan for certain City SLEP eligible employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Membership in SLEP is based on several factors including the member's role at the employer and type of appointment. SLEP members include many Illinois county sheriffs and deputy sheriffs, correctional officers, forest preserve district rangers, airport police and police chiefs. The Plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Funding Policy. As set by statute, members are required to contribute 7.50 percent 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 annual employer annual required contribution for calendar year 2021 was \$37,753. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	1
Inactive, non-Retired Members	0
Active Members	<u>1</u>
Total	<u>2</u>

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

The *Single Discount Rate* (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR 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) 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 this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 1.84%; and the resulting single discount rate is 7.25%.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Actuarial Valuation Date	12/31/21
Measurement Date of the Net Pension Liability	12/31/21
Fiscal Year End	04/30/22

Development of the Single Discount Rate as of December 31, 2021	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	1.84%
Last year ending December 31 in the 2022 to 2121 projection period	
for which projected benefit payments are fully funded	2121
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2020 Measurement Date	7.25%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2021.

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

Total pension liability	
Service Cost	\$ -
Interest on the Total Pension Liability	36,317
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	83,939
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(36,802)
Net change in total pension liability	\$ 83,454
Total pension liability - beginning	519,321
Total pension liability - ending	<u>\$ 602,775</u>
Plan fiduciary net position	
Contributions - employer	\$ 37,753
Contributions - employee	8,487
Net investment income	56,576
Benefit payments, including refunds of employee contributions	(36,802)
Other (Net Transfer)	(379)
Net change in plan fiduciary net position	\$ 65,635
Plan fiduciary net position - beginning	266,006
Plan fiduciary net position - ending	<u>\$ 331,641</u>
Net pension liability/(asset)	<u>\$ 271,134</u>
Plan fiduciary net position as a percentage of the total pension liability	
	55.02%
Covered valuation payroll	\$ 105,860
Net pension liability as a percentage of covered valuation payroll	256.13%

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Total Pension Liability	\$ 668,437	\$ 602,775	\$ 546,939
Plan Fiduciary Net Position	331,641	331,641	331,641
Net Pension Liability/(Asset)	<u>\$ 336,796</u>	<u>\$ 271,134</u>	<u>\$ 215,298</u>

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 2,240	\$ 25,673
Changes in assumptions	2,911	-
Subsequent contributions	4,728	
Net difference between projected and actual earnings on pension plan investments	-	46,341
Total	<u>\$ 9,879</u>	<u>\$ 72,014</u>

<u>Year Ending December 31,</u>	Net Deferred Inflows of <u>Resources</u>
2022	\$ (15,427)
2023	(29,141)
2024	(14,901)
2025	(7,394)
2026	-
	<u>\$ (66,863)</u>

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Police Pension

a) Plan Description

Plan Administration. The Board consists of two members appointed by the City, two active members of the police department elected by the membership, and one retired member of the police department elected by the membership.

Plan Membership as of April 30, 2022:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	10
Inactive Plan Member Entitled to Deferral of Benefits	-
Active Plan Members	<u>15</u>
Total	<u>25</u>

Benefits Provided.

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of Credited Service. Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.5% of annual salary for each year over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month. Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Cost of Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: An annual increase each January 1 equal to 3.00 per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the twelve months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees. Benefit: A maximum of: a.) 65% of salary attached to the rank held by the member on last day of service, and; b.) The monthly retirement pension that the member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by member on last day of service.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Pre-Retirement Death Benefit:

Service Incurred: 100% of salary attached to rank held by member on last day of service. Non-Service Incurred: A maximum of: a.) 50% of salary attached to the rank held by member on last day of service, and; b.) The monthly retirement pension earned by the deceased member at time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination times creditable service.

Contributions.

Employee: 9.91% of Salary. City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2040.

b) Investments

Investment Policy:

The City follows the guidelines as set by the Illinois Compiled Statutes regarding the targeted investment allocation.

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended April 30, 2022, the annual rate of return on pension plan investments, net of pension plan investment expense, was -5.51%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2022 were as follows:

Total Pension Liability	\$ 11,642,863
Plan Fiduciary Net Position	<u>(7,158,517)</u>
Net Pension Liability	<u>\$ 4,484,346</u>
Plan Fiduciary Net Position	
as a % of Total Pension Liability	61.48%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2022 using the following actuarial assumptions.

Inflation	2.25%
Salary Increases	3.25%
Discount Rate used for the Net Pension Liability	5.48%
Retirement Mortality Rate: Follows the L&A 2020 Assumption Study for Police 2020	
Disabled Mortality Rate: Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants.	

The long-term expected rate of return on pension plan investments was determined using best estimate of future real rates of return (expected returns, net of pension plan investment expenses and inflation) and are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class as of April 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
U.S. Large	23.00%	4.15%
U.S. Small	5.00	4.54
International Developed	18.00	4.64
International Developed Small	5.00	-.25
Emerging Markets	7.00	5.31
Private Equity	7.00	7.15
Bank Loans	3.00	2.48
High Yield Corp Credit	3.00	2.48
Emerging Market Debt	3.00	2.82
Private Credit	5.00	4.37
TIPS	3.00	-.12
Real Estate/Infrastructure	8.00	4.00
Cash	1.00	-.27
Short-Term Gov't/Credit	3.00	.73
U.S. Treasury	3.00	-.60
Core Plus Fixed Income	<u>3.00</u>	.73
Total	<u>100.00%</u>	

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Discount Rate:

The discount rate used to measure the total pension liability was 5.48 percent. The projection of cash flows were used to determine the extent which the plan's future net position will be able to cover future benefit payments. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future projected benefit payments through 2067. To the extent future benefit payments are not covered by the plan's net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of May 01, 2021	\$ 11,182,104	\$ 7,203,664	\$ 3,978,440
Changes for a year			
Service Cost	349,606	-	349,606
Interest	599,049	-	599,049
Differences between expected and actual experience	(421,389)	-	(421,389)
Changes of assumptions	353,198	-	353,198
Changes of benefit terms	-	-	-
Contributions - employer	-	385,907	(385,907)
Contributions - employee	-	385,490	(385,490)
Net investment income	-	(393,917)	393,917
Benefit payments, including refunds	(419,705)	(419,705)	-
Administrative	-	(2,922)	2,922
Net Changes	460,759	(45,147)	505,906
Balances as of April 30, 2021	<u>\$ 11,642,863</u>	<u>\$ 7,158,517</u>	<u>\$ 4,484,346</u>

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	1% Decrease	Current Discount Rate	1% Increase
	<u>4.48%</u>	<u>5.48%</u>	<u>6.48%</u>
Net Pension Liability	\$ 6,415,664	\$ 4,484,346	\$ 2,938,204

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. For the year ended April 30, 2022, the City recognized a pension expense of \$315,983. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 156,183	\$ (417,962)
Changes in assumptions	805,111	(575,021)
Net difference between projected and actual earnings on pension plan investments	360,820	-
Total	<u>\$ 1,322,114</u>	<u>\$ (992,983)</u>

Year Ending <u>April 30,</u>	Net Deferred Inflows of <u>Resources</u>
2023	\$ 151,777
2024	128,543
2025	31,128
2026	110,791
2027	(56,529)
Thereafter	(36,579)
	<u>\$ 329,131</u>

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: SUBSEQUENT EVENTS

The City has evaluated events occurring after the financial statement date through October 17, 2022 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

The City is aware of potential litigation related to old City transformers that were shipped to the Ward Transformer EPA Superfund Site in Raleigh, North Carolina. The transformers allegedly leaked contaminants into the soil at the Ward Site. There is a present action with which the City is not presently involved. However, the EPA has expressed an opinion that the City is liable for a proportionate share of the clean-up costs. As of April 30, 2022, the City is denying liability. The likelihood of an unfavorable outcome is 60% with a range of loss of \$200,000 to \$400,000.

There is an action against the City for withholding monies from a contract for liquidated damages as a result of failing to complete a project within the prescribed times. The matter is proceeding through the court system. The City denies the claim. The likelihood of an unfavorable outcome is 70% with a range of loss of \$50,000 to \$150,000.

There are no other asserted, unasserted or threatened litigation matters that are known at this time.

NOTE 9: LEGAL DEBT MARGIN

The computation of legal debt margin at April 30, 2022 is as follows:

Total EAV - 2021	\$ 164,096,242
Bonded Debt Limit*	14,153,301
Bonded Indebtedness	<u>3,908,354</u>
Legal Debt Margin	<u>\$ 10,244,947</u>

- * The bonded indebtedness of the City is limited by Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes to 8.625% of the assessed valuation of taxable tangible property.

CITY OF MASCOUTAH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 10: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2022:

General Fund Transfer From (To):	
IMRF Fund	\$ 110,547
Cemetery Trust Fund	6,000
TIF #3 Fund Transfer (To):	
Water and Sewer Fund	(702,885)
Electric Light Fund	(3,109,115)
TIF #2 Fund Transfer (To):	
Water and Sewer Fund	(149,699)
Ambulance Fund Transfer From:	
IMRF Fund	47,691
IMRF Fund Transfer (To):	
General Fund	(110,547)
Ambulance Fund	(47,691)
Cemetery Trust Fund Transfer From (To):	
General Fund	(6,000)
Electric Light Fund Transfer From (To):	
TIF #3 Fund	3,109,115
Water and Sewer Fund Transfer From:	
TIF #3 Fund	702,885
TIF #2 Fund	149,699
	<u>\$ -</u>

The City makes various transfers to reimburse funds for expenses that are related to or shared by one fund and paid for by another fund. The transfers are primarily related to debt service payments and IMRF reimbursements.

NOTE 11: REDEVELOPMENT AGREEMENTS

The City entered into a redevelopment agreement with Mascoutah Development LLC on November 21, 2016. The City has agreed to assist with the construction and related costs of the Legacy Place Living and Memory Care facility by providing redevelopment cost reimbursements. The reimbursements will be made using TIF funds. The City has agreed to reimburse 60% of the project's annual property taxes, after annual fees, up to a total amount of \$633,480 through December 31, 2032. For the year ended April 30, 2022, the City reimbursed \$78,189 to the developer. The remaining amount outstanding to be reimbursed in future years is \$413,479.

The City entered into a redevelopment agreement with St. Clair County for an Aeronautical Production Facility and Campus Development in October 2021. The City has agreed to assist with the payment of eligible development costs using TIF funds. The City has agreed to reimburse 60% of the project's annual TIF property taxes, after any payment for agreements with other taxing Districts. The amount of reimbursements are approved up to a total amount of eligible development costs not to exceed \$50,000,000. The initial payment will be based on the first year of assessment after substantial completion of the project with annual payments based on assessments through December 31, 2039, collected in 2040.

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND FOR THE YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual
	Original	Final	(Budget Basis)
Receipts:			
Property Tax	\$ 500,885	\$ 500,885	\$ 431,733
Utility Tax	378,200	378,200	404,025
Hotel Tax	50,000	50,000	87,098
Intergovernmental	2,119,725	2,119,725	3,228,874
Licenses and Permits	267,400	267,400	1,010,145
Charges for Services	440,225	440,225	417,983
Fines and Forfeitures	29,950	29,950	27,029
Investment Earnings	9,500	9,500	9,701
Miscellaneous	18,700	18,700	20,185
Total Receipts	<u>3,814,585</u>	<u>3,814,585</u>	<u>5,636,773</u>
Disbursements			
Current:			
General Government	223,225	223,225	7,715
Public Safety	2,101,550	2,101,550	2,193,782
Streets and Highways	686,600	686,600	621,242
Development	29,100	29,100	18,049
Debt Service	286,120	286,120	286,113
Capital Outlay	805,200	805,200	288,339
Total Disbursements	<u>4,131,795</u>	<u>4,131,795</u>	<u>3,415,240</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(317,210)</u>	<u>(317,210)</u>	<u>2,221,533</u>
Other Financing Sources:			
Transfers In	<u>133,600</u>	<u>133,600</u>	<u>117,230</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (183,610)</u>	<u>\$ (183,610)</u>	<u>2,338,763</u>
Change for reporting on modified accrual basis:			
Change in intergovernmental revenue on modified accrual basis			185,286
Change in utility tax revenue on modified accrual basis			2,315
Change in other receivables on modified accrual basis			2,637
Change in accrued salaries on modified accrual basis			(7,803)
Change in franchise fee revenue on modified accrual basis			761
Change in accounts payable on modified accrual basis			125,915
Change in transfer amount from other funds			<u>(718)</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 2,647,156</u>

CITY OF MASCOUTAH, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
TIF 2B FUND
FOR THE YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual (Budget Basis)
	Original	Budget	
Receipts:			
Property Tax	\$ 1,004,853	\$ 1,004,853	\$ 1,173,367
Investment Earnings	7,500	7,500	4,104
Total Receipts	<u>1,012,353</u>	<u>1,012,353</u>	<u>1,177,471</u>
Disbursements:			
Development	614,500	614,500	355,070
Project Costs	3,384,700	3,384,700	386,849
Total Disbursements	<u>3,999,200</u>	<u>3,999,200</u>	<u>741,919</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>\$ (2,986,847)</u>	<u>\$ (2,986,847)</u>	435,552
Change for reporting on modified accrual basis: None			<u>-</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 435,552</u>

CITY OF MASCOUTAH, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
TIF 3 FUND
FOR THE YEAR ENDED APRIL 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Budget</u>	<u>(Budget Basis)</u>
Receipts:			
Property Tax	\$ 200,000	\$ 200,000	\$ 194,891
Investment Earnings	120	120	44
Total Receipts	<u>200,120</u>	<u>200,120</u>	<u>194,935</u>
Disbursements:			
Debt Payment	120,000	120,000	129,333
Project Costs	<u>20,000</u>	<u>20,000</u>	<u>2,732,058</u>
Total Disbursements	<u>140,000</u>	<u>140,000</u>	<u>2,861,391</u>
Excess (Deficiency) of Receipts Over			
Disbursements	<u>\$ 60,120</u>	<u>\$ 60,120</u>	(2,666,456)
Change for reporting on modified accrual basis:			
Change in accounts payable on modified accrual basis			<u>(726,081)</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (3,392,537)</u>

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND
APRIL 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:								
Service cost	\$ 349,606	\$ 381,090	\$ 356,528	\$ 301,154	\$ 293,029	\$ 277,332	\$ 285,669	\$ 275,565
Interest	599,049	588,336	536,830	504,059	475,167	458,220	382,767	361,003
Changes in benefit terms	-	-	87,726	-	-	-	-	-
Differences between expected and actual	(421,389)	101,209	(75,070)	182,761	15,516	(1,072)	(54,619)	-
Changes in assumptions	353,198	(725,812)	379,169	372,399	141,261	(273,999)	643,200	-
Benefit payments, including refunds	(419,705)	(360,054)	(357,290)	(313,479)	(195,198)	(126,928)	(114,379)	(109,971)
Net change in total pension liability	460,759	(15,231)	927,893	1,046,894	729,775	333,553	1,142,638	526,597
Total pension liability - beginning	<u>11,182,104</u>	<u>11,197,335</u>	<u>10,269,442</u>	<u>9,222,548</u>	<u>8,492,773</u>	<u>8,159,220</u>	<u>7,016,582</u>	<u>6,489,985</u>
Total pension liability - ending	<u>\$ 11,642,863</u>	<u>\$ 11,182,104</u>	<u>\$ 11,197,335</u>	<u>\$ 10,269,442</u>	<u>\$ 9,222,548</u>	<u>\$ 8,492,773</u>	<u>\$ 8,159,220</u>	<u>\$ 7,016,582</u>
Plan Fiduciary Net Position								
Contributions - employer	385,907	368,527	273,655	257,139	241,884	266,669	264,929	261,621
Contributions - employee	394,774	100,925	91,902	80,736	76,508	83,497	82,182	76,899
Net investment income	(397,201)	1,114,715	185,193	264,701	252,385	274,754	(67,680)	206,177
Benefit payments, including refunds	(419,705)	(360,054)	(357,290)	(313,479)	(195,198)	(126,928)	(114,379)	(109,971)
Administrative	(8,922)	(9,934)	(8,623)	(20,154)	(9,240)	(7,649)	(8,215)	(8,844)
Net change in plan fiduciary net position	(45,147)	1,214,179	184,837	268,943	366,339	490,343	156,837	425,882
Plan fiduciary net position - beginning	<u>7,203,664</u>	<u>5,989,485</u>	<u>5,804,648</u>	<u>5,535,705</u>	<u>5,169,366</u>	<u>4,679,023</u>	<u>4,522,186</u>	<u>4,096,304</u>
Plan fiduciary net position - ending	<u>\$ 7,158,517</u>	<u>\$ 7,203,664</u>	<u>\$ 5,989,485</u>	<u>\$ 5,804,648</u>	<u>\$ 5,535,705</u>	<u>\$ 5,169,366</u>	<u>\$ 4,679,023</u>	<u>\$ 4,522,186</u>
Net Pension Liability	<u>\$ 4,484,346</u>	<u>\$ 3,978,440</u>	<u>\$ 5,207,850</u>	<u>\$ 4,464,794</u>	<u>\$ 3,686,843</u>	<u>\$ 3,323,407</u>	<u>\$ 3,480,197</u>	<u>\$ 2,494,396</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>61.48%</u>	<u>64.42%</u>	<u>53.49%</u>	<u>56.52%</u>	<u>60.02%</u>	<u>60.87%</u>	<u>57.35%</u>	<u>64.45%</u>
Covered-employee Payroll	<u>\$ 1,217,054</u>	<u>\$ 976,579</u>	<u>\$ 876,013</u>	<u>\$ 983,630</u>	<u>\$ 952,669</u>	<u>\$ 999,389</u>	<u>\$ 950,533</u>	<u>\$ 936,302</u>
Net position liability as a percentage of covered-employee payroll	<u>368.46%</u>	<u>407.39%</u>	<u>594.49%</u>	<u>453.91%</u>	<u>387.00%</u>	<u>332.54%</u>	<u>366.13%</u>	<u>266.41%</u>

CITY OF MASCOUTAH, ILLINOIS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:							
Service Cost	\$ -	\$ 299,836	\$ 293,822	\$ 266,560	\$ 296,048	\$ 270,111	\$ 265,973
Interest	1,023,688	1,083,646	1,010,399	959,817	952,097	902,425	861,516
Difference between expected and actual experience	1,793,336	(1,328,046)	333,566	51,129	(182,655)	(18,355)	(98,315)
Assumption changes	-	(28,646)	-	403,974	(418,430)	(34,082)	16,114
Benefit payments, including refunds	(725,338)	(682,411)	(578,579)	(533,686)	(525,063)	(480,822)	(489,338)
Net change in total pension liability	2,091,686	(655,621)	1,059,208	1,147,794	121,997	639,277	555,950
Total pension liability - beginning	14,482,510	15,138,131	14,078,923	12,931,129	12,809,132	12,169,855	11,613,905
Total pension liability - ending	<u>\$ 16,574,196</u>	<u>\$ 14,482,510</u>	<u>\$ 15,138,131</u>	<u>\$ 14,078,923</u>	<u>\$ 12,931,129</u>	<u>\$ 12,809,132</u>	<u>\$ 12,169,855</u>
Plan Fiduciary Net Position							
Contributions - employer	372,182	278,154	267,217	325,428	313,655	316,257	295,019
Contributions - employee	151,334	118,195	129,438	121,709	114,760	121,635	109,357
Net investment income	2,567,227	1,929,857	2,131,438	(597,247)	1,867,371	716,818	52,925
Benefit payments, including refunds	(725,338)	(682,411)	(578,579)	(533,686)	(525,063)	(480,822)	(489,338)
Other	(188,630)	53,552	58,084	136,298	(134,468)	(308,642)	(120,996)
Net change in plan fiduciary net position	2,176,775	1,697,347	2,007,598	(547,498)	1,636,255	365,246	(153,033)
Plan fiduciary net position - beginning	15,633,461	13,936,114	11,928,516	12,476,014	10,839,759	10,474,513	10,627,546
Plan fiduciary net position - ending	<u>\$ 17,810,236</u>	<u>\$ 15,633,461</u>	<u>\$ 13,936,114</u>	<u>\$ 11,928,516</u>	<u>\$ 12,476,014</u>	<u>\$ 10,839,759</u>	<u>\$ 10,474,513</u>
Net Pension Liability	<u>\$ (1,236,040)</u>	<u>\$ (1,150,951)</u>	<u>\$ 1,202,017</u>	<u>\$ 2,150,407</u>	<u>\$ 455,115</u>	<u>\$ 1,969,373</u>	<u>\$ 1,695,342</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>107.46%</u>	<u>107.95%</u>	<u>92.06%</u>	<u>84.73%</u>	<u>96.48%</u>	<u>84.63%</u>	<u>86.07%</u>
Covered-employee Payroll	<u>\$ 3,145,618</u>	<u>\$ 2,626,569</u>	<u>\$ 2,876,401</u>	<u>\$ 2,704,646</u>	<u>\$ 2,550,221</u>	<u>\$ 2,693,845</u>	<u>\$ 2,430,144</u>
Net position liability as a percentage of covered-employee payroll	<u>-39.29%</u>	<u>-43.82%</u>	<u>41.79%</u>	<u>79.51%</u>	<u>17.85%</u>	<u>73.11%</u>	<u>69.76%</u>

CITY OF MASCOUATAH, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SLEP FUND
APRIL 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:							
Service Cost	\$ -	\$ 18,597	\$ 17,852	\$ 16,153	\$ -	\$ -	\$ -
Interest	36,317	38,764	36,952	35,490	34,263	62,622	61,336
Difference between expected and actual experience	83,939	(48,433)	5,242	5,278	19,931	(437,196)	5,343
Assumption changes	-	2,951	-	13,198	(12,364)	(25,209)	(6,781)
Benefit payments, including refunds	(36,802)	(35,881)	(34,952)	(34,016)	(33,090)	(37,758)	(63,014)
Net change in total pension liability	83,454	(24,002)	25,094	36,103	8,740	(437,541)	(3,116)
Total pension liability - beginning	<u>519,321</u>	<u>543,323</u>	<u>518,229</u>	<u>482,126</u>	<u>473,386</u>	<u>910,927</u>	<u>914,043</u>
Total pension liability - ending	<u>\$ 602,775</u>	<u>\$ 519,321</u>	<u>\$ 543,323</u>	<u>\$ 518,229</u>	<u>\$ 482,126</u>	<u>\$ 473,386</u>	<u>\$ 910,927</u>
Plan Fiduciary Net Position							
Contributions - employer	37,753	32,273	31,907	12,976	17,077	45,381	45,891
Contributions - employee	8,487	7,157	7,525	7,329	5,700	-	-
Net investment income	56,576	39,942	46,241	(40,423)	45,837	37,131	2,645
Benefit payments, including refunds	(36,802)	(35,881)	(34,952)	(34,016)	(33,090)	(37,758)	(63,014)
Other	(379)	5,251	1,166	13,804	(10,841)	(420,533)	33,795
Net change in plan fiduciary net position	65,635	48,742	51,887	(40,330)	24,683	(375,779)	19,317
Plan fiduciary net position - beginning	<u>266,006</u>	<u>217,264</u>	<u>165,377</u>	<u>205,707</u>	<u>181,024</u>	<u>556,803</u>	<u>537,486</u>
Plan fiduciary net position - ending	<u>\$ 331,641</u>	<u>\$ 266,006</u>	<u>\$ 217,264</u>	<u>\$ 165,377</u>	<u>\$ 205,707</u>	<u>\$ 181,024</u>	<u>\$ 556,803</u>
Net Pension Liability	<u>\$ 271,134</u>	<u>\$ 253,315</u>	<u>\$ 326,059</u>	<u>\$ 352,852</u>	<u>\$ 276,419</u>	<u>\$ 292,362</u>	<u>\$ 354,124</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.02%</u>	<u>51.22%</u>	<u>39.99%</u>	<u>31.91%</u>	<u>42.67%</u>	<u>38.24%</u>	<u>61.12%</u>
Covered-employee Payroll	<u>\$ 105,860</u>	<u>\$ 95,425</u>	<u>\$ 100,338</u>	<u>\$ 97,715</u>	<u>\$ 76,006</u>	<u>\$ -</u>	<u>\$ -</u>
Net position liability as a percentage of covered-employee payroll	<u>256.13%</u>	<u>265.46%</u>	<u>324.96%</u>	<u>361.10%</u>	<u>363.68%</u>	<u>0.00%</u>	<u>0.00%</u>

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
POLICE PENSION FUND
APRIL 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 370,579	\$ 326,232	\$ 258,193	\$ 243,092	\$ 267,716	\$ 268,325	\$ 263,248	\$ 268,829
Contributions in relation to actuarial determined contribution	<u>385,907</u>	<u>368,527</u>	<u>273,655</u>	<u>257,139</u>	<u>241,884</u>	<u>266,669</u>	<u>264,929</u>	<u>261,621</u>
Contribution deficiency (excess)	<u>\$ (15,328)</u>	<u>\$ (42,295)</u>	<u>\$ (15,462)</u>	<u>\$ (14,047)</u>	<u>\$ 25,832</u>	<u>\$ 1,656</u>	<u>\$ (1,681)</u>	<u>\$ 7,208</u>
Covered-employee Payroll	<u>1,217,054</u>	<u>976,579</u>	<u>876,013</u>	<u>983,630</u>	<u>952,669</u>	<u>999,389</u>	<u>950,533</u>	<u>801,416</u>
Contributions as a percentage of covered-employee payroll	<u>31.71%</u>	<u>37.74%</u>	<u>31.24%</u>	<u>26.14%</u>	<u>25.39%</u>	<u>26.68%</u>	<u>27.87%</u>	<u>32.64%</u>

Actuarial valuations are performed as of April 30 each year with the related contributions to be paid in the following year. Actuarial valuation date for above is April 30, 2020.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	20 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Investment Rate of Return	6.25%
Payroll Growth	3.50%
Inflation	2.50%

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 349,164	\$ 278,154	\$ 267,218	\$ 317,255	\$ 289,195	\$ 316,257	\$ 295,019
Contributions in relation to actuarial determined contribution	<u>372,182</u>	<u>278,154</u>	<u>267,217</u>	<u>325,428</u>	<u>313,655</u>	<u>316,257</u>	<u>295,019</u>
Contribution deficiency (excess)	<u>\$ (23,018)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (8,173)</u>	<u>\$ (24,460)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee Payroll	<u>3,145,618</u>	<u>2,626,569</u>	<u>2,876,401</u>	<u>2,704,646</u>	<u>2,550,221</u>	<u>2,693,845</u>	<u>2,430,144</u>
Contributions as a percentage of covered-employee payroll	<u>11.83%</u>	<u>10.59%</u>	<u>9.29%</u>	<u>12.03%</u>	<u>12.30%</u>	<u>11.74%</u>	<u>12.14%</u>

Actuarial valuation date for above is December 31, 2021.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	22 years
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Wage Growth	3.25%
Price Inflation	2.50%

CITY OF MASCOUTAH, ILLINOIS

**SCHEDULE OF CONTRIBUTIONS
SLEP FUND
APRIL 30, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 35,283	\$ 32,273	\$ 31,907	\$ 12,977	\$ 10,154	\$ -	\$ -
Contributions in relation to actuarial determined contribution	<u>37,753</u>	<u>32,273</u>	<u>31,907</u>	<u>12,976</u>	<u>17,077</u>	<u>45,891</u>	<u>45,891</u>
Contribution deficiency (excess)	<u>\$ (2,470)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (6,923)</u>	<u>\$ (45,891)</u>	<u>\$ (45,891)</u>
 Covered-employee Payroll	 <u>105,860</u>	 <u>95,425</u>	 <u>100,338</u>	 <u>97,715</u>	 <u>76,006</u>	 <u>-</u>	 <u>-</u>
 Contributions as a percentage of covered-employee payroll	 <u>35.66%</u>	 <u>33.82%</u>	 <u>31.80%</u>	 <u>13.28%</u>	 <u>22.47%</u>	 <u>0.00%</u>	 <u>0.00%</u>

Actuarial valuation date for above is December 31, 2021.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	22 years
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Wage Growth	3.25%
Price Inflation	2.50%

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF INVESTMENT RETURNS

POLICE PENSION FUND

APRIL 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual rate of return, net of investment expense	-5.51%	18.61%	3.19%	4.78%	4.88%	5.87%	-1.50%	5.41%

CITY OF MASCOUTAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2022

	Total Special Revenue	Debt Service	Permanent Fund Cemetery Trust	Total Nonmajor Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 3,543,095	\$ 268,411	\$ -	\$ 3,811,506
Receivables (Net of Allowance for Doubtful Accounts):				
Property Tax	1,456,000	182,000	-	1,638,000
Intergovernmental	52,853	-	-	52,853
Other	78,640	-	-	78,640
Due from Other Funds	-	5,624	22,704	28,328
Restricted Cash and Investments	-	-	327,585	327,585
Total Assets	<u>\$ 5,130,588</u>	<u>\$ 456,035</u>	<u>\$ 350,289</u>	<u>\$ 5,936,912</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>				
Liabilities:				
Accrued Payroll and Benefits	\$ 25,248	\$ -	\$ -	\$ 25,248
Accounts Payable	95,353	-	-	95,353
Due to Other Funds	829,836	-	-	829,836
Total Liabilities	<u>950,437</u>	<u>-</u>	<u>-</u>	<u>950,437</u>
Deferred Inflows of Resources				
Unearned Revenue	<u>1,464,546</u>	<u>182,000</u>	<u>-</u>	<u>1,646,546</u>
Fund Balances:				
Nonspendable	-	-	350,289	350,289
Restricted For:				
Debt Service	-	274,035	-	274,035
Revenue Restrictions	3,074,214	-	-	3,074,214
Unassigned	(358,609)	-	-	(358,609)
Total Fund Balances	<u>2,715,605</u>	<u>274,035</u>	<u>350,289</u>	<u>3,339,929</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,130,588</u>	<u>\$ 456,035</u>	<u>\$ 350,289</u>	<u>\$ 5,936,912</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED APRIL 30, 2022

	Total Special Revenue	Debt Service	Permanent Fund Cemetery Trust	Total Nonmajor Governmental Funds
Revenues:				
Property Tax	\$ 1,643,703	\$ 181,485	\$ -	\$ 1,825,188
Intergovernmental	695,645	-	-	695,645
Licenses, Permits and Fees	19,291	-	-	19,291
Charges for Services	617,699	-	3,240	620,939
Fines and Forfeitures	1,434	-	-	1,434
Investment Income	8,332	749	8,089	17,170
Contributions	13,634	-	-	13,634
Miscellaneous	17,749	-	-	17,749
Total Revenues	<u>3,017,487</u>	<u>182,234</u>	<u>11,329</u>	<u>3,211,050</u>
Expenditures:				
Current:				
General Government	-	-	550	550
Public Safety	85,367	-	-	85,367
Streets and Highways	159,208	-	-	159,208
Health & Welfare	881,434	-	-	881,434
Cultural and Recreational	766,809	-	-	766,809
Capital Outlay	642,168	-	-	642,168
Debt Service:				
Principal	5,489	135,000	-	140,489
Interest and Fiscal Charges	8,486	45,304	-	53,790
Total Expenditures	<u>2,548,961</u>	<u>180,304</u>	<u>550</u>	<u>2,729,815</u>
Excess (Deficiency) of Revenues Over Expenditures	468,526	1,930	10,779	481,235
Other Financing Sources (Uses):				
Transfers In	47,691	-	-	47,691
Transfers Out	(158,238)	-	(6,000)	(164,238)
Total Other Financing Sources (Uses)	<u>(110,547)</u>	<u>-</u>	<u>(6,000)</u>	<u>(116,547)</u>
Net Change in Fund Balances	357,979	1,930	4,779	364,688
Fund Balances, Beginning of Year	<u>2,357,626</u>	<u>272,105</u>	<u>345,510</u>	<u>2,975,241</u>
Fund Balances, End of Year	<u>\$ 2,715,605</u>	<u>\$ 274,035</u>	<u>\$ 350,289</u>	<u>\$ 3,339,929</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
APRIL 30, 2022

	Fire	Playground & Recreation	Motor Fuel Tax	TIF #1	Ambulance	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
<u>Assets</u>										
Cash and Cash Equivalents	\$ 153,837	\$ 2,272	\$ 1,356,891	\$ 1,121	\$ 1,027,736	\$ 400,458	\$ 443,245	\$ 112,969	\$ 44,566	\$ 3,543,095
Receivables (Net of Allowance for Doubtful Accounts):										
Property Tax	164,000	280,000	-	-	403,000	-	438,000	171,000	-	1,456,000
Intergovernmental	-	-	28,751	-	-	24,102	-	-	-	52,853
Accounts	-	12,777	-	-	65,863	-	-	-	-	78,640
Total Assets	<u>\$ 317,837</u>	<u>\$ 295,049</u>	<u>\$ 1,385,642</u>	<u>\$ 1,121</u>	<u>\$ 1,496,599</u>	<u>\$ 424,560</u>	<u>\$ 881,245</u>	<u>\$ 283,969</u>	<u>\$ 44,566</u>	<u>\$ 5,130,588</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>										
Liabilities:										
Accrued Payroll and Benefits	\$ -	\$ 2,033	\$ -	\$ -	\$ 12,081	\$ -	\$ 11,134	\$ -	\$ -	\$ 25,248
Accounts Payable	348	-	-	-	29,758	-	4,418	60,829	-	95,353
Due to Other Funds	-	60,000	-	132,300	-	596,460	-	-	41,076	829,836
Total Liabilities	<u>348</u>	<u>62,033</u>	<u>-</u>	<u>132,300</u>	<u>41,839</u>	<u>596,460</u>	<u>15,552</u>	<u>60,829</u>	<u>41,076</u>	<u>950,437</u>
Deferred Inflows of Resources:										
Unearned Revenue	<u>164,000</u>	<u>280,000</u>	<u>-</u>	<u>-</u>	<u>403,000</u>	<u>8,546</u>	<u>438,000</u>	<u>171,000</u>	<u>-</u>	<u>1,464,546</u>
Fund Balance (Deficit):										
Restricted	153,489	-	1,385,642	-	1,051,760	-	427,693	52,140	3,490	3,074,214
Unassigned	-	(46,984)	-	(131,179)	-	(180,446)	-	-	-	(358,609)
Total Fund Balance (Deficit)	<u>153,489</u>	<u>(46,984)</u>	<u>1,385,642</u>	<u>(131,179)</u>	<u>1,051,760</u>	<u>(180,446)</u>	<u>427,693</u>	<u>52,140</u>	<u>3,490</u>	<u>2,715,605</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 317,837</u>	<u>\$ 295,049</u>	<u>\$ 1,385,642</u>	<u>\$ 1,121</u>	<u>\$ 1,496,599</u>	<u>\$ 424,560</u>	<u>\$ 881,245</u>	<u>\$ 283,969</u>	<u>\$ 44,566</u>	<u>\$ 5,130,588</u>

CITY OF MASCOUTAH, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	Fire	Playground & Recreation	Motor Fuel Tax	TIF #1	Ambulance	Business District	Public Library	Illinois Municipal Retirement	Special Service Area	Total
Revenues:										
Property Tax	\$ 158,572	\$ 273,846	\$ -	\$ -	\$ 616,303	\$ -	\$ 413,302	\$ 165,460	\$ 16,220	\$ 1,643,703
Intergovernmental	-	15,870	551,973	-	-	93,871	33,931	-	-	695,645
Licenses, Permits and Fees	8,550	6,040	-	-	-	-	4,701	-	-	19,291
Charges for Services	-	146,019	-	-	470,401	-	1,279	-	-	617,699
Fines and Forfeitures	-	-	-	-	-	-	1,434	-	-	1,434
Investment Income	1,022	483	3,246	2	2,405	-	1,020	154	-	8,332
Contributions	-	-	-	-	-	-	13,634	-	-	13,634
Miscellaneous	-	-	-	-	-	-	17,749	-	-	17,749
Total Revenues	<u>168,144</u>	<u>442,258</u>	<u>555,219</u>	<u>2</u>	<u>1,089,109</u>	<u>93,871</u>	<u>487,050</u>	<u>165,614</u>	<u>16,220</u>	<u>3,017,487</u>
Expenditures:										
Current:										
Public Safety	85,367	-	-	-	-	-	-	-	-	85,367
Streets and Highways	-	-	159,208	-	-	-	-	-	-	159,208
Health & Welfare	-	-	-	-	881,434	-	-	-	-	881,434
Cultural and Recreational	-	310,709	-	-	-	-	456,100	-	-	766,809
Debt Service:										
Principal	-	-	-	-	-	-	-	-	5,489	5,489
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	8,486	8,486
Capital Outlay	270,939	243,316	100,000	-	27,913	-	-	-	-	642,168
Total Expenditures	<u>356,306</u>	<u>554,025</u>	<u>259,208</u>	<u>-</u>	<u>909,347</u>	<u>-</u>	<u>456,100</u>	<u>-</u>	<u>13,975</u>	<u>2,548,961</u>
Excess of Revenues Over Expenditures	<u>(188,162)</u>	<u>(111,767)</u>	<u>296,011</u>	<u>2</u>	<u>179,762</u>	<u>93,871</u>	<u>30,950</u>	<u>165,614</u>	<u>2,245</u>	<u>468,526</u>
Other Financing Sources (Uses):										
Transfers In	-	-	-	-	47,691	-	-	-	-	47,691
Transfers Out	-	-	-	-	-	-	-	(158,238)	-	(158,238)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,691</u>	<u>-</u>	<u>-</u>	<u>(158,238)</u>	<u>-</u>	<u>(110,547)</u>
Net Change in Fund Balances	(188,162)	(111,767)	296,011	2	227,453	93,871	30,950	7,376	2,245	357,979
Fund Balance (Deficit), Beginning of Year	341,651	64,783	1,089,631	(131,181)	824,307	(274,317)	396,743	44,764	1,245	2,357,626
Fund Balance (Deficit), End of Year	<u>\$ 153,489</u>	<u>\$ (46,984)</u>	<u>\$ 1,385,642</u>	<u>\$ (131,179)</u>	<u>\$ 1,051,760</u>	<u>\$ (180,446)</u>	<u>\$ 427,693</u>	<u>\$ 52,140</u>	<u>\$ 3,490</u>	<u>\$ 2,715,605</u>

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF TAX RATES, EXTENSIONS AND COLLECTIONS
APRIL 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assessed Valuation	<u>\$ 145,899,082</u>	<u>\$ 141,987,320</u>	<u>\$ 139,146,429</u>	<u>\$ 135,531,447</u>	<u>\$ 128,716,679</u>	<u>\$ 124,871,274</u>	<u>\$ 121,551,273</u>	<u>\$ 124,234,550</u>	<u>\$ 121,995,577</u>	<u>\$ 117,798,572</u>
Tax Rates:										
General	\$ 0.3496	\$ 0.2624	\$ 0.3038	\$ 0.3120	\$ 0.3098	\$ 0.2891	\$ 0.3047	\$ 0.3904	\$ 0.3796	\$ 0.3781
Playground	0.1920	0.1948	0.1941	0.1865	0.1886	0.1841	0.1909	0.1771	0.1722	0.1703
Fire Protection	0.1125	0.1128	0.1189	0.1192	0.1197	0.1189	0.1251	0.1127	0.1126	0.1105
Ambulance	0.2762	0.3371	0.3525	0.3542	0.3605	0.3584	0.3075	0.2641	0.2423	0.2107
Police Pension	0.2674	0.2610	0.1977	0.1906	0.1889	0.2144	0.2189	0.2119	0.2204	0.2375
IMRF	0.1173	0.1177	0.1194	0.1203	0.1130	0.1106	0.1115	0.1019	0.1046	0.1105
Bond and Interest	0.1250	0.1291	0.1284	0.1319	0.1397	0.1446	0.1615	0.1620	0.1647	0.1770
Library	0.3002	0.2940	0.2868	0.2804	0.2867	0.2741	0.2888	0.2881	0.2810	0.2740
Total	<u>\$ 1.7402</u>	<u>\$ 1.7089</u>	<u>\$ 1.7016</u>	<u>\$ 1.6951</u>	<u>\$ 1.7069</u>	<u>\$ 1.6942</u>	<u>\$ 1.7089</u>	<u>\$ 1.7082</u>	<u>\$ 1.6774</u>	<u>\$ 1.6686</u>
Tax Extensions:										
General	\$ 510,063	\$ 372,575	\$ 422,727	\$ 422,858	\$ 398,764	\$ 361,003	\$ 370,367	\$ 485,012	\$ 463,095	\$ 445,396
Playground	280,126	276,591	270,083	252,766	242,760	229,888	232,041	220,019	210,076	200,611
Fire Protection	164,136	160,162	165,445	161,554	154,074	148,472	152,061	140,012	137,367	130,167
Ambulance	402,973	478,639	490,491	480,052	464,024	447,538	373,770	328,103	295,595	248,202
Police Pension	390,134	370,587	275,093	258,323	243,146	267,724	266,076	263,253	268,878	279,772
IMRF	171,140	167,119	166,141	163,044	145,450	138,108	135,530	126,595	127,607	130,167
Bond and Interest	182,374	183,306	178,664	178,766	179,817	180,564	196,305	201,260	200,927	208,503
Library	437,989	417,443	399,072	380,030	369,031	342,272	351,040	357,920	342,808	322,768
Total	<u>\$ 2,538,935</u>	<u>\$ 2,426,422</u>	<u>\$ 2,367,716</u>	<u>\$ 2,297,393</u>	<u>\$ 2,197,066</u>	<u>\$ 2,115,569</u>	<u>\$ 2,077,190</u>	<u>\$ 2,122,174</u>	<u>\$ 2,046,353</u>	<u>\$ 1,965,586</u>
Tax Collections	<u>\$ -</u>	<u>\$ 2,402,211</u>	<u>\$ 2,345,476</u>	<u>\$ 2,281,529</u>	<u>\$ 2,185,941</u>	<u>\$ 2,108,020</u>	<u>\$ 2,065,972</u>	<u>2,111,440</u>	<u>\$ 2,036,778</u>	<u>\$ 1,955,940</u>
Percentage Collected	<u>0.00%</u>	<u>99.00%</u>	<u>99.06%</u>	<u>99.31%</u>	<u>99.49%</u>	<u>99.64%</u>	<u>99.46%</u>	<u>99.49%</u>	<u>99.53%</u>	<u>99.51%</u>



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Council
City of Mascoutah, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mascoutah, Illinois as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Mascoutah, Illinois' basic financial statements, and have issued our report thereon dated October 17, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mascoutah, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C. J. Schlusser & Company LLC

Certified Public Accountants
Alton, Illinois
October 17, 2022



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Council
City of Mascoutah, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Mascoutah, Illinois' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Mascoutah, Illinois' major federal programs for the year ended April 30, 2022. The City of Mascoutah, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Mascoutah, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Mascoutah, Illinois and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Mascoutah, Illinois' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Mascoutah, Illinois' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Mascoutah, Illinois' compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Mascoutah, Illinois' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Mascoutah, Illinois' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Mascoutah, Illinois' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Mascoutah, Illinois' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

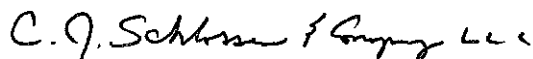
Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Alton, Illinois
October 17, 2022

CITY OF MASCOUTAH, ILLINOIS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2022**

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program or Award Amount</u>	<u>Federal Disbursements/ Expenditures</u>
<u>Department of the Treasury</u>				
Passed Through State of Illinois Commerce and Economic Opportunity:				
Coronavirus Local Fiscal Recovery Fund	21.017	IL5195	\$ 1,086,738	<u>\$ 543,369</u>
<u>United States Environmental Protection Agency</u>				
Passed Through State of Illinois Environmental Protection Agency				
Capitalization Grants for the Clean				
Water State Revolving Fund	66.458	L17-5101		<u>\$ 3,122,848</u>
Total Federal Awards				<u>\$ 3,666,217</u>

No awards were passed through to Sub-recipients

See notes to schedule of expenditures of federal awards

CITY OF MASCOUTAH, ILLINOIS

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
APRIL 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Federal Awards presents the activity of all federal award programs of the City of Mascoutah, Illinois. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The City did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended April 30, 2022.

Subrecipient Monitoring

The City did not provide any funds to subrecipients for federal funds.

Indirect Cost Rate

The City elected to use the de minimis indirect cost rate of 10%.

CITY OF MASCOUTAH, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

APRIL 30, 2022

Part 1 -- Summary of Auditor's Results

- (a) The independent accountants' report expresses an unmodified opinion on the governmental activities and the business-type activities and fund financial statements.
- (b) No significant deficiencies or material weaknesses in internal control were disclosed during the audit of the financial statements which would be required to be reported in accordance with Government Auditing Standards.
- (c) No instances of noncompliance material to the financial statements were disclosed during the audit which would be required to be reported in accordance with Governmental Auditing Standards.
- (d) No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit of the financial statements of the City.
- (e) An unmodified opinion was issued in the report on compliance for major programs.
- (f) The audit did not disclose any findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- (g) The City's major program is Capitalization Grants for the Clean Water State Revolving Fund - CFDA #66.458.
- (h) The dollar threshold to distinguish between Type A and Type B programs is \$750,000.
- (i) The City did not qualify as a low-risk auditee under Section .530.

Part 2 -- The City has no findings to the financial statements that are required to be reported in accordance with GAGAS.

Part 3 -- The City has no findings or questioned costs for federal awards

CITY OF MASCOUTAH, ILLINOIS

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
APRIL 30, 2022**

None

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT

To the Mayor and City Council
City of Mascoutah, Illinois

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 Mascoutah, Illinois, 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 of Mascoutah, Illinois, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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 generally accepted auditing standards, we:

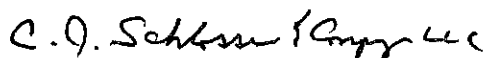
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.

Other Matters

The management of the City of Mascoutah, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the City of Mascoutah, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the City of Mascoutah, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".



Certified Public Accountants
Alton, Illinois
October 17, 2022