



2021

Annual Comprehensive Financial Report

Year Ended December 31, 2021

**Annual Comprehensive
Financial Report
of the City of Galesburg, Illinois**

For the Fiscal Year Ended December 31, 2021

Prepared by: Finance Department

City of Galesburg, Illinois

Table of Contents
December 31, 2021

	<u>Page</u>
Introductory Section	
Transmittal Letter	i
Certificate of Achievement for Excellence in Financial Reporting	xiii
Organization Chart	xiv
Elected and Appointed City Officials	xv
Financial Section	
Independent Auditors' Report	1
Required Supplementary Information	
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	17
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	24
Statement of Net Position - Proprietary Funds	25
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	27
Statement of Cash Flows - Proprietary Funds	28
Statement of Fiduciary Net Position - Fiduciary Funds	30
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	31
Notes to Basic Financial Statements	32

City of Galesburg, Illinois

Table of Contents
December 31, 2021

	<u>Page</u>
Required Supplementary Information	
Historical Pension and Other Postemployment Benefit Information:	
Illinois Municipal Retirement Fund:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	93
Schedule of Employer Contributions	96
Illinois Municipal Retirement Fund - Town of the City of Galesburg:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	98
Schedule of Employer Contributions	100
Police Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	101
Schedule of Employer Contributions	103
Schedule of Investment Returns	104
Firefighters' Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	105
Schedule of Employer Contributions	107
Schedule of Investment Returns	108
Other Postemployment Benefit Plan:	
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	109
Schedule of Employer Contributions	110
Schedule of Investment Returns	111
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	112
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Economic Development Fund - Major Special Revenue Fund	113
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Parks and Recreation Fund - Major Special Revenue Fund	114
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grants Fund - Major Special Revenue Fund	115
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Public Transportation Fund - Major Special Revenue Fund	116
Notes to Required Supplementary Information	117
Supplementary Information	
Nonmajor Governmental Funds:	
Combining Balance Sheet	118

City of Galesburg, Illinois

Table of Contents
December 31, 2021

	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	122
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
City Gas Tax Fund	126
Motor Fuel Tax Fund	127
State Special Enforcement Fund	128
Stormwater Utility Fund	129
Foreign Fire Fund	130
Airport Fund	131
Property Redevelopment Fund	132
Public Transportation Projects Fund	133
911 Communication Fund	134
Town of the City of Galesburg Fund	135
Debt Service Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
2011C Business Park Fund	136
2013A GO Bonds Business District Fund	137
2016 GO Bond Debt Service Fund	138
Capital Projects Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
2013A Business District Fund	139
Utility Tax Capital Projects Fund	140
TIF 3 Regency Capital Project Fund	141
Building Repair and Maintenance Fund	142
TIF Downtown Fund	143
TIF East Main Fund	144
Computer Replacement Fund	145
Vehicle Replacement Fund	146
Players Fields Fund	147
Capital Planning Fund	148
TIF IV Fund	149
TIF V Fund	150
Permanent Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Linwood Cemetery Fund	151
East Linwood Cemetery Fund	152

City of Galesburg, Illinois

Table of Contents
December 31, 2021

	<u>Page</u>
Component Unit	
Statement of Net Position and Governmental Funds Combining Balance Sheet	153
Statement of Activities and Governmental Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances	154
Statistical Section (Unaudited)	
Contents	155
Comments Relative to Statistical Section	156
Financial Trends	
Net Position by Component - Last Ten Fiscal Years	157
Changes in Net Position - Last Ten Fiscal Years	159
Fund Balances, Governmental Funds - Last Ten Fiscal Years	163
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	165
Revenue Capacity	
Direct and Overlapping Property Tax Rates - Last Ten Tax Years	167
Assessed Value and Actual Value of Taxable Property - Last Ten Tax Years	169
Principal Property Taxpayers - Current Year and Ten Years Ago	171
Property Tax Levies and Collections - Last Ten Tax Years	172
Taxable Sales by Category - Last Ten Tax Years	173
Direct and Overlapping Sales Tax Rates - Last Ten Tax Years	175
Debt Capacity	
Ratio of Net General Bonded Debt Outstanding by Type - Last Ten Fiscal Years	176
Direct and Overlapping Governmental Activities Debt	178
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Fiscal Years	179
Principal Employers - Current Year and Ten Years Ago	180
Full-time Equivalent City Government Employees by Functions/Programs - Last Ten Fiscal Years	181
Operating Information	
Operating Indicators by Function - Last Ten Fiscal Years	183
Capital Asset Statistics by Function - Last Ten Fiscal Years	185



June 24, 2022

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Galesburg:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon, a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Baker Tilly has issued an unmodified ("clean") opinion on the City of Galesburg's financial statements for the year ended December 31, 2021. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The city of Galesburg, incorporated on February 14, 1857, is located on Interstate 74 in northwest Illinois. Galesburg is located approximately 50 miles east of the Mississippi River. Galesburg is central 45 miles from both Peoria and the Quad Cities on I-74, and a three-hour train ride from downtown Chicago via Amtrak. This central location allows residents to be able to access a variety of different cities with ease. It currently occupies approximately 17.75 square miles and, based on the 2020 U.S. Census Bureau estimate, serves a population of 30,052. The City of Galesburg (City) is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City is a home rule municipality and has operated under the Council-Manager form of government since 1957. Policy-making and legislative authority are vested in a governing council (Council) consisting of seven council members and a mayor. The Council appoints the government's city manager, who in turn appoints the heads of the various departments. The council members are elected, for four-year terms, from defined city wards. Residents of each ward vote for their ward's council member only. All city residents elect the mayor for a four-year term.

The City of Galesburg provides a full range of services, including police and fire protection, water service, refuse collection, recycling collection, landscape waste collection, parks, campground, municipal airport, municipal golf course, municipal indoor swimming pool, water park, recreational programs, public library, cemeteries, and the care of streets and sidewalks. The City of Galesburg also is financially accountable for a legally separated public library and the Town of the City of Galesburg, both of which are reported separately within the City of Galesburg's

financial statements. Additional information on these legally separate entities can be found in the notes to the financial statements.

The Council is required to adopt a final budget before the beginning of the fiscal year to which it applies. This annual budget serves as the foundation for the City of Galesburg's financial planning and control. The budget is prepared by fund, function (e.g., public safety) and department (e.g., police). Department heads may transfer resources within a division as they see fit. Transfer between departments, however, need special approval from the City Council.

Local economy

Galesburg is a strategic location for distribution operations, trans-loading, rail equipment manufacturing, assembly and repair operations, and value-added agribusiness. Due to its advantageous location, three industrial parks were created in the mid to late 1990's. In 2003, the City Council acquired additional land, 350 acres, which is adjacent to Interstate 74 to help more companies serve the consumers in or around the Galesburg market.

Central location and major transportation assets are among the greatest assets the Galesburg area has to offer. Galesburg's transportation industry has been a central component of its revitalization efforts. Burlington Northern Santa Fe (BNSF) Railway Company employs approximately 1,000 workers in the Galesburg Classification yard. BNSF operates various main lines that converge on Galesburg. Numerous trains travel through Galesburg before being re-routed to their destination.

There are various industrial facilities in the city that provide multiple benefits to the local economy. Examples include United Facilities, a large food warehousing and distribution facility; Midstate Manufacturing offering metal fabrication; and Blick Art Materials, an art supply mail order and distribution facility along with having store fronts in many cities. Another manufacturing company which provides employment in the city is ILPEA which manufactures such things as plastic gaskets. In 2014, Pegasus Manufacturing located to Galesburg from California. Pegasus is a contract manufacturer of complex machined parts and assemblies for the food processing, automotive, industrial, and mold & die industries.

In 2018, Jupiter Machine Tool, Inc. opened its new facility in the community. The company specializes in making computer-numerical controlled manufacturing equipment that other manufacturing companies buy and then use for their operations. Also, announced in 2018, Midstate Manufacturing purchased two existing buildings on McClure Street and Monmouth Boulevard for expansion purposes.

In 2019, Phoenix Investors purchased the former Maytag facility and commenced a complete renovation of the existing building. One of the buildings consists of approximately 855,000 square feet. The other building has approximately 462,000 square feet.

In 2020, Innovative Production USA announced the opening of their manufacturing company in Galesburg. The company focus is on converting sustainably grown agricultural inputs into high-quality plant-based food ingredients. The company works in supplying plant-based ingredients to other food processing companies creating food products such as snack bars and protein shakes.

Sitka Salmon Shares, a subscription-based seller of fish, is a small business that Galesburg continues to grow due to Sitka acquiring another business located in Alaska. In 2015, the company purchased Big Blue Fisheries, a fish processing facility in Sitka, Alaska, which assists

Sitka by creating a more integrated supply chain. In 2016, Sitka Salmon Shares expanded into a larger warehouse section to increase its freezer capacity to allow member growth.

The city continues to see growth in the retail sector. The community has seen the construction of a variety of retail establishments such as the Casey's General Store which opened on Seminary Street in the summer of 2015. Also, in 2015, the Super Clean Car Wash was built on Carl Sandburg Drive west of the new Casey's. The car wash is a 110-foot tunnel wash that both washes and dries the car and has the capacity to clean up to 100 cars per hour. Blush Salon and Spa opened on Main Street in 2015 and offers a variety of services. In 2015, Midwest Uniform Supply which offers mostly medical attire, mainly scrubs, and embroidery services moved its location up Seminary Street. Another retail store, which opened in 2015, includes a two-level antique shop, the Junk Drawer, on Cherry Street. In 2016, a renovation of an existing building was completed to house Slumberland Furniture. A newly constructed Hy-Vee gas station and convenience store was located on North Henderson Street in front of the Hy-Vee grocery store during the calendar year of 2016. In 2017, the Yemm Chevrolet dealership, on Henderson Street, completed the construction of a second building to provide additional showroom space for its vehicles. Also, in 2017, Scott Equipment which sales power equipment and tools as well as performs equipment repair services opened its doors on North Linwood Road. In 2019, a Verizon store opened on North Henderson Street. In 2020, Nature's Treatment refurbished a building and opened its cannabis dispensary business.

Various establishments opened their doors in 2021. Desert Down Ranch Wear opened to provide another women's boutique that brings the latest in stylish western fashion, leather accessories and turquoise jewelry. Also opening in late 2021, is the Sprinkle and Spon Allergy-Conscious Treats on Seminary Street which features plant based, allergy-friendly desserts. Reserve Artisan Ales and The Vault opened its facility and includes a pour-your-own style brewery featuring craft beer and a covered patio. The Vault will be a modern industrial event space within the Reserve Artisan Ales. The 18,000 square foot brick building was home to many businesses including car dealerships.

In 2017, Discovery Depot, a children's museum, announced the expansion of exhibits to the second floor of their existing building which allows the museum to attract more visitors. The expansion was possible due to the museum's capital campaign that raised \$1.6 million. The City of Galesburg also provided TIF funding to the museum for the various projects.

Seminary Square, a 140-acre regional shopping center, is anchored by Wal-Mart Supercenter and Menard's. The shopping center also includes retail and a few restaurants such as Rue 21, Maurice's, and Buffalo Wild Wings. In 2012, the Toyota dealership constructed a new building in the highly traffic area of Seminary Square. After the Toyota dealership made the move, the locally owned Nissan dealership relocated to the former Toyota dealership on North Henderson Street. After the move, the Nissan dealership building went through a new façade, a remodeling of the interior of the building, all of which has brighten up the appearance of the site. In 2016, Kohl's store, Pet Supplies Plus, and Aspen Dental opened in the Seminary Square Center. In 2017, Kay Jewelers and Hibbett Sports opened their stores in Seminary Square. In 2019, Knox Family Dental opened its doors to new dental patients. In 2020, Guacamole Grill opened its restaurant in the Seminary Square shopping center. It is anticipated, in 2022, that Shoe Sensation will open a new store at Seminary Square.

In 2018, developers announced the grand opening of the Galesburg Crossings, a new shopping center in the former Walmart building at Henderson Street and Carl Sandburg Drive. Four stores located in the building and include PetSmart, Harbor Freight Tools and Five Below. The fourth store, Marshalls, opened in 2019. In 2020, the Dollar Tree store relocated from North Henderson Street to a retail spot at the Galesburg Crossings. The City of Galesburg and the Knox County Area Partnership for Economic Development were key partners and were instrumental in bringing these national companies to the community, generating jobs and tax revenues.

In 2015, a Holiday Inn Express & Suites opened on East Main Street. The prior Holiday Inn on Washington Street was renovated and converted into a Baymont Inn & Suites. Some other commercial and retail expansion include an Aldi grocery store which constructed a site in the Gale Village development on North Seminary Street and opened in 2013. In 2019, Aldi's added an additional 1,200 square feet in order to provide additional products for its customers.

In regards to restaurants, in 2015, the construction of a Happy Joe's restaurant was completed on North Henderson Street. In 2016, the city welcomed an additional restaurant, Taco John's on North Henderson Street. Also, in 2016, Arby's restaurant demolished its old building and constructed a new restaurant at the same location on North Henderson Street. Finally, in 2016, Pizza Ranch opened its doors next to the Aldi's grocery store on North Seminary Street. In 2017, two downtown restaurants opened, the Masa Sushi and Hibachi Steakhouse, which offers a variety of sushi entrees and traditional hibachi dinners and the Koreana Restaurant which features South Korean cuisine. Also, in 2017, Starbucks opened on North Henderson Street. In late 2017, Burger King opened its new restaurant on Seminary Street next to Casey's General Store. In 2018, more restaurants opened. These restaurants include 156 East on Main Street, Craft Butcher and Deli on Seminary Street and Carriage House Bakery, Coffee and Ice Cream Shop also on Seminary Street. In 2019 Culver's Restaurant open on North Henderson Street. Also, in 2019, McAlister's Deli opened on Gale Village Drive, Jimmy's Pizza in the downtown area, Judy's Family Café on North Broad Street, and Papa John's on North Henderson Street. In 2020, more restaurants opened in the city which includes La Cantinita and Lenny's Grill & Subs.

Galesburg has attracted employers due to the city's low costs, market access and transportation assets. Retail developments in the downtown area include Jimmy John's and Iron Spike Brewery. In 2017, a new shoe store, 6140Run! also located in the community. Through programs such as the City's Revolving Loan Program, funds are made available for new entrepreneurs and small business start-ups. Business start-ups occurred along Seminary Street and Main Street. Small business start-ups such as Denim and Pearls has impacted the city's economy in a positive way.

The facade improvements approved along Main Street have impacted the local economy by creating a vibrant and thriving downtown area. In 2015, Council approved a façade grant for 250 E Main Street. The scope of work involved window replacement on the north and east sides of the first floor and installation of new vestibules on the north and east sides. In 2016, a former bank building was renovated to house a 24-hour, 10,000 square foot, Knox County YMCA location to provide its members with two locations in the community. In 2017, the City Council approved a TIF and façade agreement for the Cornucopia, an artisan and specialty grocery store which is located on South Seminary Street. In 2018, the City Council approved a façade agreement for 41 South Seminary Street. This improvement is for the site of a butcher shop and farm-to-table seasonal deli. In 2020, the City Council approved the façade assistance for 169 North Broad Street for the Safe Harbor Family Crisis Center Purple Hanger Resale Shoppe. Also, in 2020, a façade grant was provided to 66 North Seminary Street to assist in the restoration of the exterior of the building.

In 2017, the City was awarded a \$378,000 grant through the Illinois Housing Development Authority's (IHDA) single-family rehabilitation grant program to make repairs on low-income houses over the next two year. The grant allows the City to present forgivable loans to approximately nine homeowners, depending on the cost of the work required in the homes. The homes selected for the program were required to be existing residential properties privately owned and used as the owner's primary residence. The City committed \$20,000 in matching funds for the grant. In 2017, the City was also awarded a grant worth \$40,000 through IHDA's Abandoned Residential Property Municipal Relief Program. The grant reimbursed the cost of demolition for houses that the City demolished since 2015. In 2020, grant dollars in the amount of \$250,000 was provided to businesses due to the interruption of services due to the COVID 19

pandemic. While not required for the grant, the City Council approved matching the grant dollars with City funds for the program.

The medical sector has also seen growth. Medical activities have included the construction of an addition to an oral surgeon's office, the construction of a hospital office and warehouse facility, a radiology addition to one of the hospitals and the construction of a chiropractic clinic. The Veterans Affairs (VA) Clinic constructed a facility which opened in 2013. In 2014, another medical clinic opened its doors, the Cancer Care Clinic, which constructed its facility near the VA outpatient clinic. The center offers treatment options for patients who would normally have to travel to other cities to receive treatment. In 2018, a dialysis center, the Fresenius Kidney Care, was constructed on Seminary Street. This site allows the ability to expand dialysis services to patients, as well as offering its patients better access to space with better equipment.

In 2015, OSF St. Mary Hospital unveiled a \$3.35 million intensive cardiac care unit of the hospital which allowed the hospital to expand technological features. In 2015, the OSF hospital also completed the mammography unit, chapel and admitting area and began renovation of its laboratory. In 2016, the OSF's Galesburg Health Clinic revealed the newly remodeled clinic, estimated at \$12 million, which included 40 new exam rooms, a new lobby and moving all outpatient care units to the first floor. Also, in 2016, the OSF Prompt Care Clinic moved its location to the OSF St. Mary Center campus on Seminary Street. This relocation provided an opportunity for patients to receive care for minor injuries and illnesses and, if needed, provide the patient with emergent care in a more-timely manner. In 2017, the main lobby of the OSF St. Mary Medical Center renovation was completed, with a value of approximately \$2.2 million, to create a more efficient flow for patients and visitors while creating a more open and healing environment. In 2017, the OSF group began working on the \$22 million expansion and renovation of the surgery, laboratory department and center for outpatient services. Also, in 2017, OSF Life Flight began a daily relocation of a Peoria-based helicopter to the OSF St. Mary Medical Center in Galesburg. The repositioning occurs, weather permitting, during daytime hours. The repositioning allows OSF HealthCare to provide a more-timely response to patients as approximately 80 percent of all patients transported by the helicopter are transferred from the west-central region area which includes Galesburg, Monmouth, Kewanee, and the Quad-Cities. In 2020, OSF expansion projects included a new family birthing center and expansion and renovation of the surgical services floor, center for outpatient services, and laboratory. During 2020, OSF started providing inpatient dialysis and an extensive brick replacement project; in total, more than \$30 million was invested back into the Galesburg community.

Local government has also added to the local economy through construction projects. In 2015, the Galesburg transit buses and handivans relocated to a new City transit facility on Monmouth Boulevard. The 20,000 square foot facility was constructed with federal and state grant funds for a total of approximately \$4.2 million. Also, in 2015, an open house was held at the renovated Amtrak train station. Amtrak improvements included a windowed extension to the depot looking out on the railroad tracks and the addition of a ticket booth for Burlington Trailways buses. The project cost more than \$880,000 and was funded through grants. Finally, in 2015, a parking lot renovation, located at Seminary Street and Mulberry Street, with a cost of approximately \$770,000, was completed. The project added parking spots, widening of the entrance, landscaping, and decorative lighting. In 2017, the City completed the renovation of the Public Safety Building. In 2017, the Knox County Courthouse completed the final major phase of its exterior renovation projects which included the reconstruction of the east entrance. The total cost of the project was approximately \$334,000. The newly renovated Park Plaza opened on September 30, 2020. Both Park Plaza and Parking Lot E underwent renovations to the existing spaces that had become deteriorated. The \$1.54 million project provides the availability of a downtown area space for community events.

Various educational sites have already or will be changing. The Knox College Office of Communications moved its office about one-half block from the college's campus to a former lumber company building. In 2012, one of the five elementary schools, Steele School, received \$5.5 million in renovations which included remodeling of classrooms, a new gymnasium/multi-purpose space and a new administrative area. In 2014, the Galesburg High School officially opened its new athletic stadium. The \$16 million project includes a football complex, 50,500 square foot multi-purpose building, attached two-story field house and a 2,840-seat stadium. Additionally, two new basketball courts, tennis courts, soccer field and improvements to the varsity baseball and wrestling areas were completed. In 2015, the Galesburg High School renovated the front entry way of its main building. The project included the renovation of the lobby and entryway to feature glass ceiling to floor, the removal of asbestos, and the replacement of flooring at an estimated cost of approximately \$2.5 million. Also, in 2015, the Galesburg CUSD 205 began the construction of a new elementary school with an estimated cost of \$18.2 million which replaced one of the five elementary schools in the district and opened the doors of the new school in 2016. Finally, in 2015, Knox College received a \$5 million donation to support the construction of the new Whitcomb Art Building. The vibrancy of Knox's art culture is displayed from the building's dynamic façade which comprises of large, sliding doors that serve as sun-shading devices by moving with the changing seasons. The Whitcomb Art Building, costing approximately \$8.0 million, was dedicated and opened in 2016.

In 2018, the Galesburg school board approved a \$56 million facilities plan of renovating some existing buildings and allowing some other buildings to be decommissioned. The addition and renovation projects took place at Lombard Middle School, King Elementary School, Steele Elementary School, and the Galesburg High School. Lombard Middle School now houses all fifth and sixth graders in the district. It is anticipated that in 2022, the high school will transition to a seven through twelve grade attendance center.

In 2021, the school district board of education approved a contract to purchase a building near the high school for \$1.3 million. One of the uses that the district will utilize the building for is for its pre-school program.

Residential and commercial programs and construction has also occurred in the city. In 2012, a 60 unit, 144-bedroom complex was constructed to fill a void in the student housing market for Carl Sandburg College. In order to provide future interest in the development of a residential subdivision, in March 2015, the City Council approved a residential infrastructure assistance program. The program is an incentive program that provides financial assistance to encourage single family and two-family residential development in instances where the cost of infrastructure proves to be a barrier to development otherwise occurring. By providing an incentive program, such as this one, the City could see a return on its investment with additional families in the community, as well as an increase in the City's property tax base. In 2016, a new subdivision project, Lincoln Park Estates, began to construct town homes and single-family dwelling houses. The first units were ready for families in 2017. In 2017, the City Council approved the development agreement with MLKKM Properties, LLC on the development of approximately six acres of commercial property north of Gale Village. It is anticipated that after the commercial property is developed, the next step of the plan is to develop residential property in the area.

In 2021, i3 Broadband announced that the company will be expanding its fiber optic high-speed internet service to the entire city of Galesburg. The company announced it would invest \$15 million to provide broadband service to Galesburg. Construction will begin and the company will acquire a retail location for service and billing needs which will bring new jobs to the community. Expected delivery of the broadband to the city is to occur in 2022.

The City has completed the construction of three grade separations, with a combined total value of \$33.5 million. In 2012, the first bridge, the West Main Street overpass, or the Moffitt bridge,

was completed. In 2014, the North Seminary Street bridge, the Bickerdyke Bridge, was completed and allows better access and removes the delay of railroad traffic to the medical facilities when traveling from the south to north end of the community. The final bridge completion on East Main Street was completed in the summer of 2018. Given the difficulty and timeliness needed to complete the East Main Street underpass bridge, this project was intentionally left as the last one to be completed. The grade separations improve emergency response times and traffic.

The most recent per capita income is reported at approximately \$44,921. In 2012, the unemployment rate was 8.4% and in 2021 the rate decreased to 6.6%. The decreased unemployment rate could be attributed to an increase in labor force participation. The unemployment decreased from 8.6% in 2020 to 6.6% in 2021 which could be the result of businesses shutting down in 2020 due to the COVID 19 pandemic and increasing business activity in 2021. With the current information available, in ten years, school enrollment decreased by 708 students, bringing the student body total to 3,895 students in 2021. The decrease could be attributed to the decrease in population during the same time period.

Long-term financial planning

As a strategic plan for future business growth, the City owns a logistics park consisting of approximately 350 acres. The location of the logistics park is exceptional as Interstate 74 is adjacent to the north of the park, the Burlington Northern Santa Fe Railway and Illinois Route 150 are adjacent to the south of the park, and Knox County Highway 10 is adjacent to the east of the park. All infrastructures are adjacent to the site. Additional infrastructure improvements have been implemented such as water line extension, sewer extension, broadband upgrades, and curb cuts. Also, as a result of the annexation of the logistics park properties, various properties became contiguous to the City limits.

In 2019, the city-owned park was named a certified site in the BNSF Premier Parks, Sites and Transload program. At the time, the park joined only 17 other rail-served sites in the U.S. as part of BNSF's certification program, which means these parks will be marketed by BNSF. BNSF created the certification program to help identify and develop rail-oriented sites. Site certification is a process where a third party evaluates the shovel-readiness of development site. The designation is an important marketing item that communicates to prospective developers that the site has been vetted and that development on the site can proceed in an expedited manner. Businesses that locate on a certified site can expect development timelines to be shorter.

The City established the Planning Fund to plan and prepare for future capital improvements to City owned buildings. The Planning fund's purpose is to achieve high impact, quality of life or economic development pursuits that will further stabilize the City's revenue sources. The Planning Fund provides the City Council with opportunity and funds to direct Administration to pursue short-term and long-term projects that will enhance the community in a variety of ways.

In June 2008, the City Council approved the ordinances adopting, designating, and approving the TIF IV Redevelopment Project Area and an ordinance adopting tax increment financing for same. The TIF IV encompasses the majority of the downtown area not already located within TIF I, as well as the East Main Street corridor stretching to I-74. The TIF IV district has a life of 23 years in accordance with state statute. The City has voluntarily agreed to refund increment to affected taxing bodies after 12 years for the portion of the district located east of Grand Avenue. The establishment of the TIF IV district plays a crucial role in providing redevelopment incentives for the affected areas.

The City Council also approved the ordinances adopting, designating, and approving the TIF V Redevelopment Project Area and an ordinance adopting tax increment financing for same. The TIF V encompasses the area east of I-74 and located along East Main Street. The TIF V district will

has a life of 23 years in accordance with state statute. The establishment of the TIF V district plays a crucial role in providing redevelopment incentives for the affected area and to induce additional highway commercial development.

The purpose of the TIF programs includes the following: 1) to stabilize property values in the proposed district, 2) to induce redevelopment of dilapidated, obsolescent or severely limited parcels, 3) to provide necessary public infrastructure and facilities to accommodate development, and 4) to increase the value of properties within the TIF through the above activities.

In August 2009, the City successfully applied for a twenty-year, zero percent, \$1.1 million public water supply loan with one-half of the loan being funded under the American Recovery and Reinvestment Act of 2009 (ARRA) and with only one-half of the ARRA funds needing to be repaid. The work funded by the loan and stimulus funds included flood proofing existing structures at the City's water production facilities along the Mississippi River near Oquawka by raising structures, waterproofing, and adding flood doors and sheet piling to protect the facilities.

In 2011, the construction of a water treatment plant in Oquawka, Illinois was completed. The estimated \$18 million construction project was funded through two bond issuances; \$10 million of general obligation bonds sold in December 2007 and \$10 million of revenue bonds sold in November 2008 with both bond issues being refunded for savings purposes in 2015 and 2017, respectively. In order to pay the annual debt service payment for these two bond issuances, the Water Fund must have water rates established to cover the principal and interest costs, approximately \$1.3 million, for each year. The facilities in Oquawka include filters, water contact storage tanks, well pumps, increased capacity of the chlorination system, and an overall increase in capacity to 12 million gallons per day of total production. The improvements provide finished water through the City's pipeline which greatly benefits the existing transmission pipeline and treatment process and allows the City to be a more regional provider of finished water.

In December 2011, the City Council approved an ordinance which would establish the Simplified Municipal Telecommunications Tax from 2% to 5%. The increase in the tax is utilized to assist in the funding of the 9-1-1 operations.

In 2013, the City Council approved the creation of a Business Development District (BDD). The BDD was created to assist with funding public infrastructure required for the Gale Village subdivision on North Seminary Street, near the U.S. 34 interchange. A BDD is a special taxing district, authorized to undertake certain public improvements to be financed through the issuance of notes or bonds that are, in turn, retired by the levy of a sales tax within the geographic boundaries of the district. In this case the proposed tax would be a one percent sales tax and a one percent hotel tax applied within the district. Prior to creation of the BDD, the cost to upgrade existing infrastructure and build new infrastructure sufficient to support new development created a financial burden that deterred growth in that area. The BDD will allow for public improvements to take place and the area within the BDD will be more attractive for future development which would increase the city's tax base.

In 2013, the City Council approved the establishment of the Galesburg Promise which is a program to provide scholarships for the Galesburg students to attend Carl Sandburg College. The purpose of the program is to keep young people in the community and increase the educational level of our workforce. A skilled workforce is essential to attract new business and provide workers for existing businesses to grow and expand. In addition, a significant number of students attending Community Unit School District 205 come from homes that have income levels at or below the poverty. Finally, the program serves as a motivator for youth to complete high school and be confident that they will have access to an opportunity at Carl Sandburg College. Funds for the program come from public and private sources with the City's portion coming from a portion of the generated hotel/motel tax. In 2016, the City Council improved an increase in the

hotel/motel tax, effective January 1, 2017, with the additional revenue going to the Galesburg Promise Program. An account is established at the Galesburg Community Foundation to receive, invest, and disburse the funds. A governing board of City, Carl Sandburg College and District 205 members oversee operations and report to the participating institutions.

In 2014, a public-private partnership for economic development was created. The City Council approved the agreement to work with an executive director and board of directors for the entity with the aim of growing jobs and retaining business, locally. The partnership is a valuable resource for new and existing companies that are interested in pursuing business opportunities in the Galesburg area.

In 2015, the City Council approved an electric and natural gas utility tax to fund capital improvements and infrastructure. The utility tax went into effect on January 1, 2016. A portion of the tax is used to fund general obligation bonds to pay for various capital improvement projects that will be completed throughout the community.

In 2016, the City Council authorized the issuance of approximately \$10 million in general obligation bonds to cover various capital and infrastructure projects completed within the city. A portion of the utility tax is utilized to fund the bonds for the capital projects. The debt was structured as a 20-year issuance with a final payoff in 2035. The City plans to abate property taxes on the debt.

In 2016, the City was successful in applying for a \$4 million forgivable loan from the IEPA to replace a portion of the privately-owned lead line water services. The replacement of the lead lines was completed by a high priority-based selection on various criteria and by application of property owners to participate in the replacement program. The replacement of privately-owned lead line services began in 2017 and will continue throughout the years. Phase I of the project replaced 499 lead service lines.

In 2018, the City Council approved Phase II of the replacement of lead water service lines financed through a \$2 million forgivable loan from the IEPA Public Water Supply Loan Program. The second group of addresses were selected with the same criteria as Phase I, prioritizing all homes that exceeded the EPA action level of 15 ppb when tested, low to moderate income homes in low to moderate income neighborhoods identified in the 2010 census. In 2019, the City Council approved Phase III of the replacement of lead water service lines financed through a \$2 million forgivable loan. In 2020, the City Council approved Phase IV of the replacement of lead water service lines through the forgivable loan program in the amount of \$2 million. In 2021, Phase V of the replacement of lead service water lines was completed. Through the five phases, in total, the City has replaced a total of 2,650 lead service lines.

In 2019, Public Act 101-0027 legalized the sale, possession and use of cannabis for recreational purposes by adults over age 21 starting January 1, 2020. It allows municipalities to adopt zoning rules for cannabis related businesses. In 2019, the City Council approved a 3% use tax that will be utilized to assist in providing services to the citizens of the community. This tax is collected by the Illinois Department of Revenue and remitted to the City.

In order to promote tourism, in December 2019, the City Council approved an agreement with the Galesburg Tourism and Visitors Bureau. The group incorporated and undertook the necessary steps to receive grant funding from the state. The group has a nine-member board which includes the city manager and the mayor.

In 2019, the City, in partnership with a solar development partner, built a 1.375 Mega Watt solar farm at the water treatment facility located in Oquawka, Illinois. The array went online in March 2020. The solar development partner paid for the cost of the construction, as well as covers the

cost of operation of the solar facility and sells the City power at a discounted rate. Under the Long-Term Renewable Resource Procurement Plan, the solar development partner receives renewable energy credits for the power produced from the site, which will offset a large portion of the construction and operation costs for the project. This project is expected to save the City approximately \$1.7 million over the life of the contract (twenty-five years) and \$3.8 million if the City elects to renew the contract for an additional twenty-year term.

In 2020, the Galesburg Transit Corporation was dissolved, and the assets were turned over to the City to allow the City to manage and operate the fixed route transit operation for the community. By combining the fixed route bus services with the handivan services, the City realizes increased responsiveness and accountability, better utilization of fleet resources and maintenance capacities and eliminated duplicate administrative services.

In 2020, the City contracted the professional services of a firm to conduct a water rate study for the Water Department. Under the agreement, the firm would provide information on topics such as a review of the existing water rates and develop a recommended rate structure, develop a long-term financial plan and review operating and maintenance costs including a review of the administrative overhead. Also, in 2020, The City Council approved a land lease with the National Stearman Foundation to provide a permanent home for a facility for the National Stearman Fly-In at the Galesburg Municipal Airport.

In 2021, the City completed the construction of the Street Division building which includes inside storage and an office area. The former Street division building was also renovated and houses the Traffic and Electrical operations. Also in 2021, the Street Division converted the remaining City-owned parking lot lights to LED.

Energy aggregation was approved by the citizens of Galesburg with the election in November 2012. For historical purposes, in 2016, the City Council approved a 24-month agreement for municipal aggregation of 100 percent renewable electric supply in the amount of \$0.05635/kwh. In 2018, the City Council approved a 36-month agreement with a rate of \$0.04921/kwh with 100% renewable energy for year one and \$0.04912 for years two and three. In 2021, a 36-month agreement was approved for 100% renewable energy at a rate of \$.05499/kWh.

Since 2010, the City has worked with a consultant to bid out City electricity in order to ensure the City is receiving competitive rates from reliable energy suppliers for its own municipal use. The prior two agreements expired on September 30, 2016 and September 30, 2018 for 100 percent renewable energy at the cost of \$0.04389/kWh and \$0.05366/kWh, respectively. The contract, approved in 2018, for 36-months was for renewable energy at the cost of \$0.04486/kWh. In 2021, the City Council approved a 24-month agreement for standard energy at a rate of \$.05478/kWh.

Relevant financial policies

The City's Investment Policy is presented and approved on an annual basis for City Council's review. The goal of the City management is to have 100% of its idle funds invested at all times in interest bearing accounts. This goal will ensure City management is using the available funds to their maximum. The Investment Policy states that all available funds are managed and invested with three primary objectives listed in priority order: safety, liquidity and return on investment. Investment opportunities are limited by the parameters found in Illinois Statutes 30ILCS235. The prudent person standard is used in managing the City's overall portfolio.

Each year the City's Financial Policies are reviewed and updated where necessary to consider changes in GAAP, Government Audit Standards, and the City's budget process. The financial policies include a definition of the financial reporting entity, measurement focus and basis of

accounting, operating revenue policies, operating expense policies, balance sheet policies, budget policies, capital improvement policies, vehicle replacement plan policies, building repair and maintenance plan policies, computer replacement plan policies, debt policies, federal funding in relation to OMB Guidance, pension policies, risk management policies, economic development fund and GASB 34. The Council annually approves the financial policies to ensure funds are spent and managed in the most cost-effective manner based on the services provided while ensuring the financial records are maintained in accordance with GAAP, Government Auditing Standards and state and federal laws.

During the annual budget process, the City staff will review and modify user fees to recover the necessary costs associated with issuing and administering various services. Such fees include licenses, fines, permits and user fees. The recommended fee changes are provided to City Council for consideration. If approved by Council, the revenue changes are incorporated into the City's annual budget.

Major Initiatives

Galesburg is a great place to work, live and raise a family. The City of Galesburg is dedicated to constantly improving the delivery of its services thereby enhancing the quality of life for its residents and the operating environment for its businesses. Among the City's more significant accomplishments in 2021 were the following:

- Approved the replacement of additional privately owned lead service lines. The scope of this fifth phase of the project is to replace 500 lead water service lines.
- Converted the remaining City-owned parking lot lights to LED
- The completion the reconstruction of the South Seminary Street project.
- The reconstruction of North Kellogg Street
- Applied for grants for Safe Routes to School sidewalks near Lombard and King Schools as well as Rebuild Downtowns and Main Street grants
- Began the utilization of iWorQ for community development purposes to provide a more efficient process by using mobile and internet capabilities.
- The City awarded funds from the IHDA Single Family Rehabilitation program to low income homeowners to repair or replace costly maintenance home issues or health and safety hazards present in the homes.
- Para-transit entered into an agreement with W.I.A.A.A. to provide transportation to individuals 60 and older in need of medical transportation. This agreement has allowed patrons to have reliable transportation to and from medically necessary appointments in Peoria, Illinois.
- Eight businesses benefited from Enterprise Zone incentives.
- Contributed over \$840,000 in TIF assistance for projects valued at \$3.36 million.
- The City Council approved façade redevelopment assistance of over \$305,000 and over \$145,000 was provided from the Downtown Council for projects valued at \$1,009,840.
- Installed a vault-style bathroom at the Lake Storey west boat ramp through an IDNR grant.
- Installed kayak launches at Lake Storey beach, the east boat ramp, and Allison campground.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Galesburg for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the twenty-sixth consecutive fiscal year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable

and efficiently organized annual comprehensive financial report. This report must satisfy both general accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department and all other offices that provided assistance and support throughout the preparation of this report. We extend our appreciation to everyone who assisted in this effort. I would also like to thank the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Galesburg's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "Gloria Osborn". The script is cursive and fluid, with the first letters of "Gloria" and "Osborn" being capitalized and prominent.

Gloria Osborn
Director of Finance and Information Systems



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Galesburg
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

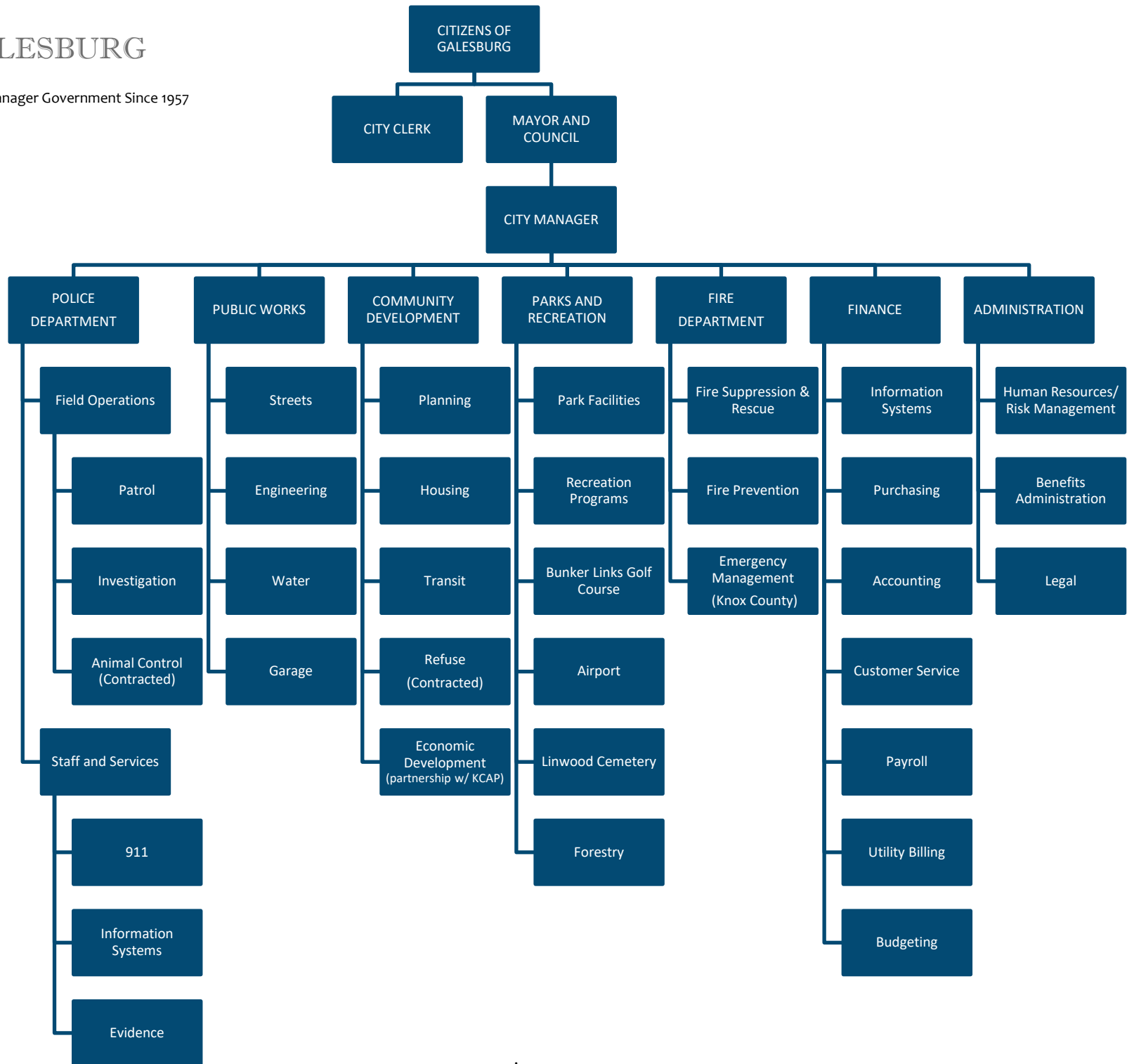
Christopher P. Morill

Executive Director/CEO

CITY OF GALESBURG

Organizational Chart

Operating Under Council – Manager Government Since 1957



City of Galesburg, Illinois

**Elected and Appointed City Officials
Year Ended December 31, 2021**

Elected Officials

Peter Schwartzman
Mayor

Council Members

Bradley Hix, First Ward
Wayne Dennis, Second Ward
Kevin Wallace, Third Ward
Dwight White, Fourth Ward
Jaclyn Smith-Esters, Fifth Ward
Sarah Davis, Sixth Ward
Larry Cox, Seventh Ward

Kelli Bennewitz
City Clerk

Gloria Osborn
City Treasurer

Appointed Officials

Todd Thompson
City Manager

Department Directors

Wayne Carl, Director of Public Works
Bradley Nolden, City Attorney/Administrative Services Director
Gloria Osborn, Director of Finance and Information Systems
Tony Oligney-Estill, Director of Parks and Recreation
Steve Gugliotta, Director of Community Development
Russ Idle, Police Chief
Randy Hovind, Fire Chief

Independent Auditors' Report

To the Mayor and City Council of
City of Galesburg, 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Galesburg (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2021 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.

We did not audit the financial statements of Town of the City of Galesburg, which represents 1 percent, 8 percent, and 1 percent, respectively, of the assets/deferred outflows of resources, net position, and revenues of the governmental activities and 2 percent, 2 percent, and 3 percent, respectively, of the assets/deferred outflows of resources, fund balances/net position, and revenues/additions of the aggregate remaining fund information. We also did not audit the financial statements of the Galesburg Public Library Foundation, which represents 35 percent, 64 percent, and 34 percent, respectively, of the assets/deferred outflows of resources, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Town of the City of Galesburg and the Galesburg Public Library Foundation are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Town of the City of Galesburg and the Galesburg Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

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.

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2020 Baker Tilly US, LLP

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, 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 required supplementary information as listed in the table of contents 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois
June 24, 2022

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

It is an honor to present to you the financial picture of the City of Galesburg, Illinois (the "City"). We offer readers of the financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2021. We encourage readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the City's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- > The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54.0 million (net position).
- > In total, net position increased by \$1.3 million.
- > As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$46.7 million, an increase of \$4.8 million in comparison with the prior year. Approximately \$11.0 million is available for spending at the government's discretion (unassigned fund balance).
- > General revenues accounted for \$36.3 million in revenue or 74 percent of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$12.8 million or 26 percent of total governmental revenues of \$49.1 million.
- > The City had \$49.1 million in expenses related to government activities. However, only \$12.8 million of these expenses were offset by program specific charges and grants.
- > At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.3 million, or 49.5 percent of total General Fund expenditures.
- > The City's total long-term debt, excluding compensated absences, net pension liability, and net OPEB liability, decreased by \$1.7 million during the current year to \$22.5 million.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components:

- > Government-wide financial statements,
- > Fund financial statements, and
- > Notes to basic financial statements.

This report also contains 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, and are reported using the accrual basis of accounting and economic resources measurement focus.

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

The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Both of 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, economic development, public safety, public works, and culture, education, and recreation.

The government-wide financial statements include the funds of the City (primary government) and an organization for which the City is accountable (Galesburg Public Library, a discretely presented component unit).

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources; as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements.

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

The City maintains 5 major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Economic Development Fund, Parks and Recreation Fund, Grants Fund, and Public Transportation Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The City adopts an annual budget for each of the major funds listed above. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Proprietary funds

The City maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City utilizes enterprise funds to account for its water utility and refuse services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses an internal service fund to account for liability insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and the Refuse Fund. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds

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

Notes to basic financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's pensions and other post-employment benefits. Supplementary schedules include combining and individual fund schedules of all non-major funds and Fiduciary Funds.

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Government-Wide Financial Analysis

Table 1
Condensed Statements of Net Position
(in millions of dollars)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Assets									
Current and other assets	\$ 65.6	\$ 58.5	12.1%	\$ 13.9	\$ 13.8	0.7%	\$ 79.5	\$ 72.3	10.0%
Capital assets	<u>79.7</u>	<u>79.6</u>	0.1%	<u>34.9</u>	<u>34.9</u>	-%	<u>114.6</u>	<u>114.5</u>	0.1%
Total assets	<u>145.3</u>	<u>138.1</u>	5.2%	<u>48.8</u>	<u>48.7</u>	0.2%	<u>194.1</u>	<u>186.8</u>	3.9%
Deferred outflows of resources									
Deferred outflows related to pensions and OPEB	27.6	31.3	(11.8)%	0.7	0.8	(12.5)%	28.3	32.1	(11.8)%
Deferred charge on refunding	-	-	-%	0.8	0.9	(11.1)%	0.8	0.9	(11.1)%
Total deferred outflows of resources	<u>27.6</u>	<u>31.3</u>	(11.8)%	<u>1.5</u>	<u>1.7</u>	(11.8)%	<u>29.1</u>	<u>33.0</u>	(11.8)%
Liabilities									
Long-term liabilities	118.3	125.5	(5.7)%	14.8	16.7	(11.4)%	133.1	142.2	-6.4%
Other liabilities	<u>5.6</u>	<u>3.1</u>	80.6%	<u>3.0</u>	<u>3.1</u>	-3.2%	<u>8.6</u>	<u>6.2</u>	38.7%
Total liabilities	<u>123.9</u>	<u>128.6</u>	(3.7)%	<u>17.8</u>	<u>19.8</u>	(10.1)%	<u>141.7</u>	<u>148.4</u>	-4.5%
Deferred inflows of resources									
Property taxes levied for future periods	9.5	9.6	(1.0)%	-	-	-%	9.5	9.6	-1.0%
Deferred inflows related to pensions and OPEB	<u>16.8</u>	<u>8.4</u>	100.0%	<u>1.2</u>	<u>0.7</u>	71.4%	<u>18.0</u>	<u>9.1</u>	97.8%
Total deferred inflows of resources	<u>26.3</u>	<u>18.0</u>	46.1%	<u>1.2</u>	<u>0.7</u>	71.4%	<u>27.5</u>	<u>18.7</u>	47.1%
Net position									
Net investment in capital assets	71.6	70.8	1.1%	22.4	21.5	4.2%	94.0	92.3	1.8%
Restricted	8.6	8.5	1.2%	-	-	-%	8.6	8.5	1.2%
Unrestricted	<u>(57.5)</u>	<u>(56.5)</u>	1.8%	<u>8.9</u>	<u>8.4</u>	6.0%	<u>(48.6)</u>	<u>(48.1)</u>	0.1%
Total net position	<u>\$ 22.7</u>	<u>\$ 22.8</u>	(0.4)%	<u>\$ 31.3</u>	<u>\$ 29.9</u>	4.7%	<u>\$ 54.0</u>	<u>\$ 52.7</u>	2.5%

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net results of activities – which will impact (increase/decrease) current assets and unrestricted net position.

Borrowing for capital – which will increase current assets and long-term debt.

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Spending borrowed proceeds on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) increase capital assets and long-term debt, which will not change the net investment in capital assets.

Spending of non-borrowed current assets on new capital – which will: (a) reduce current assets and increase capital assets; and, (b) will reduce unrestricted net position and increase net investment in capital assets.

Principal payment on debt – which will: (a) reduce current assets and reduce long-term debt; and, (b) reduce unrestricted net position and increase net investment in capital assets.

Reduction of capital assets through depreciation – which will reduce capital assets and net investment in capital assets.

Current Year Impacts

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, total net position increased by \$1.3 million from \$52.7 million to \$54.0 million. The City's total assets and deferred outflows equal \$223.2 million. The City's total liabilities and deferred inflows equal \$169.2 million.

By far the largest portion of the City's net position is its investment in capital assets. This consists of land, buildings, machinery, equipment and infrastructure less depreciation and any related outstanding debt used to acquire these assets. The City uses these capital assets to provide services to the residents; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted 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.

A restricted portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The governmental activities unrestricted balance had a deficit of \$57.5 million in 2021 as a result of recording the net pension liabilities for IMRF, Police, and Firefighters' pension plans and the net OPEB liability. The unrestricted balance for business-type activities of \$8.9 million may be used to meet the ongoing City obligations to their citizens and creditors.

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Table 2 Condensed Statements of Activities (in millions of dollars)										
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>				<u>Total</u>		
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>	
Revenues										
<i>Program revenues</i>										
Charges for services	\$ 6.2	\$ 5.0	24.0%	\$ 9.6	\$ 9.9	-3.0%	\$ 15.8	\$ 14.9	6.0%	
Operating grants and contributions	5.8	6.6	-12.1%	-	-	-%	5.8	6.6	-12.1%	
Capital grants and contributions	0.8	1.5	-46.7%	-	-	-%	0.8	1.5	-46.7%	
<i>General revenues</i>										
Property taxes	9.6	9.7	-1.0%	-	-	-%	9.6	9.7	-1.0%	
Other taxes	25.8	21.5	20.0%	-	-	-%	25.8	21.5	20.0%	
Other general revenues	0.9	1.3	-30.8%	-	0.1	-100.0%	0.9	1.4	-35.7%	
Total revenues	<u>49.1</u>	<u>45.6</u>	<u>7.7%</u>	<u>9.6</u>	<u>10.0</u>	<u>-4.0%</u>	<u>58.7</u>	<u>55.6</u>	<u>5.6%</u>	
Expenses										
General government	12.2	11.6	5.2%	-	-	-%	12.2	11.6	5.2%	
Economic development	1.8	2.1	-14.3%	-	-	-%	1.8	2.1	-14.3%	
Public safety	24.5	26.3	-6.8%	-	-	-%	24.5	26.3	-6.8%	
Public works	6.5	6.3	3.2%	-	-	-%	6.5	6.3	3.2%	
Culture, education, and recreation	3.9	4.6	-15.2%	-	-	-%	3.9	4.6	-15.2%	
Interest and fiscal charges	0.3	0.3	-%	-	-	-%	0.3	0.3	-%	
Water	-	-	-%	5.4	6.4	-15.6%	5.4	6.4	-15.6%	
Refuse	-	-	-%	2.8	2.7	3.7%	2.8	2.7	3.7%	
Total expenses	<u>49.2</u>	<u>51.2</u>	<u>-3.9%</u>	<u>8.2</u>	<u>9.1</u>	<u>-9.9%</u>	<u>57.4</u>	<u>60.3</u>	<u>-4.8%</u>	
Change in net position	(0.1)	(5.6)	-98.2%	1.4	0.9	55.6%	1.3	(4.7)	-127.7%	
Net position, beginning of year	<u>22.8</u>	<u>28.4</u>	<u>-19.7%</u>	<u>29.9</u>	<u>29.0</u>	<u>3.1%</u>	<u>52.7</u>	<u>57.4</u>	<u>-8.2%</u>	
Net position end of year	<u>\$ 22.7</u>	<u>\$ 22.8</u>	<u>-0.4%</u>	<u>\$ 31.3</u>	<u>\$ 29.9</u>	<u>4.7%</u>	<u>\$ 54.0</u>	<u>\$ 52.7</u>	<u>2.5%</u>	

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2021 and 2020. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method.

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues

Economic condition – which can reflect a declining, stable or growing economic environment, and has substantial impact on state sales, replacement and hotel/motel tax revenue; as well as, public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/decrease in City approved rates – while certain tax rates are set by statute, the City has significant authority to impose and periodically increase/decrease rates (water, home rule sales tax, etc.).

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons.

Market impacts on investment income – the City's investments may be affected by market conditions causing investment income to increase/decrease.

Expenses

Introduction of new programs – within the functional expense categories (general government, economic development, public safety, public works, and culture, education, and recreation), individual programs may be added or deleted to meet changing community needs.

Change in authorized personnel – changes in service demand may cause the City to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the City.

Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

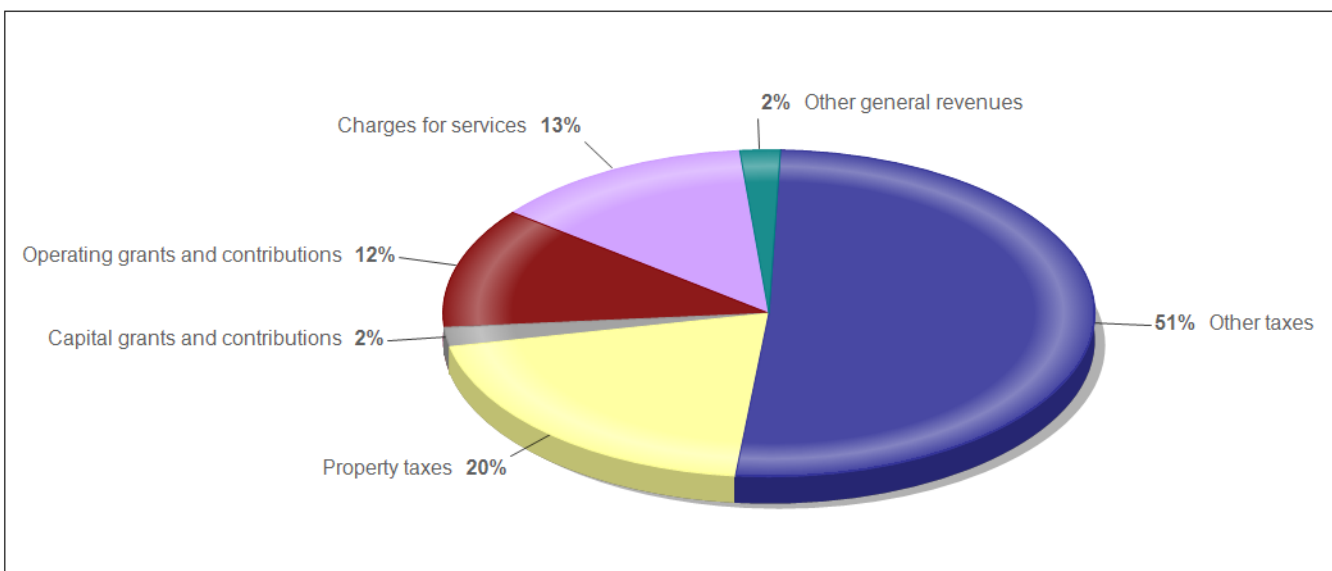
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.

Current Year Impacts

The Governmental Activities decreased the City's net position by \$0.1 million. Key elements contributing to this change are as follows:

Governmental Activities

Governmental Revenues by Source



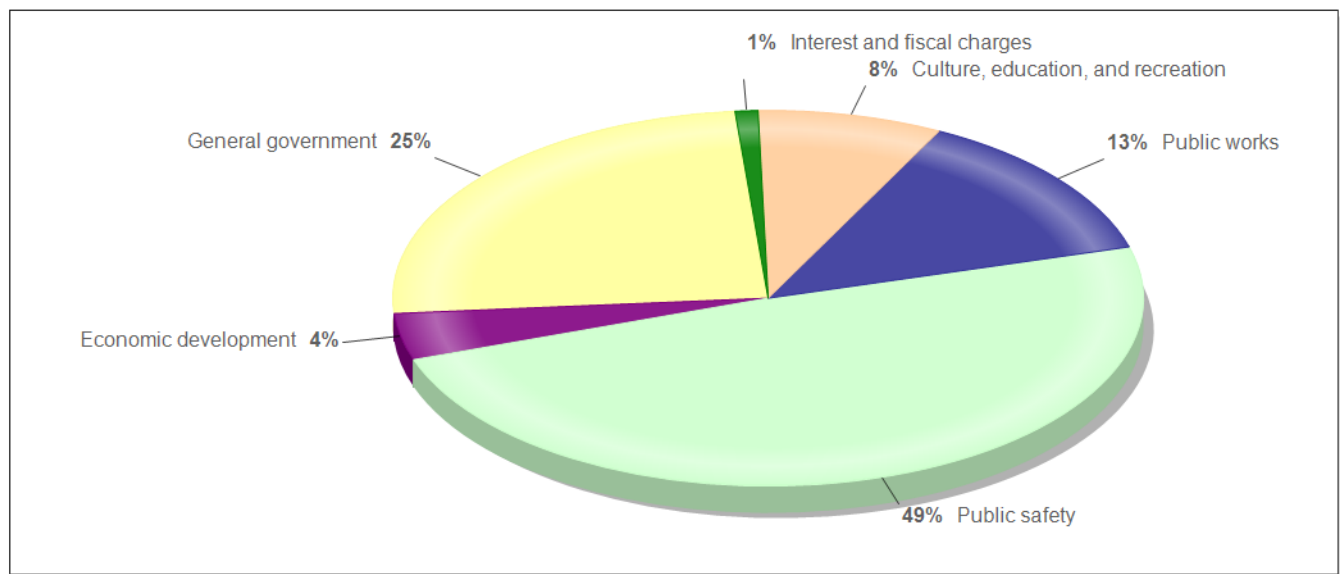
City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

Revenues

Revenues are divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources. The City experienced an increase of 7.7 percent in revenue due to an increase in various state-shared tax revenues and operating grants and contributions from state and federal agencies.

Governmental Expenses by Function



Expenses

The City's overall expenses in the current fiscal year increased and resulted in a decrease in net position to \$22.7 million compared to \$22.8 million in the prior fiscal year. Overall, the City's financial position has not improved since the prior fiscal year.

Financial Analysis of the City's Funds

The fund balance of the City's General Fund of \$13.6 million, an increase of \$1.7 million from 2020. For more information, see the General Fund Budgetary Highlights section.

The Economic Development Fund had an ending fund balance of \$11.6 million, an increase of \$0.2 million from 2020.

The Parks and Recreation Fund had an ending fund balance of \$2.4 million, an increase of \$0.4 million from 2020.

The Grants Fund had an ending fund deficit of (\$0.2) million, a decrease of \$0.1 million from 2020.

The Public Transportation Fund had an ending fund deficit of (\$0.5) million, an increase of \$0.6 million from 2020.

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

General Fund Budgetary Highlights

Overall, General Fund revenue was slightly more than the final budget and expenditures were \$0.7 million less than the final budget. Specific highlights of General Fund revenue and expenditures are as follows:

- > Charges for service revenues were \$0.1 million more than the final budget.
- > Contracts and subsidies expenditures were \$0.4 million more than the final budget.

In 2021, total expenditures increased \$1.7 million from the original budget to the final amended budget. These budget increases were mostly in the contracts and subsidies. Total revenues increased \$5.3 million from the original budget to the final amended budget.

Capital Assets and Debt Administration

Capital assets

By the end of 2021, the City had compiled a total investment of \$177.5 million (\$114.6 million net of accumulated depreciation) in a broad range of capital assets including land, construction-in-progress, land improvements, buildings and improvements, machinery and equipment, and infrastructure. Total depreciation expense for the year was \$4.0 million. More detailed information about capital assets can be found in Note 3 of the basic financial statements.

Major capital asset events during the year ended December 31, 2021 included the renovation of the new Street Department facility in the amount of \$1.7 million; the reconstruction of Kellogg Street in the amount of \$0.7 million; and the installation of the new campground restroom and bathhouse building in the amount of \$0.2 million.

Table 3
Capital Assets (net of depreciation)
(in millions of dollars)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
Land	\$ 6.4	\$ 6.3	1.6%	\$ 0.7	\$ 0.7	-%	\$ 7.1	\$ 7.0	1.4%
Construction in progress	1.9	1.8	5.6%	1.3	0.3	333.3%	3.2	2.1	52.4%
Land improvements	2.0	2.1	-4.8%	-	-	-%	2.0	2.1	-4.8%
Buildings and improvements	10.8	9.6	12.5%	19.5	19.9	-2.0%	30.3	29.5	2.7%
Equipment	5.4	6.0	-10.0%	1.5	1.7	-11.8%	6.9	7.7	-10.4%
Infrastructure	53.2	53.8	-1.1%	11.9	12.3	-3.3%	65.1	66.1	-1.5%
Total	\$ 79.7	\$ 79.6	0.1%	\$ 34.9	\$ 34.9	-%	\$ 114.6	\$ 114.5	0.1%

Debt Administration

The table below summarizes the City's bonded and similar indebtedness. As of December 31, 2021, the City had a total of \$22.5 million of long-term debt outstanding (excluding compensated absences, net pension liability, and net OPEB liability). Of this amount, \$22.1 million was in the form of general obligation bonds backed by the full faith and credit of the City government. More detailed information about debt administration can be found in Note 3 of the basic financial statements.

City of Galesburg

Management's Discussion and Analysis

December 31, 2021

(Unaudited)

Table 4
Long-Term Debt
(in millions of dollars)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>		
	2021	2020	Change	2021	2020	Change	2021	2020	Change
General obligation bonds	\$ 9.2	\$ 10.0	-8.0%	\$ 12.9	\$ 13.8	-6.5%	\$ 22.1	\$ 23.8	-7.1%
Notes payable	-	-	-%	0.4	0.4	-%	0.4	0.4	-%
Total	\$ 9.2	\$ 10.0	-8.0%	\$ 13.3	\$ 14.2	-6.3%	\$ 22.5	\$ 24.2	-7.0%

Factors Bearing on the City's Future

- > Over the years, one of the City's strengths has been its strong financial condition and good financial management which is proven by good reserves and strong bond ratings.
- > Continuing to provide the same types and levels of service is a challenge that continues to occur with the available staff and resources.
- > Health care costs and personnel costs which make up a significant portion of the City's operating costs continue to rise. The three union contracts, AFSCME, PSEO and IAFF, expired on December 31, 2023.
- > The three-year union contracts for AFSCME, PSEO and IAFF bargaining groups, which all expired on December 31, 2023, provided an annual range of two percent to two and one-half percent wage increases during fiscal years 2022 and an annual range of two and one-quarter percent to two and one-half percent wage increases during fiscal year 2023 for the classifications within the bargaining groups.
- > To battle the rising cost in health care, in 2015, City employees began the move from a self-insured health plan to a third party administered health plan which allows the City to budget a fixed amount for health care thus eliminating the need to fund any losses incurred by a self-insured health fund.
- > Any potential reduction in state shared revenue due to the State of Illinois' financial condition may present significant budgetary challenges if the State legislature elects to reduce any of the shared funds toward solving the State's budget issue.
- > In March 2020, the novel coronavirus (COVID 19) outbreak was declared a global pandemic. The unemployment rate for the City of Galesburg, for 2021, decreased to 6.6 percent. This is a decrease from a rate of 8.6 percent a year ago. This compares slightly higher to the state's average unemployment rate of 5.1 percent.
- > The City continues to develop a budget based on conservative estimates in revenues. After the influx in recent fiscal years of federal supplemental funds (provided to residents because of the pandemic) are exhausted, modest revenue growth will continue to impact governmental activity revenues and provide significant budget challenges for administration. Although revenue growth will be limited, the 2022 budget will sustain City services for another year.
- > In 2021, new businesses opened in Galesburg, such as Nature's Treatment, Guacamole Grill, La Cantinita, and Lenny's Grill & Subs. These new businesses will provide employment and future shopping options for residents along with sales tax and property tax benefits for the City.
- > In 2022, land for commercial properties continues to be available to develop in the Gale Village subdivision. After the commercial property is developed, the next step of the plan is to develop residential property in the area.

City of Galesburg

Management's Discussion and Analysis
December 31, 2021
(Unaudited)

- > In 2022, land continues to be available for development in the relatively new residential subdivision near Lincoln Park. The homes will provide more housing opportunities for residents and, also, provide property tax benefits for the City.
- > In 2022, the City will be in its fourth year of a 5 X 5 housing program with hopes to make an impact on blighted city buildings and housing. The City's goal is to assist with work on 500 homes over a five-year period that ends in 2023.
- > In 2022, in the final phase, Phase VI of the lead service line replacement program, the City will assist approximately 450 to 500 additional property owners in replacing a portion of lead water service lines by utilizing funds from a forgivable loan from the IEPA. Through forgivable loans from the IEPA, the City has replaced over 2,500 lead service lines between 2016 and 2021.

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

The City will continue to monitor and evaluate the impact of the COVID-19 pandemic, including business disruption, market volatility, and city policies to take steps to mitigate the impact of the pandemic to our citizens and employees.

Requests for Information

This financial report is designed to provide the City's citizens, taxpayers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report, need additional financial information, contact the Finance Department:

Gloria Osborn
City of Galesburg
55 West Tompkins Street
Galesburg, Illinois 61401

BASIC FINANCIAL STATEMENTS

City of Galesburg, Illinois

Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Galesburg Public Library
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	\$ 37,368,527	\$ 10,147,906	\$ 47,516,433	\$ 5,246,050
Investments	3,655,262	499,522	4,154,784	4,637,938
Receivables (net):				
Property tax receivable	9,464,670	-	9,464,670	1,635,355
Other taxes	1,937,420	-	1,937,420	-
Accrued interest	6,599	449	7,048	-
Accounts	2,239,935	2,635,127	4,875,062	16,991
Loans	2,418,688	-	2,418,688	-
Net pension asset	225,852	-	225,852	-
Due from other governmental units	3,377,713	-	3,377,713	313
Internal balances	(356,074)	356,074	-	-
Advances to component unit	512,454	-	512,454	-
Inventories	51,370	126,446	177,816	-
Prepaid items	987,681	56,254	1,043,935	32,315
Property held for resale	3,765,341	-	3,765,341	-
Bond issuance insurance	19,098	13,525	32,623	-
Capital assets:				
Capital assets not being depreciated	8,289,601	2,041,405	10,331,006	2,599,787
Capital assets being depreciated, net of depreciation	71,388,298	32,901,722	104,290,020	832,488
Total assets	145,352,435	48,778,430	194,130,865	15,001,237
Deferred Outflows of Resources				
Deferred outflows related to pensions	25,253,385	486,173	25,739,558	265,479
Deferred outflows related to OPEB	2,349,223	230,008	2,579,231	3,971
Deferred charge on refunding	-	779,863	779,863	-
Total deferred outflows of resources	27,602,608	1,496,044	29,098,652	269,450
Total assets and deferred outflows of resources	\$ 172,955,043	\$ 50,274,474	\$ 223,229,517	\$ 15,270,687

City of Galesburg, Illinois

Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Galesburg Public Library
	Activities	Activities		
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Accounts payable	\$ 2,558,170	\$ 752,434	\$ 3,310,604	\$ 177,464
Accrued liabilities	560,908	29,779	590,687	16,644
Interest payable	797	22,336	23,133	-
Payroll taxes payable	-	-	-	344
Claims payable	170,000	-	170,000	-
Due to other governmental units	10,822	1,142,553	1,153,375	514
Due to fiduciary funds	131,920	8,555	140,475	-
Advances from primary government	-	-	-	512,454
Deposits	-	1,012,256	1,012,256	-
Unearned revenues	2,189,080	190	2,189,270	1,546
Noncurrent liabilities:				
Due within one year	2,115,946	1,085,929	3,201,875	5,039,917
Due in more than one year	116,195,219	13,735,840	129,931,059	121,880
Total liabilities	123,932,862	17,789,872	141,722,734	5,870,763
Deferred Inflows of Resources				
Property taxes levied for future periods	9,464,670	-	9,464,670	1,635,355
Deferred inflows related to pensions	15,380,044	998,577	16,378,621	545,280
Deferred inflows related to OPEB	1,466,705	143,603	1,610,308	2,479
Total deferred inflows of resources	26,311,419	1,142,180	27,453,599	2,183,114
Net Position				
Net investment in capital assets	71,628,870	22,398,727	94,027,597	3,432,275
Restricted for:				
Motor fuel tax	2,378,353	-	2,378,353	-
Economic development	746,507	-	746,507	-
Special enforcement	472,586	-	472,586	-
Foreign fire	131,429	-	131,429	-
Infrastructure improvements	7,836	-	7,836	-
TIF expenses	1,524,567	-	1,524,567	-
General government	46,816	-	46,816	-
Donations	168,842	-	168,842	-
Pension benefits	225,852	-	225,852	-
Cemetery	635,220	-	635,220	-
Public works	815,698	-	815,698	-
Town of the City	1,401,806	-	1,401,806	-
Debt service	950	-	950	-
Donor restricted, Foundation	-	-	-	1,728,337
Unrestricted	(57,474,570)	8,943,695	(48,530,875)	2,056,198
Total net position	22,710,762	31,342,422	54,053,184	7,216,810
Total liabilities, deferred inflows of resources and net position	\$ 172,955,043	\$ 50,274,474	\$ 223,229,517	\$ 15,270,687

City of Galesburg, Illinois

Statement of Activities

Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 12,231,634	\$ 3,436,233	\$ 5,683,340	\$ 125,379
Economic development	1,737,407	19,853	-	-
Public safety	24,473,488	1,362,274	102,839	-
Public works	6,522,596	475,806	2,584	710,749
Culture, education and recreation	3,849,239	868,407	-	-
Interest and fiscal charges	322,655	-	-	-
Total governmental activities	49,137,019	6,162,573	5,788,763	836,128
Business type activities:				
Water	5,348,804	6,776,659	-	-
Refuse	2,794,057	2,812,322	-	-
Total business-type activities	8,142,861	9,588,981	-	-
Total primary government	\$ 57,279,880	\$ 15,751,554	\$ 5,788,763	\$ 836,128
Component Unit				
Galesburg Public Library	\$ 1,917,004	\$ 4,528	\$ 136,834	\$ -

General revenues:

Taxes:

Property tax
Food and beverage tax
Hotel/motel tax
Local utility taxes
City gas tax
Other taxes

Unrestricted intergovernmental revenue:

State income and use tax
Sales and home rule taxes
Replacement tax
Franchise fees
Investment income
Miscellaneous

Total general revenues

Change in net position

Net position, beginning

Net position, ending

See notes to financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Galesburg Public Library
\$ (2,986,682)	\$ -	\$ (2,986,682)	\$ -
(1,717,554)	-	(1,717,554)	-
(23,008,375)	-	(23,008,375)	-
(5,333,457)	-	(5,333,457)	-
(2,980,832)	-	(2,980,832)	-
(322,655)	-	(322,655)	-
(36,349,555)	-	(36,349,555)	-
-	1,427,855	1,427,855	-
-	18,265	18,265	-
-	1,446,120	1,446,120	-
(36,349,555)	1,446,120	(34,903,435)	-
-	-	-	(1,775,642)
9,570,695	-	9,570,695	1,571,836
1,755,978	-	1,755,978	-
739,677	-	739,677	-
2,366,807	-	2,366,807	-
678,317	-	678,317	-
937,583	-	937,583	-
5,507,912	-	5,507,912	-
11,947,870	-	11,947,870	-
1,890,111	-	1,890,111	40,000
385,366	-	385,366	-
137,747	24,742	162,489	496,011
344,623	1,104	345,727	607,915
36,262,686	25,846	36,288,532	2,715,762
(86,869)	1,471,966	1,385,097	940,120
22,797,631	29,870,456	52,668,087	6,276,690
\$ 22,710,762	\$ 31,342,422	\$ 54,053,184	\$ 7,216,810

See notes to financial statements

City of Galesburg, Illinois

Balance Sheet - Governmental Funds

December 31, 2021

	Major Funds			
	General	Economic Development	Parks and Recreation	Grants
Assets				
Cash and cash equivalents	\$ 11,136,174	\$ 4,089,449	\$ 2,057,387	\$ 2,175,941
Investments	1,495,452	505,330	54,789	-
Receivables (net):				
Property taxes	7,827,835	-	244,435	-
Other taxes	1,286,997	299,077	338,956	-
Accounts	341,185	183,850	2,599	-
Accrued interest	1,080	5,181	71	-
Loans	-	2,418,688	-	-
Due from other governments	2,115,800	-	458,082	522,786
Due from other funds	1,158,576	230,815	8,721	-
Inventory	51,370	-	-	-
Prepaid items	360,194	1,001	41,406	-
Property held for resale	-	3,571,946	-	-
Advances to other funds	133,837	501,960	133,837	-
Advances to component unit	512,454	-	-	-
Total assets	<u>\$ 26,420,954</u>	<u>\$ 11,807,297</u>	<u>\$ 3,340,283</u>	<u>\$ 2,698,727</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 1,024,277	\$ 98,112	\$ 196,356	\$ 607,711
Accrued liabilities	490,584	2,042	29,477	-
Due to other governments	10,822	-	-	-
Due to fiduciary funds	120,415	-	11,505	-
Due to other funds	2,372,143	-	177,136	14,741
Advances from other funds	-	-	-	-
Unearned revenue	10,211	4	31,601	2,054,744
Total liabilities	<u>4,028,452</u>	<u>100,158</u>	<u>446,075</u>	<u>2,677,196</u>
Deferred Inflows of Resources				
Unavailable revenue	980,664	108,792	241,153	206,613
Property taxes levied for future periods	7,827,835	-	244,435	-
Total deferred inflows of resources	<u>8,808,499</u>	<u>108,792</u>	<u>485,588</u>	<u>206,613</u>
Fund Balances (Deficits)				
Nonspendable	1,057,855	1,001	41,406	-
Restricted	12,795	746,507	137,988	-
Committed	260,206	8,228,661	-	-
Assigned	-	2,622,178	2,229,226	-
Unassigned (deficit)	12,253,147	-	-	(185,082)
Total fund balances (deficits)	<u>13,584,003</u>	<u>11,598,347</u>	<u>2,408,620</u>	<u>(185,082)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 26,420,954</u>	<u>\$ 11,807,297</u>	<u>\$ 3,340,283</u>	<u>\$ 2,698,727</u>

See notes to financial statements

<u>Public Transportation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 90,741	\$ 16,475,851	\$ 36,025,543
-	1,600,097	3,655,668
-	1,392,400	9,464,670
-	12,390	1,937,420
1,049,396	638,477	2,215,507
-	267	6,599
-	-	2,418,688
-	281,045	3,377,713
-	2,544,299	3,942,411
-	-	51,370
18,755	18,516	439,872
-	193,395	3,765,341
-	267,674	1,037,308
-	-	512,454
<u>\$ 1,158,892</u>	<u>\$ 23,424,411</u>	<u>\$ 68,850,564</u>
\$ 24,422	\$ 536,834	\$ 2,487,712
22,680	14,930	559,713
-	-	10,822
-	-	131,920
1,107,394	270,652	3,942,066
-	1,037,308	1,037,308
1,720	83,930	2,182,210
<u>1,156,216</u>	<u>1,943,654</u>	<u>10,351,751</u>
517,693	245,556	2,300,471
-	1,392,400	9,464,670
<u>517,693</u>	<u>1,637,956</u>	<u>11,765,141</u>
18,755	620,635	1,739,652
-	6,831,201	7,728,491
-	3,049,808	11,538,675
-	9,908,946	14,760,350
(533,772)	(567,789)	10,966,504
<u>(515,017)</u>	<u>19,842,801</u>	<u>46,733,672</u>
<u>\$ 1,158,892</u>	<u>\$ 23,424,411</u>	<u>\$ 68,850,564</u>

See notes to financial statements

City of Galesburg, IllinoisReconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2021**Total Fund Balances - Governmental Funds** \$ 46,733,672Amounts reported for governmental activities in the Statement of Net Position
are different because:Capital assets used in governmental activities are not current financial resources
and therefore are not reported in the governmental funds:

Capital assets	\$ 125,317,499	
Accumulated depreciation	<u>(45,639,600)</u>	79,677,899

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	225,852
---	---------

Bond issuance insurance does not relate to current financial resources and is not reported in the governmental funds.	19,098
---	--------

Revenues collected after the City's availability period are reported as deferred inflows of resources in governmental funds, however these amounts have been reported as revenues in the Statement of Activities.	2,300,471
---	-----------

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	25,235,928
---	------------

Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	2,349,223
--	-----------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(15,344,187)
--	--------------

Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	(1,466,705)
---	-------------

Some liabilities reported in the Statement of Net Position do not require the use of
current financial resources and therefore are not reported as liabilities in
governmental funds. These activities consist of:

Compensated absences	(1,818,475)	
Accrued interest payable	(797)	
Net pension liability	(93,805,073)	
Net OPEB liability	(13,459,926)	
General obligation bonds payable	(9,055,000)	
Bond premium	<u>(168,874)</u>	(118,308,145)

Internal service funds are reported in the statement of net position as governmental activities.	<u>1,287,656</u>
--	------------------

Net Position of Governmental Activities \$ 22,710,762

See notes to financial statements

City of Galesburg, Illinois

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
Year Ended December 31, 2021

	Major Funds			
	General	Economic Development	Parks and Recreation	Grants
Revenues				
Taxes	\$ 14,019,108	\$ 1,128,206	\$ 2,005,732	\$ -
Charges for services	1,186,930	-	44,211	-
Intergovernmental	12,481,424	-	1,930,807	3,158,604
Licenses and permits	387,349	-	-	-
Fines and fees	404,069	-	-	-
Use of money and property	510,165	57,263	893,937	1
Contributions	-	-	-	-
Miscellaneous	47,412	-	45,807	-
Total revenues	<u>29,036,457</u>	<u>1,185,469</u>	<u>4,920,494</u>	<u>3,158,605</u>
Expenditures				
Current:				
General government	4,710,054	-	-	61,042
Economic development	-	360,721	-	-
Public safety	17,445,459	-	130,781	275,213
Public works	2,650,046	-	569,179	-
Culture and recreation	-	-	3,691,776	-
Miscellaneous	-	468,727	-	3,031,100
Debt service:				-
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	94,685	-	-	-
Total expenditures	<u>24,900,244</u>	<u>829,448</u>	<u>4,391,736</u>	<u>3,367,355</u>
Excess (deficiency) of revenues over expenditures	<u>4,136,213</u>	<u>356,021</u>	<u>528,758</u>	<u>(208,750)</u>
Other Financing Sources (Uses)				
Proceeds from the sale of assets	4,915	-	-	-
Transfers in	6,633	197,304	8,707	124,774
Transfers out	(2,492,890)	(353,396)	(159,539)	-
Total other financing sources (uses)	<u>(2,481,342)</u>	<u>(156,092)</u>	<u>(150,832)</u>	<u>124,774</u>
Net change in fund balances	1,654,871	199,929	377,926	(83,976)
Fund Balances (Deficits), Beginning	<u>11,929,132</u>	<u>11,398,418</u>	<u>2,030,694</u>	<u>(101,106)</u>
Fund Balances (Deficits), Ending	<u>\$ 13,584,003</u>	<u>\$ 11,598,347</u>	<u>\$ 2,408,620</u>	<u>\$ (185,082)</u>

See notes to financial statements

<u>Public Transportation</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ 4,682,252	\$ 21,835,298
-	39,522	1,270,663
2,694,972	2,824,966	23,090,773
-	-	387,349
-	5,169	409,238
24,816	424,552	1,910,734
-	2,200	2,200
720	146,653	240,592
<u>2,720,508</u>	<u>8,125,314</u>	<u>49,146,847</u>
2,125,928	1,982,218	8,879,242
-	86,311	447,032
-	237,268	18,088,721
-	1,635,394	4,854,619
-	-	3,691,776
-	749,191	4,249,018
-	735,000	735,000
-	345,182	345,182
-	2,992,038	3,086,723
<u>2,125,928</u>	<u>8,762,602</u>	<u>44,377,313</u>
<u>594,580</u>	<u>(637,288)</u>	<u>4,769,534</u>
-	-	4,915
90	4,239,455	4,576,963
<u>(10,369)</u>	<u>(1,560,769)</u>	<u>(4,576,963)</u>
<u>(10,279)</u>	<u>2,678,686</u>	<u>4,915</u>
584,301	2,041,398	4,774,449
<u>(1,099,318)</u>	<u>17,801,403</u>	<u>41,959,223</u>
<u>\$ (515,017)</u>	<u>\$ 19,842,801</u>	<u>\$ 46,733,672</u>

See notes to financial statements

City of Galesburg, Illinois

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities Year Ended December 31, 2021

Net change in total governmental fund balances \$ 4,774,449

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

Governmental funds report purchases of capital assets as expenditures while
governmental activities report depreciation expense to allocate those
expenditures over the life of the assets.

Capital expenditures	\$ 3,086,722	
Depreciation	(2,898,036)	
Net book value of assets retired	(63,227)	
Capital expenditures in excess of depreciation		125,459

Receivables not currently available are reported as revenue when collected
or currently available in the fund financial statements but are recognized as
revenue when earned in the government-wide financial statements. (168,012)

Some expenses in the Statement of Activities do not require the use of current
financial resources and, therefore, are not reported as expenditures in the
governmental funds.

Accrued interest on debt	32	
Amortization of bond premiums	22,495	
Amortization of bond insurance	(2,424)	
Net pension liability	6,586,511	
Net pension asset	142,435	
Net OPEB liability	(81,370)	
Deferred outflows of resources related to pensions	(3,668,881)	
Deferred outflows of resources related to OPEB	(38,123)	
Deferred inflows of resources related to pensions	(8,495,615)	
Deferred inflows of resources related to OPEB	49,157	
Compensated absences	(94,935)	
		(5,580,718)

Repayment of principal on long-term debt is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the Statement of Net
Position. 735,000

Internal service funds are used by management to charge self insurance costs
to individual funds. The change in net position of the internal service fund is
reported with governmental activities. 26,953

Change in net position of governmental activities \$ (86,869)

City of Galesburg, Illinois

Statement of Net Position

Proprietary Funds

December 31, 2021

	Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Refuse	Total	
Assets and Deferred Outflows of Resources				
Assets				
Current assets:				
Cash and cash equivalents	\$ 9,464,590	\$ 683,316	\$ 10,147,906	\$ 1,342,578
Investments	499,522	-	499,522	-
Receivables (net):				
Accounts	2,153,464	481,663	2,635,127	24,428
Accrued interest	449	-	449	-
Due from other funds	69	-	69	-
Inventory	126,446	-	126,446	-
Prepaid items	51,067	5,187	56,254	547,809
Total current assets	<u>12,295,607</u>	<u>1,170,166</u>	<u>13,465,773</u>	<u>1,914,815</u>
Noncurrent assets:				
Bond issuance insurance	13,525	-	13,525	-
Capital assets not being depreciated	2,041,405	-	2,041,405	-
Capital assets being depreciated	50,112,811	-	50,112,811	-
Less accumulated depreciation	<u>(17,211,089)</u>	<u>-</u>	<u>(17,211,089)</u>	<u>-</u>
Total noncurrent assets	<u>34,956,652</u>	<u>-</u>	<u>34,956,652</u>	<u>-</u>
Total assets	<u>47,252,259</u>	<u>1,170,166</u>	<u>48,422,425</u>	<u>1,914,815</u>
Deferred Outflows of Resources				
Deferred outflows related to pensions	486,173	-	486,173	17,457
Deferred outflows related to OPEB	227,558	2,450	230,008	-
Deferred charge on refunding	<u>779,863</u>	<u>-</u>	<u>779,863</u>	<u>-</u>
Total deferred outflows of resources	<u>1,493,594</u>	<u>2,450</u>	<u>1,496,044</u>	<u>17,457</u>

See notes to financial statements

City of Galesburg, Illinois

Statement of Net Position

Proprietary Funds

December 31, 2021

	Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Refuse	Total	
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 517,519	\$ 234,915	\$ 752,434	\$ 70,458
Accrued liabilities	29,308	471	29,779	1,195
Claims payable	-	-	-	170,000
Accrued interest payable	22,336	-	22,336	-
Deposits	1,012,256	-	1,012,256	-
Due to other governments	1,142,553	-	1,142,553	-
Due to fiduciary funds	8,315	240	8,555	-
Due to other funds	414	-	414	-
Unearned revenue	190	-	190	6,870
General obligation bonds payable	900,000	-	900,000	-
Notes payable	41,406	-	41,406	-
Compensated absences	144,408	115	144,523	2,778
Total current liabilities	3,818,705	235,741	4,054,446	251,301
Noncurrent liabilities:				
General obligation bonds payable	11,955,524	-	11,955,524	-
Notes payable	372,652	-	372,652	-
Net pension liability	28,941	-	28,941	1,039
Net OPEB liability	1,303,797	14,038	1,317,835	-
Compensated absences	60,888	-	60,888	-
Total noncurrent liabilities	13,721,802	14,038	13,735,840	1,039
Total liabilities	17,540,507	249,779	17,790,286	252,340
Deferred Inflows of Resources				
Deferred inflows related to pensions	998,577	-	998,577	35,857
Deferred inflows related to OPEB	142,073	1,530	143,603	-
Total deferred inflows of resources	1,140,650	1,530	1,142,180	35,857
Net Position				
Net investment in capital assets	22,398,727	-	22,398,727	-
Unrestricted net position	7,665,969	921,307	8,587,276	1,644,075
Total net position	\$ 30,064,696	\$ 921,307	30,986,003	1,644,075
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds			356,419	(356,419)
Net position business-type activities			\$ 31,342,422	
Net internal service funds reported in the statement of net position as governmental activities				\$ 1,287,656

See notes to financial statements

City of Galesburg, Illinois

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended December 31, 2021

	Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Refuse	Total	
Operating Revenues				
Charges for services	\$ 6,776,659	\$ 2,812,322	\$ 9,588,981	\$ 986,885
Miscellaneous	1,104	-	1,104	23,683
Total operating revenues	6,777,763	2,812,322	9,590,085	1,010,568
Operating Expenses				
Personnel services	1,769,138	39,703	1,808,841	65,535
Contractual services	1,545,274	2,749,322	4,294,596	619,086
Commodities	492,882	-	492,882	20
Insurance claims and changes in reserves	-	-	-	295,128
Depreciation	1,065,131	-	1,065,131	-
Other charges	20,714	5,032	25,746	-
Total operating expenses	4,893,139	2,794,057	7,687,196	979,769
Operating income	1,884,624	18,265	1,902,889	30,799
Nonoperating Revenues (Expenses)				
Investment earnings	23,614	1,128	24,742	1,210
Interest expense	(466,307)	-	(466,307)	-
Gain on sale of assets	5,586	-	5,586	-
Total nonoperating revenues (expenses)	(437,107)	1,128	(435,979)	1,210
Change in net position	1,447,517	19,393	1,466,910	32,009
Net Position, Beginning	28,617,179	901,914	29,519,093	1,612,066
Net Position, Ending	\$ 30,064,696	\$ 921,307	\$ 30,986,003	\$ 1,644,075
Change in net position			\$ 1,466,910	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			5,056	
Change in net position of business-type activities			\$ 1,471,966	

See notes to financial statements

City of Galesburg, Illinois

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Refuse	Total	
Cash Flows From Operating Activities				
Cash received from customers and users	\$ 6,654,589	\$ 2,716,313	\$ 9,370,902	\$ 59,634
Cash received from interfund service	-	-	-	945,380
Cash payments for goods and services	(2,105,505)	(2,715,302)	(4,820,807)	(1,056,512)
Cash payments to employees	(2,107,859)	(36,752)	(2,144,611)	(75,796)
Net cash provided/(used) by operating activities	2,441,225	(35,741)	2,405,484	(127,294)
Cash Flows From Noncapital Financing Activities				
Payments from (to) nonservice interfund accounts	345	240	585	-
Payments from (to) fiduciary funds	8,315	-	8,315	-
Net cash provided/(used) in noncapital financing activities	8,660	240	8,900	-
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(1,252,730)	-	(1,252,730)	-
Interest paid on debt	(464,745)	-	(464,745)	-
Principal payments on bonds	(865,000)	-	(865,000)	-
Principal payments on notes	(41,405)	-	(41,405)	-
Proceeds from sale of capital assets	5,586	-	5,586	-
Net cash used in capital and related financing activities	(2,618,294)	-	(2,618,294)	-
Cash Flows From Investing Activities				
Purchase of investments	(499,522)	-	(499,522)	-
Income and dividends received	25,393	1,128	26,521	1,210
Net cash provided by (used in) investing activities	(474,129)	1,128	(473,001)	1,210
Net increase (decrease) in cash	(642,538)	(34,373)	(676,911)	(126,084)
Cash and Cash Equivalents, Beginning	10,107,128	717,689	10,824,817	1,468,662
Cash and Cash Equivalents, Ending	\$ 9,464,590	\$ 683,316	\$ 10,147,906	\$ 1,342,578

See notes to financial statements

City of Galesburg, Illinois

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Refuse	Total	Internal Service Fund
Reconciliation of Operating Income to net Cash Provided By Operating Activities:				
Operating income (loss)	\$ 1,884,624	\$ 18,265	\$ 1,902,889	\$ 30,799
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,065,131	-	1,065,131	-
Change in operating assets and liabilities:				
Accounts receivable	(123,281)	(95,638)	(218,919)	(5,506)
Inventory	13,546	-	13,546	-
Prepaid items	5,129	577	5,706	(279,023)
Bond issuance insurance	1,948	-	1,948	-
Deferred outflows, pension	85,448	-	85,448	3,657
Deferred outflows, OPEB	9,849	(499)	9,350	-
Accounts payable	(191,265)	38,104	(153,161)	26,745
Deposits payable	32,524	-	32,524	-
Accrued salaries	1,115	128	1,243	227
Due to other governments	91,483	-	91,483	-
Claims payable	-	-	-	110,000
Compensated absences	(26,627)	(71)	(26,698)	698
Net pension liability	(805,274)	-	(805,274)	(29,775)
Net OPEB liability	(26,617)	3,102	(23,515)	-
Deferred inflows, pension	432,054	-	432,054	14,932
Deferred inflows, OPEB	(8,669)	291	(8,378)	-
Unearned revenue	107	-	107	(48)
Total adjustments	556,601	(54,006)	502,595	(158,093)
Net Cash Provided (Used) By Operating Activities	\$ 2,441,225	\$ (35,741)	\$ 2,405,484	\$ (127,294)

**Noncash Capital and Related Financing
Activities**

None

See notes to financial statements

City of Galesburg, Illinois

Statement of Fiduciary Net Position

Fiduciary Funds

December 31, 2021

	Pension Trust Funds
Assets	
Cash and cash equivalents	\$ 4,785,070
Investments:	
U.S. government and agency securities	9,353,571
Mutual funds	13,243,046
Common and preferred stock	5,995,533
Insurance contracts and annuities	24,207,418
Municipal bonds	53,505
Corporate bonds	8,305,298
Receivables:	
Accounts receivable	34,299
Accrued interest	71,101
Due from primary government	<u>140,475</u>
Total assets	<u>66,189,316</u>
Liabilities	
Accounts payable	<u>567,687</u>
Total liabilities	<u>567,687</u>
Net Position	
Restricted for OPEB	2,009,969
Restricted for retirement benefits	<u>63,611,660</u>
Total net position	<u><u>\$ 65,621,629</u></u>

See notes to financial statements

City of Galesburg, Illinois

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2021

	Pension Trust Funds
Additions	
Contributions:	
Employer	\$ 5,844,390
Plan member deposits	678,790
Total contributions	6,523,180
Investment earnings:	
Net appreciation in fair value of investments	5,007,313
Interest	1,163,891
Total investment earnings	6,171,204
Less investment expense	101,977
Net investment earnings	6,069,227
Miscellaneous:	
Other income	283
Total additions	12,592,690
Deductions	
Benefits	7,626,470
Administrative expenses	53,943
Total deductions	7,680,413
Change in net position	4,912,277
Net Position, Beginning	60,709,352
Net Position, Ending	<u><u>\$ 65,621,629</u></u>

See notes to financial statements

	Page
1. Summary of Significant Accounting Policies	33
Reporting Entity	33
Government-Wide and Fund Financial Statements	34
Measurement Focus, Basis of Accounting and Financial Statement Presentation	37
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and	
Net Position or Equity	38
Deposits and Investments	38
Receivables	41
Inventories and Prepaid Items	42
Capital Assets	42
Deferred Outflows of Resources	43
Compensated Absences	43
Long-Term Obligations	43
Deferred Inflows of Resources	44
Equity Classifications	44
Postemployment Benefits Other Than Pensions (OPEB)	45
Property Held for Resale	45
2. Stewardship, Compliance and Accountability	46
Deficit Balances	46
3. Detailed Notes on All Funds	47
Deposits and Investments	47
Receivables	52
Capital Assets	54
Interfund Receivables/Payables, Advances and Transfers	56
Long-Term Obligations	58
Net Position/Fund Balances	61
Component Unit	63
4. Other Information	66
Employees' Retirement System	66
Risk Management	85
Commitments and Contingencies	86
Other Postemployment Benefits	86
Subsequent Event	90
Tax Increment Financing District	90
Tax Abatement	90
Effect of New Accounting Standards on Current-Period Financial Statements	92

1. Summary of Significant Accounting Policies

The City of Galesburg, Illinois (the City) was incorporated in 1857. The City is a home-rule municipality, under the 1970 Illinois Constitution, located in Knox County, Illinois. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety, streets, refuse collection, recreation and cultural events, community development and general administrative services.

The accounting policies of the City of Galesburg, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

Blended Component Unit

The Town of the City of Galesburg serves all the citizens of the City and is governed by a board comprised of the City's elected council. Although the Town is a legally separate entity, it is, in substance, part of the primary government's operations and a financial benefit or burden relationship exists with the City. Therefore data from the Town is blended with the financial data of the City. Separately issued financial statements of the Town may be obtained from the the administrative offices at City Hall, Galesburg, Illinois.

Discretely Presented Component Unit**Galesburg Public Library**

The government-wide financial statements include the Galesburg Public Library (Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the City's elected council. Statutes provide for circumstances whereby the City can impose its will on the Library, and also create a potential financial benefit to or burden on the City. The Library has one fund and is presented as a governmental fund type. The Galesburg Public Library Foundation (Foundation), a component unit of the Library, receives donations and provides funds to the Library and promotes its charitable, educational and cultural purposes. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2021. The Library does not issue separate financial statements. Complete financial statements of the Foundation can be obtained from the administrative offices at City Hall, Galesburg, Illinois.

Fiduciary Component Units

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. PPERS is reported as a fiduciary component unit pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the PPERS.

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership; and two fire employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. FPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the FPERS.

Government-Wide and Fund Financial Statements**Government-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element of the individual governmental or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

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.

The City reports the following major governmental funds:

General Fund

General Fund accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Special Revenue Funds

Economic Development Fund is used to account for the economic development loans and assistance made to local businesses. Revenue is collected from the home rule tax that is distributed by the State of Illinois.

Parks and Recreation Fund is used to account for operations of the City's parks and recreation programs. Revenue is collected from multiple sources including property taxes, other taxes and intergovernmental payments from the State of Illinois restricted, committed or assigned for culture and recreation purposes.

Grants Fund is used to account for operations of the City's grant funds received from the State and Federal governments. Revenue is collected from State and/or Federal award agencies and is restricted to grant-related purposes..

Public Transportation Fund is used to account for operations associated with the City's Handivan program and the collection and use of public transportation operating assistance grants associated with the City's transit bus system.

Enterprise Funds

The City reports the following major enterprise funds:

Water Fund accounts for operations of providing a safe and adequate water supply for fire protection, domestic and industrial use.

Refuse Fund accounts for operations and maintenance of the refuse collection and recycling system.

The City reports the following nonmajor governmental funds:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

City Gas Tax
Federal Special Enforcement
Stormwater Utility
Airport
Public Transportation Projects
Town of the City of Galesburg

Motor Fuel Tax
State Special Enforcement
Foreign Fire
Property Redevelopment
911 Communications

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs.

2011C Business Park
2016 GO Bond Debt Service

2013A GO Bonds Business District

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

2013A Business District
TIF 3 Regency Capital Project
TIF Downtown
Computer Replacement
Players Fields
TIF IV

Utility Tax Capital Projects
Building Repair and Maintenance
TIF East Main
Vehicle Replacement
Capital Planning
TIF V

Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

Linwood Cemetery

East Linwood Cemetery

In addition, the City reports the following fund types:

Internal Service Fund

Internal Service Fund is used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Risk Management

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds are used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans and the other postemployment benefit plan.

Police Pension

Firefighters' Pension

OPEB Trust

Measurement Focus, Basis of Accounting and Financial Statement Presentation**Government-Wide Financial Statements**

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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 are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, licenses and permits and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and Fiduciary Funds

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

The 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 Water Fund and Refuse Fund are charges to customers for sales and services. Operating expenses for proprietary 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.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity**Deposits and Investments**

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

City of Galesburg

Notes to Financial Statements

December 31, 2021

Illinois Statutes authorize the City to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

The police pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	33%	2.00%
Equities	65	6.50
Cash and cash equivalents	2	0.20

Illinois Compiled Statutes (ILCS) limit the police pension fund's investments in equities, mutual funds and variable annuities to 65 percent. Securities in any one company should not exceed 5 percent of the total fund.

The police pension fund's investment policy does not include formalized long-term expected real rates of return by asset class. The police pension fund uses the actuarial assumption identified above for each asset class, which is determined by the pension plan's actuary and based on an arithmetic average.

The firefighters' pension fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed income	40%	0.13 - 6.87%
Equities	60	4.60 - 9.65
Cash and cash equivalents	0	-0.35

Illinois Compiled Statutes (ILCS) limit the firefighters' pension fund's investments in equities, mutual funds and variable annuities to 65 percent. Securities in any one company should not exceed 5 percent of the total fund.

The firefighters' pension fund's investment policy does not include formalized long-term expected real rates of return by asset class. The firefighters' pension fund uses the actuarial assumption identified above for each asset class, which is determined by the pension plan's actuary and based on an arithmetic average.

The City has adopted an investment policy. That policy follows the state statute for allowable investments.

Interest Rate Risk

The City's investment policy minimizes the risk the fair value of fixed income securities in the portfolio will fall due to changes in the general interest rates by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for on-going operations and by investing operating funds primarily in shorter-term fixed income securities. Per the City's investment policy, the maximum maturity for City investments shall be ten (10) years with the average maturity of the total portfolio not exceeding five (5) years.

The Police and Firefighters' Pensions investment policies abide by the same guidelines as the City's investment policy.

Credit Risk

The City's investment policy mitigates credit risk by limiting investments to the safest types of securities, prequalifying the financial institutions, broker/dealers and advisors with which the City will do business and diversifying the investment portfolio so that potential losses on individual securities will be minimized.

The Police Pension Fund and Firefighters' Pension Fund investment policies limit investments to those authorized by state statutes and applicable rules and regulations governing investments for the pension funds. To avoid unreasonable risk, diversification of investments is required, including equity allocation.

Concentration of Credit Risk

The City's investment policy seeks diversification to reduce overall portfolio risk while attaining market rates of return to enable the City to meet all anticipated cash requirements. The City places no limit on the amount the City may invest in one issuer.

The Police Pension Fund and Firefighters' Pension Fund investment policies limits the amount available for investment in publicly traded common stocks with no more than 5 percent of investment assets of the pension fund in any one company stock. The funds avoid a concentration of credit risk by diversifying its investments by security type and institution.

Custodial Credit Risk, Deposits

The City's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 100 percent of the value of the deposit.

The Police Pension Fund's investment policy requires perfect collateralization of all deposits in excess of FDIC insurable limits to the extent of 110 percent and evidenced by an approved written agreement.

The Firefighters' Pension Fund abides by the requirements of the City's investment policy.

Custodial Credit Risk, Investments

The City's investment policy requires that all trades where applicable will be executed by delivery vs. payment to ensure the fixed income securities are deposited in eligible financial institutions prior to the release of funds. All fixed income securities shall be perfected in the name or for the account of the City and shall be held by a third-party custodian as evidenced by safekeeping receipts.

The Police Pension Fund and Firefighters' Pension Fund investment policies allow the Pension Boards to register investments of the funds in the name of the pension funds, in the nominee name of a bank or trust company authorized to conduct a trust business in Illinois, or in the nominee name of the Illinois Public Treasurer's Investment Pool. The assets of the funds and ownership of the investments shall be protected through third-party custodial safekeeping.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investments could be sold.

See Note 3 for further information.

Receivables

Property taxes for levy year 2021 attaches as an enforceable lien on January 1, 2021, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). The 2021 tax levy, which attached as an enforceable lien on the property as of January 1, 2021, was levied in December 2021.

Tax bills for levy year 2021 are prepared by the Knox County Treasurer and issued on or about May 1, 2022 and August 1, 2022 and are payable in two installments, on or about June 1, 2022 and September 1, 2022 or within 30 days of the tax bills being issued.

The County collects such taxes and remits them periodically. The 2021 property tax levy is recognized as a receivable and deferred inflows in fiscal 2021, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2021, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2021 levy.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the FIFO method using the consumption method of accounting. Proprietary fund inventories are generally used for construction and/or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average and charged to construction and/or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets**Government-Wide Statements**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$50,000 for building improvements, land improvements, infrastructure and \$25,000 for machinery and equipment and an estimated useful life in excess of 5 years. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation. Donated capital assets received in a concession arrangement are recorded at acquisition value.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	8-50 Years
Land Improvements	10-50 Years
Machinery and Equipment	3-30 Years
Infrastructure	20-100 Years

The City's collection of works of art, library books and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2021, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, unamortized bond premium, net pension liabilities, net OPEB liabilities and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

On December 1, 2021, the City issued its Illinois Taxable Revenue Bonds, Series 2021 (the Knox College Project), in the aggregate amount of \$40,930,000 to (1) finance, refinance, or reimburse itself for all or a portion of the costs of planning, design, acquisition, construction, renovation, improvement, expansion, completion, and/or equipping of certain of its educational facilities, (2) refund all of the outstanding principal amount of the City's Illinois Variable Rate Demand Revenue Bonds, Series 1996 (Knox College Project), (3) refund all of the outstanding principal amount of the City's Illinois Variable Rate Demand Revenue Bonds, Series 1999 (Knox College Project), (4) refinance certain taxable indebtedness incurred by the Project under a loan from PNC Bank, (5) finance termination payments with respect to certain Interest Rate Swaps entered into by the Project with respect to the Series 1996 Bonds and Series 1999 Bonds, and (6) pay certain costs incurred in connection with the issuance of the bonds. From the date of original issuance, the bonds have been and will continue to be equally and ratably secured and entitled to the security of a Trust Indenture between the City and Amalgamated Bank of Chicago (as Trustee). Repayment of the bonds is the responsibility of the Knox College Project. The bonds mature on October 1, 2046. As of December 31, 2021, \$40,930,000 of 2021 Series bonds remain outstanding.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Equity Classifications

Government-Wide Statements

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

- a. **Net investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (ordinance) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The Council may take official action to assign amounts or delegate responsibility to another party through the budgetary process. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

To maintain the City's ability to provide services during emergencies and unexpected declines in the economy the City will maintain a General Fund, fund balance of 16 weeks, or approximately 30 percent of operating expenditures. The fund balance shall be exclusive of all other reserves and contingencies and shall be reported as unassigned.

See Note 3 for further information.

Fiduciary fund net position is classified as restricted for pool participants, individuals, organizations and other governments on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income and the City believes it is in compliance with all significant restrictions.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City OPEB Plan and additions to/deductions from the City OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the City OPEB Plan. For this purpose, the City OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Property Held for Resale

The City's land held for resale includes land that is being held for sale for future development of the City. The assets are valued at the lower of cost or market.

2. Stewardship, Compliance and Accountability**Deficit Balances**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2021, the following individual funds held a deficit balance:

Fund	Amount	Reason
Grants	\$ (185,082)	Operating expenditures exceeded available revenues
Public Transportation	(515,017)	Prior year operating expenses exceeded available revenues
2013A GO Bonds Business District	(189,435)	Prior year operating expenditures exceeded available revenues
Utility Tax Capital Projects	(11,847)	Prior year operating expenditures exceeded available revenues
TIF 3 Regency Capital Project	(365,608)	Prior year operating expenditures exceeded available revenues

These deficits are anticipated to be funded with future tax or grant revenues.

TIF district deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for the districts created before October 1, 1995 and 23 years for districts created thereafter through September 30, 2004. Beginning October 1, 2004, the life of new districts varies by type of district (20-27 years) and may be extended in some cases.

City of Galesburg

Notes to Financial Statements
December 31, 2021

3. Detailed Notes on All Funds

Deposits and Investments

The City's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 26,145,451	\$ 26,384,279	Custodial credit risk - deposits
Money market mutual funds, bond funds	439,629	439,629	Credit risk, interest rate risk
U.S. Agency obligations (implicitly guaranteed)	4,964,849	4,964,849	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Agency obligations (explicitly guaranteed)	131,803	131,803	Custodial credit risk - investments, interest rate risk
U.S. Treasury obligations	7,807,899	7,807,899	Custodial credit risk - investments, interest rate risk
Mutual funds	13,405,536	13,405,536	N/A
Insurance contracts and annuities	24,207,418	24,207,418	Credit risk, concentration of credit risk
Common and preferred stock	5,995,533	5,995,533	Custodial credit risk - investments, concentration of credit risk
Municipal bonds	53,505	53,505	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Corporate bonds	8,305,298	8,305,298	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Illinois Funds	20,007,501	20,007,501	Credit risk
Illinois Trusts	6,145,656	6,145,656	Credit risk
Petty cash	4,580	-	N/A
Total deposits and investments	<u>\$117,614,658</u>	<u>\$117,848,906</u>	

City of Galesburg

Notes to Financial Statements
December 31, 2021

Reconciliation to financial statements

Per statement of net position:

Cash and cash equivalents	\$ 47,516,433
Investments	4,154,784

Per statement of fiduciary net position, fiduciary funds:

Cash and cash equivalents	4,785,070
U.S. government and agency securities	9,353,571
Mutual funds	13,243,046
Common and preferred stock	5,995,533
Insurance contracts and annuities	24,207,418
Municipal bonds	53,505
Corporate bonds	<u>8,305,298</u>

Total deposits and investments	<u><u>\$117,614,658</u></u>
--------------------------------	-----------------------------

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

City of Galesburg

Notes to Financial Statements
December 31, 2021

The City utilized the fair market valuation method for recurring fair value measurements for both Level 1 and Level 2 investments. As of December 31, 2021, investments were measured using valuation inputs as follows:

City

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	\$ -	\$ 3,550,980	\$ -	\$ 3,550,980
Mutual funds, bond funds	439,629	-	-	439,629
Mutual funds	162,490	-	-	162,490
Total	<u>\$ 602,119</u>	<u>\$ 3,550,980</u>	<u>\$ -</u>	<u>\$ 4,153,099</u>

Police Pension Fund

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	\$ -	\$ 1,356,287	\$ -	\$ 1,356,287
U.S. Agency obligations	-	3,896,398	-	3,896,398
Corporate bonds	-	3,433,062	-	3,433,062
Insurance contracts and annuities	-	-	23,873,431	23,873,431
Total	<u>\$ -</u>	<u>\$ 8,685,747</u>	<u>\$ 23,873,431</u>	<u>\$ 32,559,178</u>

Firefighters' Pension Fund

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	\$ -	\$ 2,900,632	\$ -	\$ 2,900,632
U.S. Agency obligations	-	1,200,254	-	1,200,254
Municipal bonds	-	53,505	-	53,505
Corporate bonds	-	4,872,236	-	4,872,236
Stocks	5,995,533	-	-	5,995,533
Mutual funds	11,373,552	-	-	11,373,552
Insurance contracts and annuities	-	-	333,987	333,987
Total	<u>\$ 17,369,085</u>	<u>\$ 9,026,627</u>	<u>\$ 333,987</u>	<u>\$ 26,729,699</u>

OPEB Trust Fund

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,869,494	\$ -	\$ -	\$ 1,869,494
Total	<u>\$ 1,869,494</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,869,494</u>

Custodial Credit Risk**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2021, investments were rated as follows:

City

Investment Type	Standard & Poors	Moody's Investors Services
Illinois Funds	AAAm	N/R
Illinois Trust	AAAm	N/R
Mutual funds, bond funds	AAAm	Aaa-mf

Police Pension Fund

Investment Type	Standard & Poors	Moody's Investors Services
U.S. Agency obligations (implicitly guaranteed)	AA+	Aaa
Corporate bonds	A- to AA+	A3 to Aa2
Insurance contracts and annuities	N/R	N/R

Firefighters' Pension Fund

Investment Type	Standard & Poors	Moody's Investors Services
U.S. Agency obligations (implicitly guaranteed)	AA+ BBB- to	Aaa Baa3 to
Corporate bonds	AAA	Aaa
Municipal bonds	AAA	N/R
Insurance contracts and annuities	N/R	N/R

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

City of Galesburg

Notes to Financial Statements
December 31, 2021

At December 31, 2021, the Police Pension Fund's held the following investments in excess of 5 percent of the total Fund's investment portfolio:

Issuer	Investment Type	Percentage of Portfolio
Venerable	Insurance Contract	12.71 %
Transamerica	Insurance Contract	12.14
Prudential	Insurance Contract	10.11
Ohio National	Insurance Contract	10.11
Delaware Life	Insurance Contract	9.72
Federal Home Loan Bank	U.S. Agency obligations	8.30
Jackson National	Insurance Contract	7.86
Nationwide	Insurance Contract	7.27

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2021, investments were as follows:

City

Investment Type	Fair Value	Maturity (In Years)	
		Less than 1	1 - 5
U.S. Treasury obligations	\$ 3,550,980	\$ 1,497,361	\$ 2,053,619
Money market mutual funds, bond funds	439,629	439,629	-
Total	<u>\$ 3,990,609</u>	<u>\$ 1,936,990</u>	<u>\$ 2,053,619</u>

Police Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1 - 5	6 - 10	Greater than 10
U.S. Treasury obligations	\$ 1,356,287	\$ -	\$ 290,926	\$ 627,121	\$ 438,240
U.S. Agency obligations	3,896,398	-	1,722,825	1,463,345	710,228
Corporate bonds	<u>3,433,062</u>	<u>1,117,740</u>	<u>979,712</u>	<u>1,335,610</u>	<u>-</u>
Total	<u>\$ 8,685,747</u>	<u>\$ 1,117,740</u>	<u>\$ 2,993,463</u>	<u>\$ 3,426,076</u>	<u>\$ 1,148,468</u>

Firefighters' Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1 - 5	6 - 10	Greater than 10
U.S. Treasury obligations	\$ 2,900,632	\$ 100,080	\$ 1,420,620	\$ 1,379,932	\$ -
U.S. Agency obligations	1,200,254	15,844	186,878	309,128	688,404
Municipal bonds	53,505	-	-	-	53,505
Corporate bonds	<u>4,872,236</u>	<u>569,980</u>	<u>2,397,050</u>	<u>1,840,290</u>	<u>64,916</u>
Total	<u>\$ 9,026,627</u>	<u>\$ 685,904</u>	<u>\$ 4,004,548</u>	<u>\$ 3,529,350</u>	<u>\$ 806,825</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2021, the annual money-weighted rate of return on the Police Pension plan investments, net of pension plan investment expense, was 13.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

For the year ended December 31, 2021, the annual money-weighted rate of return on the Firefighters' Pension plan investments, net of pension plan investment expense, was 7.64 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Note 1 for further information on deposit and investment policies.

Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Economic Development</u>	<u>Parks and Recreation</u>	<u>Nonmajor</u>	<u>Total</u>
Other Taxes Receivable:					
Home rule tax	\$ 801,725	\$ 299,077	\$ 179,446	\$ -	\$ 1,280,248
Food and beverage tax	148,914	-	16,444	-	165,358
Hotel/motel tax	-	-	92,617	-	92,617
Auto rental tax	3,733	-	-	-	3,733
Local use tax	285,876	-	50,449	-	336,325
Video gaming tax	46,749	-	-	-	46,749
Business district tax	-	-	-	12,075	12,075
Aviation fuel tax	-	-	-	315	315
Total	<u>\$1,286,997</u>	<u>\$ 299,077</u>	<u>\$ 338,956</u>	<u>\$ 12,390</u>	<u>\$ 1,937,420</u>

	<u>General</u>	<u>Parks and Recreation</u>	<u>Grants</u>	<u>Nonmajor</u>	<u>Total</u>
Due From Other Governments:					
Replacement tax	\$ 323,349	\$ -	\$ -	\$ -	\$ 323,349
Sales tax	1,321,248	437,609	-	-	1,758,857
State income tax	388,992	20,473	-	-	409,465
Due from State of Illinois	78,118	-	338,694	281,045	697,857
Other	-	-	184,092	-	184,092
Due from other agencies	4,093	-	-	-	4,093
Total	<u>\$2,115,800</u>	<u>\$ 458,082</u>	<u>\$ 522,786</u>	<u>\$ 281,045</u>	<u>\$ 3,377,713</u>

City of Galesburg

Notes to Financial Statements December 31, 2021

All of the receivables on the balance sheet, except for the loans receivable noted below, are expected to be collected within one year.

As of December 31, 2021, the City had loans receivable in the amount of \$2,418,688 related to twelve economic development loans issued to local businesses from 2014 through 2021. Monthly installments range from \$202 to \$82,603 with interest rates from 2.00 percent to 4.50 percent. Final payments are due from June 2022 to November 2030.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used 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. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes levied for future periods	\$ 9,464,670	\$ -
Sales tax	-	621,497
Local use tax	-	136,691
Telecommunications tax	-	26,744
Auto rental tax	-	1,327
Home rule sales tax	-	435,168
Grants	2,054,744	724,306
Municipal cannabis use tax	-	29,861
Contributions from Knox County Sherriff	-	1,682
Remaining 2021 PSB expenses	-	77,639
Other	<u>127,466</u>	<u>245,556</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 11,646,880</u>	<u>\$ 2,300,471</u>
Unearned revenue included in liabilities	\$ 2,182,210	
Unearned revenue included in deferred inflows	<u>9,464,670</u>	
Total unearned revenue for governmental funds	<u>\$ 11,646,880</u>	

City of Galesburg

Notes to Financial Statements
December 31, 2021

Capital Assets

Capital asset activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 6,318,227	\$ 34,309	\$ -	\$ 6,352,536
Construction in progress	1,825,534	1,540,813	1,429,282	1,937,065
Total capital assets not being depreciated	8,143,761	1,575,122	1,429,282	8,289,601
Capital assets being depreciated:				
Land improvements	7,509,673	-	-	7,509,673
Buildings and improvements	18,697,913	1,891,089	69,703	20,519,299
Machinery and equipment	13,992,875	148,181	321,011	13,820,045
Infrastructure	74,277,269	901,612	-	75,178,881
Total capital assets being depreciated	114,477,730	2,940,882	390,714	117,027,898
Total capital assets	122,621,491	4,516,004	1,819,996	125,317,499
Less accumulated depreciation for:				
Land improvements	(5,346,003)	(186,622)	-	(5,532,625)
Buildings and improvements	(9,336,483)	(416,665)	23,062	(9,730,086)
Machinery and equipment	(7,909,000)	(751,551)	304,425	(8,356,126)
Infrastructure	(20,477,565)	(1,543,198)	-	(22,020,763)
Total accumulated depreciation	(43,069,051)	(2,898,036)	327,487	(45,639,600)
Net capital assets being depreciated	71,408,679	42,846	63,227	71,388,298
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 79,552,440</u>	<u>\$ 1,617,968</u>	<u>\$ 1,492,509</u>	<u>\$ 79,677,899</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 279,414
Economic Development	85,965
Public Works	1,909,953
Public Safety	281,990
Culture and Recreation	340,714
Total governmental activities depreciation expense	<u>\$ 2,898,036</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 693,913	\$ -	\$ -	\$ 693,913
Construction in progress	291,521	1,055,971	-	1,347,492
Total capital assets not being depreciated	985,434	1,055,971	-	2,041,405
Capital assets being depreciated:				
Land improvements	66,666	-	-	66,666
Buildings and improvements	24,412,831	85,000	-	24,497,831
Machinery and equipment	4,388,746	-	-	4,388,746
Infrastructure	21,159,568	-	-	21,159,568
Total capital assets being depreciated	50,027,811	85,000	-	50,112,811
Total capital assets	51,013,245	1,140,971	-	52,154,216
Less accumulated depreciation for:				
Land improvements	(34,040)	(1,905)	-	(35,945)
Buildings and improvements	(4,471,234)	(522,521)	-	(4,993,755)
Machinery and equipment	(2,692,200)	(198,999)	-	(2,891,199)
Infrastructure	(8,948,484)	(341,706)	-	(9,290,190)
Total accumulated depreciation	(16,145,958)	(1,065,131)	-	(17,211,089)
Net capital assets being depreciated	33,881,853	(980,131)	-	32,901,722
Business-Type capital assets, net of accumulated depreciation	<u>\$ 34,867,287</u>	<u>\$ 75,840</u>	<u>\$ -</u>	<u>\$ 34,943,127</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Interfund Receivables/Payables, Advances and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
General	Parks and Recreation	\$ 22,597
General	Grants	14,741
General	Public Transportation	1,107,394
General	Water	414
General	Nonmajor Governmental	13,430
Economic Development	Nonmajor Governmental	230,815
Parks and Recreation	General	14
Parks and Recreation	Nonmajor Governmental	8,707
Nonmajor Governmental	General	2,372,060
Nonmajor Governmental	Parks and Recreation	154,539
Nonmajor Governmental	Nonmajor Governmental	17,700
Water	General	69
Total, fund financial statements		3,942,480
Less interfund receivables created with internal service fund eliminations		(356,419)
Less government-wide eliminations		<u>(3,942,135)</u>
Total internal balances, government-wide statement of net position		<u><u>\$ (356,074)</u></u>

All amounts are due within one year.

The principal purpose of these interfunds is to cover deficits related to the timing of grant reimbursements, allocation of health insurance expenditures and to fund capital projects. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

Advances

The Economic Development Fund advanced funds to the TIF 3 Regency Capital Project Fund. The amounts advanced are determined by the deficiency of revenues over expenditures since the inception of the fund. Additionally, multiple funds advanced funds to the Utility Tax Capital Projects Fund to provide resources for future capital projects.

City of Galesburg

Notes to Financial Statements
December 31, 2021

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 133,837
Economic Development	Nonmajor Governmental	501,960
Parks and Recreation	Nonmajor Governmental	133,837
Nonmajor Governmental	Nonmajor Governmental	<u>267,674</u>
Total, fund financial statements		1,037,308
Less fund eliminations		<u>(1,037,308)</u>
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>

The principal purpose of these advances is to fund capital projects for economic development in the City. Additionally, in 2021, the City also provided a 10-year advance of funds from the General Fund to the Galesburg Public Library, the discretely presented component unit, to provide funding for a new HVAC system. No amounts are expected to be repaid within one year.

For the Statement of Net Position, interfund advances which are owed within the governmental activities or business-type activities are netted and eliminated.

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 6,633
Economic Development	General	18,523
Economic Development	Nonmajor Governmental	178,781
Parks and Recreation	Nonmajor Governmental	8,707
Grants	Nonmajor Governmental	124,774
Public Transportation	General	90
Nonmajor Governmental	General	2,474,277
Nonmajor Governmental	Economic Development	353,396
Nonmajor Governmental	Parks and Recreation	159,539
Nonmajor Governmental	Public Transportation	10,369
Nonmajor Governmental	Nonmajor Governmental	<u>1,241,874</u>
Total, fund financial statements		4,576,963
Less fund eliminations		<u>(4,576,963)</u>
Total transfers, government-wide statement of activities		<u>\$ -</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

City of Galesburg

Notes to Financial Statements
December 31, 2021

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 9,790,000	\$ -	\$ 735,000	\$ 9,055,000	\$ 775,000
(Discounts)/Premiums:					
Bond premium	<u>191,369</u>	<u>-</u>	<u>22,495</u>	<u>168,874</u>	<u>-</u>
Total bonds and notes payable	<u>9,981,369</u>	<u>-</u>	<u>757,495</u>	<u>9,223,874</u>	<u>775,000</u>
Other liabilities:					
Compensated absences	1,725,620	1,923,608	1,827,975	1,821,253	1,340,946
Net pension liability, IMRF	4,165,579	983,327	4,996,461	152,445	-
Net pension liability, Police	50,014,433	2,059,429	2,287,839	49,786,023	-
Net pension liability, Firefighters'	46,242,386	172,602	2,547,344	43,867,644	-
Net OPEB liability	<u>13,378,556</u>	<u>870,200</u>	<u>788,830</u>	<u>13,459,926</u>	<u>-</u>
Total other liabilities	<u>115,526,574</u>	<u>6,009,166</u>	<u>12,448,449</u>	<u>109,087,291</u>	<u>1,340,946</u>
Total governmental activities long-term liabilities	<u>\$ 125,507,943</u>	<u>\$ 6,009,166</u>	<u>\$ 13,205,944</u>	<u>\$ 118,311,165</u>	<u>\$ 2,115,946</u>
Business-Type Activities					
Bonds and notes payable:					
General obligation debt	\$ 13,275,000	\$ -	\$ 865,000	\$ 12,410,000	\$ 900,000
Notes payable, direct borrowing	455,463	-	41,405	414,058	41,406
(Discounts)/Premiums:					
Bond premium	<u>513,161</u>	<u>-</u>	<u>67,637</u>	<u>445,524</u>	<u>-</u>
Total bonds and notes payable	<u>14,243,624</u>	<u>-</u>	<u>974,042</u>	<u>13,269,582</u>	<u>941,406</u>
Other liabilities:					
Compensated absences	232,109	266,895	293,593	205,411	144,523
Net pension liability, IMRF	834,215	196,925	1,002,199	28,941	-
Net OPEB liability	<u>1,341,350</u>	<u>53,718</u>	<u>77,233</u>	<u>1,317,835</u>	<u>-</u>
Total other liabilities	<u>2,407,674</u>	<u>517,538</u>	<u>1,373,025</u>	<u>1,552,187</u>	<u>144,523</u>
Total business-type activities long-term liabilities	<u>\$ 16,651,298</u>	<u>\$ 517,538</u>	<u>\$ 2,347,067</u>	<u>\$ 14,821,769</u>	<u>\$ 1,085,929</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

General Obligation Debt

All general obligation debt payable is backed by the full faith and credit of the City. Debt in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

<u>Governmental Activities</u>						Balance
General Obligation Debt	Date of	Final	Interest	Original		December 31,
	Issue	Maturity	Rates	Indebtedness		2021
2011C Refunding Bonds issued to refund General Obligation Bonds, Series 2003, due in annual payments of \$175,000 to \$310,000	October 11, 2011	December 30, 2023	3.0% - 4.6%	\$ 2,915,000	\$	605,000
2013A General Obligation Bonds issued to finance infrastructure improvements for the North Seminary Street Business District, due in annual payments of \$30,000 to \$125,000	October 8, 2013	December 30, 2032	3.0% - 4.3%	1,390,000		1,060,000
2016 General Obligation Bonds issued to finance capital improvements for the East Fremont Street overlay project and brick streets overlay project, due in annual payments of \$345,000 to \$670,000	February 2, 2016	December 30, 2035	3.0% - 3.5%	9,600,000		<u>7,390,000</u>
Total governmental activities, general obligation debt						<u>\$ 9,055,000</u>

<u>Business-Type Activities</u>						Balance
General Obligation Debt	Date of	Final	Interest	Original		December 31,
	Issue	Maturity	Rates	Indebtedness		2021
2015 General Obligation Bonds, due in annual payments of \$115,000 to \$610,000	May 6, 2015	December 30, 2032	3.0% - 3.25%	\$ 8,290,000	\$	5,760,000
2017 General Obligation Bonds, due in annual payments of \$400,000 to \$680,000	May 2, 2017	December 1, 2033	2.0% - 5.0%	8,320,000		<u>6,650,000</u>
Total business-type activities, general obligation debt						<u>\$ 12,410,000</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		Business-Type Activities General Obligation Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 775,000	\$ 300,483	\$ 900,000	\$ 438,794
2023	810,000	272,403	930,000	407,294
2024	520,000	242,393	960,000	374,694
2025	545,000	225,993	990,000	348,319
2026	565,000	208,793	1,020,000	319,869
2027-2031	3,185,000	761,168	5,675,000	1,029,519
2032-2035	<u>2,655,000</u>	<u>223,375</u>	<u>1,935,000</u>	<u>120,075</u>
Total	<u>\$ 9,055,000</u>	<u>\$ 2,234,608</u>	<u>\$ 12,410,000</u>	<u>\$ 3,038,564</u>

Notes Payable

The City borrowed funds from the Illinois Environmental Protection Agency (IEPA) for flood proofing existing structures at the City's well site near Oquawka, Illinois. The total loan commitment is \$1,127,480, with \$1,055,376 drawn at December 31, 2021. The agreement stipulates that 50 percent of the amount funded by American Recovery and Reinvestment Act (25 percent of total draws) will be forgiven and not require repayment. The balance requiring repayment at December 31, 2021 was \$414,058. Principal payments will be due semiannually and no interest will be paid on the note. The final loan repayment schedule will be determined after the IEPA establishes the final principal amount. This note is repaid by the Water Fund.

Notes payable at December 31, 2021 consists of the following:

Business-Type Activities	Date of	Final	Interest	Original	Balance
Notes Payable	Issue	Maturity	Rates	Indebtedness	December 31, 2021
Loan, Illinois Environmental Protection Agency, due in semi-annual payments of \$41,406	December 24, 2010	September 1, 2031	0%	\$ 1,127,480	\$ 414,058
Total business-type activities notes payable					<u>\$ 414,058</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Notes Payable	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 41,406	\$ -
2023	41,406	-
2024	41,406	-
2025	41,406	-
2026	41,406	-
2027-2031	<u>207,028</u>	<u>-</u>
Total	<u>\$ 414,058</u>	<u>\$ -</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Other Debt Information

Compensated absences and net pension and OPEB liabilities attributable to governmental activities are generally liquidated by the General Fund. The City is a home rule municipality and, therefore, is not subject to the statutory general obligation debt limitations.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2021, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 6,352,536
Construction in progress	1,937,065
Other capital assets, net of accumulated depreciation	71,388,298
Less long-term debt outstanding (net of premiums, discounts and deferred amounts on refunding) related to capital assets	(7,924,877)
Plus bond issuance insurance	19,098
Less unamortized debt premium related to capital assets	<u>(143,250)</u>

Total net investment in capital assets	<u><u>\$ 71,628,870</u></u>
--	-----------------------------

City of Galesburg

Notes to Financial Statements
December 31, 2021

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2021, include the following:

	<u>General</u>	<u>Economic Development</u>	<u>Parks and Recreation</u>	<u>Grants</u>	<u>Public Transportation</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances							
Nonspendable:							
Prepaid items	\$ 360,194	\$ 1,001	\$ 41,406	\$ -	\$ 18,755	\$ 18,516	\$ 439,872
Inventories	51,370	-	-	-	-	-	51,370
Advances	646,291	-	-	-	-	-	646,291
Permanent fund principal	-	-	-	-	-	602,119	602,119
Subtotal	<u>1,057,855</u>	<u>1,001</u>	<u>41,406</u>	<u>-</u>	<u>18,755</u>	<u>620,635</u>	<u>1,739,652</u>
Restricted for:							
Motor fuel tax	-	-	-	-	-	2,378,353	2,378,353
Special enforcement	-	-	-	-	-	472,586	472,586
General government	-	-	-	-	-	46,816	46,816
Foreign fire	-	-	-	-	-	131,429	131,429
Infrastructure improvements	-	-	-	-	-	7,836	7,836
Economic development	-	746,507	-	-	-	-	746,507
TIF expenditures	-	-	-	-	-	1,524,567	1,524,567
Town of the City	-	-	-	-	-	1,401,806	1,401,806
Cemetery	-	-	-	-	-	33,101	33,101
Public works	-	-	-	-	-	815,698	815,698
Debt service	-	-	-	-	-	950	950
Restricted donations	<u>12,795</u>	<u>-</u>	<u>137,988</u>	<u>-</u>	<u>-</u>	<u>18,059</u>	<u>168,842</u>
Subtotal	<u>12,795</u>	<u>746,507</u>	<u>137,988</u>	<u>-</u>	<u>-</u>	<u>6,831,201</u>	<u>7,728,491</u>
Committed to:							
General government encumbrances	77,940	-	-	-	-	-	77,940
Capital projects	-	-	-	-	-	1,403,328	1,403,328
West Main Street Overpass	182,266	-	-	-	-	-	182,266
Property redevelopment	-	-	-	-	-	1,261,506	1,261,506
Building repair and maintenance	-	-	-	-	-	88,785	88,785
Community center building	-	-	-	-	-	62,510	62,510
Computer replacement	-	-	-	-	-	233,679	233,679
Economic development	-	8,228,661	-	-	-	-	8,228,661
Subtotal	<u>260,206</u>	<u>8,228,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,049,808</u>	<u>11,538,675</u>
Assigned to:							
Economic development	-	2,622,178	-	-	-	-	2,622,178
Building repair and maintenance	-	-	-	-	-	2,705,619	2,705,619
Computer replacement	-	-	-	-	-	1,106,236	1,106,236
Vehicle replacement	-	-	-	-	-	4,212,196	4,212,196
Player fields	-	-	-	-	-	24,095	24,095
Capital projects	-	-	-	-	-	1,860,800	1,860,800
Parks and recreation	-	-	2,229,226	-	-	-	2,229,226
Subtotal	<u>-</u>	<u>2,622,178</u>	<u>2,229,226</u>	<u>-</u>	<u>-</u>	<u>9,908,946</u>	<u>14,760,350</u>
Unassigned (deficit):	<u>12,253,147</u>	<u>-</u>	<u>-</u>	<u>(185,082)</u>	<u>(533,772)</u>	<u>(567,789)</u>	<u>10,966,504</u>
Total fund balances (deficit)	<u>\$ 13,584,003</u>	<u>\$ 11,598,347</u>	<u>\$ 2,408,620</u>	<u>\$ (185,082)</u>	<u>\$ (515,017)</u>	<u>\$ 19,842,801</u>	<u>\$ 46,733,672</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Business-Type Activities

Net investment in capital assets:

Land	\$ 693,913
Construction in progress	1,347,492
Other capital assets, net of accumulated depreciation	32,901,722
Less Long-term debt outstanding	(12,824,058)
Plus deferred charge on refunding	779,863
Less unamortized debt premium	(445,524)
Less capital-related payables	<u>(54,681)</u>

Total net investment in capital assets \$ 22,398,727

Component Unit

Galesburg Public Library

This report contains the Galesburg Public Library (Library), which is included as a component unit.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

Basis of Accounting/Measurement Focus

The Library follows the modified accrual basis of accounting and the flow of economic resources measurement focus.

Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits	\$ 1,507,039	\$ 1,516,544	Custodial credit risk - deposits
Illinois Funds	3,737,881	3,737,881	Credit risk
Mutual funds	3,742,385	3,742,385	N/A
			Custodial credit risk - investments, concentration of credit risk
Stocks	667,192	667,192	
Money market mutual funds, bond funds	211,058	211,058	Credit risk
Beneficial interest in endowment fund	17,303	17,303	N/A
Petty cash	<u>1,130</u>	<u>-</u>	N/A
Total deposits and investments	<u><u>\$ 9,883,988</u></u>	<u><u>\$ 9,892,363</u></u>	

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

City of Galesburg

Notes to Financial Statements
December 31, 2021

The Library utilized the fair market valuation method of recurring fair value measurements. As of December 31, 2021, the Library's investments were measured using valuation inputs as follows:

Investment Type	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Money market mutual funds, bond funds	\$ 211,058	\$ -	\$ -	\$ 211,058
Mutual funds	3,742,385	-	-	3,742,385
Stocks	667,192	-	-	667,192
Beneficial interest in endowment fund	17,303	-	-	17,303
Total	<u>\$ 4,637,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,637,938</u>

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned to the Library.

The Library does not have any deposits exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library does not have any investments exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2021, the Library's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Illinois Funds	AAAm	N/R
Money markets	N/R	N/R

See Note 1 for further information on deposit and investment policies.

City of Galesburg

Notes to Financial Statements
December 31, 2021

Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 587,552	\$ 210,051	\$ -	\$ 797,603
Construction in progress	<u>70,871</u>	<u>1,733,313</u>	<u>2,000</u>	<u>1,802,184</u>
Total capital assets not being depreciated	<u>658,423</u>	<u>1,943,364</u>	<u>2,000</u>	<u>2,599,787</u>
Capital assets being depreciated:				
Buildings and improvements	1,355,125	-	-	1,355,125
Machinery and equipment	<u>654,619</u>	<u>-</u>	<u>-</u>	<u>654,619</u>
Total capital assets being depreciated	<u>2,009,744</u>	<u>-</u>	<u>-</u>	<u>2,009,744</u>
Total capital assets	<u>2,668,167</u>	<u>1,943,364</u>	<u>2,000</u>	<u>4,609,531</u>
Less accumulated depreciation for:				
Buildings and improvements	(970,194)	(15,247)	-	(985,441)
Machinery and equipment	<u>(166,680)</u>	<u>(25,135)</u>	<u>-</u>	<u>(191,815)</u>
Total accumulated depreciation	<u>(1,136,874)</u>	<u>(40,382)</u>	<u>-</u>	<u>(1,177,256)</u>
Net capital assets being depreciated	<u>872,870</u>	<u>(40,382)</u>	<u>-</u>	<u>832,488</u>
Total Library capital assets, net of accumulated depreciation	<u>\$ 1,531,293</u>	<u>\$ 1,902,982</u>	<u>\$ 2,000</u>	<u>\$ 3,432,275</u>

Long-Term Obligations

On July 1, 2019, the Library entered into a loan agreement with the Library Foundation, wherein the Foundation loaned \$3,000,000 to the Library. The Loan is for twelve months with an interest rate of 3.75 percent, payable semi-annually, with the principal payable on July 1, 2022. As the Foundation is reported as part of the Library in the government-wide financial statements, the \$3,000,000 long-term liability of the Library and the \$3,000,000 receivable of the Foundation are netted and eliminated for reporting purposes.

On July 1, 2020, the Foundation borrowed \$3,000,000 from U.S. Bank with an initial interest rate of 2.26 percent. Monthly interest only payments in amounts determined by the lender shall be paid by the Foundation on the 30th day of each month, commencing and continuing until the maturity date of July 1, 2022.

On April 21, 2020, the Library issued \$2,000,500 in debt certificates with an initial interest rate of 3.25 percent. Monthly interest only payments in amounts determined by the lender are paid on the 28th of each month, commencing on May 28, 2020 and continuing until the maturity date of April 28, 2022.

City of Galesburg

Notes to Financial Statements
December 31, 2021

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Debt certificates - direct borrowing	\$ 2,000,500	\$ -	\$ -	\$ 2,000,500	\$ 2,000,500
Notes payable - direct borrowing	3,000,000	-	-	3,000,000	3,000,000
Compensated absences	130,722	103,643	111,624	122,741	39,417
Net pension liability - IMRF	480,145	113,343	577,685	15,803	-
Net OPEB liability	<u>20,377</u>	<u>3,709</u>	<u>1,333</u>	<u>22,753</u>	<u>-</u>
Total	<u>\$ 5,631,744</u>	<u>\$ 220,695</u>	<u>\$ 690,642</u>	<u>\$ 5,161,797</u>	<u>\$ 5,039,917</u>

Debt service requirements to maturity for debt certificates and notes payable are as follows:

	Principal	Interest
2022	<u>\$ 5,000,500</u>	<u>\$ 96,013</u>
Total	<u>\$ 5,000,500</u>	<u>\$ 96,013</u>

4. Other Information

Employees' Retirement System

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523. This report is also available for download at www.imrf.org.

City of Galesburg

Notes to Financial Statements
December 31, 2021

For the year ended December 31, 2021, the City recognized the following balances in the government-wide financial statements:

	Total Pension Liability	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
IMRF, City and Library	\$ 69,391,143	\$ 197,189	\$ 3,297,339	\$ 6,803,786	\$ (448,018)
IMRF, Town*	2,587,139	-	91,934	241,774	28,127
Police Pension Plan	83,987,539	49,786,023	14,647,886	4,644,232	6,167,850
Firefighters' Pension Plan	<u>73,277,788</u>	<u>43,867,644</u>	<u>7,967,878</u>	<u>5,234,109</u>	<u>4,990,772</u>
Total	<u>\$229,243,609</u>	<u>\$ 93,850,856</u>	<u>\$ 26,005,037</u>	<u>\$ 16,923,901</u>	<u>\$ 10,738,731</u>

As of December 31, 2021, the Township reported an IMRF net pension asset of \$225,852.

Illinois Municipal Retirement Fund - City and Library

Plan Description

All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3 percent for each year thereafter.

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

Under the employer number within IMRF, both the City and Library contribute to the plan. As a result, IMRF is considered to be an agent multiple-employer plan through which cost-sharing occurs between the City and Library.

Plan Membership

At December 31, 2020, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	199
Inactive, non-retired members	57
Active members	<u>163</u>
Total	<u>419</u>

Contributions

As set by statute, City and Library employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the City and Library to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City and Library's actuarially determined contribution rate for calendar year 2021 was 14.69 percent of annual covered payroll for IMRF. The City and Library also contribute 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.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions

The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2020 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.25%
Salary increases	2.85% - 13.75%
Price inflation	2.25%

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.

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00 %	6.35 %	5.00 %
International equities	18.00	7.65	6.00
Fixed income	28.00	1.40	1.30
Real estate	9.00	7.10	6.20
Alternatives	7.00		
Private equity		10.35	6.95
Commodities		3.90	2.85
Cash equivalents	1.00	0.70	0.70

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25 percent. The discount rate calculated using the December 31, 2019 measurement date was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City and Library contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents net pension liability/(asset) of the City and Library calculated using the discount rate of 7.25 percent as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City:			
Total pension liability	\$ 72,785,275	\$ 65,007,520	\$ 58,791,014
Plan fiduciary net position	<u>64,826,134</u>	<u>64,826,134</u>	<u>64,826,134</u>
Net pension liability/(asset)	<u>\$ 7,959,141</u>	<u>\$ 181,386</u>	<u>\$ (6,035,120)</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Library:			
Total pension liability	\$ 4,908,097	\$ 4,383,623	\$ 3,964,428
Plan fiduciary net position	<u>4,367,820</u>	<u>4,367,820</u>	<u>4,367,820</u>
Net pension liability/(asset)	<u>\$ 540,277</u>	<u>\$ 15,803</u>	<u>\$ (403,392)</u>
Total:			
Total pension liability	\$ 77,693,372	\$ 69,391,143	\$ 62,755,442
Plan fiduciary net position	<u>69,193,954</u>	<u>69,193,954</u>	<u>69,193,954</u>
Net pension liability/(asset)	<u>\$ 8,499,418</u>	<u>\$ 197,189</u>	<u>\$ (6,438,512)</u>

Changes in Net Pension Liability/(Asset)

The changes in net pension liability/(asset) for the calendar year ended December 31, 2020 were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a) - (b)</u>
City:			
Balances at December 31, 2019	\$ 63,595,775	\$ 58,595,981	\$ 4,999,794
Service cost	766,685	-	766,685
Interest on total pension liability	4,414,161	-	4,414,161
Differences between expected and actual experience of the total pension liability	703,455	-	703,455
Change of assumptions	(557,293)	-	(557,293)
Benefit payments, including refunds of employee contributions	(3,915,263)	(3,915,263)	-
Contributions, employer	-	1,226,214	(1,226,214)
Contributions, employee	-	384,039	(384,039)
Net investment income	-	8,549,012	(8,549,012)
Other (net transfer)	-	(13,849)	13,849
Balances at December 31, 2020	<u>\$ 65,007,520</u>	<u>\$ 64,826,134</u>	<u>\$ 181,386</u>
Library:			
Balances at December 31, 2019	\$ 4,305,172	\$ 3,825,027	\$ 480,145
Service cost	66,796	-	66,796
Interest on total pension liability	384,578	-	384,578
Differences between expected and actual experience of the total pension liability	61,288	-	61,288
Change of assumptions	(93,099)	-	(93,099)
Benefit payments, including refunds of employee contributions	(341,112)	(341,112)	-
Contributions, employer	-	106,832	(106,832)
Contributions, employee	-	33,459	(33,459)
Net investment income	-	744,821	(744,821)
Other (net transfer)	-	(1,207)	1,207
Balances at December 31, 2020	<u>\$ 4,383,623</u>	<u>\$ 4,367,820</u>	<u>\$ 15,803</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Total:			
Balances at December 31, 2019	\$ 67,900,947	\$ 62,421,008	\$ 5,479,939
Service cost	833,481	-	833,481
Interest on total pension liability	4,798,739	-	4,798,739
Differences between expected and actual experience of the total pension liability	764,743	-	764,743
Change of assumptions	(650,392)	-	(650,392)
Benefit payments, including refunds of employee contributions	(4,256,375)	(4,256,375)	-
Contributions, employer	-	1,333,046	(1,333,046)
Contributions, employee	-	417,498	(417,498)
Net investment income	-	9,293,833	(9,293,833)
Other (net transfer)	-	(15,056)	15,056
Balances at December 31, 2020	<u>\$ 69,391,143</u>	<u>\$ 69,193,954</u>	<u>\$ 197,189</u>

Plan fiduciary net position as a percentage of the total pension liability 99.72 %

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

For the year ended December 31, 2021, the City and Library recognized pension expense of \$(448,018). The City and Library reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Difference between expected and actual experience	\$ 1,302,829	\$ 6,888
Assumption changes	575,516	789,908
Net difference between projected and actual earnings on pension plan investments	-	5,461,710
Contributions subsequent to the measurement date	<u>1,153,515</u>	<u>-</u>
Total	<u>\$ 3,031,860</u>	<u>\$ 6,258,506</u>
Library:		
Difference between expected and actual experience	\$ 113,511	\$ 600
Assumption changes	50,143	68,822
Net difference between projected and actual earnings on pension plan investments	-	475,858
Contributions subsequent to the measurement date	<u>101,825</u>	<u>-</u>
Total	<u>\$ 265,479</u>	<u>\$ 545,280</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total:		
Difference between expected and actual experience	\$ 1,416,340	\$ 7,488
Assumption changes	625,659	858,730
Net difference between projected and actual earnings on pension plan investments	-	5,937,568
Contributions subsequent to the measurement date	<u>1,255,340</u>	<u>-</u>
Total	<u>\$ 3,297,339</u>	<u>\$ 6,803,786</u>

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending December 31, 2022. The remaining amounts reported as deferred outflows and inflows of resources related to pensions ((\$149,840)) will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2022	\$ (1,234,723)	\$ (107,577)	\$ (1,342,300)
2023	(148,492)	(12,937)	(161,429)
2024	(2,114,924)	(184,265)	(2,299,189)
2025	<u>(882,022)</u>	<u>(76,847)</u>	<u>(958,869)</u>
Total	<u>\$ (4,380,161)</u>	<u>\$ (381,626)</u>	<u>\$ (4,761,787)</u>

Illinois Municipal Retirement Fund - Town of the City of Galesburg

Plan Description

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1 2/3 percent of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2 percent for each year thereafter.

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

Plan Membership

At December 31, 2020, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	11
Inactive, non-retired members	1
Active members	<u>7</u>
Total	<u><u>19</u></u>

Contributions

As set by statute, Town employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The statute requires the Town to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Town's actuarially determined contribution rate for calendar year 2021 was 8.52 percent of annual covered payroll. The Town 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.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions

The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2020 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.25%
Salary increases	2.85% to 13.75%, including inflation
Price inflation	2.25%

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF specific rates were developed from the RP-2017 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF specific rates were developed from the RP-2017 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF specific rates were developed from the RP-2017 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return

See Long-Term Expected Real Rate of Return section in Illinois Municipal Retirement Fund - City and Library note above:

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25 percent. The discount rate calculated using the December 31, 2019 measurement date was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the net pension liability/(asset) of the Town calculated using the discount rate of 7.25 percent as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 2,842,770	\$ 2,587,139	\$ 2,371,503
Plan fiduciary net position	<u>2,812,991</u>	<u>2,812,991</u>	<u>2,812,991</u>
Net pension liability/(asset)	<u>\$ 29,779</u>	<u>\$ (225,852)</u>	<u>\$ (441,488)</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Changes in Net Pension Liability/(Asset)

The Town changes in net pension liability/(asset) for the calendar year ended December 31, 2020 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2019	\$ 2,439,145	\$ 2,522,562	\$ (83,417)
Service cost	38,008	-	38,008
Interest on total pension liability	172,660	-	172,660
Differences between expected and actual experience of the total pension liability	110,107	-	110,107
Change of assumptions	(19,517)	-	(19,517)
Benefit payments, including refunds of employee contributions	(153,264)	(153,264)	-
Contributions, employer	-	31,127	(31,127)
Contributions, employee	-	16,440	(16,440)
Net investment income	-	365,840	(365,840)
Other (net transfer)	-	30,286	(30,286)
Balances at December 31, 2020	<u>\$ 2,587,139</u>	<u>\$ 2,812,991</u>	<u>\$ (225,852)</u>

Plan fiduciary net position as a percentage of the total pension liability 108.73 %

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

For the year ended December 31, 2021, the Town recognized pension expense of \$28,127. The Town reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 63,807	\$ -
Assumption changes	-	11,149
Net difference between projected and actual earnings on pension plan investments	-	230,625
Contributions subsequent to the measurement date	<u>28,127</u>	<u>-</u>
Total	<u>\$ 91,934</u>	<u>\$ 241,774</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending December 31, 2022. The remaining amounts reported as deferred outflows and inflows of resources related to pensions ((\$149,840)) will be recognized in pension expense as follows:

Year Ending December 31,	Total
2022	\$ (6,866)
2023	(14,045)
2024	(91,793)
2025	<u>(37,136)</u>
Total	<u>\$ (149,840)</u>

Police Pension

Plan Description

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5 percent of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75 percent of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5 percent of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75 percent of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3 percent or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Plan Membership

At December 31, 2020, the actuarial valuation date, the Police Pension membership consisted of:

Retirees and beneficiaries	59
Inactive, non-retired members	10
Active members	<u>49</u>
Total	<u><u>118</u></u>

Contributions

Covered employees are required to contribute 9.91 percent of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90 percent funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2021 was 66.67 percent of annual covered payroll.

Net Pension Liability/(Asset)

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

Summary of Significant Accounting Policies

The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2021 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.75%
Inflation	2.25%
Projected salary increases	3.75% - 4.78%
Cost-of-living adjustments	2.25%

Mortality rates were based on the PubS-2010(A) Study Adjusted for Plan Status, Demographics and Illinois Public Pension Data.. The actuarial assumptions were based on the results of a 2020 actuarial experience study conducted by the independent actuary for Illinois Police Officers.

Discount Rate

The discount rate used to measure the total pension liability for the Police Pension Plan was 4.69 percent. The discount rate calculated using the December 31, 2020 measurement date was 5.04 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments of 6.75 percent was blended with the index rate of 2.06 percent for tax exempt 20-year general obligation municipal bonds with an average AA credit rating as of December 31, 2021 to arrive at a discount rate of 4.69 percent used to determine the total pension liability. The year ending December 31, 2061 is the last year in the project period for which projected benefit payments are fully funded.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 4.69 percent as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (3.69 percent) or 1 percentage point higher (5.69 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 97,821,762	\$ 83,987,539	\$ 72,947,523
Plan fiduciary net position	<u>34,201,516</u>	<u>34,201,516</u>	<u>34,201,516</u>
Net pension liability	<u>\$ 63,620,246</u>	<u>\$ 49,786,023</u>	<u>\$ 38,746,007</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Changes in Net Pension Liability/(Asset)

The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2021 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2020	\$ 81,048,280	\$ 31,033,847	\$ 50,014,433
Service cost	1,257,913	-	1,257,913
Interest on total pension liability	3,850,253	-	3,850,253
Differences between expected and actual experience of the total pension liability	(2,962,803)	-	(2,962,803)
Change of assumptions	4,143,452	-	4,143,452
Benefit payments, including refunds of employee contributions	(3,349,556)	(3,349,556)	-
Contributions - employer	-	2,287,839	(2,287,839)
Contributions - employee	-	391,329	(391,329)
Net investment income	-	3,864,471	(3,864,471)
Administration	-	(26,414)	26,414
Balances at December 31, 2021	<u>\$ 83,987,539</u>	<u>\$ 34,201,516</u>	<u>\$ 49,786,023</u>

Plan fiduciary net position as a percentage of the total pension liability 40.72 %

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

For the year ended December 31, 2021, the City recognized pension expense of \$6,167,850. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,335,294	\$ 2,563,516
Assumption changes	12,312,592	162,082
Net difference between projected and actual earnings on pension plan investments	-	1,918,634
Total	<u>\$ 14,647,886</u>	<u>\$ 4,644,232</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

The amounts reported as deferred outflows and inflows of resources related to pensions (\$10,003,654) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 3,163,147
2023	2,350,738
2024	2,556,179
2025	1,777,811
2026	<u>155,779</u>
Total	<u>\$ 10,003,654</u>

Firefighters' Pension

Plan Description

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes.

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5 percent of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75 percent of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3 percent of the original pension and 3 percent compounded annually thereafter.

Tier 2 - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5 percent of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75 percent of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3 percent or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Plan Membership

At December 31, 2020, the actuarial valuation date, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	64
Inactive, non-retired members	5
Active members	<u>41</u>
Total	<u><u>110</u></u>

Contributions

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2021, the contribution percentage was 9.455 percent. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90 percent funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2021 was 83.79 percent of annual covered payroll.

Net Pension Liability/(Asset)

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

Summary of Significant Accounting Policies

The financial statements of the Firefighters' Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximated fair value. Investments that do not have an established market are reported at estimated fair values.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation performed as of December 31, 2021 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	6.75%
Inflation	2.25%
Projected salary increases	3.75% - 7.30%
Cost-of-living adjustments	2.25%

Mortality rates were based on the PubS-2010(A) Study Adjusted for Plan Status, Demographics and Illinois Public Pension Data. The actuarial assumptions were based on the results of a 2020 actuarial experience study conducted by the independent actuary for Illinois Firefighters.

Discount Rate

The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 4.76 percent. The discount rate calculated using the December 31, 2020 measurement date was 5.04 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments of 6.75 percent was blended with the index rate of 2.06 percent for tax exempt 20-year general obligation municipal bonds with an average AA credit rating as of December 31, 2021 to arrive at a discount rate of 4.76 percent used to determine the total pension liability. The year ending December 31, 2059 is the last year in the project period for which projected benefit payments are fully funded.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 4.76 percent as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (3.76 percent) or 1 percentage point higher (5.76 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 84,206,550	\$ 73,277,788	\$ 64,415,513
Plan fiduciary net position	<u>29,410,144</u>	<u>29,410,144</u>	<u>29,410,144</u>
Net pension liability	<u>\$ 54,796,406</u>	<u>\$ 43,867,644</u>	<u>\$ 35,005,369</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Changes in Net Pension Liability/(Asset)

The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2021 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2020	\$ 74,274,685	\$ 28,032,299	\$ 46,242,386
Service cost	1,279,591	-	1,279,591
Interest on total pension liability	3,405,605	-	3,405,605
Differences between expected and actual experience of the total pension liability	(4,941,167)	-	(4,941,167)
Change of assumptions	2,667,256	-	2,667,256
Benefit payments, including refunds of employee contributions	(3,408,182)	(3,408,182)	-
Contributions, employer	-	2,547,344	(2,547,344)
Contributions, employee	-	287,461	(287,461)
Net investment income	-	1,977,162	(1,977,162)
Other	-	283	(283)
Administration	-	(26,223)	26,223
Balances at December 31, 2021	<u>\$ 73,277,788</u>	<u>\$ 29,410,144</u>	<u>\$ 43,867,644</u>

Plan fiduciary net position as a percentage of the total pension liability 40.14 %

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

For the year ended December 31, 2021, the City recognized pension expense of \$4,990,772. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 649,947	\$ 4,031,459
Assumption changes	7,317,931	-
Net difference between projected and actual earnings on pension plan investments	-	1,202,650
Total	<u>\$ 7,967,878</u>	<u>\$ 5,234,109</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

The amounts reported as deferred outflows and inflows of resources related to pensions (\$2,733,769) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 1,744,580
2023	1,008,936
2024	372,409
2025	<u>(392,156)</u>
Total	<u>\$ 2,733,769</u>

Pension Segment Information

Fiduciary Net Position

	<u>Pension Trust</u>			
	<u>Police Pension</u>	<u>Fire Pension</u>	<u>OPEB Trust</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,867,595	\$ 2,917,475	\$ -	\$ 4,785,070
Investments:				
U.S. government and agency obligations	5,252,685	4,100,886	-	9,353,571
Mutual funds	-	11,373,552	1,869,494	13,243,046
Common and preferred stock	-	5,995,533	-	5,995,533
Insurance contracts and annuities	23,873,431	333,987	-	24,207,418
Municipal bonds	-	53,505	-	53,505
Corporate bonds	3,433,062	4,872,236	-	8,305,298
Due from primary government	-	-	140,475	140,475
Receivables, (net allowances for uncollectibles)				
Accounts	34,299	-	-	34,299
Accrued interest	<u>19,615</u>	<u>51,486</u>	<u>-</u>	<u>71,101</u>
Total assets	<u>34,480,687</u>	<u>29,698,660</u>	<u>2,009,969</u>	<u>66,189,316</u>
Liabilities				
Accounts payable	<u>279,171</u>	<u>288,516</u>	<u>-</u>	<u>567,687</u>
Total liabilities	<u>279,171</u>	<u>288,516</u>	<u>-</u>	<u>567,687</u>
Net Position				
Restricted for OPEB	-	-	2,009,969	2,009,969
Restricted for retirement benefits	<u>34,201,516</u>	<u>29,410,144</u>	<u>-</u>	<u>63,611,660</u>
Total net position	<u>\$ 34,201,516</u>	<u>\$ 29,410,144</u>	<u>\$ 2,009,969</u>	<u>\$ 65,621,629</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Changes in Plan Net Position

	Pension Trust			
	Police Pension	Fire Pension	OPEB Trust	Total
Additions				
Contributions:				
Employer	\$ 2,287,839	\$ 2,547,344	\$ 1,009,207	\$ 5,844,390
Participants	<u>391,329</u>	<u>287,461</u>	<u>-</u>	<u>678,790</u>
Total contributions	<u>2,679,168</u>	<u>2,834,805</u>	<u>1,009,207</u>	<u>6,523,180</u>
Investment income:				
Net depreciation in fair value of investments	3,794,198	985,521	227,594	5,007,313
Interest income	<u>94,106</u>	<u>1,069,785</u>	<u>-</u>	<u>1,163,891</u>
Total investment income	3,888,304	2,055,306	227,594	6,171,204
Less investment expense	<u>(23,833)</u>	<u>(78,144)</u>	<u>-</u>	<u>(101,977)</u>
Net investment income	3,864,471	1,977,162	227,594	6,069,227
Miscellaneous:	<u>-</u>	<u>283</u>	<u>-</u>	<u>283</u>
Total additions	<u>6,543,639</u>	<u>4,812,250</u>	<u>1,236,801</u>	<u>12,592,690</u>
Deductions				
Benefits	3,349,556	3,408,182	868,732	7,626,470
Administration	<u>26,414</u>	<u>26,223</u>	<u>1,306</u>	<u>53,943</u>
Total deductions	<u>3,375,970</u>	<u>3,434,405</u>	<u>870,038</u>	<u>7,680,413</u>
Change in net position	3,167,669	1,377,845	366,763	4,912,277
Net position, beginning	<u>31,033,847</u>	<u>28,032,299</u>	<u>1,643,206</u>	<u>60,709,352</u>
Net position, ending	<u>\$ 34,201,516</u>	<u>\$ 29,410,144</u>	<u>\$ 2,009,969</u>	<u>\$ 65,621,629</u>

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers compensation. The City has established self-insurance funds (internal service funds) to provide coverage for losses from general liability, property and workers' compensation insurance claims.

Self Insurance

For general liability and workers' compensation claims, the City is fully self-insured. For property claims, the City pays a specific per incident deductible and then has private insurance for all losses in excess of that amount. All claims handling procedures are performed by an independent claims administrator.

City of Galesburg

Notes to Financial Statements
December 31, 2021

All funds of the City participate in the risk management program. Amounts payable to the self-insurance funds are based on estimates of the amounts necessary to pay prior and current year claims and to establish a reserve for catastrophic losses. These estimates are determined based on historical claims experience.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

There have been no significant reductions in insurance coverage in the current year from prior years. The amount of settlements have not exceeded insurance coverage in the past three fiscal years.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid Claims, Beginning	\$ 170,000	\$ 60,000
Current year claims and changes in estimates	17,300	267,844
Claim payments	<u>(127,300)</u>	<u>(157,844)</u>
Unpaid Claims, Ending	<u>\$ 60,000</u>	<u>\$ 170,000</u>

As of December 31, 2021, the entire balance of claims payable is expected to be paid within one year.

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has active construction projects as of December 31, 2021. Work that has been completed on these projects but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The City has an estimated remaining commitment of \$4,687,586 related to these projects.

Other Postemployment Benefits

General Information About the OPEB Plan

Plan Description

The City administers the Other Postemployment Benefit Plan (OPEB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time general and public safety employees of the City and Library. Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the unions.

Benefits Provided

The OPEB Plan provides continuation of employer subsidized health coverage for the retiree and their dependents, if any, upon retirement from the City after meeting the age and service requirements for retirement. The City pays 100 percent of the premium cost of coverage of the lowest cost health plan offered for retirees to age 65 for employees hired prior to 2011 (except those employed from Library, Township and City Assessor, who pay 100 percent of the premium costs). Retirees pay a portion of the premium cost of coverage for spousal coverage. Disabled officers are covered to age 65 paid 100 percent by the City. Employees hired after 2010 who retire may elect to continue coverage under the plan by contributing 100 percent of the premium rate costs.

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefit payments	72
Active plan members	<u>251</u>
	<u><u>323</u></u>

Contributions

The City Council has the authority to establish and amend the contribution requirements of the City and employees. The Council establishes rates based on an actuarially determined rate. For the year ended December 31, 2021, the City's average contribution rate was 5.32 percent of covered payroll. The City pays all benefit claims from operations and makes annual contributions to the plan. Plan members are not required to contribution to the plan.

Net OPEB Liability

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50%
Investment rate of return	1.84%
Healthcare cost trend rates	7.25% for 2021, decreasing in increments of 0.25% annually to 7.00% for 2022, further decreasing in increments of 0.50% annually to an ultimate rate of 4.00% for 2028 and after

Mortality rates were based on the RP-2014 Blue Collar base rates projected to 2020 using scale MP2020 for Police and Fire participants. For other participants, the RP-2014 base rates projected 2020 using scale MP2020 were used.

City of Galesburg

Notes to Financial Statements
December 31, 2021

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period from 2004 through 2008 adjusted forward by mortality improvement scales from the Society of Actuaries and an actuarial experience study for the period from 2004 through 2011 from the Illinois Department of Insurance..

Investment Policy

See Note 1 for disclosures related to the OPEB Plan's investment policy. The OPEB Plan's investment policy does not include formal target allocations for the diversification of the portfolio across a broad selection of distinct asset classes.

Money-weighted rate of return

For the year ended December 31, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 12.96 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total OPEB liability was 1.84 percent. The projection of cash flows used to determine the discount rate assumed that City and Library contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position will not be available to make all projected future benefit payments of current plan members. Therefore, a blended rate, based on the long-term expected rate of return on OPEB Plan investments and 20-year GO municipal bond rate, was used to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at December 31, 2020	\$ 16,383,489	\$ 1,643,206	\$ 14,740,283
Service cost	743,173	-	743,173
Interest	318,982	-	318,982
Changes in assumptions	234,877	-	234,877
Contributions-employer	-	1,009,207	(1,009,207)
Net investment income	-	227,594	(227,594)
Benefit payments	(868,732)	(868,732)	-
Administrative expense	(1,306)	(1,306)	-
Balances at December 31, 2021	<u>\$ 16,810,483</u>	<u>\$ 2,009,969</u>	<u>\$ 14,800,514</u>
Net OPEB liability, City	\$ 16,784,895	\$ 2,007,134	\$ 14,777,761
Net OPEB liability, Library	<u>25,588</u>	<u>2,835</u>	<u>22,753</u>
Net OPEB liability, Total	<u>\$ 16,810,483</u>	<u>\$ 2,009,969</u>	<u>\$ 14,800,514</u>
Plan fiduciary net position as a percentage of the total OPEB liability			11.96 %

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City and Library, as well as what the City's and Library's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84 percent) or 1-percentage-point higher (2.84 percent) than the current discount rate:

	1% Decrease (0.84%)	Discount Rate (1.84%)	1% Increase (2.84%)
Net OPEB liability, City	\$ 16,192,149	\$ 14,777,761	\$ 13,221,457
Net OPEB liability, Library	<u>24,931</u>	<u>22,753</u>	<u>20,357</u>
Net OPEB liability, Total	<u>\$ 16,217,080</u>	<u>\$ 14,800,514</u>	<u>\$ 13,241,814</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City and Library, as well as what the City's and Library's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.25 percent decreasing to 3.00 percent) or 1-percentage-point higher (8.25 percent decreasing to 5.00 percent) than the current healthcare cost trend rates:

	1% Decrease (6.25% Decreasing to 3.00%)	Healthcare Cost Trend Rates (7.25% Decreasing to 4.00%)	1% Increase (8.25% Decreasing to 5.00%)
Net OPEB liability, City	\$ 12,897,258	\$ 14,777,761	\$ 16,671,648
Net OPEB liability, Library	<u>19,858</u>	<u>22,753</u>	<u>25,669</u>
Net OPEB liability, Total	<u>\$ 12,917,116</u>	<u>\$ 14,800,514</u>	<u>\$ 16,697,317</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City and Library recognized OPEB expense of \$918,736. At December 31, 2021, the City and Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,183,659
Changes of assumptions or other inputs	2,583,202	147,291
Differences between expected and actual investment earnings	<u>-</u>	<u>281,837</u>
Total	<u>\$ 2,583,202</u>	<u>\$ 1,612,787</u>
Deferred Outflows / Inflows, City	\$ 2,579,231	\$ 1,610,308
Deferred Outflows / Inflows, Library	<u>3,971</u>	<u>2,479</u>
Total	<u>\$ 2,583,202</u>	<u>\$ 1,612,787</u>

City of Galesburg

Notes to Financial Statements
December 31, 2021

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31:</u>	<u>City</u>	<u>Library</u>	<u>Total</u>
2022	\$ 29,861	\$ 46	\$ 29,907
2023	41,394	64	41,458
2024	69,258	107	69,365
2025	69,260	107	69,367
2026	108,147	167	108,314
Thereafter	<u>651,003</u>	<u>1,001</u>	<u>652,004</u>
Total	<u>\$ 968,923</u>	<u>\$ 1,492</u>	<u>\$ 970,415</u>

Subsequent Event

Subsequent to December 31, 2021, the investment markets have experienced significant volatility. It is highly likely that the values of the City's investments have changed by material amounts since year end.

Tax Increment Financing District

The City of Galesburg has established several Tax Increment Redevelopment Project Areas (RPA's) to encourage redevelopment of certain sites for more market oriented commercial uses of the properties that will enhance their value and improve their contributions to the City and its surrounding areas. As part of the redevelopment plans, the City has made significant improvements to utilities, public parking, intersections and traffic signalization, streets and landscaping. The redevelopment plans also include site preparation, land acquisition and assembly and demolition/clearance.

Construction and development in the RPA's were the responsibility of developers and are substantially complete. To entice development of the areas, the City created tax increment financing (TIF) districts to finance public improvements made within the RPA's.

Several funds have been established to record the revenues generated in the RPA's that relate directly to servicing the debt issued to make public improvements in the RPA's.

Tax Abatement

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City is disclosing individual abatement agreements over \$100,000 individually and agreements under \$100,000 in the aggregate.

City of Galesburg

Notes to Financial Statements
December 31, 2021

The City, through its Tax Incremental Financing Districts 2, 3, 4 and 5, has entered into tax abatement agreements with developers in the form of tax increment financing incentive payments to stimulate economic development. The abatements are authorized through City Council resolutions for the reimbursement of property tax increment for various projects such as construction of a Holiday Inn Express Hotel and rehabilitation of property for a car reconditioning business. The developers pay property taxes as they become due and after meeting the criteria established in the development agreements, are entitled to a future incentive payments that directly correlate to the taxes paid. Incentive payments for the year ended December 31, 2021 totaled \$174,890. Individual agreements with payments in the year exceeding \$100,000 are as follows:

<u>Agreement Description</u>	<u>Calculation Method</u>	<u>Developer Commitment</u>	<u>Current Year Payments</u>
Janko Group - Holiday Inn Express	In dollars, not to exceed \$1,420,720	Construction and operation of Holiday Inn Express and property taxes to be paid in full for each given year	\$ 173,890

The City has entered into tax abatement agreements with developers in the form of sales tax rebate incentive payments to stimulate economic development. The abatements are authorized through City Council resolutions. The developers make sales tax payments as they become due and, after meeting the criteria established in the development agreements, are entitled to incentive payments that directly correlate to the taxes paid. The incentives are calculated based on a percentage of sales taxes paid by the developers, with cumulative not to exceed maximum payments. The developer commitments include the construction and operation of a Kohl's store and rehabilitation of an existing building for the operation of a furniture store. Total incentive payments for the year ended December 31, 2021 were \$70,475.

Effect of New Accounting Standards on Current-Period Financial Statements

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

City of Galesburg, Illinois

Illinois Municipal Retirement Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Seven Fiscal Years

	2015			2016		
	City	Library	Total	City	Library	Total
Total Pension Liability						
Service cost	\$ 835,600	\$ 51,869	\$ 887,469	\$ 769,916	\$ 47,792	\$ 817,708
Interest changes of benefit terms	3,654,093	226,824	3,880,917	3,800,892	362,372	4,163,264
Differences between expected and actual experience	329,002	20,422	349,424	1,207,175	74,934	1,282,109
Changes of assumptions	1,805,007	112,044	1,917,051	66,792	4,146	70,938
Benefit payments, including refunds of member contributions	(2,852,584)	(177,071)	(3,029,655)	(3,100,373)	(192,452)	(3,292,825)
Net change in total pension liability	3,771,118	234,088	4,005,206	2,744,402	296,792	3,041,194
Total Pension Liability, Beginning	<u>49,729,729</u>	<u>3,086,918</u>	<u>52,816,647</u>	<u>53,500,848</u>	<u>3,321,005</u>	<u>56,821,853</u>
Total Pension Liability, Ending	<u>\$ 53,500,847</u>	<u>\$ 3,321,006</u>	<u>\$ 56,821,853</u>	<u>\$ 56,245,250</u>	<u>\$ 3,617,797</u>	<u>\$ 59,863,047</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 1,068,399	\$ 66,320	\$ 1,134,719	\$ 996,715	\$ 61,870	\$ 1,058,585
Employee contributions	335,832	20,846	356,678	352,560	21,885	374,445
Net investment income	2,874,053	178,404	3,052,457	242,344	15,043	257,387
Benefit payments, including refunds of member contributions	(2,852,584)	(177,071)	(3,029,655)	(3,100,373)	(192,452)	(3,292,825)
Other (net transfer)	78,748	4,888	83,636	1,015,743	63,051	1,078,794
Net change in plan fiduciary net position	1,504,448	93,387	1,597,835	(493,011)	(30,603)	(523,614)
Plan Fiduciary Net Position, Beginning	<u>47,839,804</u>	<u>2,969,603</u>	<u>50,809,407</u>	<u>49,344,253</u>	<u>3,062,989</u>	<u>52,407,242</u>
Plan Fiduciary Net Position, Ending	<u>\$ 49,344,252</u>	<u>\$ 3,062,990</u>	<u>\$ 52,407,242</u>	<u>\$ 48,851,242</u>	<u>\$ 3,032,386</u>	<u>\$ 51,883,628</u>
City's Net Pension Liability, Ending	<u>\$ 4,156,595</u>	<u>\$ 258,016</u>	<u>\$ 4,414,611</u>	<u>\$ 7,394,008</u>	<u>\$ 585,411</u>	<u>\$ 7,979,419</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			92.23%			86.67%
Covered Payroll			\$ 7,926,152			\$ 8,027,563
City's Net Pension Liability as a Percentage of Covered Payroll			55.70%			99.40%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available. Additional years' information will be presented as it becomes available.

See notes to required supplementary information

2017			2018			2019		
City	Library	Total	City	Library	Total	City	Library	Total
\$ 765,484	\$ 84,368	\$ 849,852	\$ 762,056	\$ 54,613	\$ 816,669	\$ 675,940	\$ 69,697	\$ 745,637
3,937,799	434,008	4,371,807	4,224,265	302,734	4,526,999	4,060,308	418,666	4,478,974
584,340	64,404	648,744	(38,975)	(2,793)	(41,768)	1,889,328	194,812	2,084,140
(338,553)	192,212	(146,341)	(1,557,522)	(408,326)	(1,965,848)	1,602,544	229,937	1,832,481
(3,317,124)	(365,600)	(3,682,724)	(3,644,305)	(261,171)	(3,905,476)	(3,604,567)	(371,674)	(3,976,241)
1,631,946	409,392	2,041,338	(254,481)	(314,943)	(569,424)	4,623,553	541,438	5,164,991
56,245,250	3,617,797	59,863,047	57,877,196	4,027,189	61,904,385	57,622,715	3,712,246	61,334,961
<u>\$ 57,877,196</u>	<u>\$ 4,027,189</u>	<u>\$ 61,904,385</u>	<u>\$ 57,622,715</u>	<u>\$ 3,712,246</u>	<u>\$ 61,334,961</u>	<u>\$ 62,246,268</u>	<u>\$ 4,253,684</u>	<u>\$ 66,499,952</u>
\$ 1,232,864	\$ 135,881	\$ 1,368,745	\$ 1,088,795	\$ 78,029	\$ 1,166,824	\$ 1,017,042	\$ 104,869	\$ 1,121,911
332,082	36,601	368,683	336,127	24,089	360,216	361,455	37,270	398,725
3,142,696	346,375	3,489,071	9,205,609	659,725	9,865,334	(3,427,845)	(353,452)	(3,781,297)
(3,317,124)	(365,600)	(3,682,724)	(3,644,305)	(261,171)	(3,905,476)	(3,604,567)	(371,674)	(3,976,241)
(61,139)	(6,739)	(67,878)	(1,601,466)	(114,770)	(1,716,236)	1,300,797	134,127	1,434,924
1,329,379	146,518	1,475,897	5,384,760	385,902	5,770,662	(4,353,118)	(448,860)	(4,801,978)
48,851,242	3,032,386	51,883,628	50,180,621	3,178,904	53,359,525	55,565,381	3,564,806	59,130,187
<u>\$ 50,180,621</u>	<u>\$ 3,178,904</u>	<u>\$ 53,359,525</u>	<u>\$ 55,565,381</u>	<u>\$ 3,564,806</u>	<u>\$ 59,130,187</u>	<u>\$ 51,212,263</u>	<u>\$ 3,115,946</u>	<u>\$ 54,328,209</u>
<u>\$ 7,696,575</u>	<u>\$ 848,285</u>	<u>\$ 8,544,860</u>	<u>\$ 2,057,334</u>	<u>\$ 147,440</u>	<u>\$ 2,204,774</u>	<u>\$ 11,034,005</u>	<u>\$ 1,137,738</u>	<u>\$ 12,171,743</u>
		86.20%			96.41%			81.70%
	\$ 8,024,144			\$ 8,004,796			\$ 8,116,006	
		106.49%			27.54%			149.97%

See notes to required supplementary information

City of Galesburg, Illinois

Illinois Municipal Retirement Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Seven Fiscal Years

	2020			2021		
	City	Library	Total	City	Library	Total
Total Pension Liability						
Service cost	\$ 732,814	\$ 70,374	\$ 803,188	\$ 766,685	\$ 66,796	\$ 833,481
Interest changes of benefit terms	4,283,308	411,339	4,694,647	4,414,161	384,578	4,798,739
Differences between expected and actual experience	181,337	17,414	198,751	703,455	61,288	764,743
Changes of assumptions	71,265	(71,265)	-	(557,293)	(93,099)	(650,392)
Benefit payments, including refunds of member contributions	(3,919,217)	(376,374)	(4,295,591)	(3,915,263)	(341,112)	(4,256,375)
Net change in total pension liability	1,349,507	51,488	1,400,995	1,411,745	78,451	1,490,196
Total Pension Liability, Beginning	<u>62,246,268</u>	<u>4,253,684</u>	<u>66,499,952</u>	<u>63,595,775</u>	<u>4,305,172</u>	<u>67,900,947</u>
Total Pension Liability, Ending	<u>\$ 63,595,775</u>	<u>\$ 4,305,172</u>	<u>\$ 67,900,947</u>	<u>\$ 65,007,520</u>	<u>\$ 4,383,623</u>	<u>\$ 69,391,143</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 1,018,167	\$ 97,778	\$ 1,115,945	\$ 1,226,214	\$ 106,832	\$ 1,333,046
Employee contributions	339,011	32,556	371,567	384,039	33,459	417,498
Net investment income	9,768,518	938,100	10,706,618	8,549,012	744,821	9,293,833
Benefit payments, including refunds of member contributions	(3,919,217)	(376,374)	(4,295,591)	(3,915,263)	(341,112)	(4,256,375)
Other (net transfer)	177,239	17,021	194,260	(13,849)	(1,207)	(15,056)
Net change in plan fiduciary net position	7,383,718	709,081	8,092,799	6,230,153	542,793	6,772,946
Plan Fiduciary Net Position, Beginning	<u>51,212,263</u>	<u>3,115,946</u>	<u>54,328,209</u>	<u>58,595,981</u>	<u>3,825,027</u>	<u>62,421,008</u>
Plan Fiduciary Net Position, Ending	<u>\$ 58,595,981</u>	<u>\$ 3,825,027</u>	<u>\$ 62,421,008</u>	<u>\$ 64,826,134</u>	<u>\$ 4,367,820</u>	<u>\$ 69,193,954</u>
City's Net Pension Liability, Ending	<u>\$ 4,999,795</u>	<u>\$ 480,144</u>	<u>\$ 5,479,939</u>	<u>\$ 181,386</u>	<u>\$ 15,803</u>	<u>\$ 197,189</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			91.93%			99.72%
Covered Payroll			\$ 8,205,963			\$ 9,074,516
City's Net Pension Liability as a Percentage of Covered Payroll			66.78%			2.17%

See notes to required supplementary information

City of Galesburg, Illinois

Illinois Municipal Retirement Fund
Schedule of Employer Contributions
Last Nine Fiscal Years

	2013	2014	2015	2016
City				
Actuarially determined contribution	\$ 957,491	\$ 937,996	\$ 922,958	\$ 887,566
Contributions in relation to the actuarially determined contribution	1,068,399	996,715	1,232,864	1,050,988
Contribution deficiency (excess)	<u>\$ (110,908)</u>	<u>\$ (58,719)</u>	<u>\$ (309,906)</u>	<u>\$ (163,422)</u>
Library				
Actuarially determined contribution	\$ 59,435	\$ 58,225	\$ 101,725	\$ 97,824
Contributions in relation to the actuarially determined contribution	66,320	61,870	135,881	115,836
Contribution deficiency (excess)	<u>\$ (6,885)</u>	<u>\$ (3,645)</u>	<u>\$ (34,156)</u>	<u>\$ (18,012)</u>
Total				
Actuarially determined contribution	\$ 1,016,926	\$ 996,221	\$ 1,024,683	\$ 985,390
Contributions in relation to the actuarially determined contribution	1,134,719	1,058,585	1,368,745	1,166,824
Contribution deficiency (excess)	<u>\$ (117,793)</u>	<u>\$ (62,364)</u>	<u>\$ (344,062)</u>	<u>\$ (181,434)</u>
Covered payroll	\$ 7,926,152	\$ 8,027,563	\$ 8,024,144	\$ 8,004,796
Contributions as a percentage of covered payroll	14.32%	13.19%	17.06%	14.58%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2013 is not available. Additional years' information will be presented as it becomes available.

Valuation date: Actuarially determined contributions are calculated as of December 31 of the prior fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market, 20% corridor
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 CHBCA

Other information:

There were no benefit changes during the year.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 919,494	\$ 968,973	\$ 795,116	\$ 1,226,214	\$ 1,147,886
<u>1,088,795</u>	<u>1,017,042</u>	<u>1,018,167</u>	<u>1,226,214</u>	<u>1,153,515</u>
<u>\$ (169,301)</u>	<u>\$ (48,069)</u>	<u>\$ (223,051)</u>	<u>\$ -</u>	<u>\$ (5,629)</u>
\$ 65,896	\$ 99,913	\$ 76,357	\$ 106,832	\$ 101,328
<u>78,029</u>	<u>104,869</u>	<u>97,778</u>	<u>106,832</u>	<u>101,825</u>
<u>\$ (12,133)</u>	<u>\$ (4,956)</u>	<u>\$ (21,421)</u>	<u>\$ -</u>	<u>\$ (497)</u>
\$ 985,390	\$ 1,068,886	\$ 871,473	\$ 1,333,046	\$ 1,249,214
<u>1,166,824</u>	<u>1,121,911</u>	<u>1,115,945</u>	<u>1,333,046</u>	<u>1,255,340</u>
<u>\$ (181,434)</u>	<u>\$ (53,025)</u>	<u>\$ (244,472)</u>	<u>\$ -</u>	<u>\$ (6,126)</u>
\$ 8,004,796	\$ 8,116,066	\$ 8,205,963	\$ 9,074,516	\$ 9,420,918
14.58%	13.82%	13.60%	14.69%	13.33%

See notes to required supplementary information

City of Galesburg, Illinois

Illinois Municipal Retirement Fund - Town of the City of Galesburg
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Seven Fiscal Years

	2015	2016	2017
Total Pension Liability			
Service cost	\$ 39,545	\$ 38,846	\$ 39,565
Interest Changes of benefit terms	125,673	135,982	147,450
Differences between expected and actual experience	(46,822)	57,357	81,275
Changes of assumptions	81,489	2,169	(2,299)
Benefit payments, including refunds of member contributions	(58,570)	(65,588)	(92,773)
Net change in total pension liability	141,315	168,766	173,218
Total Pension Liability, Beginning	<u>1,685,146</u>	<u>1,826,461</u>	<u>1,995,227</u>
Total Pension Liability, Ending	<u><u>\$ 1,826,461</u></u>	<u><u>\$ 1,995,227</u></u>	<u><u>\$ 2,168,445</u></u>
Plan Fiduciary Net Position			
Employer contributions	\$ 42,037	\$ 27,432	\$ 85,180
Employee contributions	14,518	15,109	14,754
Net investment income	115,377	9,931	120,744
Benefit payments, including refunds of member contributions	(58,570)	(65,588)	(92,773)
Other (net transfer)	(8,101)	53,387	92,832
Net change in plan fiduciary net position	105,261	40,271	220,737
Plan Fiduciary Net Position, Beginning	<u>1,892,437</u>	<u>1,997,698</u>	<u>2,037,969</u>
Plan Fiduciary Net Position, Ending	<u><u>\$ 1,997,698</u></u>	<u><u>\$ 2,037,969</u></u>	<u><u>\$ 2,258,706</u></u>
City's Net Pension Liability (Asset), Ending	<u><u>\$ (171,237)</u></u>	<u><u>\$ (42,742)</u></u>	<u><u>\$ (90,261)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	109.38%	102.14%	104.16%
Covered Payroll	\$ 322,617	\$ 335,770	\$ 327,860
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	(53.08)%	(12.73)%	(27.53)%

See notes to required supplementary information

2018	2019	2020	2021
\$ 36,130	\$ 37,441	\$ 41,784	\$ 38,008
159,334	161,356	167,692	172,660
31,466	32,820	3,258	110,107
(74,508)	57,544	-	(19,517)
<u>(124,101)</u>	<u>(128,149)</u>	<u>(131,367)</u>	<u>(153,264)</u>
28,321	161,012	81,367	147,994
<u>2,168,445</u>	<u>2,196,766</u>	<u>2,357,778</u>	<u>2,439,145</u>
<u><u>\$ 2,196,766</u></u>	<u><u>\$ 2,357,778</u></u>	<u><u>\$ 2,439,145</u></u>	<u><u>\$ 2,587,139</u></u>
\$ 29,373	\$ 34,574	\$ 23,000	\$ 31,127
15,496	17,023	17,279	16,440
390,255	(149,226)	427,878	365,840
(124,101)	(128,149)	(131,367)	(153,264)
<u>(223,039)</u>	<u>49,301</u>	<u>15,559</u>	<u>30,286</u>
87,984	(176,477)	352,349	290,429
<u>2,258,706</u>	<u>2,346,690</u>	<u>2,170,213</u>	<u>2,522,562</u>
<u><u>\$ 2,346,690</u></u>	<u><u>\$ 2,170,213</u></u>	<u><u>\$ 2,522,562</u></u>	<u><u>\$ 2,812,991</u></u>
<u><u>\$ (149,924)</u></u>	<u><u>\$ 187,565</u></u>	<u><u>\$ (83,417)</u></u>	<u><u>\$ (225,852)</u></u>
106.82%	92.04%	103.42%	108.73%
\$ 344,345	\$ 378,277	\$ 383,980	\$ 365,341
(43.54)%	49.58%	(21.72)%	(61.82)%

See notes to required supplementary information

City of Galesburg, Illinois

Illinois Municipal Retirement Fund - Town of the City of Galesburg
Schedule of Employer Contributions
Last Seven Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 42,037	\$ 27,432	\$ 25,180	\$ 29,373	\$ 34,575
Contributions in relation to the actuarially determined contribution	<u>42,037</u>	<u>27,432</u>	<u>85,180</u>	<u>29,373</u>	<u>34,574</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,000)</u>	<u>\$ -</u>	<u>\$ 1</u>
Covered payroll	\$ 322,617	\$ 335,770	\$ 327,860	\$ 344,345	\$ 378,277
Contributions as a percentage of covered payroll	13.03%	8.17%	25.98%	8.53%	9.14%
	<u>2019</u>	<u>2020</u>	<u>2021</u>		
Actuarially determined contribution	\$ 23,000	\$ 31,127	N/A		
Contributions in relation to the actuarially determined contribution	<u>23,000</u>	<u>31,127</u>	<u>28,127</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>		
Covered payroll	\$ 383,980	\$ 365,341	N/A		
Contributions as a percentage of covered payroll	5.99%	8.52%	N/A		

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2014 is not available. Additional years' information will be presented as it becomes available.

N/A - Fiscal year 2021 information not available.

Valuation date: Actuarially determined contributions are calculated as of December 31 of the prior fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market, 20% corridor
Inflation	2.50%
Salary increases	3.35% to 14.25%, including inflation
Investment rate of return	7.25%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 CHBCA

City of Galesburg, Illinois

Police Pension Plan Schedule of Changes in the City's Net Pension Liability and Related Ratios Last Eight Fiscal Years

	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 740,298	\$ 749,291	\$ 842,309	\$ 896,385
Interest changes of benefit terms	2,742,481	3,080,281	3,193,581	3,514,250
Differences between expected and actual experience	241,625	3,636,322	(2,001,887)	97,635
Changes of assumptions	3,562,950	-	5,293,940	(1,052,662)
Change of benefit terms	-	-	-	-
Benefit payments, including refunds of member contributions	(2,212,992)	(2,615,062)	(2,400,732)	(2,602,347)
Net change in total pension liability	5,074,362	4,850,832	4,927,211	853,261
Total Pension Liability, Beginning	41,014,184	46,088,546	50,939,378	55,866,589
Total Pension Liability, Ending	<u>\$ 46,088,546</u>	<u>\$ 50,939,378</u>	<u>\$ 55,866,589</u>	<u>\$ 56,719,850</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 1,432,332	\$ 2,264,616	\$ 1,956,983	\$ 2,383,891
Employee contributions	314,238	464,316	326,120	466,106
Net investment income	996,571	(419,932)	1,170,666	2,748,342
Benefit payments, including refunds of member contributions	(2,212,992)	(2,615,062)	(2,400,732)	(2,602,347)
Administration	(87,266)	(27,329)	(24,498)	(22,507)
Net change in plan fiduciary net position	442,883	(333,391)	1,028,539	2,973,485
Plan Fiduciary Net Position, Beginning	23,095,800	23,538,683	23,205,292	24,233,831
Plan Fiduciary Net Position, Ending	<u>\$ 23,538,683</u>	<u>\$ 23,205,292</u>	<u>\$ 24,233,831</u>	<u>\$ 27,207,316</u>
City's Net Pension Liability, Ending	<u>\$ 22,549,863</u>	<u>\$ 27,734,086</u>	<u>\$ 31,632,758</u>	<u>\$ 29,512,534</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.07%	45.55%	43.38%	47.97%
Covered Payroll	\$ 3,099,328	\$ 3,196,939	\$ 3,155,088	\$ 3,249,741
City's Net Pension Liability as a Percentage of Covered Payroll	727.57%	867.52%	1002.60%	908.15%

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available. Additional years' information will be presented as it becomes available.

2018	2019	2020	2021
\$ 818,991	\$ 883,167	\$ 1,121,695	\$ 1,257,913
3,628,841	3,720,839	3,965,432	3,850,253
49,905	688,209	2,356,363	(2,962,803)
1,622,665	8,905,010	5,274,383	4,143,452
-	103,606	-	-
(2,804,292)	(2,880,141)	(3,126,243)	(3,346,556)
3,316,110	11,420,690	9,591,630	2,942,259
56,719,850	60,035,960	71,456,650	81,048,280
<u>\$ 60,035,960</u>	<u>\$ 71,456,650</u>	<u>\$ 81,048,280</u>	<u>\$ 83,990,539</u>
\$ 2,199,249	\$ 2,229,641	\$ 2,423,797	\$ 2,287,839
357,688	332,353	442,514	391,329
(1,608,006)	3,912,366	2,417,041	3,864,471
(2,804,292)	(2,880,141)	(3,126,243)	(3,349,556)
(22,577)	(22,719)	(24,140)	(26,414)
(1,877,938)	3,571,500	2,132,969	3,167,669
27,207,316	25,329,378	28,900,878	31,033,847
<u>\$ 25,329,378</u>	<u>\$ 28,900,878</u>	<u>\$ 31,033,847</u>	<u>\$ 34,201,516</u>
<u>\$ 34,706,582</u>	<u>\$ 42,555,772</u>	<u>\$ 50,014,433</u>	<u>\$ 49,789,023</u>
42.19%	40.45%	38.29%	40.72%
\$ 3,213,880	\$ 3,340,278	\$ 3,440,486	\$ 3,431,701
1079.90%	1274.02%	1453.70%	1450.86%

See notes to required supplementary information

City of Galesburg, Illinois

Police Pension Plan Schedule of Employer Contributions Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,455,588	\$ 1,438,309	\$ 1,657,194	\$ 2,294,319	\$ 2,650,318
Contributions in relation to the actuarially determined contribution	<u>937,749</u>	<u>1,396,761</u>	<u>1,432,332</u>	<u>2,264,616</u>	<u>1,956,983</u>
Contribution deficiency (excess)	<u>\$ 517,839</u>	<u>\$ 41,548</u>	<u>\$ 224,862</u>	<u>\$ 29,703</u>	<u>\$ 693,335</u>
Covered payroll	\$ 3,216,974	\$ 3,196,108	\$ 3,099,328	\$ 3,196,939	\$ 3,155,088
Contributions as a percentage of covered payroll	29.15%	43.70%	46.21%	70.84%	62.03%
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 2,511,651	\$ 2,528,343	\$ 2,780,269	\$ 2,780,269	\$ 3,108,165
Contributions in relation to the actuarially determined contribution	<u>2,383,891</u>	<u>2,199,249</u>	<u>2,229,641</u>	<u>2,423,797</u>	<u>2,287,839</u>
Contribution deficiency (excess)	<u>\$ 127,760</u>	<u>\$ 329,094</u>	<u>\$ 550,628</u>	<u>\$ 356,472</u>	<u>\$ 820,326</u>
Covered payroll	\$ 3,249,741	\$ 3,213,880	\$ 3,340,278	\$ 3,440,486	\$ 3,431,701
Contributions as a percentage of covered payroll	73.36%	68.43%	66.75%	70.45%	66.67%

Valuation date: Actuarially determined contributions are calculated as of December 31 of the prior fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.25%
Salary increases	3.75% - 4.78%
Investment rate of return	6.75%
Retirement age	Capped at age 65
Mortality	Mortality rates were based on the Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data

Other information:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

City of Galesburg, Illinois

Police Pension Plan
Schedule of Investment Returns
Last Eight Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	4.37%	(1.68)%	4.57%	10.67%	(6.77)%
	<u>2019</u>	<u>2020</u>	<u>2021</u>		
Annual money-weighted rate of return, net of investment expense	16.50%	8.91%	13.58%		

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available. Additional years' information will be presented as it becomes available.

City of Galesburg, Illinois

Firefighters' Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

Last Eight Fiscal Years

	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 661,464	\$ 682,458	\$ 764,601	\$ 814,759
Interest changes of benefit terms	2,719,284	2,922,284	2,930,958	3,469,190
Differences between expected and actual experience	(850,986)	716,526	(379,449)	(47,767)
Changes of assumptions	3,937,830	-	7,765,648	2,278,343
Benefit payments, including refunds of member contributions	(2,655,288)	(2,763,804)	(2,875,718)	(2,867,506)
Net change in total pension liability	3,812,304	1,557,464	8,206,040	3,647,019
Total Pension Liability, Beginning	40,747,439	44,559,810	46,117,274	54,323,314
Total Pension Liability, Ending	<u>\$ 44,559,743</u>	<u>\$ 46,117,274</u>	<u>\$ 54,323,314</u>	<u>\$ 57,970,333</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 1,600,784	\$ 2,328,400	\$ 2,096,966	\$ 2,112,413
Employee contributions	257,374	289,576	263,295	268,377
Net investment income	932,616	(202,440)	1,161,600	2,597,853
Benefit payments, including refunds of member contributions	(2,655,288)	(2,763,804)	(2,875,718)	(2,867,506)
Other	-	-	-	-
Administration	(25,441)	(25,879)	(24,462)	(23,116)
Net change in plan fiduciary net position	110,045	(374,147)	621,681	2,088,021
Plan Fiduciary Net Position, Beginning	21,013,866	21,123,911	20,749,764	21,371,445
Plan Fiduciary Net Position, Ending	<u>\$ 21,123,911</u>	<u>\$ 20,749,764</u>	<u>\$ 21,371,445</u>	<u>\$ 23,459,466</u>
City's Net Pension Liability, Ending	<u>\$ 23,435,832</u>	<u>\$ 25,367,510</u>	<u>\$ 32,951,869</u>	<u>\$ 34,510,867</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.41%	44.99%	39.34%	40.47%
Covered Payroll	\$ 2,611,787	\$ 2,742,445	\$ 2,719,370	\$ 2,800,951
City's Net Pension Liability as a Percentage of Covered Payroll	897%	925%	1212%	1232%

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available. Additional will be presented as it becomes available.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 912,463	\$ 935,109	\$ 1,238,084	\$ 1,279,591
3,525,942	3,723,946	3,620,103	3,405,605
(144,691)	706,327	575,990	(4,941,167)
377,989	7,178,008	2,891,832	2,667,256
<u>(2,929,709)</u>	<u>(3,085,029)</u>	<u>(3,222,012)</u>	<u>(3,408,182)</u>
1,741,994	9,458,361	5,103,997	(996,897)
<u>57,970,333</u>	<u>59,712,327</u>	<u>69,170,688</u>	<u>74,274,685</u>
<u>\$ 59,712,327</u>	<u>\$ 69,170,688</u>	<u>\$ 74,274,685</u>	<u>\$ 73,277,788</u>
\$ 2,389,691	\$ 2,522,306	\$ 2,697,162	\$ 2,547,344
276,331	282,177	294,398	287,461
(1,234,318)	3,543,455	3,108,833	1,977,162
(2,929,709)	(3,085,029)	(3,222,012)	(3,408,182)
-	-	-	283
<u>(23,482)</u>	<u>(22,427)</u>	<u>(24,543)</u>	<u>(26,223)</u>
(1,521,487)	3,240,482	2,853,838	1,377,845
<u>23,459,466</u>	<u>21,937,979</u>	<u>25,178,461</u>	<u>28,032,299</u>
<u>\$ 21,937,979</u>	<u>\$ 25,178,461</u>	<u>\$ 28,032,299</u>	<u>\$ 29,410,144</u>
<u>\$ 37,774,348</u>	<u>\$ 43,992,227</u>	<u>\$ 46,242,386</u>	<u>\$ 43,867,644</u>
36.74%	36.40%	37.74%	40.14%
\$ 2,919,494	\$ 2,984,419	\$ 3,073,952	\$ 3,040,305
1294%	1474%	1504%	1443%

years' information

City of Galesburg, Illinois

Firefighters' Pension Plan Schedule of Employer Contributions Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,455,588	\$ 1,607,765	\$ 1,708,503	\$ 2,482,676	\$ 2,482,676
Contributions in relation to the actuarially determined contribution	<u>1,330,584</u>	<u>1,453,831</u>	<u>1,600,784</u>	<u>2,328,400</u>	<u>2,096,966</u>
Contribution deficiency (excess)	<u>\$ 125,004</u>	<u>\$ 153,934</u>	<u>\$ 107,719</u>	<u>\$ 154,276</u>	<u>\$ 385,710</u>
Covered payroll	\$ 2,799,133	\$ 2,775,756	\$ 2,611,787	\$ 2,742,445	\$ 2,719,370
Contributions as a percentage of covered payroll	47.54%	52.38%	61.29%	84.90%	77.11%
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 2,734,369	\$ 2,833,708	\$ 3,054,249	\$ 3,054,249	\$ 3,337,911
Contributions in relation to the actuarially determined contribution	<u>2,112,413</u>	<u>2,389,691</u>	<u>2,522,306</u>	<u>2,697,162</u>	<u>2,547,344</u>
Contribution deficiency (excess)	<u>\$ 621,956</u>	<u>\$ 444,017</u>	<u>\$ 531,943</u>	<u>\$ 357,087</u>	<u>\$ 790,567</u>
Covered payroll	\$ 2,800,951	\$ 2,919,494	\$ 2,984,419	\$ 3,073,952	\$ 3,040,305
Contributions as a percentage of covered payroll	75.42%	81.85%	84.52%	87.74%	83.79%

Valuation date: Actuarially determined contributions are calculated as of December 31 of the prior fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-Age Normal
Amortization method	Level percentage of payroll
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.25%
Salary increases	3.75% - 7.30%
Investment rate of return	6.75%
Retirement age	Capped at age 65
Mortality	Mortality rates were based on the Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data

Other information:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

City of Galesburg, Illinois

Firefighters' Pension Plan Schedule of Investment Returns Last Eight Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	5.56%	(0.58)%	5.63%	11.59%	(5.20)%
	<u>2019</u>	<u>2020</u>	<u>2021</u>		
Annual money-weighted rate of return, net of investment expense	17.18%	11.59%	7.64%		

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available. Additional years' information will be presented as it becomes available.

City of Galesburg, Illinois

Other Postemployment Benefit Plan

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Last Five Fiscal Years

	2017	2018	2019	2020	2021
Total OPEB Liability					
Service cost	\$ 574,551	\$ 559,749	\$ 395,016	\$ 530,708	\$ 743,173
Interest	626,832	511,066	541,415	395,452	318,982
Differences between expected and actual experience	-	(1,446,729)	-	(299,490)	-
Changes of assumptions	1,302,625	(227,643)	1,201,614	1,796,429	234,877
Benefit payments, including refunds of member contributions	(1,063,653)	(1,006,877)	(1,087,427)	(837,332)	(868,732)
Administration	(429)	(610)	(847)	(1,009)	(1,306)
Net change in total OPEB liability	1,439,926	(1,611,044)	1,049,771	1,584,758	426,994
Total OPEB Liability, Beginning	<u>13,920,078</u>	<u>15,360,004</u>	<u>13,748,960</u>	<u>14,798,731</u>	<u>16,383,489</u>
Total OPEB Liability, Ending	<u>\$ 15,360,004</u>	<u>\$ 13,748,960</u>	<u>\$ 14,798,731</u>	<u>\$ 16,383,489</u>	<u>\$ 16,810,483</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 1,190,668	\$ 1,137,342	\$ 1,220,587	\$ 973,397	\$ 1,009,207
Net investment income	106,704	(61,778)	197,562	177,974	227,594
Benefit payments, including refunds of member contributions	(1,063,653)	(1,006,877)	(1,087,427)	(837,332)	(868,732)
Administration	(429)	(610)	(847)	(1,009)	(1,306)
Net change in plan fiduciary net position	233,290	68,077	329,875	313,030	366,763
Plan Fiduciary Net Position, Beginning	<u>698,934</u>	<u>932,224</u>	<u>1,000,301</u>	<u>1,330,176</u>	<u>1,643,206</u>
Plan Fiduciary Net Position, Ending	<u>\$ 932,224</u>	<u>\$ 1,000,301</u>	<u>\$ 1,330,176</u>	<u>\$ 1,643,206</u>	<u>\$ 2,009,969</u>
City's Net OPEB Liability, Ending	<u>\$ 14,427,780</u>	<u>\$ 12,748,659</u>	<u>\$ 13,468,555</u>	<u>\$ 14,740,283</u>	<u>\$ 14,800,514</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.07%	7.28%	8.99%	10.03%	11.96%
Covered Payroll	\$ 13,860,508	\$ 14,062,479	\$ 14,554,666	\$ 15,768,309	\$ 16,320,200
City's Net OPEB Liability as a Percentage of Covered Payroll	104.09%	90.66%	92.54%	93.48%	90.69%

Notes To Schedule:

The City implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2017 is not available.

City of Galesburg, Illinois

Other Postemployment Benefit Plan Schedule of Employer Contributions Last Ten Fiscal Years

	2012	2013	2014	2015	2016
Actuarially determined contribution	\$ 803,479	\$ 1,167,256	\$ 1,167,256	\$ 1,039,995	\$ 1,039,995
Contributions in relation to the actuarially determined contribution	627,391	1,420,787	1,548,657	944,242	1,024,503
Contribution deficiency (excess)	\$ 176,088	\$ (253,531)	\$ (381,401)	\$ 95,753	\$ 15,492
Covered payroll	\$ 14,134,413	\$ 13,833,624	\$ 14,317,802	\$ 14,317,373	\$ 14,818,481
Contributions as a percentage of covered payroll	4.44%	10.27%	10.82%	6.60%	6.91%
	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,254,235	\$ 1,095,487	\$ 1,087,427	\$ 837,332	\$ 868,732
Contributions in relation to the actuarially determined contribution	1,190,668	1,137,342	1,220,587	973,397	1,009,207
Contribution deficiency (excess)	\$ 63,567	\$ (41,855)	\$ (133,160)	\$ (136,065)	\$ (140,475)
Covered payroll	\$ 13,860,508	\$ 14,062,479	\$ 14,554,666	\$ 15,768,309	\$ 16,320,200
Contributions as a percentage of covered payroll	8.59%	8.09%	8.39%	6.17%	6.18%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	1.84%
Future medical plan participation	50% of Library, Township, and City Assessor employees; 100% of all other employees
Healthcare cost trend rates	7.5% initial, decreasing in increments of 0.5% annually to an ultimate rate of 4.0% for 2028 and after
Mortality	RP-2014 Blue Collar base rates projected to 2020 using scale MP2020 for Police and Fire participants; RP-2014 base rates projected to 2020 using scale MP2020 for other participants

See notes to required supplementary information

City of Galesburg, Illinois

Other Postemployment Benefit Plan

Schedule of Investment Returns

Last Five Fiscal Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	15.33%	(6.39)%	16.95%	11.97%	12.96%

Notes to Schedule:

The Plan implemented GASB Statement No. 74 in fiscal year 2017. Information prior to fiscal year 2017 is not available.

City of Galesburg, Illinois

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 7,798,360	\$ 7,798,360	\$ 7,757,968	\$ (40,392)
Other taxes	4,552,050	6,259,170	6,261,140	1,970
Intergovernmental	9,194,795	12,497,600	12,481,424	(16,176)
Licenses and permits	410,925	380,600	387,349	6,749
Charges for services	1,014,855	1,145,530	1,186,930	41,400
Fines and fees	276,450	370,780	404,069	33,289
Use of money and property	483,600	513,965	510,165	(3,800)
Miscellaneous	20,800	47,375	47,412	37
Total revenues	23,751,835	29,013,380	29,036,457	23,077
Expenditures				
Current:				
Mayor and city council	121,535	157,940	157,935	5
City manager	290,660	301,560	293,890	7,670
Legal	200,685	200,685	183,484	17,201
Human resources and benefits	236,095	236,095	214,132	21,963
City clerk	362,660	362,660	354,609	8,051
Management information systems	458,575	479,805	431,327	48,478
Finance	837,275	837,275	803,340	33,935
Planning	126,270	126,270	86,914	39,356
Fire and police commission	26,635	28,110	28,106	4
Contracts and subsidies	1,260,685	2,521,160	2,156,317	364,843
Police department	7,233,935	7,302,080	7,321,076	(18,996)
School crossing guards	67,160	67,160	44,778	22,382
Communications and records	2,075,210	2,143,420	2,122,782	20,638
Fire department	7,084,210	7,197,670	7,193,371	4,299
Emergency services	11,015	11,015	7,112	3,903
Inspection	739,635	769,875	756,340	13,535
Engineering	582,800	582,800	543,366	39,434
Motor pool, central garage	515,500	515,500	502,686	12,814
Street and bridge maintenance	1,640,810	1,640,810	1,603,994	36,816
Capital outlay	-	94,700	94,685	15
Total expenditures	23,871,350	25,576,590	24,900,244	676,346
Excess of revenue over expenditures	(119,515)	3,436,790	4,136,213	699,423
Other Financing Sources (Uses)				
Proceeds from the sale of assets	8,500	8,500	4,915	(3,585)
Transfers in	-	6,630	6,633	(3)
Transfers out	(427,000)	(2,488,405)	(2,492,890)	(4,485)
Total other financing sources (uses)	(418,500)	(2,473,275)	(2,481,342)	(8,073)
Net change in fund balance	\$ (538,015)	\$ 963,515	1,654,871	\$ 691,356
Fund Balances, Beginning of Year			11,929,132	
Fund Balances, End of Year			\$ 13,584,003	

See notes to required supplementary information

City of Galesburg, Illinois

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Economic Development - Major Special Revenue Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Other taxes	\$ 851,500	\$ 1,128,205	\$ 1,128,206	\$ 1
Use of money and property	60,110	62,560	57,263	(5,297)
Total revenues	<u>911,610</u>	<u>1,190,765</u>	<u>1,185,469</u>	<u>(5,296)</u>
Expenditures				
Current:				
Economic development	707,615	586,290	360,721	225,569
Miscellaneous	<u>2,138,070</u>	<u>2,273,575</u>	<u>468,727</u>	<u>1,804,848</u>
Total expenditures	<u>2,845,685</u>	<u>2,859,865</u>	<u>829,448</u>	<u>2,030,417</u>
Excess (deficiency) of revenue over expenditures	<u>(1,934,075)</u>	<u>(1,669,100)</u>	<u>356,021</u>	<u>2,025,121</u>
Other Financing Sources (Uses)				
Transfers in	96,050	195,780	197,304	(1,524)
Transfers out	<u>(553,230)</u>	<u>(553,230)</u>	<u>(353,396)</u>	<u>199,834</u>
Total other financing sources (uses)	<u>(457,180)</u>	<u>(357,450)</u>	<u>(156,092)</u>	<u>201,358</u>
Net change in fund balance	<u>\$ (2,391,255)</u>	<u>\$ (2,026,550)</u>	<u>199,929</u>	<u>\$ 2,226,479</u>
Fund Balances, Beginning			<u>11,398,418</u>	
Fund Balances, Ending			<u>\$ 11,598,347</u>	

See notes to required supplementary information

City of Galesburg, Illinois

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Parks and Recreation Fund - Major Special Revenue Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property	\$ 224,435	\$ 224,435	\$ 223,818	\$ (617)
Other taxes	1,291,750	1,781,905	1,781,914	9
Intergovernmental	1,541,300	1,928,220	1,930,807	2,587
Charges for services	44,700	44,700	44,211	(489)
Use of money and property	991,400	874,295	893,937	19,642
Miscellaneous	28,850	45,045	45,807	762
Total revenues	4,122,435	4,898,600	4,920,494	21,894
Expenditures				
Current:				
Buildings and grounds operations, public	133,990	133,990	130,781	3,209
Buildings and grounds operations	175,530	230,725	221,938	8,787
Forestry	266,345	266,345	203,831	62,514
Maintenance of Linwood Cemetery	183,985	183,985	143,410	40,575
Lake Storey pavilion	88,590	88,590	57,917	30,673
Lakeside waterpark	261,235	261,235	114,474	146,761
Hawthorne pool	101,755	116,755	108,184	8,571
Recreation special programs	219,615	219,615	75,218	144,397
Hawthorne gymnasium	23,415	23,415	16,100	7,315
Lakeside recreation facility	53,615	86,985	86,980	5
Lake Storey beach	26,110	55,270	51,917	3,353
Golf course	596,065	648,470	637,028	11,442
Recreation administration	2,019,515	2,065,785	2,044,666	21,119
Park operation and maintenance	414,175	465,595	440,439	25,156
Allison Campground	57,830	60,535	58,853	1,682
Total expenditures	4,621,770	4,907,295	4,391,736	515,559
Excess (deficiency) of revenue over expenditures	(499,335)	(8,695)	528,758	537,453
Other Financing Sources (Uses)				
Transfers in	4,800	4,800	8,707	3,907
Transfers out	(17,215)	(161,575)	(159,539)	2,036
Total other financing sources (uses)	(12,415)	(156,775)	(150,832)	5,943
Net change in fund balance	\$ (511,750)	\$ (165,470)	377,926	\$ 543,396
Fund Balances, Beginning			2,030,694	
Fund Balances, Ending			\$ 2,408,620	

See notes to required supplementary information

City of Galesburg, Illinois

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Grants Fund - Major Special Revenue Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 8,033,045	\$ 3,158,600	\$ 3,158,604	\$ 4
Use of money and property	-	-	1	1
Total revenues	8,033,045	3,158,600	3,158,605	5
Expenditures				
Current:				
General government	-	61,050	61,042	8
Public safety	846,915	965,740	275,213	690,527
Miscellaneous	6,336,130	7,151,715	3,031,100	4,120,615
Total expenditures	8,033,045	8,968,340	3,367,355	5,600,985
Excess (deficiency) of revenue over expenditures	-	(5,809,740)	(208,750)	5,600,990
Other Financing Sources				
Transfers in	-	124,775	124,774	1
Total other financing sources	-	124,775	124,774	1
Net change in fund balances	\$ -	\$ (5,684,965)	(83,976)	\$ 5,600,989
Fund Balance (Deficit), Beginning			(101,106)	
Fund Balance (Deficit), Ending			\$ (185,082)	

See notes to required supplementary information

City of Galesburg, Illinois

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Public Transportation Fund - Major Special Revenue Fund

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 1,779,645	\$ 2,694,970	\$ 2,694,972	\$ 2
Use of money and property	23,950	23,950	24,816	866
Miscellaneous	-	-	720	720
Total revenues	<u>1,803,595</u>	<u>2,718,920</u>	<u>2,720,508</u>	<u>1,588</u>
Expenditures				
Current:				
General government	<u>2,254,980</u>	<u>2,244,610</u>	<u>2,125,928</u>	<u>118,682</u>
Total expenditures	<u>2,254,980</u>	<u>2,244,610</u>	<u>2,125,928</u>	<u>118,682</u>
Excess (deficiency) of revenues over expenditures	<u>(451,385)</u>	<u>474,310</u>	<u>594,580</u>	<u>120,270</u>
Other Financing Sources (Uses)				
Transfers in	310,000	90	90	-
Transfers out	<u>-</u>	<u>(10,370)</u>	<u>(10,369)</u>	<u>(1)</u>
Total other financing sources (uses)	<u>310,000</u>	<u>(10,280)</u>	<u>(10,279)</u>	<u>(1)</u>
Net change in fund balances	<u>\$ (141,385)</u>	<u>\$ 464,030</u>	<u>584,301</u>	<u>\$ 120,271</u>
Fund Balance (Deficit), Beginning			<u>(1,099,318)</u>	
Fund Balance (Deficit), Ending			<u>\$ (515,017)</u>	

See notes to required supplementary information

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts are as originally adopted by the City Council. All annual appropriations lapse at fiscal year end.

In October and November, the Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing January 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to December 31, the budget is legally approved by City Council. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

The City is authorized to change budgeted amounts within any fund; however, revision must be approved by the City Council. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the division level for the General Fund and the fund level for other funds. The appropriated budget is prepared by fund, function, department and division. Line items may exceed budgeted amounts if the budget for the division is equal to or less than the budget amount approved by the City Council. The City Council must approve revisions that alter the total expenditures of any fund.

S U P P L E M E N T A R Y I N F O R M A T I O N

City of Galesburg, Illinois

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2021

	Special Revenue Funds						
	City Gas Tax	Motor Fuel Tax	Federal Special Enforcement	State Special Enforcement	Stormwater Utility	Foreign Fire	Airport
Assets							
Cash and cash equivalents	\$ 1,377,365	\$ 2,297,376	\$ 1	\$ 473,271	\$ 754,260	\$ 135,378	\$ 57,224
Investments	-	-	-	-	-	-	-
Receivables:							
Property taxes	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	315
Accounts	57,892	-	-	38	75,620	-	8,290
Accrued interest	96	-	-	-	-	-	-
Due from other governments	-	229,240	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	10,179
Prepaid items	2,058	-	-	-	3,586	-	1,089
Property held for resale	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 1,437,411</u>	<u>\$ 2,526,616</u>	<u>\$ 1</u>	<u>\$ 473,309</u>	<u>\$ 833,466</u>	<u>\$ 135,378</u>	<u>\$ 77,097</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ 28,448	\$ 148,263	\$ -	\$ 183	\$ 7,449	\$ 3,949	\$ 51,064
Accrued liabilities	3,577	-	-	-	6,733	-	1,114
Due to other funds	-	-	-	540	-	-	17,700
Advances from other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	1	-	-	-	4,455
Total liabilities	<u>32,025</u>	<u>148,263</u>	<u>1</u>	<u>723</u>	<u>14,182</u>	<u>3,949</u>	<u>74,333</u>
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	77
Property taxes levied for future periods	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77</u>
Fund Balances (Deficits)							
Nonspendable	2,058	-	-	-	3,586	-	1,089
Restricted	-	2,378,353	-	472,586	815,698	131,429	1,598
Committed	1,403,328	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>1,405,386</u>	<u>2,378,353</u>	<u>-</u>	<u>472,586</u>	<u>819,284</u>	<u>131,429</u>	<u>2,687</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,437,411</u>	<u>\$ 2,526,616</u>	<u>\$ 1</u>	<u>\$ 473,309</u>	<u>\$ 833,466</u>	<u>\$ 135,378</u>	<u>\$ 77,097</u>

Property Redevelopment	Public Transportation Projects	911 Communication	Town of the City of Galesburg	Debt Service Funds			Capital Projects Funds	
				2011C Business Park	2013A GO Bonds Business District	2016 GO Bonds Debt Service	2013A Business District	
\$ 1,150,722	\$ 36,971	\$ -	\$ 1,383,504	\$ 3,791	\$ 474	\$ -	\$ -	
-	-	-	-	-	-	-	-	
-	-	-	531,000	-	-	-	-	
-	-	-	-	-	-	-	12,075	
60,276	8,247	13,120	24,495	950	230,814	-	-	
-	-	-	-	-	-	-	-	
51,805	-	-	-	-	-	-	-	
-	-	800	-	-	-	-	-	
220	-	899	10,664	-	-	-	-	
123,411	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
<u>\$ 1,386,434</u>	<u>\$ 45,218</u>	<u>\$ 14,819</u>	<u>\$ 1,949,663</u>	<u>\$ 4,741</u>	<u>\$ 231,288</u>	<u>\$ -</u>	<u>\$ 12,075</u>	
\$ 900	\$ -	\$ -	\$ 1,417	\$ -	\$ -	\$ -	\$ -	
393	-	1,937	26	1,150	-	-	-	
-	-	12,882	-	1	230,814	-	-	
-	-	-	-	-	-	-	-	
71,610	-	-	4,750	2,640	474	-	-	
<u>72,903</u>	<u>-</u>	<u>14,819</u>	<u>6,193</u>	<u>3,791</u>	<u>231,288</u>	<u>-</u>	<u>-</u>	
51,805	-	-	-	-	189,435	-	4,239	
-	-	-	531,000	-	-	-	-	
<u>51,805</u>	<u>-</u>	<u>-</u>	<u>531,000</u>	<u>-</u>	<u>189,435</u>	<u>-</u>	<u>4,239</u>	
220	-	899	10,664	-	-	-	-	
-	45,218	-	1,401,806	950	-	-	7,836	
1,261,506	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	(899)	-	-	(189,435)	-	-	
<u>1,261,726</u>	<u>45,218</u>	<u>-</u>	<u>1,412,470</u>	<u>950</u>	<u>(189,435)</u>	<u>-</u>	<u>7,836</u>	
<u>\$ 1,386,434</u>	<u>\$ 45,218</u>	<u>\$ 14,819</u>	<u>\$ 1,949,663</u>	<u>\$ 4,741</u>	<u>\$ 231,288</u>	<u>\$ -</u>	<u>\$ 12,075</u>	

City of Galesburg, Illinois

Nonmajor Governmental Funds
Combining Balance Sheet (Continued)
December 31, 2021

	Capital Projects Funds						
	Utility Tax Capital Projects	TIF 3 Regency Capital Project	Building Repair & Maintenance	TIF Downtown	TIF East Main	Computer Replacement	Vehicle Replacement
Assets							
Cash and cash equivalents	\$ 527,989	\$ 2,515	\$ 2,389,789	\$ 47	\$ 515,671	\$ 1,169,393	\$ 2,957,495
Investments	-	-	499,094	-	-	-	498,884
Receivables:							
Property taxes	-	75,700	-	-	415,600	-	-
Other taxes	-	-	-	-	-	-	-
Accounts	150,028	-	-	-	-	-	-
Accrued interest	25	-	122	-	-	22	2
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	111,300	622,020
Prepaid items	-	-	-	-	-	-	-
Property held for resale	-	-	-	-	69,984	-	-
Advances to other funds	-	-	-	-	-	133,837	133,837
Total assets	<u>\$ 678,042</u>	<u>\$ 78,215</u>	<u>\$ 2,889,005</u>	<u>\$ 47</u>	<u>\$ 1,001,255</u>	<u>\$ 1,414,552</u>	<u>\$ 4,212,238</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ 20,704	\$ -	\$ 14,024	\$ 47	\$ -	\$ 74,637	\$ 42
Accrued liabilities	-	-	-	-	-	-	-
Due to other funds	-	-	8	-	-	-	-
Advances from other funds	669,185	368,123	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>689,889</u>	<u>368,123</u>	<u>14,032</u>	<u>47</u>	<u>-</u>	<u>74,637</u>	<u>42</u>
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	-
Property taxes levied for future periods	-	75,700	-	-	415,600	-	-
Total deferred inflows of resources	<u>-</u>	<u>75,700</u>	<u>-</u>	<u>-</u>	<u>415,600</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	18,059	-	585,655	-	-
Committed	-	-	151,295	-	-	233,679	-
Assigned	-	-	2,705,619	-	-	1,106,236	4,212,196
Unassigned	(11,847)	(365,608)	-	-	-	-	-
Total fund balances (deficits)	<u>(11,847)</u>	<u>(365,608)</u>	<u>2,874,973</u>	<u>-</u>	<u>585,655</u>	<u>1,339,915</u>	<u>4,212,196</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 678,042</u>	<u>\$ 78,215</u>	<u>\$ 2,889,005</u>	<u>\$ 47</u>	<u>\$ 1,001,255</u>	<u>\$ 1,414,552</u>	<u>\$ 4,212,238</u>

				Permanent Funds		
Players Fields	Capital Planning	TIF IV	TIF V	Linwood Cemetery	East Linwood Cemetery	Total Nonmajor Funds
\$ 24,095	\$ 60,800	\$ 1,097,301	\$ 27,318	\$ 1,916	\$ 31,185	\$ 16,475,851
-	-	-	-	84,973	517,146	1,600,097
-	-	361,900	8,200	-	-	1,392,400
-	-	-	-	-	-	12,390
-	-	-	-	1,233	7,474	638,477
-	-	-	-	-	-	267
-	-	-	-	-	-	281,045
-	1,800,000	-	-	-	-	2,544,299
-	-	-	-	-	-	18,516
-	-	-	-	-	-	193,395
-	-	-	-	-	-	267,674
<u>\$ 24,095</u>	<u>\$ 1,860,800</u>	<u>\$ 1,459,201</u>	<u>\$ 35,518</u>	<u>\$ 88,122</u>	<u>\$ 555,805</u>	<u>\$ 23,424,411</u>
\$ -	\$ -	\$ 184,707	\$ 1,000	\$ -	\$ -	\$ 536,834
-	-	-	-	-	-	14,930
-	-	-	-	1,233	7,474	270,652
-	-	-	-	-	-	1,037,308
-	-	-	-	-	-	83,930
-	-	184,707	1,000	1,233	7,474	1,943,654
-	-	-	-	-	-	245,556
-	-	361,900	8,200	-	-	1,392,400
-	-	361,900	8,200	-	-	1,637,956
-	-	-	-	84,973	517,146	620,635
-	-	912,594	26,318	1,916	31,185	6,831,201
-	-	-	-	-	-	3,049,808
24,095	1,860,800	-	-	-	-	9,908,946
-	-	-	-	-	-	(567,789)
24,095	1,860,800	912,594	26,318	86,889	548,331	19,842,801
<u>\$ 24,095</u>	<u>\$ 1,860,800</u>	<u>\$ 1,459,201</u>	<u>\$ 35,518</u>	<u>\$ 88,122</u>	<u>\$ 555,805</u>	<u>\$ 23,424,411</u>

City of Galesburg, Illinois

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2021

	Special Revenue Funds						
	City Gas Tax	Motor Fuel Tax	Federal Special Enforcement	State Special Enforcement	Stormwater Utility	Foreign Fire	Airport
Revenues							
Taxes	\$ 680,460	\$ -	\$ -	\$ -	\$ 781,046	\$ -	\$ 3,504
Charges for services	527	-	-	-	-	-	-
Intergovernmental	3,933	1,985,082	-	12,510	2,229	59,106	2,688
Fines and fees	-	-	-	5,169	-	-	-
Use of money and property	3,248	2,712	-	622	676	75	250,322
Contributions	-	-	-	1,000	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	688,168	1,987,794	-	19,301	783,951	59,181	256,514
Expenditures							
Current:							
General government	660,857	-	-	-	-	-	246,306
Economic development	-	-	-	-	-	-	-
Public safety	-	-	-	87,471	-	56,882	-
Public works	-	1,035,626	-	-	490,783	-	-
Miscellaneous	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	213,612	908,806	-	-	13,925	-	-
Total expenditures	874,469	1,944,432	-	87,471	504,708	56,882	246,306
Excess (deficiency) of revenues over expenditures	(186,301)	43,362	-	(68,170)	279,243	2,299	10,208
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	-	10,179
Transfers out	-	-	-	-	-	-	(17,700)
Total other financing sources (uses)	-	-	-	-	-	-	(7,521)
Net change in fund balances	(186,301)	43,362	-	(68,170)	279,243	2,299	2,687
Fund Balances (Deficits), Beginning	1,591,687	2,334,991	-	540,756	540,041	129,130	-
Fund Balances (Deficits), Ending	\$ 1,405,386	\$ 2,378,353	\$ -	\$ 472,586	\$ 819,284	\$ 131,429	\$ 2,687

Property Redevelopment	Public Transportation Projects	911 Communication	Town of the City of Galesburg	Debt Service Funds			Capital Projects Funds
				2011C Business Park	2013A GO Bonds Business District	2016 GO Bond Debt Service	2013A Business District
\$ -	\$ -	\$ -	\$ 529,637	\$ -	\$ -	\$ -	\$ 42,572
14,995	-	-	24,000	-	-	-	-
123,195	5,320	92,915	127,544	-	-	-	-
-	-	-	-	-	-	-	-
596	32,177	-	547	88,296	53	-	3
-	-	-	-	-	-	-	-
-	-	-	24,571	-	57,891	-	-
138,786	37,497	92,915	706,299	88,296	57,944	-	42,575
-	12,606	-	659,450	676	-	-	-
165,034	-	-	-	-	(89,689)	-	-
-	-	92,915	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	275,000	65,000	395,000	-
-	-	-	-	38,928	47,006	244,606	-
-	-	-	11,263	-	-	-	-
165,034	12,606	92,915	670,713	314,604	22,317	639,606	-
(26,248)	24,891	-	35,586	(226,308)	35,627	(639,606)	42,575
215,464	10,369	-	-	227,458	54,064	639,606	-
-	(131,407)	-	-	-	-	-	(40,626)
215,464	(121,038)	-	-	227,458	54,064	639,606	(40,626)
189,216	(96,147)	-	35,586	1,150	89,691	-	1,949
1,072,510	141,365	-	1,376,884	(200)	(279,126)	-	5,887
<u>\$ 1,261,726</u>	<u>\$ 45,218</u>	<u>\$ -</u>	<u>\$ 1,412,470</u>	<u>\$ 950</u>	<u>\$ (189,435)</u>	<u>\$ -</u>	<u>\$ 7,836</u>

City of Galesburg, Illinois

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Year Ended December 31, 2021

	Capital Projects Funds						
	Utility Tax Capital Projects	TIF 3 Regency Capital Project	Building Repair & Maintenance	TIF Downtown	TIF East Main	Computer Replacement	Vehicle Replacement
Revenues							
Taxes	\$ 1,585,761	\$ 74,943	\$ -	\$ 216,696	\$ 406,916	\$ -	\$ -
Charges for services	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	410,444	-
Fines and fees	-	-	-	-	-	-	-
Use of money and property	1,890	31	2,344	313	424	4,275	7,486
Contributions	-	-	-	-	-	1,200	-
Miscellaneous	-	-	(1,200)	591	-	-	39,500
Total revenues	1,587,651	74,974	1,144	217,600	407,340	415,919	46,986
Expenditures							
Current:							
General government	179,793	-	-	-	-	117,620	98,156
Economic development	-	-	-	3,047	350	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	108,985	-	-	-	-
Miscellaneous	-	-	-	-	173,890	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	14,642	-	-	-	-	-	-
Capital outlay	628,311	-	438,584	34,309	-	492,214	136,918
Total expenditures	822,746	-	547,569	37,356	174,240	609,834	235,074
Excess (deficiency) of revenues over expenditures	764,905	74,974	(546,425)	180,244	233,100	(193,915)	(188,088)
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	-	111,300	627,020
Transfers out	(639,606)	-	-	(510,964)	(211,759)	-	-
Total other financing sources (uses)	(639,606)	-	-	(510,964)	(211,759)	111,300	627,020
Net change in fund balances	125,299	74,974	(546,425)	(330,720)	21,341	(82,615)	438,932
Fund Balances (Deficits), Beginning	(137,146)	(440,582)	3,421,398	330,720	564,314	1,422,530	3,773,264
Fund Balances (Deficits), Ending	\$ (11,847)	\$ (365,608)	\$ 2,874,973	\$ -	\$ 585,655	\$ 1,339,915	\$ 4,212,196

				Permanent Funds		Total Nonmajor Funds
Players Fields	Capital Planning	TIF IV	TIF V	Linwood Cemetery	East Linwood Cemetery	
\$ -	\$ -	\$ 352,603	\$ 8,114	\$ -	\$ -	\$ 4,682,252
-	-	-	-	-	-	39,522
-	-	-	-	-	-	2,824,966
-	-	-	-	-	-	5,169
4,899	-	1,257	46	3,005	19,255	424,552
-	-	-	-	-	-	2,200
-	5,800	-	-	-	19,500	146,653
4,899	5,800	353,860	8,160	3,005	38,755	8,125,314
-	-	-	-	956	5,798	1,982,218
-	-	7,569	-	-	-	86,311
-	-	-	-	-	-	237,268
-	-	-	-	-	-	1,635,394
-	195,000	379,301	1,000	-	-	749,191
-	-	-	-	-	-	735,000
-	-	-	-	-	-	345,182
-	-	114,096	-	-	-	2,992,038
-	195,000	500,966	1,000	956	5,798	8,762,602
4,899	(189,200)	(147,106)	7,160	2,049	32,957	(637,288)
-	1,800,053	543,942	-	-	-	4,239,455
-	-	-	-	(1,233)	(7,474)	(1,560,769)
-	1,800,053	543,942	-	(1,233)	(7,474)	2,678,686
4,899	1,610,853	396,836	7,160	816	25,483	2,041,398
19,196	249,947	515,758	19,158	86,073	522,848	17,801,403
<u>\$ 24,095</u>	<u>\$ 1,860,800</u>	<u>\$ 912,594</u>	<u>\$ 26,318</u>	<u>\$ 86,889</u>	<u>\$ 548,331</u>	<u>\$ 19,842,801</u>

City of Galesburg, Illinois

Nonmajor Governmental Funds

December 31, 2021

Special Revenue Funds

City Gas Tax Fund - To account for the four and one-half cent per gallon local gasoline tax used to help finance improvements made to local roads and streets.

Motor Fuel Tax Fund - To account for the revenue and expenditures related to projects financed by the state gasoline tax collected and distributed by the State of Illinois.

Federal Special Enforcement Fund - To account for the revenue and expenditures related to the forfeited assets received from the federal government and used for law enforcement purposes.

State Special Enforcement Fund - To account for the revenue and expenditures related to the forfeited assets received from the State and used for law enforcement purposes.

Stormwater Utility Fund - To account for the revenues and expenditures related to the stormwater management program.

Foreign Fire Fund - To account for revenue and expenditures related to the foreign fire insurance board.

Airport Fund - To account for airport funds.

Property Redevelopment Fund - To account for funds from the sale of surplus City-owned properties which can be used to provide a source of funding for property redevelopment efforts.

Public Transportation Projects Fund - To account for revenues and expenditures associated with capital projects and maintenance of the City's public transportation systems.

911 Communications Fund - To account for the services of the County-wide enhanced emergency telephone system operated by the Galesburg Police Department staff and services division.

Town of the City of Galesburg Fund - To account for the services provided by the City's blended component unit, the Town of the City of Galesburg.

Debt Service Funds

2011C Business Park Fund - To account for servicing the refunding of the 2003 series bonds.

2013A GO Bonds Business District Fund - To account for servicing of the 2013A series general obligation bonds.

2016 GO Bond Debt Service Fund - To account for servicing of the 2016 series general obligation bonds.

City of Galesburg, Illinois

Nonmajor Governmental Funds

December 31, 2021

Capital Projects Funds

2013A Business District Fund - To account for the use of proceeds from the 2013A series general obligation bonds for projects within the business district.

Utility Tax Capital Projects Fund - To account for the use of proceeds from the electric and natural gas utility tax to fund capital improvements and infrastructure.

TIF 3 Regency Capital Project Fund - To account for the revenue and expenditures related to the Regency Tax Increment Financing District.

Building Repair and Maintenance Fund - To account for the repair and maintenance of major City-owned building components.

TIF Downtown Fund - To account for the revenue and expenditures related to the Downtown Tax Increment Financing District.

TIF East Main Fund - To account for the revenue and expenditures related to the East Main Tax Increment Financing District.

Computer Replacement Fund - To account for the upgrade and replacement of all City computer hardware and software.

Vehicle Replacement Fund - To account for the upgrade and replacement of all City vehicles.

Players Fields Fund - To account for the repair and maintenance of player fields.

Capital Planning Fund - This fund was established for the purpose of achieving high-impact, quality of life, or economic development pursuits that will further stabilize the City's revenue sources.

TIF IV Fund - To account for the revenue and expenditures related to the central business district as well as East Main Street from the downtown to Chestnut Street.

TIF V Fund - To account for the revenue and expenditures related to a small area located east of Interstate 74 along East Main Street.

Permanent Funds

Linwood Cemetery Fund - To account for the assets and trust earnings used to support the operation and maintenance of the Linwood Cemetery.

East Linwood Cemetery Fund - To account for the assets and trust earnings used to support the operation and maintenance of the East Linwood Cemetery.

City of Galesburg, Illinois

City Gas Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Other taxes	\$ 660,000	\$ 680,460	\$ 680,460	\$ -
Intergovernmental	-	-	3,933	3,933
Charges for services	-	-	527	527
Use of money and property	10,000	3,250	3,248	(2)
	<u>670,000</u>	<u>683,710</u>	<u>688,168</u>	<u>4,458</u>
Total revenues				
	<u>670,000</u>	<u>683,710</u>	<u>688,168</u>	<u>4,458</u>
Expenditures				
Current:				
General government	582,060	667,070	660,857	6,213
Capital outlay	300,000	222,490	213,612	8,878
	<u>882,060</u>	<u>889,560</u>	<u>874,469</u>	<u>15,091</u>
Total expenditures				
	<u>882,060</u>	<u>889,560</u>	<u>874,469</u>	<u>15,091</u>
Net change in fund balance	<u>\$ (212,060)</u>	<u>\$ (205,850)</u>	<u>(186,301)</u>	<u>\$ 19,549</u>
Fund Balances, Beginning			<u>1,591,687</u>	
Fund Balances, Ending			<u>\$ 1,405,386</u>	

City of Galesburg, Illinois

Motor Fuel Tax Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 2,094,500	\$ 1,985,080	\$ 1,985,082	\$ 2
Use of money and property	<u>25,000</u>	<u>2,715</u>	<u>2,712</u>	<u>(3)</u>
Total revenues	<u>2,119,500</u>	<u>1,987,795</u>	<u>1,987,794</u>	<u>(1)</u>
Expenditures				
Current:				
Public works	1,320,000	1,328,840	1,035,626	293,214
Capital outlay	<u>1,397,260</u>	<u>1,526,565</u>	<u>908,806</u>	<u>617,759</u>
Total expenditures	<u>2,717,260</u>	<u>2,855,405</u>	<u>1,944,432</u>	<u>910,973</u>
Net change in fund balances	<u>\$ (597,760)</u>	<u>\$ (867,610)</u>	43,362	<u>\$ 910,972</u>
Fund Balance, Beginning			<u>2,334,991</u>	
Fund Balance, Ending			<u>\$ 2,378,353</u>	

City of Galesburg, Illinois

State Special Enforcement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 15,000	\$ 5,000	\$ 12,510	\$ 7,510
Fines and fees	12,000	12,000	5,169	(6,831)
Use of money and property	2,000	2,000	622	(1,378)
Contributions	-	-	1,000	1,000
Total revenues	31,000	21,000	19,301	(1,699)
Expenditures				
Current:				
Public safety	45,565	94,445	87,471	6,974
Total expenditures	45,565	94,445	87,471	6,974
Net change in fund balances	<u>\$ (14,565)</u>	<u>\$ (73,445)</u>	(68,170)	<u>\$ 5,275</u>
Fund Balance, Beginning			540,756	
Fund Balance, Ending			<u>\$ 472,586</u>	

City of Galesburg, Illinois

Stormwater Utility Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 693,990	\$ 781,045	\$ 781,046	\$ 1
Intergovernmental	1,355	1,355	2,229	874
Use of money and property	2,500	670	676	6
Total revenues	697,845	783,070	783,951	881
Expenditures				
Current:				
Public works	508,645	508,645	490,783	17,862
Capital outlay	550,000	554,425	13,925	540,500
Total expenditures	1,058,645	1,063,070	504,708	558,362
Net change in fund balances	<u>\$ (360,800)</u>	<u>\$ (280,000)</u>	279,243	<u>\$ 559,243</u>
Fund Balance, Beginning			540,041	
Fund Balance, Ending			<u>\$ 819,284</u>	

City of Galesburg, Illinois

Foreign Fire Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 47,000	\$ 47,000	\$ 59,106	\$ 12,106
Use of money and property	-	-	75	75
Total revenues	47,000	47,000	59,181	12,181
Expenditures				
Current:				
Public safety	11,230	56,885	56,882	3
Total expenditures	11,230	56,885	56,882	3
Net change in fund balances	\$ 35,770	\$ (9,885)	2,299	\$ 12,184
Fund Balance, Beginning			129,130	
Fund Balance, Ending			\$ 131,429	

City of Galesburg, Illinois

Airport Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 500	\$ 500	\$ 3,504	\$ 3,004
Intergovernmental	-	-	2,688	2,688
Use of money and property	216,910	249,185	250,322	1,137
Total revenues	217,410	249,685	256,514	6,829
Expenditures				
Current:				
General government	234,625	258,480	246,306	12,174
Total expenditures	234,625	258,480	246,306	12,174
Excess (deficiency) of revenues over expenditures	(17,215)	(8,795)	10,208	19,003
Other Financing Sources (Uses)				
Transfers in	17,215	17,215	10,179	7,036
Transfers out	-	(17,700)	(17,700)	-
Total other financing sources (uses)	17,215	(485)	(7,521)	7,036
Net change in fund balances	\$ -	\$ (9,280)	2,687	\$ 11,967
Fund Balance, Beginning			-	
Fund Balance, Ending			\$ 2,687	

City of Galesburg, Illinois

Property Redevelopment Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 123,195	\$ 123,195	\$ -
Charges for services	337,500	14,970	14,995	25
Use of money and property	6,000	600	596	(4)
Total revenues	343,500	138,765	138,786	21
Expenditures				
Current:				
General government	885,105	885,105	165,034	720,071
Total expenditures	936,305	936,305	165,034	771,271
Excess (deficiency) of revenues over expenditures	(592,805)	(797,540)	(26,248)	771,292
Other Financing Sources				
Transfers in	355,000	215,465	215,464	1
Total other financing sources	355,000	215,465	215,464	1
Net change in fund balances	<u>\$ (237,805)</u>	<u>\$ (582,075)</u>	189,216	<u>\$ 771,291</u>
Fund Balance, Beginning			<u>1,072,510</u>	
Fund Balance, Ending			<u>\$ 1,261,726</u>	

City of Galesburg, Illinois

Public Transportation Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 5,320	\$ 5,320	\$ -
Use of money and property	-	32,165	32,177	12
Total revenues	-	37,485	37,497	12
Expenditures				
Current:				
General government	-	12,610	12,606	4
Total expenditures	-	12,610	12,606	4
Excess of revenues over expenditures	-	24,875	24,891	16
Other Financing Sources (Uses)				
Transfers in	-	10,370	10,369	1
Transfers out	-	(131,410)	(131,407)	(3)
Total other financing sources (uses)	-	(121,040)	(121,038)	(2)
Net change in fund balances	\$ -	\$ (96,165)	(96,147)	\$ 18
Fund Balance, Beginning			141,365	
Fund Balance, Ending			\$ 45,218	

City of Galesburg, Illinois

911 Communication Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 122,535	\$ 92,915	\$ 92,915	\$ -
Total revenues	<u>122,535</u>	<u>92,915</u>	<u>92,915</u>	<u>-</u>
Expenditures				
Current:				
Public safety	<u>122,535</u>	<u>122,535</u>	<u>92,915</u>	<u>29,620</u>
Total expenditures	<u>122,535</u>	<u>122,535</u>	<u>92,915</u>	<u>29,620</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (29,620)</u>	<u>-</u>	<u>\$ 29,620</u>
Fund Balance, Beginning			<u>-</u>	
Fund Balance, Ending			<u>\$ -</u>	

City of Galesburg, Illinois

Town of the City of Galesburg Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 531,000	\$ 531,000	\$ 529,637	\$ (1,363)
Charges for services	24,000	24,000	24,000	-
Intergovernmental	60,000	60,000	127,544	67,544
Use of money and property	9,685	9,685	547	(9,138)
Miscellaneous	-	-	24,571	24,571
Total revenues	624,685	624,685	706,299	81,614
Expenditures				
Current:				
General government	1,043,430	1,043,430	659,450	383,980
Capital outlay	12,000	12,000	11,263	737
Total expenditures	1,055,430	1,055,430	670,713	384,717
Net change in fund balances	<u>\$ (430,745)</u>	<u>\$ (430,745)</u>	35,586	<u>\$ 466,331</u>
Fund Balance, Beginning			<u>1,376,884</u>	
Fund Balance, Ending			<u>\$ 1,412,470</u>	

City of Galesburg, Illinois

2011C Business Park Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Use of money and property	<u>\$ 101,430</u>	<u>\$ 88,525</u>	<u>\$ 88,296</u>	<u>\$ (229)</u>
Total revenues	<u>101,430</u>	<u>88,525</u>	<u>88,296</u>	<u>(229)</u>
Expenditures				
Current:				
General government	700	700	676	24
Debt service:				
Principal	275,000	275,000	275,000	-
Interest and fiscal charges	<u>38,930</u>	<u>38,930</u>	<u>38,928</u>	<u>2</u>
Total expenditures	<u>314,630</u>	<u>314,630</u>	<u>314,604</u>	<u>26</u>
Deficiency of revenues over expenditures	<u>(213,200)</u>	<u>(226,105)</u>	<u>(226,308)</u>	<u>(203)</u>
Other Financing Sources				
Transfers in	<u>213,200</u>	<u>227,460</u>	<u>227,458</u>	<u>(2)</u>
Total other financing sources	<u>213,200</u>	<u>227,460</u>	<u>227,458</u>	<u>(2)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 1,355</u>	<u>1,150</u>	<u>\$ (205)</u>
Fund Balance (Deficit), Beginning			<u>(200)</u>	
Fund Balance, Ending			<u>\$ 950</u>	

City of Galesburg, Illinois

2013A GO Bonds Business District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ -	\$ -	\$ 53	\$ 53
Miscellaneous	-	57,890	57,891	1
Total revenues	-	57,890	57,944	54
Expenditures				
Current:				
Economic development	-	-	(89,689)	89,689
Debt service:				
Principal	65,000	65,000	65,000	-
Interest and fiscal charges	47,080	47,080	47,006	74
Total expenditures	112,080	112,080	22,317	89,763
Excess (deficiency) of revenues over expenditures	(112,080)	(54,190)	35,627	89,817
Other Financing Sources				
Transfers in	112,080	54,065	54,064	(1)
Total other financing sources	112,080	54,065	54,064	(1)
Net change in fund balances	\$ -	\$ (125)	89,691	\$ 89,816
Fund Balance (Deficit), Beginning			(279,126)	
Fund Balance (Deficit), Ending			\$ (189,435)	

City of Galesburg, Illinois

2016 GO Bond Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Debt service:				
Principal	395,000	395,000	395,000	-
Interest and fiscal charges	242,215	244,610	244,606	4
Total expenditures	637,215	639,610	639,606	4
Other Financing Sources				
Transfers in	637,215	639,605	639,606	1
Total other financing sources	637,215	639,605	639,606	1
Net change in fund balances	\$ -	\$ (5)	-	\$ 5
Fund Balance, Beginning			-	
Fund Balance, Ending			\$ -	

City of Galesburg, Illinois

2013A Business District Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 27,000	\$ 42,570	\$ 42,572	\$ 2
Use of money and property	50	50	3	(47)
Total revenues	27,050	42,620	42,575	(45)
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	27,050	42,620	42,575	(45)
Other Financing Uses				
Transfers out	(27,050)	(40,630)	(40,626)	4
Total other financing uses	(27,050)	(40,630)	(40,626)	4
Net change in fund balances	\$ -	\$ 1,990	1,949	\$ (41)
Fund Balance, Beginning			5,887	
Fund Balance, Ending			\$ 7,836	

City of Galesburg, Illinois

Utility Tax Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,409,010	\$ 1,585,755	\$ 1,585,761	\$ 6
Use of money and property	7,000	7,000	1,890	(5,110)
Intergovernmental	10,000	-	-	-
Total revenues	1,426,010	1,592,755	1,587,651	(5,104)
Expenditures				
Current:				
General government	664,000	297,700	179,793	117,907
Capital outlay	159,000	834,580	628,311	206,269
Debt service:				
Interest and fiscal charges	14,645	14,645	14,642	3
Total expenditures	837,645	1,146,925	822,746	324,179
Excess of revenues over expenditures	588,365	445,830	764,905	319,075
Other Financing Uses				
Transfers out	(637,215)	(639,615)	(639,606)	9
Total other financing uses	(637,215)	(639,615)	(639,606)	9
Net change in fund balances	\$ (48,850)	\$ (193,785)	125,299	\$ 319,084
Fund Balance (Deficit), Beginning			(137,146)	
Fund Balance (Deficit), Ending			\$ (11,847)	

City of Galesburg, Illinois

TIF 3 Regency Capital Project Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 76,350	\$ 76,350	\$ 74,943	\$ (1,407)
Use of money and property	160	160	31	(129)
Total revenues	76,510	76,510	74,974	(1,536)
Expenditures				
Current:				
Miscellaneous	3,675	3,675	-	3,675
Total expenditures	3,675	3,675	-	3,675
Excess (deficiency) of revenues over expenditures	72,835	72,835	74,974	2,139
Other Financing Uses				
Transfers out	(79,050)	(79,050)	-	(79,050)
Total other financing uses	(79,050)	(79,050)	-	(79,050)
Net change in fund balances	\$ (6,215)	\$ (6,215)	74,974	\$ 81,189
Fund Balance (Deficit), Beginning			(440,582)	
Fund Balance (Deficit), Ending			\$ (365,608)	

City of Galesburg, Illinois

Building Repair and Maintenance Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 13,945	\$ 3,730	\$ 2,344	\$ (1,386)
Miscellaneous	-	-	(1,200)	(1,200)
Total revenues	13,945	3,730	1,144	(2,586)
Expenditures				
Current:				
Public works	309,200	309,200	108,985	200,215
Capital outlay	138,120	564,910	438,584	126,326
Total expenditures	447,320	874,110	547,569	326,541
Net change in fund balances	<u>\$ (433,375)</u>	<u>\$ (870,380)</u>	(546,425)	<u>\$ 323,955</u>
Fund Balance, Beginning			<u>3,421,398</u>	
Fund Balance, Ending			<u>\$ 2,874,973</u>	

City of Galesburg, Illinois

TIF Downtown Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 227,290	\$ 227,290	\$ 216,696	\$ (10,594)
Use of money and property	920	920	313	(607)
Miscellaneous	-	-	591	591
Total revenues	<u>228,210</u>	<u>228,210</u>	<u>217,600</u>	<u>(10,610)</u>
Expenditures				
Current:				
General government	306,560	10,560	3,047	7,513
Capital outlay	<u>80,000</u>	<u>43,815</u>	<u>34,309</u>	<u>9,506</u>
Total expenditures	<u>386,560</u>	<u>54,375</u>	<u>37,356</u>	<u>17,019</u>
Excess (deficiency) of revenues over expenditures	<u>(158,350)</u>	<u>173,835</u>	<u>180,244</u>	<u>6,409</u>
Other Financing Uses				
Transfers out	<u>-</u>	<u>(510,965)</u>	<u>(510,964)</u>	<u>(1)</u>
Total other financing uses	<u>-</u>	<u>(510,965)</u>	<u>(510,964)</u>	<u>(1)</u>
Net change in fund balances	<u>\$ (158,350)</u>	<u>\$ (337,130)</u>	<u>(330,720)</u>	<u>\$ 6,410</u>
Fund Balance, Beginning			<u>330,720</u>	
Fund Balance, Ending			<u>\$ -</u>	

City of Galesburg, Illinois

TIF East Main Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Taxes	\$ 511,000	\$ 406,915	\$ 406,916	\$ 1
Use of money and property	<u>2,655</u>	<u>425</u>	<u>424</u>	<u>(1)</u>
Total revenues	<u>513,655</u>	<u>407,340</u>	<u>407,340</u>	<u>-</u>
Expenditures				
Current:				
General government	7,650	7,650	350	7,300
Miscellaneous	<u>800,880</u>	<u>689,120</u>	<u>173,890</u>	<u>515,230</u>
Total expenditures	<u>808,530</u>	<u>696,770</u>	<u>174,240</u>	<u>522,530</u>
Excess (deficiency) of revenues over expenditures	<u>(294,875)</u>	<u>(289,430)</u>	<u>233,100</u>	<u>522,530</u>
Other Financing Uses				
Transfers out	<u>(100,000)</u>	<u>(211,760)</u>	<u>(211,759)</u>	<u>1</u>
Total other financing uses	<u>(100,000)</u>	<u>(211,760)</u>	<u>(211,759)</u>	<u>1</u>
Net change in fund balances	<u>\$ (394,875)</u>	<u>\$ (501,190)</u>	<u>21,341</u>	<u>\$ 522,531</u>
Fund Balance, Beginning			<u>564,314</u>	
Fund Balance, Ending			<u>\$ 585,655</u>	

City of Galesburg, Illinois

Computer Replacement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	-	410,445	410,444	(1)
Contributions	-	-	1,200	1,200
Use of money and property	<u>\$ 7,145</u>	<u>\$ 7,145</u>	<u>\$ 4,275</u>	<u>\$ (2,870)</u>
Total revenues	<u>7,145</u>	<u>417,590</u>	<u>415,919</u>	<u>(1,671)</u>
Expenditures				
Current:				
General government	279,150	132,480	117,620	14,860
Capital outlay	<u>334,100</u>	<u>492,215</u>	<u>492,214</u>	<u>1</u>
Total expenditures	<u>613,250</u>	<u>624,695</u>	<u>609,834</u>	<u>14,861</u>
Excess (deficiency) of revenues over expenditures	<u>(606,105)</u>	<u>(207,105)</u>	<u>(193,915)</u>	<u>13,190</u>
Other Financing Sources				
Transfers in	<u>-</u>	<u>111,300</u>	<u>111,300</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>111,300</u>	<u>111,300</u>	<u>-</u>
Net change in fund balances	<u><u>\$ (606,105)</u></u>	<u><u>\$ (95,805)</u></u>	<u>(82,615)</u>	<u><u>\$ 13,190</u></u>
Fund Balance, Beginning			<u>1,422,530</u>	
Fund Balance, Ending			<u><u>\$ 1,339,915</u></u>	

City of Galesburg, Illinois

Vehicle Replacement Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 20,100	\$ 9,230	\$ 7,486	\$ (1,744)
Miscellaneous	-	39,500	39,500	-
Total revenues	20,100	48,730	46,986	(1,744)
Expenditures				
Current:				
General government	138,140	111,220	98,156	13,064
Capital outlay	110,000	136,920	136,918	2
Total expenditures	248,140	248,140	235,074	13,066
Excess (deficiency) of revenues over expenditures	(228,040)	(199,410)	(188,088)	11,322
Other Financing Sources				
Transfers in	-	627,020	627,020	-
Total other financing sources	-	627,020	627,020	-
Net change in fund balances	<u>\$ (228,040)</u>	<u>\$ 427,610</u>	438,932	<u>\$ 11,322</u>
Fund Balance, Beginning			<u>3,773,264</u>	
Fund Balance, Ending			<u>\$ 4,212,196</u>	

City of Galesburg, Illinois

Players Fields Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Use of money and property	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 4,899</u>	<u>\$ (1,101)</u>
Total revenues	<u> 6,000</u>	<u> 6,000</u>	<u> 4,899</u>	<u> (1,101)</u>
Expenditures				
Current:				
Culture and recreation	<u> 2,000</u>	<u> 2,000</u>	<u> -</u>	<u> 2,000</u>
Total expenditures	<u> 2,000</u>	<u> 2,000</u>	<u> -</u>	<u> 2,000</u>
Net change in fund balances	<u><u> \$ 4,000</u></u>	<u><u> \$ 4,000</u></u>	<u> 4,899</u>	<u><u> \$ 899</u></u>
Fund Balance, Beginning			<u> 19,196</u>	
Fund Balance, Ending			<u><u> \$ 24,095</u></u>	

City of Galesburg, Illinois

Capital Planning Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ 5,800	\$ 5,800	\$ -
Total revenues	-	5,800	5,800	-
Expenditures				
Current:				
Miscellaneous	-	195,000	195,000	-
Total expenditures	-	195,000	195,000	-
Excess (deficiency) of revenues over expenditures	-	(189,200)	(189,200)	-
Other Financing Sources				
Transfers in	-	1,800,055	1,800,053	2
Total other financing sources	-	1,800,055	1,800,053	2
Net change in fund balances	\$ -	\$ 1,610,855	1,610,853	\$ (2)
Fund Balance, Beginning			249,947	
Fund Balance, Ending			\$ 1,860,800	

City of Galesburg, Illinois

TIF IV Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 352,240	\$ 352,240	\$ 352,603	\$ 363
Use of money and property	1,870	1,870	1,257	(613)
Miscellaneous	100,000	-	-	-
Total revenues	454,110	354,110	353,860	(250)
Expenditures				
Current:				
General government	127,650	127,650	7,569	120,081
Miscellaneous	592,520	478,425	379,301	99,124
Capital outlay	100,000	214,095	114,096	99,999
Total expenditures	820,170	820,170	500,966	319,204
Excess (deficiency) of revenues over expenditures	(366,060)	(466,060)	(147,106)	318,954
Other Financing Sources				
Transfers in	100,000	543,945	543,942	(3)
Total other financing sources	100,000	543,945	543,942	(3)
Net change in fund balances	\$ (266,060)	\$ 77,885	396,836	\$ 318,951
Fund Balance, Beginning			515,758	
Fund Balance, Ending			\$ 912,594	

City of Galesburg, Illinois

TIF V Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Taxes	\$ 7,040	\$ 7,040	\$ 8,114	\$ 1,074
Use of money and property	<u>110</u>	<u>110</u>	<u>46</u>	<u>(64)</u>
Total revenues	<u>7,150</u>	<u>7,150</u>	<u>8,160</u>	<u>1,010</u>
Expenditures				
Current:				
Miscellaneous	<u>26,355</u>	<u>26,355</u>	<u>1,000</u>	<u>25,355</u>
Total expenditures	<u>26,355</u>	<u>26,355</u>	<u>1,000</u>	<u>25,355</u>
Net change in fund balances	<u>\$ (19,205)</u>	<u>\$ (19,205)</u>	<u>7,160</u>	<u>\$ 26,365</u>
Fund Balance, Beginning			<u>19,158</u>	
Fund Balance, Ending			<u>\$ 26,318</u>	

City of Galesburg, Illinois

Linwood Cemetery Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 1,200	\$ 1,200	\$ 3,005	\$ 1,805
Total revenues	1,200	1,200	3,005	1,805
Expenditures				
Current:				
General government	1,000	1,000	956	44
Total expenditures	1,000	1,000	956	44
Excess of revenues over expenditures	200	200	2,049	1,849
Other Financing Uses				
Transfers out	(800)	(1,235)	(1,233)	2
Total other financing uses	(800)	(1,235)	(1,233)	2
Net change in fund balances	\$ (600)	\$ (1,035)	816	\$ 1,851
Fund Balance, Beginning			86,073	
Fund Balance, Ending			\$ 86,889	

City of Galesburg, Illinois

East Linwood Cemetery Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 7,000	\$ 18,300	\$ 19,255	\$ 955
Miscellaneous	10,000	19,300	19,500	200
Total revenues	17,000	37,600	38,755	1,155
Expenditures				
Current:				
General government	5,000	5,800	5,798	2
Total expenditures	5,000	5,800	5,798	2
Excess of revenues over expenditures	12,000	31,800	32,957	1,157
Other Financing Uses				
Transfers out	(4,000)	(7,475)	(7,474)	1
Total other financing uses	(4,000)	(7,475)	(7,474)	1
Net change in fund balances	\$ 8,000	\$ 24,325	25,483	\$ 1,158
Fund Balance, Beginning			522,848	
Fund Balance, Ending			\$ 548,331	

City of Galesburg, Illinois

Component Unit
Statement of Net Position and Governmental Funds Combining Balance Sheet
December 31, 2021

	Galesburg Public Library	Galesburg Public Library Foundation	Total	Adjustments	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 4,553,824	\$ 692,226	\$ 5,246,050	\$ -	\$ 5,246,050
Investments	-	4,637,938	4,637,938	-	4,637,938
Receivables (net):					
Property tax receivable	1,635,355	-	1,635,355	-	1,635,355
Accounts	16,991	-	16,991	-	16,991
Loans	-	3,000,000	3,000,000	(3,000,000)	-
Due from other governments	313	-	313	-	313
Prepaid items	32,315	-	32,315	-	32,315
Capital assets not being depreciated	-	-	-	2,599,787	2,599,787
Capital assets being depreciated, net of accumulated depreciation	-	-	-	832,488	832,488
Total assets	6,238,798	8,330,164	14,568,962	432,275	15,001,237
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	-	-	265,479	265,479
Deferred outflows related to OPEB	-	-	-	3,971	3,971
Total deferred outflows of resources	-	-	-	269,450	269,450
Liabilities					
Current liabilities:					
Accounts payable	177,464	-	177,464	-	177,464
Accrued liabilities	16,644	-	16,644	-	16,644
Payroll taxes payable	-	344	344	-	344
Due to other governments	3,000,514	-	3,000,514	(3,000,000)	514
Advances from primary government	512,454	-	512,454	-	512,454
Unearned revenues	1,546	-	1,546	-	1,546
Noncurrent liabilities:					
Due within one year	-	3,000,000	3,000,000	2,039,917	5,039,917
Due in more than one year	-	-	-	121,880	121,880
Total liabilities	3,708,622	3,000,344	6,708,966	(838,203)	5,870,763
Deferred Inflows of Resources					
Property taxes levied for future periods	1,635,355	-	1,635,355	-	1,635,355
Deferred inflows related to pensions	-	-	-	545,280	545,280
Deferred inflows related to OPEB	-	-	-	2,479	2,479
Total deferred inflows of resources	1,635,355	-	1,635,355	547,759	2,183,114
Fund Balance / Net Position					
Net investment in capital assets	-	-	-	3,432,275	3,432,275
Nonspendable	32,315	-	32,315	(32,315)	-
Temporary restricted, Foundation	-	1,728,337	1,728,337	-	1,728,337
Unassigned/Unrestricted	862,506	3,601,483	4,463,989	(2,407,791)	2,056,198
Total fund balance/net position	\$ 894,821	\$ 5,329,820	\$ 6,224,641	\$ 992,169	\$ 7,216,810

City of Galesburg, Illinois

Component Unit

Statement of Activities and Governmental Fund

Combining Statement of Revenues, Expenditures & Changes in Fund Balances/Net Position

Year Ended December 31, 2021

	Galesburg Public Library	Galesburg Public Library Foundation	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 1,571,836	\$ -	\$ 1,571,836	\$ -	\$ 1,571,836
Intergovernmental	176,834	-	176,834	-	176,834
Licenses and permits	1,513	-	1,513	-	1,513
Charges for services	1,958	-	1,958	-	1,958
Fines and fees	1,057	-	1,057	-	1,057
Use of money and property	3,382	492,859	496,241	-	496,241
Miscellaneous	136,899	470,786	607,685	-	607,685
Total revenues	1,893,479	963,645	2,857,124	-	2,857,124
Expenditures					
Current:					
General government	7,196	-	7,196	-	7,196
Culture and recreation	1,666,216	247,926	1,914,142	(146,995)	1,767,147
Debt service:					
Interest and fiscal charges	142,661	-	142,661	-	142,661
Capital outlay	1,941,363	-	1,941,363	(1,941,363)	-
Total expenditures	3,757,436	247,926	4,005,362	(2,088,358)	1,917,004
Excess (deficiency) of revenues over expenditures	(1,863,957)	715,719	(1,148,238)	2,088,358	940,120
Other Financing Sources (Uses)					
Transfers in	550,000	-	550,000	(550,000)	-
Transfers out	(550,000)	-	(550,000)	550,000	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance/net position	(1,863,957)	715,719	(1,148,238)	2,088,358	940,120
Fund Balance/Net Position, Beginning	2,758,778	4,614,101	7,372,879	(1,096,189)	6,276,690
Fund Balance/Net Position, Ending	\$ 894,821	\$ 5,329,820	\$ 6,224,641	\$ 992,169	\$ 7,216,810

The statistical section of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the City's overall financial health.

Contents	Page(s)
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	157 - 166
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the property tax (or sales tax).	167 - 175
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	176 - 178
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	179 - 182
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	183 - 186

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual report for the relevant year.

City of Galesburg, Illinois

Statistical Section

Comments Relative to Statistical Section

The following statistical table recommended by the National Council on Governmental Accounting is not included for the reason stated below.

The table showing legal debt margin is omitted because as a "Home Rule" unit established by the 1970 Illinois Constitution, the Sample City has no statutory debt limit. Nonhome Rule units in Illinois may issued bonds up to 8.625 percent of Assessed Valuation. Some Types of General Obligation Bonds may be issued up to 5 percent of Assessed Valuation.

City of Galesburg, Illinois

Net Position By Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015*
Governmental activities:				
Net investment in capital assets	\$ 47,712,283	\$ 47,828,315	\$ 51,452,927	\$ 63,739,737
Restricted	6,283,305	7,195,648	10,923,284	9,079,864
Unrestricted	32,842,341	32,082,018	27,953,253	(19,157,970)
Total governmental activities net position	<u>\$ 86,837,929</u>	<u>\$ 87,105,981</u>	<u>\$ 90,329,464</u>	<u>\$ 53,661,631</u>
Business-type activities:				
Net investment in capital assets	\$ 16,787,584	\$ 17,316,934	\$ 16,374,116	\$ 17,144,205
Restricted	1,623,369	1,748,298	1,841,849	1,882,380
Unrestricted	7,246,666	7,254,377	8,007,034	8,627,065
Total business-type activities net position	<u>\$ 25,657,619</u>	<u>\$ 26,319,609</u>	<u>\$ 26,222,999</u>	<u>\$ 27,653,650</u>
Primary government:				
Net investment in capital assets	\$ 64,499,867	\$ 65,145,249	\$ 67,827,043	\$ 80,883,942
Restricted	7,906,674	8,943,946	12,765,133	10,962,244
Unrestricted	40,089,007	39,336,395	35,960,287	(10,530,905)
Total primary government net position	<u>\$ 112,495,548</u>	<u>\$ 113,425,590</u>	<u>\$ 116,552,463</u>	<u>\$ 81,315,281</u>

*The City implemented GASB Statement No. 68 in 2015. Prior years have not been restated.

**The City implemented GASB Statement No. 75 in 2018. Prior years have not been restated.

<u>2016</u>	<u>2017</u>	<u>2018**</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 63,792,831	\$ 65,500,187	\$ 66,126,310	\$ 70,078,243	\$ 70,812,000	\$ 71,628,870
10,624,226	11,440,849	9,382,619	8,796,867	8,464,898	8,556,462
<u>(21,878,584)</u>	<u>(26,361,249)</u>	<u>(44,150,644)</u>	<u>(50,444,236)</u>	<u>(56,479,267)</u>	<u>(57,474,570)</u>
<u>\$ 52,538,473</u>	<u>\$ 50,579,787</u>	<u>\$ 31,358,285</u>	<u>\$ 28,430,874</u>	<u>\$ 22,797,631</u>	<u>\$ 22,710,762</u>
\$ 17,947,204	\$ 18,662,529	\$ 18,786,318	\$ 19,486,089	\$ 21,470,231	\$ 22,398,727
1,931,899	115,195	-	-	-	-
<u>8,585,924</u>	<u>10,233,257</u>	<u>9,563,406</u>	<u>9,478,377</u>	<u>8,400,225</u>	<u>8,943,695</u>
<u>\$ 28,465,027</u>	<u>\$ 29,010,981</u>	<u>\$ 28,349,724</u>	<u>\$ 28,964,466</u>	<u>\$ 29,870,456</u>	<u>\$ 31,342,422</u>
\$ 81,740,035	\$ 84,162,716	\$ 84,912,628	\$ 89,564,332	\$ 92,282,231	\$ 94,027,597
12,556,125	11,556,044	9,382,619	8,796,867	8,464,898	8,556,462
<u>(13,292,660)</u>	<u>(16,127,992)</u>	<u>(34,587,238)</u>	<u>(40,965,859)</u>	<u>(48,079,042)</u>	<u>(48,530,875)</u>
<u>\$ 81,003,500</u>	<u>\$ 79,590,768</u>	<u>\$ 59,708,009</u>	<u>\$ 57,395,340</u>	<u>\$ 52,668,087</u>	<u>\$ 54,053,184</u>

City of Galesburg, Illinois

Changes In Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014
Expenses			
Governmental activities:			
General government	\$ 8,794,360	\$ 9,109,242	\$ 10,426,751
Economic development	638,641	925,144	1,486,124
Public safety	11,650,954	11,290,119	14,021,956
Public works	13,080,515	8,171,519	7,386,062
Culture and recreation	2,986,267	2,773,924	3,461,428
Interest on long-term debt	381,390	375,589	217,311
Total governmental activities expenses	37,532,127	32,645,537	36,999,632
Business-Type Activities			
Water	5,045,330	5,264,996	6,011,693
Refuse	1,980,440	2,120,941	2,180,298
Total business-type activities expenses	7,025,770	7,385,937	8,191,991
Total primary government expenses	44,557,897	40,031,474	45,191,623
Program Revenue			
Governmental activities:			
Charges for services:			
General government	2,104,879	2,596,649	3,397,076
Economic development	351,134	252,539	6,157
Public safety	1,387,175	1,217,057	1,149,013
Public works	542,092	446,805	11,347
Culture and recreation	689,518	670,181	657,088
Operating grants and contributions:			
General government	1,303,348	1,445,622	1,578,654
Economic development	-	1,947	-
Public safety	69,812	129,022	35,250
Public works	1,782,992	1,371,373	-
Capital grants and contributions:			
General government	-	-	6,398,917
Economic development	363,085	-	-
Public works	9,413,653	1,877,191	1,100,260
Total governmental activities program revenue	18,007,688	10,008,386	14,333,762
Business-Type Activities			
Charges for services:			
Water	5,689,808	5,817,291	5,787,338
Refuse	2,081,239	2,194,321	2,260,260
Operating grants and contributions:			
Water	-	-	5,930
Refuse	-	10,412	-
Capital grants and contributions:			
Water	28,222	10,971	-
Total business-type activities program revenues	7,799,269	8,032,995	8,053,528
Total primary government program revenues	25,806,957	18,041,381	22,387,290
Net (Expense) Revenue			
Governmental activities	(19,524,439)	(22,637,151)	(22,665,870)
Business-type activities	773,499	647,058	(138,463)
Total primary government net expense	(18,750,940)	(21,990,093)	(22,804,333)

2015	2016	2017	2018	2019	2020	2021
\$ 9,380,664	\$ 8,248,902	\$ 9,306,471	\$ 10,992,849	\$ 10,651,157	\$ 11,550,509	\$ 12,231,634
1,905,456	2,268,500	2,008,950	3,389,260	1,967,235	2,089,501	1,737,407
16,456,993	18,224,515	22,072,437	21,413,721	24,782,293	26,287,931	24,473,488
5,811,833	6,973,467	6,710,310	6,658,379	6,272,794	6,348,081	6,522,596
3,801,421	3,641,663	4,224,280	4,566,350	3,970,192	4,596,048	3,849,239
199,491	430,255	425,771	395,346	362,007	337,940	322,655
37,555,858	39,787,302	44,748,219	47,415,905	48,005,678	51,210,010	49,137,019
5,067,996	5,419,955	5,920,927	6,076,418	6,381,984	6,431,060	5,348,804
2,244,566	2,305,095	2,391,562	2,530,820	2,579,990	2,688,662	2,794,057
7,312,562	7,725,050	8,312,489	8,607,238	8,961,974	9,119,722	8,142,861
44,868,420	47,512,352	53,060,708	56,023,143	56,967,652	60,329,732	57,279,880
2,700,392	2,398,183	2,575,497	2,801,320	2,935,246	2,906,591	3,436,233
6,525	5,990	5,310	3,798	39,030	287,559	19,853
1,114,419	1,189,755	1,246,902	1,193,653	1,204,958	1,132,756	1,362,274
60,114	43,562	75,899	66,469	84,673	73,722	475,806
895,304	909,345	879,680	887,535	865,211	642,741	868,407
1,134,256	1,362,415	2,982,046	3,647,909	4,851,809	6,468,193	5,683,340
-	-	-	-	-	-	-
353,202	62,545	504,469	138,824	67,221	82,279	102,839
-	-	-	-	-	19,507	2,584
6,209,660	380,165	1,757,054	849,360	58,973	289,396	125,379
-	-	-	-	-	-	-
8,185,232	1,903,931	420,860	108,545	2,058,593	1,202,371	710,749
20,659,104	8,255,891	10,447,717	9,697,413	12,165,714	13,105,115	12,787,464
5,830,076	6,042,198	6,154,575	6,599,837	6,678,978	7,203,364	6,776,659
2,312,419	2,358,692	2,468,372	2,528,662	2,599,519	2,686,297	2,812,322
-	-	-	-	30,599	776	-
-	-	-	-	-	-	-
596,610	-	-	-	-	-	-
8,739,105	8,400,890	8,622,947	9,128,499	9,309,096	9,890,437	9,588,981
29,398,209	16,656,781	19,070,664	18,825,912	21,474,810	22,995,552	22,376,445
(16,896,754)	(31,531,411)	(34,300,502)	(37,718,492)	(35,839,964)	(38,104,895)	(36,349,555)
1,426,543	675,840	310,458	521,261	347,122	770,715	1,446,120
(15,470,211)	(30,855,571)	(33,990,044)	(37,197,231)	(35,492,842)	(37,334,180)	(34,903,435)

(Continued)

City of Galesburg, Illinois

Changes In Net Position (Continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 5,361,430	\$ 4,813,998	\$ 8,025,087
State income tax	3,761,120	3,659,227	3,677,911
Sales taxes	8,912,100	8,916,296	8,941,898
Local utility taxes	-	-	-
Other taxes	3,251,678	3,577,028	4,513,348
Franchise fees	378,686	395,864	405,815
Investment earnings	188,908	115,785	152,056
Miscellaneous	591,887	1,598,354	173,238
Gain on disposal of capital assets	-	(171,349)	-
Total governmental activities	<u>22,445,809</u>	<u>22,905,203</u>	<u>25,889,353</u>
Business-type activities:			
Investment earnings	19,947	14,832	26,963
Miscellaneous	<u>6,973</u>	<u>100</u>	<u>14,890</u>
Total business-type activities	<u>26,920</u>	<u>14,932</u>	<u>41,853</u>
Total primary government	<u>22,472,729</u>	<u>22,920,135</u>	<u>25,931,206</u>
Changes in net position:			
Governmental activities	2,921,370	268,052	3,223,483
Business-type activities	<u>800,419</u>	<u>661,990</u>	<u>(96,610)</u>
Total primary government	<u>\$ 3,721,789</u>	<u>\$ 930,042</u>	<u>\$ 3,126,873</u>

2015	2016	2017	2018	2019	2020	2021
\$ 8,458,821	\$ 9,033,770	\$ 9,541,732	\$ 9,419,335	\$ 9,665,453	\$ 9,654,393	\$ 9,570,695
4,197,294	3,874,965	3,757,675	4,051,395	4,540,628	4,982,939	5,507,912
9,008,695	9,138,074	9,138,895	9,446,869	9,476,544	10,024,794	11,947,870
-	2,218,708	2,228,891	2,431,396	2,332,084	2,155,282	2,366,807
4,830,219	4,817,168	4,995,660	4,885,938	5,199,506	4,381,227	6,001,666
406,266	418,674	422,760	403,957	393,739	379,892	385,366
168,384	299,277	446,537	714,247	923,548	437,168	137,747
705,344	607,617	1,809,666	887,002	381,051	455,957	344,623
-	-	-	-	-	-	-
27,775,023	30,408,253	32,341,816	32,240,139	32,912,553	32,471,652	36,262,686
50,280	67,068	99,641	202,127	267,620	128,670	24,742
15,757	68,469	135,855	77,729	-	6,605	1,104
66,037	135,537	235,496	279,856	267,620	135,275	25,846
27,841,060	30,543,790	32,577,312	32,519,995	33,180,173	32,606,927	36,288,532
10,878,269	(1,123,158)	(1,958,686)	(5,478,353)	(2,927,411)	(5,633,243)	(86,869)
1,492,580	811,377	545,954	801,117	614,742	905,990	1,471,966
\$ 12,370,849	\$ (311,781)	\$ (1,412,732)	\$ (4,677,236)	\$ (2,312,669)	\$ (4,727,253)	\$ 1,385,097

(Concluded)

City of Galesburg, Illinois

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 325,607	\$ 357,233	\$ 387,939	\$ 352,361
Restricted	363,099	359,419	355,923	29,823
Committed	238,198	221,917	370,899	192,766
Assigned	293,974	-	-	-
Unassigned	<u>6,828,509</u>	<u>7,287,240</u>	<u>6,566,847</u>	<u>6,587,692</u>
Total general fund	<u>8,049,387</u>	<u>8,225,809</u>	<u>7,681,608</u>	<u>7,162,642</u>
All Other Governmental Funds				
Nonspendable	5,991,265	439,367	563,864	540,602
Restricted	6,416,851	5,997,683	8,114,466	7,645,407
Committed	6,366,129	9,546,003	7,716,130	7,970,913
Assigned	10,025,588	12,894,349	12,926,080	12,582,445
Unassigned	<u>(470,842)</u>	<u>(360,557)</u>	<u>(1,463,464)</u>	<u>(1,254,144)</u>
Total all other government funds	<u>\$ 28,328,991</u>	<u>\$ 28,516,845</u>	<u>\$ 27,857,076</u>	<u>\$ 27,485,223</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 314,201	\$ 363,528	\$ 293,356	\$ 266,254	\$ 380,886	\$ 1,057,855
29,889	12,795	12,795	12,795	12,792	12,795
232,553	209,009	199,801	199,650	222,856	260,206
-	-	-	-	-	-
<u>6,573,454</u>	<u>6,991,851</u>	<u>8,272,593</u>	<u>9,626,180</u>	<u>11,312,598</u>	<u>12,253,147</u>
<u>7,150,097</u>	<u>7,577,183</u>	<u>8,778,545</u>	<u>10,104,879</u>	<u>11,929,132</u>	<u>13,584,003</u>
495,305	506,234	539,799	547,179	644,250	681,797
17,784,956	14,294,156	9,638,418	8,026,131	7,423,477	7,715,696
8,789,239	9,737,039	10,350,686	10,190,597	9,914,430	11,278,469
12,105,602	12,397,721	12,931,691	13,530,588	14,127,134	14,760,350
<u>(1,199,351)</u>	<u>(1,229,928)</u>	<u>(1,598,320)</u>	<u>(1,297,267)</u>	<u>(2,079,200)</u>	<u>(1,286,643)</u>
<u>\$ 37,975,751</u>	<u>\$ 35,705,222</u>	<u>\$ 31,862,274</u>	<u>\$ 30,997,228</u>	<u>\$ 30,030,091</u>	<u>\$ 33,149,669</u>

City of Galesburg, Illinois

Changes In Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	2012	2013	2014	2015
Revenues				
Property taxes	\$ 5,361,430	\$ 4,813,998	\$ 8,025,087	\$ 8,458,821
Other taxes	15,757,226	16,309,783	7,055,982	7,459,717
Intergovernmental	13,852,865	5,763,615	19,255,996	20,150,887
Licenses and permits	290,169	288,337	303,442	313,835
Charges for services	1,069,977	984,473	960,001	1,254,793
Fines and fees	484,350	415,470	392,776	334,872
Use of money and property	2,209,361	2,241,573	1,657,831	1,905,241
Other, primarily contributions	669,544	1,352,792	178,270	699,301
Total revenues	39,694,922	32,170,041	37,829,385	40,577,467
Expenditures				
General government	7,857,333	8,196,399	8,086,615	7,345,258
Economic development	391,323	706,217	856,177	1,102,282
Public safety	10,836,408	10,833,609	13,721,786	15,473,856
Public works	4,370,306	4,724,879	4,960,632	4,465,772
Culture and recreation	2,570,892	2,397,168	2,606,710	3,688,566
Other	7,572,492	2,273,115	2,173,970	2,835,652
Debt service:				
Principal	725,000	805,450	792,725	837,725
Interest and fiscal agent fees	276,936	209,318	259,171	227,930
Bond issuance costs	-	62,096	-	-
Capital outlay	4,224,955	3,172,096	5,616,081	5,522,623
Total expenditures	38,825,645	33,380,347	39,073,867	41,499,664
Excess of revenues (under) expenditures	869,277	(1,210,306)	(1,244,482)	(922,197)
Other Financing Sources (Uses)				
Issuance of long-term debt	-	1,420,900	-	-
Proceeds from sale of capital assets	-	123,629	24,268	31,378
Bond premium	-	30,053	-	-
Transfers in	3,020,830	3,569,484	3,362,576	2,172,027
Transfers out	(3,020,830)	(3,569,484)	(3,346,332)	(2,172,027)
Total other financing sources (uses)	-	1,574,582	40,512	31,378
Net changes in fund balance	\$ 869,277	\$ 364,276	\$ (1,203,970)	\$ (890,819)
Debt service as a percentage of noncapital expenditures	2.90%	3.36%	3.14%	2.96%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 9,033,770	\$ 9,541,732	\$ 9,419,335	\$ 9,665,453	\$ 9,654,393	\$ 9,570,695
9,955,260	10,235,859	10,566,961	10,660,820	10,351,443	12,264,603
14,044,207	17,247,795	16,044,387	18,493,997	20,080,853	23,090,773
311,327	329,799	338,115	363,599	299,889	387,349
966,862	1,057,294	1,220,539	1,108,239	1,341,266	1,270,663
344,590	419,615	447,782	407,934	329,410	409,238
2,005,080	2,133,287	2,422,328	2,598,159	1,801,196	1,910,734
440,584	723,846	266,926	268,736	422,934	242,792
<u>37,101,680</u>	<u>41,689,227</u>	<u>40,726,373</u>	<u>43,566,937</u>	<u>44,281,384</u>	<u>49,146,847</u>
6,945,661	6,714,688	7,329,243	7,779,109	8,612,597	8,879,242
794,240	717,245	2,391,827	1,029,517	1,577,452	447,032
15,118,405	16,384,103	16,407,314	17,150,554	17,887,688	18,088,721
5,416,330	4,738,099	4,749,904	4,235,111	4,480,544	4,854,619
3,342,100	3,625,399	3,751,977	3,419,021	2,992,771	3,691,776
1,427,368	2,567,311	3,177,276	3,104,994	2,983,306	4,249,018
1,210,000	1,225,000	1,275,000	1,280,000	710,000	735,000
477,632	470,249	433,749	393,092	361,859	345,182
-	-	-	-	-	-
<u>1,801,654</u>	<u>7,098,520</u>	<u>4,518,683</u>	<u>4,725,897</u>	<u>3,832,577</u>	<u>3,086,723</u>
<u>36,533,390</u>	<u>43,540,614</u>	<u>44,034,973</u>	<u>43,117,295</u>	<u>43,438,794</u>	<u>44,377,313</u>
<u>568,290</u>	<u>(1,851,387)</u>	<u>(3,308,600)</u>	<u>449,642</u>	<u>842,590</u>	<u>4,769,534</u>
9,600,000	-	-	-	-	-
2,243	7,944	43,239	11,646	14,526	4,915
307,450	-	-	-	-	-
2,209,391	2,638,340	3,710,458	4,931,368	4,935,333	4,576,963
<u>(2,209,391)</u>	<u>(2,638,340)</u>	<u>(3,086,683)</u>	<u>(4,931,368)</u>	<u>(4,935,333)</u>	<u>(4,576,963)</u>
<u>9,909,693</u>	<u>7,944</u>	<u>667,014</u>	<u>11,646</u>	<u>14,526</u>	<u>4,915</u>
<u>\$ 10,477,983</u>	<u>\$ (1,843,443)</u>	<u>\$ (2,641,586)</u>	<u>\$ 461,288</u>	<u>\$ 857,116</u>	<u>\$ 4,774,449</u>
4.86%	4.65%	4.32%	4.36%	2.71%	2.62%

City of Galesburg, Illinois

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

City Direct Rates						
Illinois						
Fiscal Year	General Fund	Fire	Municipal Retirement Fund	Galesburg Public Library	Township	Total Direct
2012	0.76530	1.04980	0.22095	0.42940	0.16240	2.628
2013	0.90160	0.89130	0.22020	0.43420	0.16120	2.609
2014	0.91076	0.94253	0.20067	0.43578	0.16144	2.651
2015	0.97015	0.96471	0.19869	0.44462	0.15985	2.738
2016	1.14933	0.95001	0.19566	0.43784	0.15741	2.890
2017	1.13822	1.04243	0.11957	0.44612	0.15277	2.899
2018	1.04070	1.11756	0.11835	0.44154	0.15121	2.869
2019	1.05148	1.12237	0.08200	0.42971	0.14715	2.833
2020	0.98996	1.14671	0.08010	0.43792	0.14375	2.798
2021	1.00803	1.08071	0.07832	0.43334	0.14601	2.746

Source: City records and Knox County Circuit Clerk

Notes: Overlapping rates are those of local and county governments that apply to property owners within the City.

Overlapping Rates

Galesburg School District #205	Knox County	Galesburg Sanitary District	Carl Sandburg College District #518
4.20480	1.16250	0.30050	0.61750
4.22000	1.16150	0.30640	0.62280
4.46713	1.31632	0.31251	0.62516
4.59146	1.31914	0.31426	0.61915
4.70178	1.32510	0.31862	0.60345
4.95759	1.33005	0.31028	0.66725
4.83436	1.36373	0.29861	0.65244
4.83436	1.31864	0.30602	0.64308
4.88974	1.31560	0.30571	0.65943
4.90212	1.28832	0.31007	0.64292

City of Galesburg, Illinois

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Railway Property	Total Taxable Assessed Value
2012	\$ 175,992,076	\$ 109,296,161	\$ 8,489,270	\$ 741,400	\$ 20,838,542	\$ 315,357,449
2013	177,153,716	109,463,231	8,895,550	790,310	21,422,461	317,725,268
2014	172,972,143	111,399,641	9,191,100	877,630	21,367,871	316,577,637
2015	173,299,061	114,388,506	8,644,310	951,950	22,412,587	319,741,004
2016	175,275,760	116,346,621	8,612,190	852,010	23,605,742	324,692,323
2017	178,282,965	121,543,671	8,666,130	866,090	25,180,759	334,539,615
2018	178,538,545	123,177,891	8,668,670	884,350	26,744,789	338,014,245
2019	184,772,310	124,243,111	8,744,150	934,940	28,629,168	347,323,679
2020	186,888,191	127,571,276	8,846,430	987,470	31,257,896	355,551,263
2021	191,369,364	126,559,736	9,225,150	1,039,930	35,519,728	363,713,908

Source: City Assessor's Office

Total Gross Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Value as a Percentage Actual Value
\$ 387,172,472	2.628	\$ 1,161,517,416	33.33 %
387,542,001	2.609	1,162,626,003	33.33
389,890,971	2.651	1,169,672,913	33.33
392,841,567	2.738	1,178,524,701	33.33
397,944,942	2.890	1,193,834,826	33.33
409,290,589	2.899	1,227,871,767	33.33
412,320,399	2.869	1,236,961,197	33.33
423,201,708	2.833	1,269,605,124	33.33
430,529,946	2.798	1,291,589,838	33.33
440,893,148	2.746	1,322,679,444	33.33

City of Galesburg, Illinois

Principal Property Taxpayers
Current Year and Ten Years Ago
(Unaudited)

Taxpayer	2021		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Burlington Northern/Santa Fe	\$ 31,249,486	1	8.59 %
Galesburg Hospital Corp	7,435,740	2	2.04
Seminary Manor, Seminary Estates & Hawthorne Inn & Achievement Unlimited	5,438,180	3	1.50
Wal-Mart	4,181,340	4	1.15
Menard Inc	3,516,510	5	0.97
Hy-Vee Food Stores, Inc	2,831,030	6	0.78
OSF St Francis Inc	2,594,800	7	0.71
Phoenix Galesburg Industrial	2,384,200	8	0.66
Lowe's Home Centers	2,352,330	9	0.65
Bryce & Nicole Bulman dba Sun Garden Place & Galesburg Commercial LLC	2,177,500	10	0.60
Total	<u>\$ 64,161,116</u>		<u>17.65 %</u>

Taxpayer	2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Burlington Northern/Santa Fe	\$ 20,838,542	1	6.56 %
Galesburg Hospital Corp	7,081,990	2	2.23
Seminary Manor, Seminary Estates & Hawthorne Inn & Achievement Unlimited	4,257,240	3	1.34
Wal-Mart	4,096,420	4	1.29
OSF St Francis Inc	3,810,080	5	1.20
Menard Inc	3,066,470	6	0.97
Hy-Vee Food Stores, Inc	2,414,620	7	0.76
Lowe's Home Centers	2,272,810	8	0.72
United Facilities	1,956,550	9	0.62
Galesburg Real Estate Inc	1,813,330	10	0.57
Total	<u>\$ 51,608,052</u>		<u>16.26 %</u>

Source: City Assessor's Office

City of Galesburg, Illinois

Property Tax Levies And Collections

Last Ten Fiscal Years

(Unaudited)

Year	Tax Year	Taxes Levied for the Tax Year	Total Fiscal Year Collection		Collections in Subsequent Years	Total Current Year Levy Collection	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	2011	\$ 7,775,138	\$ 7,702,781	99.07 %	\$ (52,517)	\$ 7,755,298	99.74 %
2013	2012	7,775,690	7,764,530	99.86	8,949	7,755,581	99.74
2014	2013	7,881,960	7,847,373	99.56	(5,198)	7,852,571	99.63
2015	2014	8,243,467	8,269,247	100.31	26,107	8,243,140	100.00
2016	2015	8,873,322	8,870,039	99.96	511	8,869,528	99.96
2017	2016	9,187,595	9,188,337	100.01	4,910	9,183,427	99.95
2018	2017	9,187,734	9,136,055	99.44	(3,035)	9,139,090	99.47
2019	2018	9,327,586	9,321,849	99.94	20,592	9,301,257	99.72
2020	2019	9,438,819	9,424,130	99.84	3,305	9,420,825	99.81
2021	2020	9,458,051	9,431,536	99.72	(3,371)	9,434,908	99.76

Source: Knox County Circuit Clerk**Note:** Collections in Subsequent years include taxes received as well as abatements deducted for prior years

City of Galesburg, Illinois

Taxable Sales by Category
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015
General merchandise	\$ 1,191,398	\$ 1,156,517	\$ 1,134,271	\$ 1,180,549
Food	798,494	819,644	845,967	852,400
Drinking and eating places	529,513	541,269	561,082	587,733
Apparel	36,156	40,522	51,465	52,410
Furniture, H.H. and radio	123,396	117,355	110,590	107,874
Lumber, bldg, hardware	501,165	524,624	529,917	564,372
Automotive and filling stations	1,099,880	1,080,285	1,123,279	1,117,935
Drugs and misc retail	648,106	660,278	656,535	652,330
Agriculture and all others	361,911	331,553	311,713	274,843
Manufacturers	20,422	39,813	28,263	20,238
Total	\$ 5,310,441	\$ 5,311,861	\$ 5,353,083	\$ 5,410,685
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%
Number of taxpayers	793	774	782	775

Source: Illinois Department of Revenue

* Due to a new Illinois law regarding tax collection by remote retailers, the number of taxpayers increased significantly.

2016	2017	2018	2019	2020	2021
\$ 1,143,338	\$ 1,119,726	\$ 1,155,822	\$ 1,176,875	\$ 1,136,015	\$1,223,851
839,231	844,909	887,874	922,281	1,225,462	990,136
584,949	588,154	601,763	623,848	557,267	670,960
48,951	41,999	41,051	41,812	29,809	47,729
118,568	106,393	95,384	91,477	89,894	107,324
561,379	551,685	553,147	588,515	689,217	719,818
1,141,555	1,244,062	1,274,273	1,239,553	1,106,763	1,409,305
700,735	695,764	725,894	780,583	880,485	1,201,690
291,533	365,289	368,029	296,518	340,245	529,606
55,836	(4,388)	28,236	28,407	57,732	21,280
<u>\$ 5,486,074</u>	<u>\$ 5,553,593</u>	<u>\$ 5,731,473</u>	<u>\$ 5,789,868</u>	<u>\$ 6,112,887</u>	<u>\$ 6,921,699</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
754	765	723	730	702	2545*

City of Galesburg, Illinois

Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year	City Direct Rate	Knox County	State of Illinois	Total
2012	1.00000	1.25000	6.25000	8.50000
2013	1.00000	1.25000	6.25000	8.50000
2014	1.00000	1.25000	6.25000	8.50000
2015	1.00000	1.50000	6.25000	8.75000
2016	1.00000	1.50000	6.25000	8.75000
2017	1.00000	1.50000	6.25000	8.75000
2018	1.00000	1.50000	6.25000	8.75000
2019	1.00000	1.50000	6.25000	8.75000
2020	1.00000	1.50000	6.25000	8.75000
2021	1.00000	1.50000	6.25000	8.75000

Source: City records and Illinois Department of Revenue

City of Galesburg, Illinois

Ratios of Net General Bonded Debt Outstanding by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Governmental Activities				Debt Per Capita
	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt	Notes Payable	
2012	\$ 7,046,395	\$ -	\$ 7,046,395	\$ 25,000	\$ 222.76
2013	7,635,260	-	7,635,260	15,450	241.69
2014	6,817,947	-	6,817,947	7,725	215.56
2015	5,959,563	-	5,959,563	-	188.02
2016	14,608,908	-	14,608,908	-	460.91
2017	13,339,503	-	13,339,503	-	433.54
2018	12,026,203	-	12,026,203	-	390.85
2019	10,715,222	-	10,715,222	-	345.81
2020	9,981,369	-	9,981,369	-	332.14
2021	9,223,874	-	9,223,874	-	306.93

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements. As a Home Rule entity, under the State of Illinois Constitution, the City has no statutory debt limit.

* Personal income not available for 2021.

Business-Type Activities			Total Primary Government	Percentage of Actual Property Value	Percentage of Personal Income	Per Capita
General Obligation Bonds	Revenue Bonds	Notes Payable				
\$ 9,130,000	\$ 9,515,000	\$ 784,487	\$ 26,500,882	2.28	1.418	\$ 834.80
8,820,000	9,279,151	745,303	26,495,164	2.28	1.362	837.00
8,500,000	9,103,893	703,897	25,133,462	2.15	1.317	793.73
8,487,752	8,918,557	662,492	24,028,364	2.04	1.262	758.09
8,080,920	8,728,140	621,086	32,039,054	2.68	1.689	1,010.82
16,473,747	-	579,680	30,392,930	2.48	1.609	987.78
15,600,530	-	538,274	28,165,007	2.28	1.445	915.37
14,705,090	-	496,869	25,917,181	2.04	1.319	836.42
13,788,161	-	455,463	24,224,993	1.88	1.099	806.10
12,855,524	-	414,058	22,493,456	1.70	*	748.48

City of Galesburg, Illinois

Direct and Overlapping Governmental Activities Debt
For the Year Ended December 31, 2021
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to City(1)	Estimated Share of Overlapping Debt (2)
Knox County	\$ 4,277,452	41.50 %	\$ 1,775,143
Community Unit School District #205	84,520,000	78.46	66,314,392
Carl Sandburg College, Dist No 518	7,861,044	18.26	1,435,427
Subtotal, overlapping debt			69,524,961
City Direct Debt	9,223,874	100.00	9,223,874
Total direct and overlapping debt			\$ 78,748,835

Sources: Knox County County Clerk, Knox County Treasurer, Community School District #205
Annual Report, Carl Sandburg College Annual Report and City Records

(1) The percentage of overlap is based on assessed property values.

(2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

City of Galesburg, Illinois

Demographic and Economic Statistics

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Population (2)	Personal Income (1) (000's)	Per Capita Income (1)	Median Age (2)	School Enrollment (3)	Unemployment Rate (4)
2012	31,745	\$ 1,868,826	\$ 35,731	39.7	4,603	8.4 %
2013	31,655	1,945,770	37,325	39.8	4,662	8.9
2014	31,665	1,908,628	36,743	39.0	4,575	7.0
2015	31,696	1,903,785	37,055	40.0	4,558	6.2
2016	31,696	1,897,215	37,251	40.4	4,475	6.4
2017	30,769	1,889,504	37,341	40.8	4,365	5.4
2018	30,769	1,949,430	38,982	41.1	4,294	5.7
2019	30,986	1,965,246	39,567	40.3	4,203	5.0
2020	30,052	2,203,512	44,921	41.2	3,931	8.6
2021	30,052	*	*	41.2	3,895	6.6

Sources:

- (1) Information received from U.S. Department of Commerce, Bureau of Economic Analysis.
- (2) Information received from the US Census Bureau
- (3) Information received from Galesburg Community School District #205
- (4) Information received from Illinois Department of Employment Security

Note:

* Information not available

City of Galesburg, Illinois

Principal Employers
Current Year and Ten Years Ago
(Unaudited)

Employer	2021		
	Employees	Rank	Percentage of Total County Employment
Burlington Northern	1,031	1	5.04 %
School District #205	626	2	3.06
OSF Healthcare	593	3	2.90
Dick Blick Company	558	4	2.73
Knox College	500	5	2.44
Galesburg Cottage Hospital	346	6	1.69
Bridgeway	324	7	1.58
Henry C Hill Correctional Facility	288	8	1.41
Gates Corporation	221	9	1.08
City of Galesburg	219	10	1.07
	<u>4,706</u>		<u>23.00 %</u>
Employer	2011		
	Employees	Rank	Percentage of Total County Employment
Burlington Northern	1,115	1	4.76 %
OSF Healthcare	973	2	4.15
School District #205	594	3	2.53
HyVee	574	4	2.45
Dick Blick Company	500	5	2.13
Bridgeway	450	6	1.92
Carl Sandburg College	430	7	1.83
Knox County	420	8	1.79
Knox College	407	9	1.74
Walmart	370	10	1.58
	<u>5,833</u>		<u>24.88 %</u>

Sources:

The Knox County Area Partnership's website
<http://www.knoxpartnership.com/top-employers/>

Note:

The 2011 total county employment was 23,443
The 2021 total county employment was 20,453

City of Galesburg, Illinois

Full-Time Equivalent City Government Employees By Functions/Programs

Last Ten Fiscal Years

(Unaudited)

	Full-Time Equivalent Employees			
	2021	2020	2019	2018
Functions/Program				
General Government:				
Legislative	8.00	8.00	8.00	8.00
City manager	4.20	4.20	4.20	4.40
City clerk	4.00	4.00	4.00	4.00
City treasurer	-	-	-	-
Finance**	6.80	6.80	7.00	7.00
Information services	2.70	2.70	2.00	2.00
Legal	0.50	0.50	0.50	0.90
Community development	0.70	1.05	8.70	9.25
Transit*	18.00	18.50	-	-
Economic Development***	0.80	1.15	0.95	0.95
Public Safety:				
Police officers	49.00	47.00	49.10	50.00
Firefighters and officers	42.00	43.00	42.00	42.00
Civilians	27.00	25.00	24.90	24.00
Inspections	6.60	6.90	6.70	4.70
Neighborhood Enhancement Div				
Public Works:				
Administration	-	-	-	-
Buildings and grounds	1.00	1.00	1.00	1.00
Engineering	6.50	6.60	6.40	6.30
Street and traffic maintenance	10.75	10.75	10.60	10.60
Stormwater utility	4.30	4.30	4.45	5.00
Fleet services	4.00	4.00	4.00	4.00
Airport	0.70	0.70	0.50	-
Cemetery	0.50	0.50	0.50	1.00
Parks and Recreation:				
Park and recreation administration	0.95	0.95	1.00	1.00
Park	9.85	10.85	11.00	11.00
Recreation	2.00	2.00	2.00	2.00
Forestry	2.00	2.00	2.00	2.00
Golf Course(s)	2.00	2.00	2.00	2.00
Water	21.90	21.80	23.25	23.25
Refuse	0.25	0.25	0.25	
Total	237	237	227	226

Source: City Departments

Note:

* In 2020, Galesburg Transit was absorbed by the City & Transit separated from Community Development

** 1.5 Position in Finance were paid by Water beginning 1/1/15

*** 3 Economic Development positions were grant funded 2010-2013

2017	2016	2015	2014	2013	2012
8.00	8.00	8.00	8.00	8.00	8.00
4.80	4.80	5.00	5.00	5.00	5.00
4.00	4.00	4.00	4.00	4.00	4.00
-	2.00	2.00	2.00	2.00	2.00
8.50	8.50	8.50	10.00	10.00	10.00
2.00	2.00	2.00	2.00	3.00	3.00
0.90	1.00	1.00	1.00	1.00	1.00
9.95	10.15	11.25	11.25	11.25	11.25
-	-	-	-	-	-
0.95	0.65	-	-	4.00	4.00
50.00	50.00	50.00	52.00	52.00	52.00
43.00	42.00	43.00	44.00	46.00	46.00
25.00	27.00	27.00	27.00	27.00	27.00
4.70	3.40	3.75	3.75	3.75	3.75
-	-	-	-	3.00	5.00
-	-	-	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
6.30	8.00	8.00	6.00	6.00	6.00
11.95	16.00	16.00	15.00	17.00	17.00
4.20	4.15	-	-	-	-
4.00	4.00	4.00	4.00	4.00	5.00
-	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
1.00	2.00	2.00	-	-	-
11.00	10.00	10.00	9.00	10.00	10.00
2.00	3.00	3.00	5.00	6.00	6.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	1.00	1.00	1.00
22.80	21.50	21.50	20.00	19.00	19.00
231	238	236	236	249	252

City of Galesburg, Illinois

Operating Indicators By Function/Program
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015
Function/Program				
General government:				
Handivan riders	22,214	18,896	18,281	19,761
Transit riders	154,802	159,166	151,889	151,903
Police:				
Physical arrests	3,263	3,097	2,539	2,491
Traffic violations	2,541	2,516	1,776	2,191
Service calls	43,465	41,936	40,467	43,537
Property loss	802,082	1,167,064	544,159	812,086
Fire:				
Total actual fires	108	87	106	122
Total of all fire department calls	3,595	3,760	4,005	4,286
Building safety:				
Total building permits	382	381	391	429
Total value all permits	16,134,138	15,602,476	14,272,108	19,619,073
Parks and Recreation:				
Golf rounds played	30,000	22,000	22,000	22,973
Number of trees trimmed	391	511	305	458
Number of daily camp sites rented	3,425	2,620	2,620	2,780
Recreation classes offered**	142	125	165	84
Aquatic general admissions*	14,322	12,558	11,847	12,488
Sports field participation (teams)	64	69	75	112
Recreation facility rentals	876	915	975	848
Public Works				
Total airport acres mowed	265	265	265	265
Total lineal feet of runways maintained	9,394	9,394	9,394	9,394
Number of runway & taxiway lights & signs	511	511	511	511
Total cemetery acres maintained	68	68	68	68
Number of cemetery plots sold	35	53	41	56
Number of grave openings	82	84	84	84
Refuse:				
Refuse collected (ton)	9,041	9,192	9,071	9,144
Yard waste collected (ton)	2,269	2,353	2,496	3,040
Recycle collected (ton)	1,386	1,470	1,547	1,701
Water:				
Number of water services	12,720	12,718	12,636	12,557

Source: Various city departments

Note:

*General admissions does not include season pass holders

**New software more accurately tracked offered classes, including changing the method used in counting group classes such
During 2020, some services were severely impacted due to the COVID-19 coronavirus pandemic.

2016	2017	2018	2019	2020	2021
19,065	18,441	20,036	18,388	11,790	9,774
155,857	139,400	129,795	154,367	87,192	64,189
2,208	2,140	2,580	3,045	2,072	2,570
2,209	2,539	3,616	2,965	1,658	1,393
43,193	39,928	44,037	45,364	44,120	48,879
923,509	420,652	844,413	100,271	767,396	203,907
106	107	86	63	72	93
4,289	4,408	4,845	4,849	4,376	5,110
429	348	305	298	247	231
9,305,584	16,468,496	21,854,303	6,766,680	3,535,821	9,352,432
24,220	23,164	21,151	20,624	23,648	27,826
652	501	231	375	304	284
2,105	3,355	2,880	3,668	3,211	4,340
152	437	302	273	237	300
12,459	16,148	15,311	16,264	3,599	11,256
215	271	242	218	76	53
811	926	1,663	1,964	999	923
265	265	265	265	265	265
9,394	9,394	9,394	9,394	9,394	9,394
511	511	511	511	511	511
68	68	68	68	68	68
60	44	37	49	63	67
73	77	64	78	74	92
9,352	9,004	9,081	9,741	9,311	9,925
2,735	2,034	2,076	2,590	2,473	2,185
1,537	1,431	1,475	1,447	1,431	1,509
12,472	12,659	12,547	12,536	12,608	12,545

as swim lessons

City of Galesburg, Illinois

Capital Asset Statistics By Function/Program

Last Ten Fiscal Years

(Unaudited)

	2012	2013	2014	2015
Function/Program				
Police:				
Stations	1	1	1	1
Fire:				
Stations	3	3	3	3
Parks and recreation:				
Acreage	748	748	748	748
Parks	26	26	26	26
Golf course	1	1	1	1
Baseball/softball diamonds	13	13	13	13
Soccer/football fields	2	2	2	2
Basketball courts	12	12	12	12
Outdoor tennis courts	10	10	10	10
Parks with playground equipment	19	19	19	19
Public works:				
Miles of streets	176	176	176	176
Miles of sidewalks	122	122	122	122
Number of traffic signal heads maintained	469	476	476	476
Total number of street lights owned and maintained	510	510	559	581
Total number of street lights rented	3,414	3,415	3,415	3,415
Number of vehicles and equipment maintained	254	234	234	246
Total miles of water mains	202	202	202	202
Number of fire hydrants	1,410	1,410	1,410	1,410
Number of water valves	1,910	1,910	1,910	1,910

Source: Various city departments

2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
3	3	3	3	3	3
748	748	748	748	748	748
26	26	26	26	27	27
1	1	1	1	1	1
13	13	13	13	13	13
2	2	2	2	2	2
12	12	12	12	12	12
10	10	10	10	10	10
19	19	19	16	16	16
176	176	176	176	177	177
122	122	122	122	123	123
476	476	503	503	503	503
581	858	879	879	879	879
3,415	3,415	3,406	3,409	3,410	3,410
240	250	252	252	252	252
203	203	203	203	203	203
1,420	1,420	1,420	1,420	1,449	1,449
1,930	1,930	1,930	1,930	2,239	2,239