



2022

Annual Comprehensive Financial Report

Year Ended December 31, 2022

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

For the Fiscal Year Ended December 31, 2022

Prepared by: Finance Department

City of Galesburg, Illinois

Table of Contents
December 31, 2022

	<u>Page</u>
Introductory Section	
Transmittal Letter	i
Certificate of Achievement for Excellence in Financial Reporting	xii
Organization Chart	xiii
Elected and Appointed City Officials	xiv
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	16
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	20
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	23
Statement of Net Position - Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	26
Statement of Cash Flows - Proprietary Funds	27
Statement of Fiduciary Net Position - Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	30
Index to Notes to Financial Statements	31
Notes to Basic Financial Statements	32

City of Galesburg, Illinois

Table of Contents
December 31, 2022

	<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	89
Schedule of Employer Contributions	93
Illinois Municipal Retirement Fund - Town of the City of Galesburg:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	95
Schedule of Employer Contributions	97
Police Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	98
Schedule of Employer Contributions	100
Schedule of Investment Returns	101
Firefighters' Pension Plan:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	102
Schedule of Employer Contributions	104
Schedule of Investment Returns	105
Other Postemployment Benefit Plan:	
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	106
Schedule of Employer Contributions	108
Schedule of Investment Returns	109
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	110
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Economic Development Fund - Major Special Revenue Fund	111
Notes to Required Supplementary Information	112
Supplementary Information	
Major Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Planning Fund	113
Nonmajor Governmental Funds:	
Combining Balance Sheet	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	118

City of Galesburg, Illinois

Table of Contents
December 31, 2022

	<u>Page</u>
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
City Gas Tax Fund	122
Motor Fuel Tax Fund	123
Federal Special Enforcement Fund	124
State Special Enforcement Fund	125
Stormwater Utility Fund	126
Foreign Fire Fund	127
Airport Fund	128
Property Redevelopment Fund	129
Public Transportation Fund	130
Public Transportation Projects Fund	131
911 Communication Fund	132
Town of the City of Galesburg Fund	133
Grants Fund	134
Parks and Recreation 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
TIF IV Fund	148
TIF V Fund	149
Permanent Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Linwood Cemetery Fund	150
East Linwood Cemetery Fund	151

City of Galesburg, Illinois

Table of Contents
December 31, 2022

	<u>Page</u>
Component Unit	
Statement of Net Position and Governmental Funds Combining Balance Sheet	152
Statement of Activities and Governmental Fund Combining Statement of Revenues, Expenditures and Changes in Fund Balances	153
Statistical Section (Unaudited)	
Contents	154
Comments Relative to Statistical Section	155
Financial Trend⁶	
Net Position by Component - Last Ten Fiscal Years	156
Changes in Net Position - Last Ten Fiscal Years	158
Fund Balances, Governmental Funds - Last Ten Fiscal Years	162
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	164
Revenue Capacity	
Direct and Overlapping Property Tax Rates - Last Ten Tax Years	166
Assessed Value and Actual Value of Taxable Property - Last Ten Tax Years	168
Principal Property Taxpayers - Current Year and Ten Years Ago	170
Property Tax Levies and Collections - Last Ten Tax Years	171
Taxable Sales by Category - Last Ten Tax Years	172
Direct and Overlapping Sales Tax Rates - Last Ten Tax Years	174
Debt Capacity	
Ratio of Net General Bonded Debt Outstanding by Type - Last Ten Fiscal Years	175
Direct and Overlapping Governmental Activities Debt	177
Demographic and Economic Information	
Demographic and Economic Statistics - Last Ten Fiscal Years	178
Principal Employers - Current Year and Ten Years Ago	179
Full-time Equivalent City Government Employees by Functions/Programs - Last Ten Fiscal Years	180
Operating Information	
Operating Indicators by Function - Last Ten Fiscal Years	182
Capital Asset Statistics by Function - Last Ten Fiscal Years	184



July 7, 2023

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, 2022.

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, 2022. 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 2022 U.S. Census Bureau estimate, serves a population of 29,712. 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 over 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. Other manufacturing companies include ILPEA which manufactures such things as plastic gaskets, and Pegasus Manufacturing which manufactures complex machined parts and assemblies for various industries.

In 2018, Jupiter Machine Tool, Inc. opened a facility in the community. The company specializes in manufacturing equipment that other manufacturing companies buy and then use for their operations. Also, 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. 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.

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 renovation and 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, a car wash was built on Carl Sandburg Drive. Midwest Uniform moved its location up Seminary Street. In 2016, a renovation of an existing building was completed to house Slumberland Furniture. Also, a newly constructed Hy-Vee gas station and convenience store was located on North Henderson Street. In 2017, the Yemm Chevrolet dealership 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 and provides 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. In 2021, Desert Down Ranch Wear opened to provide another women's boutique.

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 Allery-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.

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. In 2012, the Toyota dealership constructed a 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.

The former Walmart building was renovated and is now called the Galesburg Crossings. Six retail stores are located in the strip mall style building and includes PetSmart, Harbor Freight Tools, Marshall's, Dollar Tree, and Five Below. 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 opened on North Henderson Street. Also, in 2019, McAlister's Deli opened on Gale Village Drive, Jimmy's Pizza in the downtown area, and Judy's Family Café on North Broad Street. In 2020, more restaurants opened in the city which includes La Cantinita and Lenny's Grill & Subs. In 2022, the Reserve Artisan Ales opened in the fully-rehabbed structure at 185 South Kellogg Street.

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.

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. The City of Galesburg also provided TIF funding to the museum for the various projects.

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 Craft restaurant located at 41 South Seminary Street. 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 Willis Lofts on North Seminary Street to assist in the restoration of the exterior of the building. In 2022, façade agreements were made to Iron Spike Brewing Company located at 150 East Simmons Street and The Bar 65 located at 65 South Cherry Street.

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 allowed the City to present forgivable loans to 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 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. 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. In 2018, a dialysis center, the Fresenius Kidney Care, was constructed on Seminary Street. In 2015, OSF St. Mary Hospital unveiled an 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, which included 40 new exam rooms and a new lobby. In 2017, the main lobby of the OSF St. Mary Medical Center renovation was completed and created 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 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 allows OSF HealthCare to provide a more-timely response for helicopter transfers to patients 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 also an extensive brick replacement project. In 2022, the OSF Healthcare's new Prompt-Care clinic opened at the former Cottage Hospital's emergency department at 695 North Kellogg Street. Also in 2022, Solvera

Health clinic opened at 256 South Soangetaha Road with services including primary care, urology, lab work, specialty referrals, physical therapy, and women's birth control.

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. 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 newly renovated Park Plaza opened in September 2020. Both Park Plaza and Parking Lot E underwent renovations to the existing spaces that had become deteriorated. The Park Plaza project provides the availability of a downtown area space for community events.

In 2022, the Galesburg Public Library held a groundbreaking ceremony at the new building construction site on the corner of West Main and South Academy streets. The library received \$15.3 million from the Illinois State Library through the Public Library Construction Act Grant. The grant covers 75% of qualifying construction expenses, and the library is responsible for raising the remaining funds.

Various educational sites have already or will be changing. In 2012, one of the five elementary schools, Steele School, received 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 multi-million dollar project includes a football complex, a multi-purpose building, attached two-story field house and a 2,840-seat stadium. Additionally, two additional 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. In 2016, the Galesburg CUSD 205 opened the doors of a new elementary school. In 2015, Knox College received a \$5 million donation to support the construction of the new Whitcomb Art Building; the art building was dedicated and opened in 2016.

In 2018, the Galesburg school board approved a multi-million dollar 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. In 2022, the high school campus transitioned into a junior and senior high school and is now a seven through twelve grade attendance center. In 2022, the high school portion of the facility erected a new band room and fourteen additional classrooms.

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 is for its pre-school program.

In 2022, the Carl Sandburg College began making plans on a new multi-million dollar Science and Technology Center that will be located on the main campus. The new, state of the art facility is estimated to be completed in the summer of 2024.

Residential and commercial programs and construction has also occurred in the city. In 2012, a 60 unit apartment complex was constructed to fill a void in the student housing market for Carl Sandburg College. In 2016, a 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 would be 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 millions of dollars 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. The delivery of the broadband service to the city started 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 \$47,985. In 2013, the unemployment rate was 8.9% and in 2022 the rate decreased to 5.2%. The decreased unemployment rate could be attributed to an increase in labor force participation. The unemployment decreased from 6.6% in 2021 to 5.2% in 2022 which could be the result of businesses continuing to increase business activity to pre-pandemic capacity. With the current information available, in ten years, school enrollment decreased by 760 students, bringing the student body total to 3,902 students in 2022. 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 some of the downtown area 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 have 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 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. The final Phase VI will replace the remaining 400 lead water service lines that are remaining in the city. This project is anticipated to be completed in the summer of 2023.

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. The firm provided information on topics such as a review of the existing water rates and development of a recommended rate structure, development a long-term financial plan and reviewed the operating and maintenance costs which included 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.

In 2022, the City Council approved a business incentive program. The intent of the program is to increase minority and/or women owned businesses. Focus of the program will be to increase the frequency of minority business startups, increase the number and success of minority owned businesses, increase business occupancy on the southside of the community, and encourage urban ag pilot programs.

In 2022, the City Council approved the ordinance to increase the home rule sale tax rate from 1% to 1.25%. The tax will become effective July 1, 2023. Per the ordinance, the increase of the tax is for furtherance of economic development; to provide additional revenue for infrastructure improvements; and to provide a budget neutral method of funding projects.

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 recommend modifying user fees, when needed, 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 2022 were the following:

- The City Council approved the 2022 strategic plan and mission statement. The five strategic priorities include public safety, community and youth engagement, housing, economic growth and strength, and customer-focuses governance.
- Approved the last phase of replacing privately owned lead service lines. The scope of the approved sixth phase of the project will complete the remaining 400 lead water service lines.

- Launched a citizen satisfaction survey gathering feedback on City programs, services, and quality of life in Galesburg.
- Approved new business incentives to increase minority and/or women owned businesses.
- The reconstruction of North Kellogg Street
- Approved a resolution which expresses the City Council's intent to pledge one million dollars towards the construction and development of a site for the National Railroad Hall of Fame.
- Provided a major project grant to FCA, LLC that provides custom industrial packing solutions and is proposing to use 1200 Monmouth Boulevard.
- Approved a TIF redeveloper agreement with Galesburg Symphony Society/Knox Galesburg Symphony for the renovation of the underutilized building at 95 North Seminary Street.
- Provided a housing repair assistance program to provide financial assistance in the form of a grant to low-to-moderate income owner occupied homes to bring homes into compliance with housing standards and adopted construction codes and ordinances.
- Established an airport advisory commission to provide recommendations on capital projects, expansion, and rules and regulations for the City's municipal airport.
- Utilized the American Rescue Plan Act (ARPA) funds to pay for public safety wages which will free up funds to be utilized for community programs and projects.
- Construction of a new parking lot located on the northeast corner of Seminary Street and Mulberry Street in the downtown area.
- Replacement of storm sewer existing underneath South Street between Monmouth Boulevard and Holton Street.

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, 2022. This was the twenty-seventh 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,



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, 2021

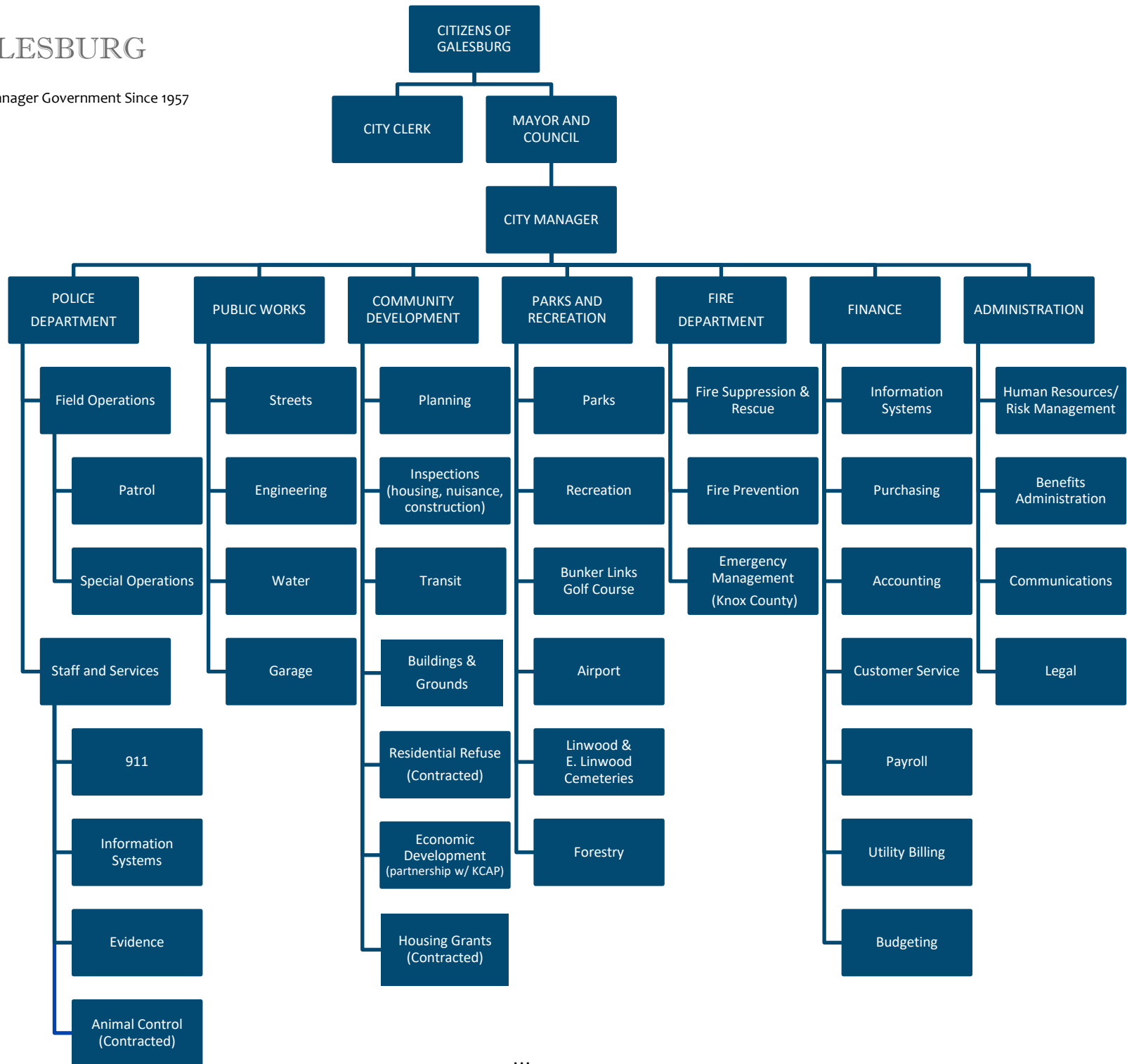
Christopher P. Morill

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, 2022**

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

Gerald C. Smith, Sr.
City Manager

Department Directors

Wayne Carl, Director of Public Works
Gloria Osborn, Director of Finance and Information Systems
Steve Gugliotta, Director of Community Development
Elizabeth Varner, Director of Parks and Recreation
Russ Idle, Police Chief
Randy Hovind, Fire Chief

Independent Auditors' Report

To the Mayor and City Council of
City of Galesburg

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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of the City of Galesburg, which represents 2 percent, 6 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 4 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 17 percent, 26 percent, and 9 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. 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*.

Emphasis of Matter

As discussed in Note 1, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 July 7, 2023 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
July 7, 2023

City of Galesburg

Management's Discussion and Analysis
December 31, 2022
(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, 2022. 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 \$67.3 million (net position).
- > In total, net position increased by \$13.3 million.
- > As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$52.5 million, an increase of \$5.7 million in comparison with the prior year. Approximately \$10.0 million is available for spending at the government's discretion (unassigned fund balance).
- > General revenues accounted for \$39.9 million in revenue or 70 percent of all governmental revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$17.2 million or 30 percent of total governmental revenues of \$57.1 million.
- > The City had \$45.6 million in expenses related to government activities. However, only \$17.2 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 \$11.2 million, or 39.8 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 \$20.8 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, 2022
(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 3 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, and Capital Planning 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, 2022
(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, 2022
(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>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
Assets									
Current and other assets	\$ 79.5	\$ 65.6	21.2%	\$ 15.4	\$ 13.9	10.8%	\$ 94.9	\$ 79.5	19.4%
Capital assets	81.8	79.7	2.6%	34.9	34.9	-%	116.7	114.6	1.8%
Total assets	161.3	145.3	11.0%	50.3	48.8	3.1%	211.6	194.1	9.0%
Deferred outflows of resources									
Deferred outflows related to pensions and OPEB	30.1	27.6	9.1%	0.5	0.7	(28.6)%	30.6	28.3	8.1%
Deferred charge on refunding	-	-	-%	0.7	0.8	(12.5)%	0.7	0.8	(12.5)%
Total deferred outflows of resources	30.1	27.6	9.1%	1.2	1.5	(20.0)%	31.3	29.1	7.6%
Liabilities									
Long-term liabilities	96.2	118.3	(18.7)%	13.5	14.8	(8.8)%	109.7	133.1	-17.6%
Other liabilities	7.7	5.6	37.5%	2.9	3.0	-3.3%	10.6	8.6	23.3%
Total liabilities	103.9	123.9	(16.1)%	16.4	17.8	(7.9)%	120.3	141.7	-15.1%
Deferred inflows of resources									
Property taxes levied for future periods	9.1	9.5	(4.2)%	-	-	-%	9.1	9.5	-4.2%
Deferred inflows related to leases	0.5	-	-%	-	-	-%	0.5	-	-%
Deferred inflows related to pensions and OPEB	43.7	16.8	160.1%	2.0	1.2	66.7%	45.7	18.0	153.9%
Total deferred inflows of resources	53.3	26.3	102.7%	2.0	1.2	66.7%	55.3	27.5	101.1%
Net position									
Net investment in capital assets	74.3	71.6	3.8%	23.3	22.4	4.0%	97.6	94.0	3.8%
Restricted	14.1	8.6	64.0%	1.1	-	-%	15.2	8.6	76.7%
Unrestricted	(54.2)	(57.5)	(5.7)%	8.7	8.9	-2.2%	(45.5)	(48.6)	(6.4)%
Total net position	\$ 34.2	\$ 22.7	50.7%	\$ 33.1	\$ 31.3	5.8%	\$ 67.3	\$ 54.0	24.6%

City of Galesburg

Management's Discussion and Analysis
December 31, 2022
(Unaudited)

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.

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 \$13.3 million from \$54.0 million to \$67.3 million. The City's total assets and deferred outflows equal \$242.9 million. The City's total liabilities and deferred inflows equal \$175.6 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 \$54.2 million in 2022 as a result of recording the net pension liabilities for Police and Firefighters' pension plans and the net OPEB liability. The unrestricted balance for business-type activities of \$8.7 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, 2022
(Unaudited)

Table 2 Condensed Statements of Activities (in millions of dollars)									
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
Revenues									
<i>Program revenues</i>									
Charges for services	\$ 6.1	\$ 6.2	-1.6%	\$ 10.1	\$ 9.6	5.2%	\$ 16.2	\$ 15.8	2.5%
Operating grants and contributions	8.5	5.8	46.6%	-	-	-%	8.5	5.8	46.6%
Capital grants and contributions	2.6	0.8	225.0%	-	-	-%	2.6	0.8	225.0%
<i>General revenues</i>									
Property taxes	9.6	9.6	-%	-	-	-%	9.6	9.6	-%
Other taxes	28.7	25.8	11.2%	-	-	-%	28.7	25.8	11.2%
Other general revenues	1.6	0.9	77.8%	0.1	-	-%	1.7	0.9	88.9%
Total revenues	57.1	49.1	16.3%	10.2	9.6	6.3%	67.3	58.7	14.7%
Expenses									
General government	9.6	12.2	-21.3%	-	-	-%	9.6	12.2	-21.3%
Economic development	2.7	1.8	50.0%	-	-	-%	2.7	1.8	50.0%
Public safety	20.8	24.5	-15.1%	-	-	-%	20.8	24.5	-15.1%
Public works	8.0	6.5	23.1%	-	-	-%	8.0	6.5	23.1%
Culture, education, and recreation	4.2	3.9	7.7%	-	-	-%	4.2	3.9	7.7%
Interest and fiscal charges	0.3	0.3	-%	-	-	-%	0.3	0.3	-%
Water	-	-	-%	5.6	5.4	3.7%	5.6	5.4	3.7%
Refuse	-	-	-%	2.8	2.8	-%	2.8	2.8	-%
Total expenses	45.6	49.2	-7.3%	8.4	8.2	2.4%	54.0	57.4	-5.9%
Change in net position	11.5	(0.1)	-11,600%	1.8	1.4	28.6%	13.3	1.3	923.1%
Net position, beginning of year	22.7	22.8	-0.4%	31.3	29.9	4.7%	54.0	52.7	2.5%
Net position end of year	\$ 34.2	\$ 22.7	50.7%	\$ 33.1	\$ 31.3	5.8%	\$ 67.3	\$ 54.0	24.6%

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2022 and 2021. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method.

City of Galesburg

Management's Discussion and Analysis
December 31, 2022
(Unaudited)

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.).

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.

City of Galesburg

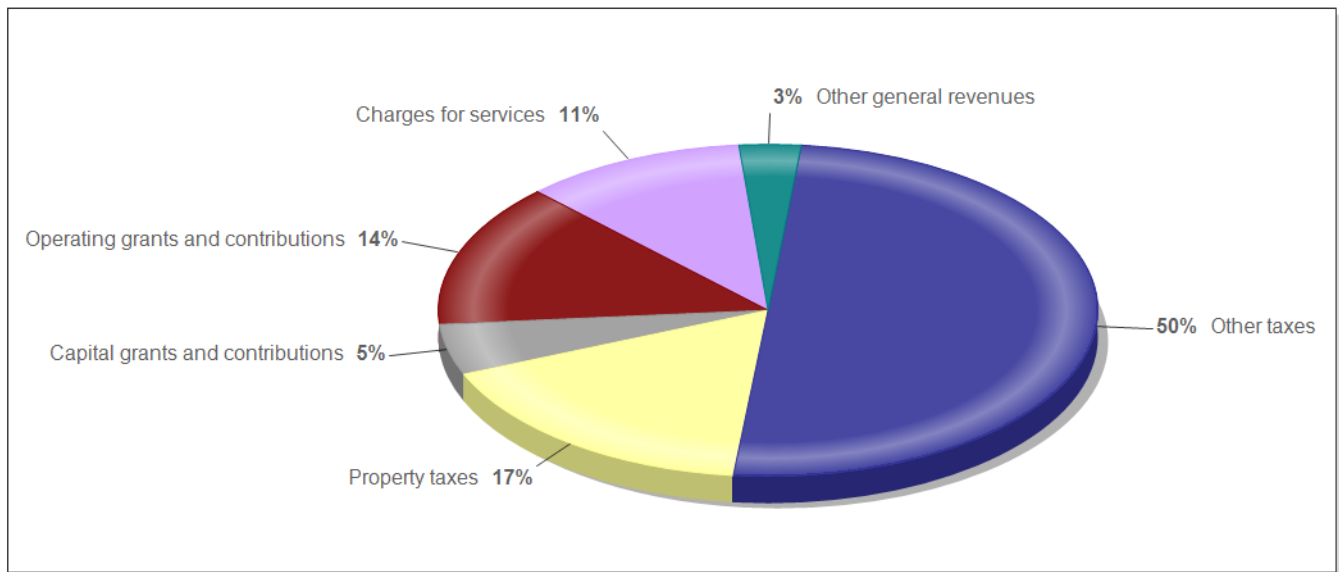
Management's Discussion and Analysis
December 31, 2022
(Unaudited)

Current Year Impacts

The Governmental Activities increased the City's net position by \$11.5 million. Key elements contributing to this change are as follows:

Governmental Activities

Governmental Revenues by Source



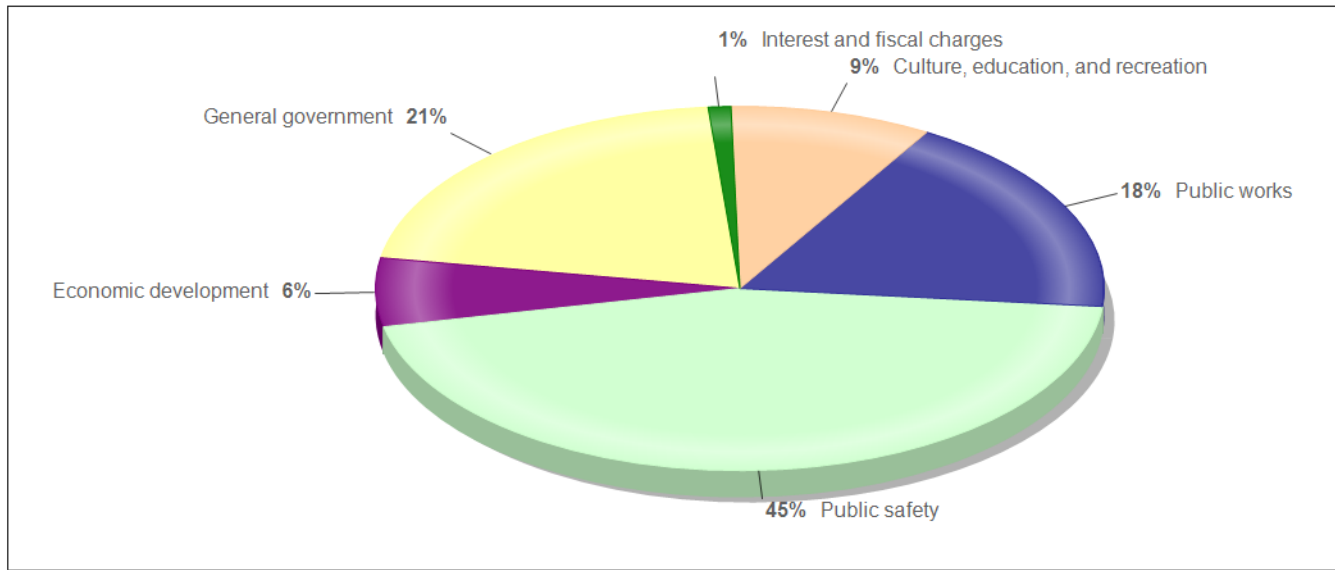
Revenues

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 16.3 percent in revenue due to an increase in various state-shared tax revenues and operating grants and contributions from state and federal agencies.

City of Galesburg

Management's Discussion and Analysis
December 31, 2022
(Unaudited)

Governmental Expenses by Function



Expenses

The City's overall expenses in the current fiscal year decreased, and resulted in a increase in net position to \$34.2 million compared to \$22.7 million in the prior fiscal year. Overall, the City's financial position increased by \$11.5 million from the prior year.

Financial Analysis of the City's Funds

The fund balance of the City's General Fund of \$12.9 million, a decrease of \$0.7 million from 2021 due to an increase of funds transferred out to other funds. For more information, see the General Fund Budgetary Highlights section.

The Economic Development Fund had an ending fund balance of \$11.6 million, which is consistent with 2021.

The Capital Planning Fund had an ending fund balance of \$7.4 million, an increase of \$5.6 million from 2021 due to an increase of funds transferred in from other governmental funds to fund future anticipated capital projects at the City.

City of Galesburg

Management's Discussion and Analysis
December 31, 2022
(Unaudited)

General Fund Budgetary Highlights

Overall, General Fund revenue was \$0.1 million more than the final budget and expenditures were \$0.9 million less than the final budget. Specific highlights of General Fund revenue and expenditures are as follows:

- > Charges for service revenues were consistent with the final budget.
- > Intergovernmental revenues were consistent with the final budget.
- > Police department expenditures were \$0.3 million less than the final budget.
- > Fire department expenditures were \$0.4 million less than the final budget.
- > City manager expenditures were \$0.1 million less than the final budget.

In 2022, total expenditures increased \$3.9 million from the original budget to the final amended budget. These budget increases were mostly in the police department and fire department. Total other financing sources (uses) increased \$6.3 million from original to final budget, mostly relating to transfers out. Total revenues increased \$9.8 million from the original budget to the final amended budget, mostly relating to intergovernmental revenues and other taxes.

Capital Assets and Debt Administration

Capital assets

By the end of 2022, the City had compiled a total investment of \$183.5 million (\$116.7 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, 2022 included the South Seminary Street reconstruction and watermain replacement from Berrien to Fifth Street in the amount of \$2.6 million; the gravel pack well #6 in the amount of \$1.4 million; and the West Street reconstruction in the amount of \$0.6 million.

Table 3										
Capital Assets (net of depreciation)										
(in millions of dollars)										
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>				<u>Total</u>		
	2022	2021	Change	2022	2021	Change	2022	2021	Change	
Land	\$ 6.5	\$ 6.4	1.6%	\$ 0.7	\$ 0.7	-%	\$ 7.2	\$ 7.1	1.4%	
Construction in progress	1.8	1.9	-5.3%	0.1	1.3	-92.3%	1.9	3.2	-40.6%	
Land improvements	1.8	2.0	-10.0%	-	-	-%	1.8	2.0	-10.0%	
Buildings and improvements	10.4	10.8	-3.7%	19.0	19.5	-2.6%	29.4	30.3	-3.0%	
Equipment	6.1	5.4	13.0%	1.3	1.5	-13.3%	7.4	6.9	7.2%	
Infrastructure	55.2	53.2	3.8%	13.8	11.9	16.0%	69.0	65.1	6.0%	
Total	\$ 81.8	\$ 79.7	2.6%	\$ 34.9	\$ 34.9	-%	\$ 116.7	\$ 114.6	1.8%	

City of Galesburg

Management's Discussion and Analysis
December 31, 2022
(Unaudited)

Debt Administration

The table below summarizes the City's bonded and similar indebtedness. As of December 31, 2022, the City had a total of \$20.8 million of long-term debt outstanding (excluding compensated absences, net pension liability, and net OPEB liability). Of this amount, \$20.3 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.

Table 4 Long-Term Debt (in millions of dollars)									
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total</u>		
	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>2022</u>	<u>2021</u>	<u>Change</u>
General obligation bonds	\$ 8.4	\$ 9.2	-8.7%	\$ 11.9	\$ 12.9	-7.8%	\$ 20.3	\$ 22.1	-8.1%
Notes payable	-	-	-%	0.4	0.4	-%	0.4	0.4	-%
Lease liability	0.1	-	-%	-	-	-%	0.1	-	-%
Total	\$ 8.5	\$ 9.2	-7.6%	\$ 12.3	\$ 13.3	-7.5%	\$ 20.8	\$ 22.5	-8.0%

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, expire on December 31, 2023.
- > The three-year union contracts for AFSCME, PSEO and IAFF bargaining groups, which all expire on December 31, 2023, provide 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, beginning in 2015, City employees moved 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.
- > The unemployment rate for the City of Galesburg, for 2022, decreased to 5.2 percent. This is a decrease from a rate of 6.6 percent a year ago. This compares slightly higher to the state's average unemployment rate of 4.7 percent.

City of Galesburg

Management's Discussion and Analysis
December 31, 2022
(Unaudited)

- > 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 2023 budget will sustain City services for another year.
- > In 2022, both OSF Healthcare and Solvera Health clinic opened various medical facilities to provide residents with more medical care options.
- > In 2022, the Galesburg Public Library began construction of a \$15.3 million library building which will provide residents with a variety of resources and meeting places. The building is expected to be completed in 2024.
- > In 2023, the Carl Sandburg College will begin construction of a new multi-million dollar Science and Technology Center that will be constructed on the main campus and is expected to open in time for the 2024 fall semester. The new educational center will assist in responding to the critical workforce and economic development needs of the area.
- > In 2023, the City will continue with its housing program with hopes to make an impact on blighted city buildings and housing. One major project that is scheduled to occur in 2023 is the demolition of the Broadview Inn and Suites hotel located on the City's downtown square. The demolition of this building will provide a safer site while providing the opportunity for construction of a new facility or business.

All of these factors were considered in preparing the City of Galesburg's budget for the 2023 fiscal year.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Galesburg Public Library
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	\$ 42,028,338	\$ 10,011,619	\$ 52,039,957	\$ 5,220,756
Investments	5,986,374	1,000,000	6,986,374	2,126,683
Receivables (net):				
Property tax receivable	9,130,533	-	9,130,533	1,716,070
Other taxes	1,937,466	-	1,937,466	-
Accrued interest	41,120	13,536	54,656	-
Accounts	2,339,560	2,788,048	5,127,608	18,128
Loans	2,681,973	-	2,681,973	-
Leases	536,261	-	536,261	-
Net pension asset	6,219,064	1,065,999	7,285,063	577,947
Due from other governmental units	3,529,861	-	3,529,861	-
Internal balances	(350,024)	350,024	-	-
Advances to component unit	461,509	-	461,509	-
Inventories	55,881	116,867	172,748	-
Prepaid items	1,095,004	52,644	1,147,648	54,391
Property held for resale	3,801,149	-	3,801,149	-
Bond issuance insurance	16,793	11,668	28,461	-
Capital assets:				
Capital assets not being depreciated	8,306,267	709,613	9,015,880	9,704,625
Capital assets being depreciated, net of depreciation	73,478,485	34,144,044	107,622,529	792,108
Total assets	161,295,614	50,264,062	211,559,676	20,210,708
Deferred Outflows of Resources				
Deferred outflows related to pensions	27,543,159	287,221	27,830,380	155,721
Deferred outflows related to OPEB	2,530,962	240,760	2,771,722	4,422
Deferred charge on refunding	-	713,158	713,158	-
Total deferred outflows of resources	30,074,121	1,241,139	31,315,260	160,143
Total assets and deferred outflows of resources	\$ 191,369,735	\$ 51,505,201	\$ 242,874,936	\$ 20,370,851

City of Galesburg, Illinois

Statement of Net Position
December 31, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Galesburg Public Library
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Accounts payable	\$ 2,471,713	\$ 436,312	\$ 2,908,025	\$ 1,580,294
Accrued liabilities	704,624	34,524	739,148	27,773
Interest payable	720	20,820	21,540	17,534
Payroll taxes payable	-	-	-	1,160
Claims payable	315,000	-	315,000	-
Due to other governmental units	427,459	1,369,616	1,797,075	14
Due to fiduciary funds	3,534,733	-	3,534,733	-
Advances from primary government	-	-	-	461,509
Deposits	-	1,031,980	1,031,980	-
Unearned revenues	198,369	342	198,711	6,858
Noncurrent liabilities:				
Due within one year	2,142,145	1,093,697	3,235,842	2,037,712
Due in more than one year	94,082,463	12,447,669	106,530,132	101,280
Total liabilities	103,877,226	16,434,960	120,312,186	4,234,134
Deferred Inflows of Resources				
Property taxes levied for future periods	9,130,533	-	9,130,533	1,716,070
Deferred inflows related to leases	536,261	-	536,261	-
Deferred inflows related to pensions	39,721,754	1,594,450	41,316,204	864,454
Deferred inflows related to OPEB	3,925,375	373,404	4,298,779	6,857
Total deferred inflows of resources	53,313,923	1,967,854	55,281,777	2,587,381
Net Position				
Net investment in capital assets	74,342,164	23,302,567	97,644,731	10,496,733
Restricted for:				
Motor fuel tax	1,320,906	-	1,320,906	-
Economic development	768,305	-	768,305	-
Special enforcement	472,126	-	472,126	-
Foreign fire	147,565	-	147,565	-
Infrastructure improvements	6,125	-	6,125	-
TIF expenses	1,226,525	-	1,226,525	-
General government	536,448	-	536,448	-
Donations	178,516	-	178,516	-
Pension benefits	6,219,064	1,065,999	7,285,063	577,947
Cemetery	566,264	-	566,264	-
Public works	997,015	-	997,015	-
Town of the City	1,590,692	-	1,590,692	-
Donor restricted, Foundation	-	-	-	1,065,558
Unrestricted	(54,193,129)	8,733,821	(45,459,308)	1,409,098
Total net position	34,178,586	33,102,387	67,280,973	13,549,336
Total liabilities, deferred inflows of resources and net position	\$ 191,369,735	\$ 51,505,201	\$ 242,874,936	\$ 20,370,851

City of Galesburg, Illinois

Statement of Activities

Year Ended December 31, 2022

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	\$ 9,560,432	\$ 3,535,118	\$ 8,317,332	\$ 235,354
Economic development	2,730,864	186,116	-	-
Public safety	20,772,599	1,301,104	157,712	-
Public works	8,037,839	56,567	70	2,338,896
Culture, education and recreation	4,209,597	1,070,820	-	-
Interest and fiscal charges	298,940	-	-	-
Total governmental activities	45,610,271	6,149,725	8,475,114	2,574,250
Business-type activities:				
Water	5,604,925	7,149,257	-	-
Refuse	2,821,965	2,902,703	-	-
Total business-type activities	8,426,890	10,051,960	-	-
Total primary government	\$ 54,037,161	\$ 16,201,685	\$ 8,475,114	\$ 2,574,250
Component Unit				
Galesburg Public Library	\$ 4,388,942	\$ 5,414	\$ 855,152	\$ 4,611,977

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 (loss)
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			Component Unit Galesburg Public Library
Governmental Activities	Primary Government Business-Type Activities	Total	
\$ 2,527,372	\$ -	\$ 2,527,372	\$ -
(2,544,748)	-	(2,544,748)	-
(19,313,783)	-	(19,313,783)	-
(5,642,306)	-	(5,642,306)	-
(3,138,777)	-	(3,138,777)	-
(298,940)	-	(298,940)	-
(28,411,182)	-	(28,411,182)	-
-	1,544,332	1,544,332	-
-	80,738	80,738	-
-	1,625,070	1,625,070	-
(28,411,182)	1,625,070	(26,786,112)	-
-	-	-	1,083,601
9,645,775	-	9,645,775	1,635,936
1,828,711	-	1,828,711	-
896,385	-	896,385	-
2,600,963	-	2,600,963	-
647,844	-	647,844	-
1,014,127	-	1,014,127	-
6,152,641	-	6,152,641	-
11,845,330	-	11,845,330	-
3,669,492	-	3,669,492	40,000
372,904	-	372,904	-
660,743	138,802	799,545	(337,350)
544,091	(3,907)	540,184	3,910,339
39,879,006	134,895	40,013,901	5,248,925
11,467,824	1,759,965	13,227,789	6,332,526
22,710,762	31,342,422	54,053,184	7,216,810
\$ 34,178,586	\$ 33,102,387	\$ 67,280,973	\$ 13,549,336

See notes to financial statements

City of Galesburg, Illinois

 Balance Sheet - Governmental Funds
 December 31, 2022

	Major Funds			Nonmajor	Total
	General	Economic Development	Capital Planning	Governmental Funds	Governmental Funds
Assets					
Cash and cash equivalents	\$ 10,738,978	\$ 4,200,339	\$ 5,878,325	\$ 19,891,548	\$ 40,709,190
Investments	3,479,141	498,125	-	2,009,108	5,986,374
Receivables (net):					
Property taxes	7,917,483	-	-	1,213,050	9,130,533
Other taxes	1,311,020	301,871	-	324,575	1,937,466
Accounts	380,618	-	-	1,866,106	2,246,724
Accrued interest	19,034	8,908	-	12,712	40,654
Loans	-	2,681,973	-	-	2,681,973
Leases	536,261	-	-	-	536,261
Due from other governments	2,293,505	-	-	1,236,356	3,529,861
Due from other funds	1,292,975	3,999	1,830,000	522,495	3,649,469
Inventory	55,881	-	-	-	55,881
Prepaid items	411,888	9,198	-	120,210	541,296
Property held for resale	-	3,641,930	-	159,219	3,801,149
Advances to other funds	110,207	635,883	-	330,621	1,076,711
Advances to component unit	461,509	-	-	-	461,509
Total assets	\$ 29,008,500	\$ 11,982,226	\$ 7,708,325	\$ 27,686,000	\$ 76,385,051
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 308,140	\$ 288,823	\$ 269,379	\$ 1,564,340	\$ 2,430,682
Accrued liabilities	629,460	3,953	-	70,510	703,923
Due to other governments	10,884	-	-	416,575	427,459
Due to fiduciary funds	3,534,733	-	-	-	3,534,733
Due to other funds	2,204,229	2,028	-	1,442,927	3,649,184
Advances from other funds	-	-	-	1,076,711	1,076,711
Unearned revenue	24,554	-	3,528	170,287	198,369
Total liabilities	6,712,000	294,804	272,907	4,741,350	12,021,061
Deferred Inflows of Resources					
Unavailable revenue	927,628	109,238	-	1,191,181	2,228,047
Deferred inflows related to leases	536,261	-	-	-	536,261
Property taxes levied for future periods	7,917,483	-	-	1,213,050	9,130,533
Total deferred inflows of resources	9,381,372	109,238	-	2,404,231	11,894,841
Fund Balances (Deficits)					
Nonspendable	1,039,485	9,198	-	744,653	1,793,336
Restricted	12,795	768,305	-	6,564,163	7,345,263
Committed	627,065	8,407,585	3,877,091	2,808,366	15,720,107
Assigned	-	2,393,096	3,558,327	11,685,152	17,636,575
Unassigned (deficit)	11,235,783	-	-	(1,261,915)	9,973,868
Total fund balances (deficits)	12,915,128	11,578,184	7,435,418	20,540,419	52,469,149
Total liabilities, deferred inflows of resources and fund balances	\$ 29,008,500	\$ 11,982,226	\$ 7,708,325	\$ 27,686,000	\$ 76,385,051

See notes to financial statements

City of Galesburg, IllinoisReconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2022**Total Fund Balances - Governmental Funds** \$ 52,469,149Amounts 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	\$ 130,351,511	
Accumulated depreciation	(48,566,759)	
		81,784,752

The net pension asset does not relate to current financial resources and is not reported in the governmental funds.	6,183,575
---	-----------

Bond issuance insurance does not relate to current financial resources and is not reported in the governmental funds.	16,793
---	--------

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.	2,228,047
---	-----------

Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	27,533,597
---	------------

Deferred outflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	2,530,962
--	-----------

Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(39,668,671)
--	--------------

Deferred inflows of resources related to other postemployment benefits do not relate to current financial resources and are not reported in the governmental funds.	(3,925,375)
---	-------------

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	(1,918,907)	
Accrued interest payable	(720)	
Net pension liability	(74,870,661)	
Net OPEB liability	(10,884,483)	
Lease liability	(121,546)	
General obligation bonds payable	(8,280,000)	
Bond premium	(147,791)	
		(96,224,108)

Internal service funds are reported in the statement of net position as governmental activities.	1,249,865
--	-----------

Net Position of Governmental Activities \$ 34,178,586

See notes to financial statements

City of Galesburg, Illinois

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended December 31, 2022

	Major Funds			Nonmajor Governmental Funds	
	General	Economic Development	Capital Planning		Total
Revenues					
Taxes	\$ 14,364,287	\$ 1,165,398	\$ -	\$ 6,908,092	\$ 22,437,777
Charges for services	1,179,133	-	-	263,270	1,442,403
Intergovernmental	18,935,339	-	-	8,737,899	27,673,238
Licenses and permits	414,252	-	-	-	414,252
Fines and fees	368,295	-	-	-	368,295
Use of money and property	740,500	130,235	65,269	1,735,999	2,672,003
Contributions	-	-	-	2,983	2,983
Miscellaneous	47,792	-	4,988	161,758	214,538
Total revenues	36,049,598	1,295,633	70,257	17,810,001	55,225,489
Expenditures					
Current:					
General government	3,784,105	-	-	4,517,120	8,301,225
Economic development	-	372,281	353,500	940,067	1,665,848
Public safety	21,760,895	-	-	508,712	22,269,607
Public works	2,907,612	-	-	3,518,874	6,426,486
Culture and recreation	-	-	-	4,082,207	4,082,207
Miscellaneous	-	440,328	189,366	1,742,520	2,372,214
Debt service:					
Principal	34,655	-	-	804,135	838,790
Interest and fiscal charges	3,013	-	-	317,088	320,101
Capital outlay	7,378	97,096	209,661	2,937,872	3,252,007
Total expenditures	28,497,658	909,705	752,527	19,368,595	49,528,485
Excess (deficiency) of revenues over expenditures	7,551,940	385,928	(682,270)	(1,558,594)	5,697,004
Other Financing Sources (Uses)					
Proceeds from the sale of assets	6,483	-	-	2,390	8,873
Transfers in	-	88,157	6,256,888	5,047,620	11,392,665
Transfers out	(8,227,298)	(494,248)	-	(2,641,519)	(11,363,065)
Total other financing sources (uses)	(8,220,815)	(406,091)	6,256,888	2,408,491	38,473
Net change in fund balances	(668,875)	(20,163)	5,574,618	849,897	5,735,477
Fund Balances, Beginning	13,584,003	11,598,347	1,860,800	19,690,522	46,733,672
Fund Balances, Ending	\$ 12,915,128	\$ 11,578,184	\$ 7,435,418	\$ 20,540,419	\$ 52,469,149

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, 2022

Net change in total governmental fund balances		\$ 5,735,477
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	\$ 3,437,343	
Depreciation	(2,962,127)	
Capital expenditures in excess of depreciation		475,216
Capital assets transferred to the City are recorded as capital contributions in the Statement of Activities, but do not require the use of current financial resources and are therefore not reported in the governmental funds.		1,631,637
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.		(72,424)
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	77	
Amortization of bond premiums	21,083	
Amortization of bond insurance	(2,305)	
Net pension liability	18,934,412	
Net pension asset	5,957,723	
Net OPEB liability	2,575,443	
Deferred outflows of resources related to pensions	2,297,669	
Deferred outflows of resources related to OPEB	181,739	
Deferred inflows of resources related to pensions	(24,324,484)	
Deferred inflows of resources related to OPEB	(2,458,670)	
Lease liability	(121,546)	
Compensated absences	(100,432)	
		2,960,709
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.		775,000
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.		(37,791)
Change in net position of governmental activities		\$ 11,467,824

City of Galesburg, Illinois

Statement of Net Position

Proprietary Funds

December 31, 2022

	Enterprise Funds		Total	Governmental Activities
	Water	Refuse		Internal Service Fund
Assets and Deferred Outflows of Resources				
Assets				
Current assets:				
Cash and cash equivalents	\$ 9,239,134	\$ 772,485	\$ 10,011,619	\$ 1,319,148
Investments	1,000,000	-	1,000,000	-
Receivables (net):				
Accounts	2,299,786	488,262	2,788,048	92,836
Accrued interest	13,536	-	13,536	466
Net pension asset	1,065,999	-	1,065,999	35,489
Inventory	116,867	-	116,867	-
Prepaid items	47,552	5,092	52,644	553,708
Total current assets	13,782,874	1,265,839	15,048,713	2,001,647
Noncurrent assets:				
Bond issuance insurance	11,668	-	11,668	-
Capital assets not being depreciated	709,613	-	709,613	-
Capital assets being depreciated	52,427,515	-	52,427,515	-
Less accumulated depreciation	(18,283,471)	-	(18,283,471)	-
Total noncurrent assets	34,865,325	-	34,865,325	-
Total assets	48,648,199	1,265,839	49,914,038	2,001,647
Deferred Outflows of Resources				
Deferred outflows related to pensions	287,221	-	287,221	9,562
Deferred outflows related to OPEB	238,026	2,734	240,760	-
Deferred charge on refunding	713,158	-	713,158	-
Total deferred outflows of resources	1,238,405	2,734	1,241,139	9,562

See notes to financial statements

City of Galesburg, Illinois

Statement of Net Position

Proprietary Funds

December 31, 2022

	Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Refuse	Total	
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current liabilities:				
Accounts payable	\$ 200,635	\$ 235,677	\$ 436,312	\$ 41,031
Accrued liabilities	34,077	447	34,524	701
Claims payable	-	-	-	315,000
Accrued interest payable	20,820	-	20,820	-
Deposits	1,031,980	-	1,031,980	-
Due to other governments	1,369,616	-	1,369,616	-
Due to other funds	285	-	285	-
Unearned revenue	342	-	342	-
General obligation bonds payable	930,000	-	930,000	-
Notes payable	41,406	-	41,406	-
Compensated absences	121,751	540	122,291	1,220
Total current liabilities	3,750,912	236,664	3,987,576	357,952
Noncurrent liabilities:				
General obligation bonds payable	10,961,596	-	10,961,596	-
Notes payable	331,246	-	331,246	-
Net OPEB liability	1,023,638	11,755	1,035,393	-
Compensated absences	117,872	1,562	119,434	-
Total noncurrent liabilities	12,434,352	13,317	12,447,669	-
Total liabilities	16,185,264	249,981	16,435,245	357,952
Deferred Inflows of Resources				
Deferred inflows related to pensions	1,594,450	-	1,594,450	53,083
Deferred inflows related to OPEB	369,165	4,239	373,404	-
Total deferred inflows of resources	1,963,615	4,239	1,967,854	53,083
Net Position				
Net investment in capital assets	23,302,567	-	23,302,567	-
Restricted for pension benefits	1,065,999	-	1,065,999	35,489
Unrestricted net position	7,369,159	1,014,353	8,383,512	1,564,685
Total net position	\$ 31,737,725	\$ 1,014,353	32,752,078	1,600,174
Adjustments to reflect the consolidation of internal service funds activities related to enterprise funds			350,309	(350,309)
Net position business-type activities			\$ 33,102,387	
Net internal service funds reported in the statement of net position as governmental activities				\$ 1,249,865

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, 2022

	Enterprise Funds			Governmental Activities Internal Service Fund
	Water	Refuse	Total	
Operating Revenues				
Charges for services	\$ 7,149,257	\$ 2,902,703	\$ 10,051,960	\$ 1,010,630
Miscellaneous	-	3,277	3,277	194,649
Total operating revenues	7,149,257	2,905,980	10,055,237	1,205,279
Operating Expenses				
Personnel services	1,774,731	44,446	1,819,177	57,437
Contractual services	1,671,532	2,780,703	4,452,235	741,334
Commodities	625,373	32	625,405	5
Insurance claims and changes in reserves	-	-	-	444,599
Depreciation	1,072,382	-	1,072,382	-
Other charges	18,651	61	18,712	-
Total operating expenses	5,162,669	2,825,242	7,987,911	1,243,375
Operating income (loss)	1,986,588	80,738	2,067,326	(38,096)
Nonoperating Revenues (Expenses)				
Investment earnings	126,494	12,308	138,802	23,795
Interest and fiscal charges	(440,053)	-	(440,053)	-
Total nonoperating revenues (expenses)	(313,559)	12,308	(301,251)	23,795
Income (loss) before transfers	1,673,029	93,046	1,766,075	(14,301)
Transfers				
Transfers out	-	-	-	(29,600)
Total transfers	-	-	-	(29,600)
Change in net position	1,673,029	93,046	1,766,075	(43,901)
Net Position, Beginning	30,064,696	921,307	30,986,003	1,644,075
Net Position, Ending	<u>\$ 31,737,725</u>	<u>\$ 1,014,353</u>	<u>\$ 32,752,078</u>	<u>\$ 1,600,174</u>
Change in net position			\$ 1,766,075	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds			(6,110)	
Change in net position of business-type activities			<u>\$ 1,759,965</u>	

See notes to financial statements

City of Galesburg, Illinois

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Refuse	Total	Internal Service Fund
Cash Flows From Operating Activities				
Cash received from customers and users	\$ 7,003,087	\$ 2,896,104	\$ 9,899,191	\$ 175,521
Cash received from interfund service	-	-	-	954,480
Cash payments for goods and services	(2,346,858)	(2,776,662)	(5,123,520)	(1,076,264)
Cash payments to employees	(2,099,285)	(42,341)	(2,141,626)	(70,896)
Net cash provided/(used) by operating activities	2,556,944	77,101	2,634,045	(17,159)
Cash Flows From Noncapital Financing Activities				
Payments from (to) nonservice interfund accounts	(60)	(240)	(300)	(29,600)
Payments from (to) fiduciary funds	(8,315)	-	(8,315)	-
Net cash provided/(used) in noncapital financing activities	(8,375)	(240)	(8,615)	(29,600)
Cash Flows From Capital and Related Financing Activities				
Purchase of capital assets	(1,006,754)	-	(1,006,754)	-
Interest paid on debt	(438,794)	-	(438,794)	-
Principal payments on bonds	(900,000)	-	(900,000)	-
Principal payments on notes	(41,406)	-	(41,406)	-
Net cash used in capital and related financing activities	(2,386,954)	-	(2,386,954)	-
Cash Flows From Investing Activities				
Purchase of investments	(500,478)	-	(500,478)	-
Income and dividends received	113,407	12,308	125,715	23,329
Net cash provided by (used in) investing activities	(387,071)	12,308	(374,763)	23,329
Net increase (decrease) in cash	(225,456)	89,169	(136,287)	(23,430)
Cash and Cash Equivalents, Beginning	9,464,590	683,316	10,147,906	1,342,578
Cash and Cash Equivalents, Ending	<u>\$ 9,239,134</u>	<u>\$ 772,485</u>	<u>\$ 10,011,619</u>	<u>\$ 1,319,148</u>

See notes to financial statements

City of Galesburg, Illinois

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water	Refuse	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 1,986,588	\$ 80,738	\$ 2,067,326	\$ (38,096)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,072,382	-	1,072,382	-
Change in operating assets and liabilities:				
Accounts receivable	(146,322)	(6,599)	(152,921)	(68,408)
Inventory	9,579	-	9,579	-
Prepaid items	3,515	95	3,610	(5,899)
Bond issuance insurance	1,857	-	1,857	-
Net pension asset	(1,065,999)	-	(1,065,999)	(35,489)
Deferred outflows, pension	198,952	-	198,952	7,895
Deferred outflows, OPEB	(10,468)	(284)	(10,752)	-
Accounts payable	(293,040)	762	(292,278)	(29,427)
Deposits payable	19,724	-	19,724	-
Accrued salaries	4,769	(24)	4,745	(494)
Due to other governments	227,063	-	227,063	-
Claims payable	-	-	-	145,000
Compensated absences	34,327	1,987	36,314	(1,558)
Net pension liability	(28,941)	-	(28,941)	(1,039)
Net OPEB liability	(280,159)	(2,283)	(282,442)	-
Deferred inflows, pension	595,873	-	595,873	17,226
Deferred inflows, OPEB	227,092	2,709	229,801	-
Unearned revenue	152	-	152	(6,870)
Total adjustments	570,356	(3,637)	566,719	20,937
Net Cash Provided (Used) By Operating Activities	\$ 2,556,944	\$ 77,101	\$ 2,634,045	\$ (17,159)
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, 2022

	Pension and OPEB Trust Funds
Assets	
Cash and cash equivalents	\$ 2,773,245
Investments:	
Mutual funds	1,853,998
Insurance contracts and annuities	19,270,192
Police officers' pension investment fund	7,466,263
Firefighters' pension investment fund	23,719,230
Receivables:	
Due from primary government	<u>3,521,688</u>
Total assets	<u>58,604,616</u>
Liabilities	
Accounts payable	<u>590,841</u>
Total liabilities	<u>590,841</u>
Net Position	
Restricted for OPEB	1,853,998
Restricted for retirement benefits	<u>56,159,777</u>
Total net position	<u><u>\$ 58,013,775</u></u>

See notes to financial statements

City of Galesburg, Illinois

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended December 31, 2022

	Pension and OPEB Trust Funds
Additions	
Contributions:	
Employer	\$ 9,707,032
Plan member deposits	647,998
Total contributions	10,355,030
Investment earnings:	
Net appreciation (depreciation) in fair value of investments	(9,764,441)
Interest	85,195
Total investment earnings	(9,679,246)
Less investment expense	43,190
Net investment earnings	(9,722,436)
Miscellaneous:	
Other income	283
Total additions	632,877
Deductions	
Benefits	8,185,646
Administrative expenses	55,085
Total deductions	8,240,731
Change in net position	(7,607,854)
Net Position, Beginning	65,621,629
Net Position, Ending	\$ 58,013,775

See notes to financial statements

City of Galesburg

Index to Notes to Financial Statements
December 31, 2022

	<u>Page</u>
1. Summary of Significant Accounting Policies	32
Reporting Entity	32
Government-Wide and Fund Financial Statements	33
Measurement Focus, Basis of Accounting and Financial Statement Presentation	36
Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and	
Net Position or Equity	37
Deposits and Investments	37
Receivables	40
Inventories and Prepaid Items	40
Capital Assets	41
Deferred Outflows of Resources	41
Compensated Absences	41
Long-Term Obligations/Conduit Debt	42
Deferred Inflows of Resources	42
Equity Classifications	43
Postemployment Benefits Other Than Pensions (OPEB)	44
Property Held for Resale	44
2. Stewardship, Compliance and Accountability	44
Deficit Balances	44
3. Detailed Notes on All Funds	45
Deposits and Investments	45
Receivables	48
Capital Assets	50
Interfund Receivables/Payables, Advances and Transfers	52
Long-Term Obligations	54
Lease Disclosures	58
Net Position/Fund Balances	58
Component Unit	60
4. Other Information	63
Employees' Retirement System	63
Risk Management	82
Commitments and Contingencies	83
Other Postemployment Benefits	83
Subsequent Event	87
Tax Increment Financing District	87
Tax Abatement	87
Effect of New Accounting Standards on Current-Period Financial Statements	88

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, 2022. 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

In June of 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022.

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% 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% test is at least 5% 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 Fund

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.

Capital Projects Fund

Capital Planning Fund is used to achieve high-impact, quality of life, or economic development pursuits that will further stabilize the City's revenue sources .

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
911 Communications
Grants

Motor Fuel Tax
State Special Enforcement
Foreign Fire
Property Redevelopment
Public Transportation Projects
Town of the City of Galesburg
Parks and Recreation

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 East Main
Vehicle Replacement
TIF IV

Utility Tax Capital Projects
Building Repair and Maintenance
Computer Replacement
Players Fields
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.

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.

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

Illinois Public Act 101 0610 consolidated the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds and required the Police Pension Fund and Firefighters' Pension Fund to pool their funds for investment purposes. During the year, the investments of the Police Pension Fund were transferred to Illinois Police Officers' Pension Investment Fund and the investments of the Firefighters' Pension Fund were transferred to Illinois Firefighters' Pension Investment Fund. The Illinois Police Officers' Pension Investment Fund and the Illinois Firefighters' Pension Investment Fund are external investment pools valued at share price, the price for which the investments could be sold. The Illinois Police Officers' Pension Investment Fund's investment policy statement has an investment objective to earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation. In the March 4, 2022 actuarial experience study the Illinois Police Officers' Pension Investment Fund's actuaries recommended an investment return of 6.75%.

The Illinois Firefighters' Pension Investment Fund's investment policy has an investment objective that seeks to maximize the likelihood of meeting long-term return objectives, while (i) maintaining prudent risk exposure, (ii) controlling fees and expenses related to management of the Fund and (iii) complying with the governing provisions of the Illinois Pension Code (40 ILCS 5 et seq.) and other applicable laws and regulations. Long-term return objectives are based on an assumed rate of return as set forth by the Illinois Firefighters' Pension Investment Fund's actuary. In the December 1, 2021 actuarial experience study the Illinois Firefighters' Pension Investment Fund's actuaries recommended an investment return of 7.125%.

Additional information related to the Illinois Police Officers' Pension Investment Fund can be found at <https://www.ipopif.org>. Additional information related to the Illinois Firefighters' Pension Investment Fund can be found at <https://ifpif.org>.

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.

In accordance with investment policies, the Police Pension Fund and Firefighters' Pension Fund limit exposure to interest rate risk by structuring the portfolios to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policies do not limit the maximum maturity length of investments in the funds. The investment policies require that the portfolios be structured to meet the actuarially determined cash flow requirements of the funds.

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 limit exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

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 investment policy limits 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.

The Firefighters' Pension Fund does not hold any investments susceptible to this risk as of December 31, 2022.

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% of the value of the deposit.

The Police and Firefighters' Pension Fund investment policies require pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the Police and Firefighters' Pension Funds or their respective agents in the name of the Police and Firefighters' Pension Fund.

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 and Firefighters' Pension Fund investment policies require investments to be held by a separate third party custodian to safe-keep the assets of the funds, complying with provisions of the Illinois Pension Code.

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 2022 attaches as an enforceable lien on January 1, 2022, 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 2022 tax levy, which attached as an enforceable lien on the property as of January 1, 2022, was levied in December 2022.

Tax bills for levy year 2022 are prepared by the Knox County Treasurer and issued on or about May 1, 2023 and August 1, 2023 and are payable in two installments, on or about June 1, 2023 and September 1, 2023 or within 30 days of the tax bills being issued.

The County collects such taxes and remits them periodically. The 2022 property tax levy is recognized as a receivable and deferred inflows in fiscal 2022, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2022, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2022 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 3 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 and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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 represent a consumption of net assets that applies to future periods 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, 2022, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations/Conduit Debt

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, lease liabilities, 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, 2022, \$40,555,000 of 2021 Series bonds remain outstanding.

Deferred Inflows of Resources

A deferred inflow of resources represent an acquisition of net assets that applies to future periods 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% 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, 2022, the following individual funds held a deficit balance:

Fund	Amount	Reason
Grants	\$ (158,819)	Operating expenditures exceeded available revenues
Public Transportation	(555,955)	Prior year operating expenses exceeded available revenues
2013A GO Bonds Business District	(232,553)	Prior year operating expenditures exceeded available revenues
TIF 3 Regency Capital Project	(291,860)	Prior year operating expenditures exceeded available revenues

City of Galesburg

Notes to Financial Statements
December 31, 2022

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.

3. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 33,833,862	\$ 33,691,888	Custodial credit risk - deposits
Money market, Illinois Funds	18,260,853	18,260,853	Credit risk
Mutual funds, bond funds	251,677	251,677	Credit risk, interest rate risk
Mutual funds, other	2,067,545	2,067,545	N/A
Police officers' pension investment fund	7,466,263	7,466,263	Credit risk
Firefighters' pension investment fund	23,719,230	23,719,230	Credit risk
U.S. Treasury obligations	5,020,149	5,020,149	Custodial credit risk - investments, interest rate risk
Insurance contracts and annuities	19,270,192	19,270,192	Credit risk, concentration of credit risk
Illinois Trusts	4,214,458	4,214,458	Credit risk
Petty cash	5,030	-	N/A
Total deposits and investments	<u>\$114,109,259</u>	<u>\$113,962,255</u>	
Reconciliation to financial statements			
Per statement of net position:			
Cash and cash equivalents	\$ 52,039,957		
Investments	6,986,374		
Per statement of fiduciary net position, fiduciary funds:			
Cash and cash equivalents	2,773,245		
Mutual funds	1,853,998		
Insurance contracts and annuities	19,270,192		
Police officers' pension investment fund	7,466,263		
Firefighters' pension investment fund	<u>23,719,230</u>		
Total deposits and investments	<u>\$114,109,259</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.

City of Galesburg

Notes to Financial Statements
December 31, 2022

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.

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, 2022, investments were measured using valuation inputs as follows:

City

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
U.S. Treasury obligations	\$ -	\$ 5,020,149	\$ -	\$ 5,020,149
Mutual funds, bond funds	251,677	-	-	251,677
Mutual funds, other	213,547	-	-	213,547
Total	<u>\$ 465,224</u>	<u>\$ 5,020,149</u>	<u>\$ -</u>	<u>\$ 5,485,373</u>

Police Pension Fund

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Insurance contracts and annuities	\$ -	\$ -	\$ 19,270,192	\$ 19,270,192
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,270,192</u>	<u>\$ 19,270,192</u>

OPEB Trust Fund

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds, other	\$ 1,853,998	\$ -	\$ -	\$ 1,853,998
Total	<u>\$ 1,853,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,853,998</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.

City of Galesburg

Notes to Financial Statements
December 31, 2022

As of December 31, 2022, investments were rated as follows:

City

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

Police Pension Fund

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Police officers' pension investment fund	N/R	N/R
Insurance contracts and annuities	N/R	N/R

Firefighters' Pension Fund

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Firefighters' pension investment fund	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.

At December 31, 2022, the Police Pension Fund held the following investments in excess of 5% of the total Fund's investment portfolio:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Venerable	Insurance Contract	11.77 %
Transamerica	Insurance Contract	11.52
Ohio National	Insurance Contract	9.54
Delaware Life	Insurance Contract	9.52
Prudential	Insurance Contract	8.92
Nationwide	Insurance Contract	7.37
Jackson National	Insurance Contract	7.08

City of Galesburg

Notes to Financial Statements
December 31, 2022

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, 2022, the City's investments were as follows:

Investment Type	Fair Value	Maturity (In Years)			
		Less than 1	1 - 5	6 - 10	Greater than 10
U.S. Treasury obligations	\$ 5,020,149	\$ 5,020,149	\$ -	\$ -	\$ -
Mutual funds, bond funds	251,679	251,679	-	-	-
Total	<u>\$ 5,271,828</u>	<u>\$ 5,271,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2022, the annual money-weighted rate of return on the Police Pension plan investments, net of pension plan investment expense, was (17.37)%. 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, 2022, the annual money-weighted rate of return on the Firefighters' Pension plan investments, net of pension plan investment expense, was (14.59)%. 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:

	General	Economic Development	Nonmajor	Total
Other Taxes Receivable:				
Home rule tax	\$ 793,888	\$ 301,871	\$ 181,628	\$ 1,277,387
Food and beverage tax	159,992	-	17,741	177,733
Hotel/motel tax	-	-	62,055	62,055
Auto rental tax	3,680	-	-	3,680
Local use tax	305,667	-	53,941	359,608
Video gaming tax	47,793	-	-	47,793
Business district tax	-	-	8,648	8,648
Aviation fuel tax	-	-	562	562
Total	<u>\$1,311,020</u>	<u>\$ 301,871</u>	<u>\$ 324,575</u>	<u>\$ 1,937,466</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Due From Other Governments:			
Replacement tax	\$ 469,555	\$ -	\$ 469,555
Sales tax	1,324,449	438,944	1,763,393
State income tax	424,901	22,363	447,264
Due from State of Illinois	<u>74,600</u>	<u>775,049</u>	<u>849,649</u>
Total	<u>\$2,293,505</u>	<u>\$1,236,356</u>	<u>\$ 3,529,861</u>

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

As of December 31, 2022, the City had loans receivable in the amount of \$2,681,973 related to twelve economic development loans issued to local businesses from 2014 through 2022. Monthly installments range from \$202 to \$82,603 with interest rates from 2.00% to 5.50%. Final payments are due from February 2024 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	\$ 9,130,533	\$ -
Sales tax	-	624,537
Local use tax	-	137,729
Telecommunications tax	-	27,728
Auto rental tax	-	1,211
Home rule sales tax	-	461,069
Grants	42,825	713,171
Business district	2,546	-
Food and beverage	-	1,703
Remaining PSB expenses	-	25,395
Other	<u>152,998</u>	<u>235,504</u>
Total unearned/unavailable revenue for governmental funds	<u>\$ 9,328,902</u>	<u>\$ 2,228,047</u>
Unearned revenue included in liabilities	\$ 198,369	
Unearned revenue included in deferred inflows	<u>9,130,533</u>	
Total unearned revenue for governmental funds	<u>\$ 9,328,902</u>	

City of Galesburg

Notes to Financial Statements
December 31, 2022

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities					
Capital assets not being depreciated/ amortized:					
Land	\$ 6,352,536	\$ -	\$ 153,547	\$ -	\$ 6,506,083
Construction in progress	<u>1,937,065</u>	<u>-</u>	<u>983,499</u>	<u>1,120,380</u>	<u>1,800,184</u>
Total capital assets not being depreciated/ amortized	<u>8,289,601</u>	<u>-</u>	<u>1,137,046</u>	<u>1,120,380</u>	<u>8,306,267</u>
Capital assets being depreciated/ amortized:					
Land improvements	7,509,673	-	-	-	7,509,673
Buildings and improvements	20,519,299	-	-	-	20,519,299
Machinery and equipment	13,820,045	-	1,211,747	34,968	14,996,824
Right-to-use lease asset - machinery and equipment	-	185,336	-	-	185,336
Infrastructure	<u>75,178,881</u>	<u>-</u>	<u>3,655,231</u>	<u>-</u>	<u>78,834,112</u>
Total capital assets being depreciated/ amortized	<u>117,027,898</u>	<u>185,336</u>	<u>4,866,978</u>	<u>34,968</u>	<u>122,045,244</u>
Total capital assets	<u>125,317,499</u>	<u>185,336</u>	<u>6,004,024</u>	<u>1,155,348</u>	<u>130,351,511</u>
Less accumulated depreciation/ amortization for:					
Land improvements	(5,532,625)	-	(141,154)	-	(5,673,779)
Buildings and improvements	(9,730,086)	-	(424,798)	-	(10,154,884)
Machinery and equipment	(8,356,126)	-	(740,857)	34,968	(9,062,015)
Right-to-use lease asset - machinery and equipment	-	-	(63,790)	-	(63,790)
Infrastructure	<u>(22,020,763)</u>	<u>-</u>	<u>(1,591,528)</u>	<u>-</u>	<u>(23,612,291)</u>
Total accumulated depreciation/ amortization	<u>(45,639,600)</u>	<u>-</u>	<u>(2,962,127)</u>	<u>34,968</u>	<u>(48,566,759)</u>
Net capital assets being depreciated/ amortized	<u>71,388,298</u>	<u>185,336</u>	<u>1,904,851</u>	<u>-</u>	<u>73,478,485</u>
Total governmental activities capital assets, net of accumulated depreciation/ amortization	<u>\$ 79,677,899</u>	<u>\$ 185,336</u>	<u>\$ 3,041,897</u>	<u>\$ 1,120,380</u>	<u>\$ 81,784,752</u>

* The adjustments column represents amounts to be reported as right-to-use lease assets in accordance with GASB Statement No. 87.

City of Galesburg

Notes to Financial Statements
December 31, 2022

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 258,135
Economic development	85,965
Public works	1,951,382
Public safety	326,867
Culture and recreation	<u>339,778</u>

Total governmental activities depreciation/ amortization expense	<u>\$ 2,962,127</u>
--	---------------------

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 693,913	\$ -	\$ -	\$ 693,913
Construction in progress	<u>1,347,492</u>	<u>-</u>	<u>1,331,792</u>	<u>15,700</u>
Total capital assets not being depreciated	<u>2,041,405</u>	<u>-</u>	<u>1,331,792</u>	<u>709,613</u>
Capital assets being depreciated:				
Land improvements	66,666	-	-	66,666
Buildings and improvements	24,497,831	-	-	24,497,831
Machinery and equipment	4,388,746	-	-	4,388,746
Infrastructure	<u>21,159,568</u>	<u>2,314,704</u>	<u>-</u>	<u>23,474,272</u>
Total capital assets being depreciated	<u>50,112,811</u>	<u>2,314,704</u>	<u>-</u>	<u>52,427,515</u>
Total capital assets	<u>52,154,216</u>	<u>2,314,704</u>	<u>1,331,792</u>	<u>53,137,128</u>
Less accumulated depreciation for:				
Land improvements	(35,945)	(1,905)	-	(37,850)
Buildings and improvements	(4,993,755)	(523,515)	-	(5,517,270)
Machinery and equipment	(2,891,199)	(193,906)	-	(3,085,105)
Infrastructure	<u>(9,290,190)</u>	<u>(353,056)</u>	<u>-</u>	<u>(9,643,246)</u>
Total accumulated depreciation	<u>(17,211,089)</u>	<u>(1,072,382)</u>	<u>-</u>	<u>(18,283,471)</u>
Net capital assets being depreciated	<u>32,901,722</u>	<u>1,242,322</u>	<u>-</u>	<u>34,144,044</u>
Business-type capital assets, net of accumulated depreciation	<u>\$ 34,943,127</u>	<u>\$ 1,242,322</u>	<u>\$ 1,331,792</u>	<u>\$ 34,853,657</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

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	Water	\$ 113
General	Nonmajor Governmental	1,292,862
Economic Development	Nonmajor Governmental	3,999
Capital Planning	General	1,830,000
Nonmajor Governmental	General	374,229
Nonmajor Governmental	Economic Development	2,028
Nonmajor Governmental	Water	172
Nonmajor Governmental	Nonmajor Governmental	<u>146,066</u>
Total, fund financial statements		3,649,469
Less government-wide eliminations		<u>(3,999,493)</u>
Total internal balances, government-wide statement of net position		<u>\$ (350,024)</u>

All amounts are due within one year.

The principal purpose of these interfunds is to cover deficits related to debt service payments, allocation of health insurance expenditures, and funding 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.

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 110,207
Economic Development	Nonmajor Governmental	635,883
Nonmajor Governmental	Nonmajor Governmental	<u>330,621</u>
Total, fund financial statements		1,076,711
Less fund eliminations		<u>(1,076,711)</u>
Total, interfund advances, government-wide statement of net position		<u>\$ -</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

The principal purpose of these advances is to fund capital projects for economic development in the City. Additionally, in 2021, the City provided a 10-year advance of funds from the General Fund to the Galesburg Public Library (the Library), the discretely presented component unit, to provide funding for a new HVAC system totaling \$512,454. For the fiscal year ending December 31, 2022, outstanding advances from the General Fund to the Library totaled \$461,509.

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>
Economic Development	General	\$ 18,173
Economic Development	Nonmajor Governmental	69,984
Capital Planning	General	6,219,348
Capital Planning	Nonmajor Governmental	37,540
Nonmajor Governmental	General	1,989,777
Nonmajor Governmental	Economic Development	494,248
Nonmajor Governmental	Nonmajor Governmental	2,533,995
Nonmajor Governmental	Internal Service	<u>29,600</u>
Total, fund financial statements		11,392,665
Less fund eliminations		<u>(11,392,665)</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, 2022

Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Adjustments</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	\$ 9,055,000	\$ -	\$ -	\$ 775,000	\$ 8,280,000	\$ 810,000
(Discounts)/Premiums:						
Bond premium	<u>168,874</u>	<u>-</u>	<u>-</u>	<u>21,083</u>	<u>147,791</u>	<u>-</u>
Total bonds and notes payable	<u>9,223,874</u>	<u>-</u>	<u>-</u>	<u>796,083</u>	<u>8,427,791</u>	<u>810,000</u>
Other liabilities:						
Compensated absences	1,821,253	-	1,964,281	1,865,407	1,920,127	1,266,265
Lease liabilities	-	185,336	-	63,790	121,546	65,880
Net pension liability, IMRF	152,445	-	-	152,445	-	-
Net pension liability, Police	49,786,023	-	-	9,858,880	39,927,143	-
Net pension liability, Firefighters'	43,867,644	-	-	8,924,126	34,943,518	-
Net OPEB liability	<u>13,459,926</u>	<u>-</u>	<u>-</u>	<u>2,575,443</u>	<u>10,884,483</u>	<u>-</u>
Total other liabilities	<u>109,087,291</u>	<u>185,336</u>	<u>1,964,281</u>	<u>23,440,091</u>	<u>87,796,817</u>	<u>1,332,145</u>
Total governmental activities long-term liabilities	<u>\$ 118,311,165</u>	<u>\$ 185,336</u>	<u>\$ 1,964,281</u>	<u>\$ 24,236,174</u>	<u>\$ 96,224,608</u>	<u>\$ 2,142,145</u>
Business-Type Activities						
Bonds and notes payable:						
General obligation debt	\$ 12,410,000	\$ -	\$ -	\$ 900,000	\$ 11,510,000	\$ 930,000
Notes payable, direct borrowing	414,058	-	-	41,406	372,652	41,406
(Discounts)/Premiums:						
Bond premium	<u>445,524</u>	<u>-</u>	<u>-</u>	<u>63,928</u>	<u>381,596</u>	<u>-</u>
Total bonds and notes payable	<u>13,269,582</u>	<u>-</u>	<u>-</u>	<u>1,005,334</u>	<u>12,264,248</u>	<u>971,406</u>
Other liabilities:						
Compensated absences	205,411	-	196,563	160,249	241,725	122,291
Net pension liability, IMRF	28,941	-	-	28,941	-	-
Net OPEB liability	<u>1,317,835</u>	<u>-</u>	<u>-</u>	<u>282,442</u>	<u>1,035,393</u>	<u>-</u>
Total other liabilities	<u>1,552,187</u>	<u>-</u>	<u>196,563</u>	<u>471,632</u>	<u>1,277,118</u>	<u>122,291</u>
Total business-type activities long-term liabilities	<u>\$ 14,821,769</u>	<u>\$ -</u>	<u>\$ 196,563</u>	<u>\$ 1,476,966</u>	<u>\$ 13,541,366</u>	<u>\$ 1,093,697</u>

The adjustment column represents the addition of lease liabilities in accordance with GASB Statement No. 87.

City of Galesburg

Notes to Financial Statements
December 31, 2022

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>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December 31,</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>2022</u>
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	\$ 990,000
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	310,000
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>6,980,000</u>
Total governmental activities, general obligation debt					<u>\$ 8,280,000</u>

<u>Business-Type Activities</u>					<u>Balance</u>
<u>General Obligation Debt</u>	<u>Date of</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>December 31,</u>
	<u>Issue</u>	<u>Maturity</u>	<u>Rates</u>	<u>Indebtedness</u>	<u>2022</u>
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	\$ 5,310,000
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>6,200,000</u>
Total business-type activities, general obligation debt					<u>\$ 11,510,000</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

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>
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	585,000	190,943	1,055,000	284,119
2028-2032	3,320,000	659,563	5,875,000	831,475
2033-2035	1,935,000	134,038	680,000	34,000
Total	<u>\$ 8,280,000</u>	<u>\$ 1,934,126</u>	<u>\$ 11,510,000</u>	<u>\$ 2,599,770</u>

Lease Liabilities

The City has entered into lease agreements as a lessee for financing the temporary acquisition of equipment. These agreements qualify as leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations will be repaid from the General Fund and the Parks and Recreation Fund.

Lease liabilities at December 31, 2022 consist of the following:

<u>Governmental Activities</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
<u>Lease Liabilities</u>					
Copier equipment	9/19/2019	8/31/2024	3.00%	\$ 171,642	\$ 60,395
Golf carts	1/1/2020	12/31/2024	3.00%	145,674	61,151
Total governmental activities lease liabilities					<u>\$ 121,546</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Lease Liabilities	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 65,880	\$ 3,804
2024	55,666	1,462
Total	<u>\$ 121,546</u>	<u>\$ 5,266</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

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. The agreement stipulates that 50% of the amount funded by American Recovery and Reinvestment Act (25% of total draws) will be forgiven and not require repayment. The balance requiring repayment at December 31, 2022 was \$372,652. 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, 2022 consists of the following:

<u>Business-Type Activities</u>					Balance
<u>Notes Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>December 31, 2022</u>
Loan, Illinois Environmental Protection Agency, due in semi-annual payments of \$41,406	December 24, 2010	September 1, 2031	0%	\$ 1,127,480	\$ 372,652
Total business-type activities notes payable					<u>\$ 372,652</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-Type Activities Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 41,406	\$ -
2024	41,406	-
2025	41,406	-
2026	41,406	-
2027	41,406	-
2028-2031	<u>165,622</u>	<u>-</u>
Total	<u>\$ 372,652</u>	<u>\$ -</u>

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.

City of Galesburg

Notes to Financial Statements
December 31, 2022

Lease Disclosures

Lessor - Lease Receivables

The City entered into a land lease with American Tower on August 1, 1999 which allowed American Tower to utilize the cell tower on the land owned by the City. The lease's original indebtedness at August 1, 1999 was \$863,198 with an annual interest rate of 3.00%. The lease term ends on July 31, 2039.

Lease receivables at December 31, 2022 consists of the following:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,667	\$ 1,389	\$ 24,056
2024	23,664	1,354	25,018
2025	24,704	1,315	26,019
2026	25,789	1,270	27,059
2027	26,923	1,219	28,142
2028-2032	153,409	5,113	158,522
2033-2037	190,117	2,749	192,866
2038-2039	<u>68,988</u>	<u>185</u>	<u>69,173</u>
Total	<u>\$ 536,261</u>	<u>\$ 14,594</u>	<u>\$ 550,855</u>

At December 31, 2022, the City recognized \$21,711 of lease revenue and \$1,419 of interest revenue during the fiscal year.

Net Position/Fund Balances

Net position reported on the government-wide statement of net position at December 31, 2022, includes the following:

Governmental Activities

Net investment in capital assets:

Land	\$ 6,506,083
Construction in progress	1,800,184
Other capital assets, net of accumulated depreciation	73,478,485
Less long-term debt outstanding related to capital assets	(7,212,576)
Plus bond issuance insurance	16,793
Less unamortized debt premium related to capital assets	(125,259)
Less lease liability	<u>(121,546)</u>
Total net investment in capital assets	<u>\$ 74,342,164</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022, include the following:

	General	Economic Development	Capital Planning	Nonmajor	Total
Fund Balances					
Nonspendable:					
Prepaid items	\$ 411,888	\$ 9,198	\$ -	\$ 120,210	\$ 541,296
Inventories	55,881	-	-	-	55,881
Advances	571,716	-	-	-	571,716
Property held for resale	-	-	-	159,219	159,219
Permanent fund principal	-	-	-	465,224	465,224
Subtotal	<u>1,039,485</u>	<u>9,198</u>	<u>-</u>	<u>744,653</u>	<u>1,793,336</u>
Restricted for:					
Motor fuel tax	-	-	-	1,320,906	1,320,906
Special enforcement	-	-	-	472,126	472,126
General government	-	-	-	536,448	536,448
Foreign fire	-	-	-	147,565	147,565
Infrastructure improvements	-	-	-	6,125	6,125
Economic development	-	768,305	-	-	768,305
TIF expenditures	-	-	-	1,226,525	1,226,525
Town of the City	-	-	-	1,590,692	1,590,692
Cemetery	-	-	-	101,040	101,040
Public works	-	-	-	997,015	997,015
Restricted donations	12,795	-	-	165,721	178,516
Subtotal	<u>12,795</u>	<u>768,305</u>	<u>-</u>	<u>6,564,163</u>	<u>7,345,263</u>
Committed to:					
General government encumbrances	127,065	-	-	-	127,065
Capital projects	-	-	3,877,091	567,986	4,445,077
Railroad Hall of Fame	500,000	-	-	-	500,000
Parks and recreation encumbrances	-	-	-	20,910	20,910
Property redevelopment	-	-	-	913,963	913,963
Building repair and maintenance	-	-	-	58,965	58,965
Community center building	-	-	-	12,035	12,035
Computer replacement	-	-	-	258,620	258,620
Economic development	-	8,407,585	-	-	8,407,585
Vehicle replacement	-	-	-	975,887	975,887
Subtotal	<u>627,065</u>	<u>8,407,585</u>	<u>3,877,091</u>	<u>2,808,366</u>	<u>15,720,107</u>
Assigned to:					
Economic development	-	2,393,096	-	-	2,393,096
Building repair and maintenance	-	-	-	2,792,014	2,792,014
Computer replacement	-	-	-	1,375,867	1,375,867
Vehicle replacement	-	-	-	4,278,546	4,278,546
Player fields	-	-	-	24,662	24,662
Capital projects	-	-	3,558,327	871,784	4,430,111
Parks and recreation	-	-	-	2,342,279	2,342,279
Subtotal	<u>-</u>	<u>2,393,096</u>	<u>3,558,327</u>	<u>11,685,152</u>	<u>17,636,575</u>
Unassigned (deficit):	<u>11,235,783</u>	<u>-</u>	<u>-</u>	<u>(1,261,915)</u>	<u>9,973,868</u>
Total fund balances	<u>\$ 12,915,128</u>	<u>\$ 11,578,184</u>	<u>\$ 7,435,418</u>	<u>\$ 20,540,419</u>	<u>\$ 52,469,149</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

Business-Type Activities

Net investment in capital assets:

Land	\$ 693,913
Construction in progress	15,700
Other capital assets, net of accumulated depreciation	34,144,044
Less long-term debt outstanding	(11,882,652)
Plus deferred charge on refunding	713,158
Less unamortized debt premium	<u>(381,596)</u>

Total net investment in capital assets \$ 23,302,567

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	\$ 5,178,956	\$ 5,186,503	Custodial credit risk, deposits
Illinois funds	40,670	40,670	Credit risk
Mutual funds	1,656,357	1,656,357	N/A
			Custodial credit risk, investments, concentration of credit risk
Stocks	413,323	413,323	
Money market mutual funds, bond funds	42,417	42,417	Credit risk
Beneficial interest in endowment fund	14,586	14,586	N/A
Petty cash	<u>1,130</u>	<u>-</u>	N/A
Total deposits and investments	<u>\$ 7,347,439</u>	<u>\$ 7,353,856</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, 2022

The Library utilized the fair market valuation method of recurring fair value measurements. As of December 31, 2022, the Library's investments were measured using valuation inputs as follows:

Investment Type	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money market mutual funds, bond funds	\$ 42,417	\$ -	\$ -	\$ 42,417
Mutual funds	1,656,357	-	-	1,656,357
Stocks	413,323	-	-	413,323
Beneficial interest in endowment fund	14,586	-	-	14,586
Total	<u>\$ 2,126,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,126,683</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, 2022, the Library's investments were rated as follows:

Investment Type	Standard & Poors	Moody's Investors Services
Illinois funds	AAAm	N/R
Money market mutual funds, bond funds	N/R	N/R

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

City of Galesburg

Notes to Financial Statements
December 31, 2022

Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 797,603	\$ -	\$ -	\$ 797,603
Construction in progress	<u>1,802,184</u>	<u>7,104,838</u>	<u>-</u>	<u>8,907,022</u>
Total capital assets not being depreciated	<u>2,599,787</u>	<u>7,104,838</u>	<u>-</u>	<u>9,704,625</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>4,609,531</u>	<u>7,104,838</u>	<u>-</u>	<u>11,714,369</u>
Less accumulated depreciation for:				
Buildings and improvements	(985,441)	(15,247)	-	(1,000,688)
Machinery and equipment	<u>(191,815)</u>	<u>(25,133)</u>	<u>-</u>	<u>(216,948)</u>
Total accumulated depreciation	<u>(1,177,256)</u>	<u>(40,380)</u>	<u>-</u>	<u>(1,217,636)</u>
Net capital assets being depreciated	<u>832,488</u>	<u>(40,380)</u>	<u>-</u>	<u>792,108</u>
Total Library capital assets, net of accumulated depreciation	<u>\$ 3,432,275</u>	<u>\$ 7,064,458</u>	<u>\$ -</u>	<u>\$ 10,496,733</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%, payable semi-annually, with the principal payable on July 1, 2022. During 2022, \$2,000,000 was repaid and the remaining \$1,000,000 was rolled into a new loan receivable maturing July 1, 2024 with an interest rate of 2.26% due semi-annually. As the Foundation is reported as part of the Library on the government-wide financial statements, the \$1,000,000 due-to liability of the Library and the \$1,000,000 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%. 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. The entire remaining principal was paid in full in 2022.

On October 28, 2022, the Library issued \$2,000,000 in debt certificates with an initial interest rate of 5.00%. Monthly interest only payments in amounts determined by the lender are paid on the 28th of each month, commencing on November 28, 2022 and continuing until the maturity date of July 28, 2023.

City of Galesburg

Notes to Financial Statements
December 31, 2022

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Debt certificates, direct borrowing	\$ 2,000,500	\$ 2,000,000	\$ 2,000,500	\$ 2,000,000	\$ 2,000,000
Notes payable, direct borrowing	3,000,000	-	3,000,000	-	-
Compensated absences	122,741	105,155	107,918	119,978	37,712
Net pension liability, IMRF	15,803	-	15,803	-	-
Net OPEB liability	<u>22,753</u>	<u>-</u>	<u>3,739</u>	<u>19,014</u>	<u>-</u>
Total	<u>\$ 5,161,797</u>	<u>\$ 2,105,155</u>	<u>\$ 5,127,960</u>	<u>\$ 2,138,992</u>	<u>\$ 2,037,712</u>

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

	Principal	Interest
2023	<u>\$ 2,000,000</u>	<u>\$ 69,667</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 69,667</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, 2022

For the year ended December 31, 2022, 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*	\$ 69,998,495	\$ -	\$ 1,950,207	\$ 10,931,919	\$ (1,054,637)
IMRF, Town*	2,627,218	-	36,886	407,258	(107,890)
Police Pension Plan	69,710,858	39,927,143	16,007,476	16,117,760	4,525,197
Firefighters' Pension Plan	<u>61,319,580</u>	<u>34,943,518</u>	<u>9,991,532</u>	<u>14,723,721</u>	<u>2,747,221</u>
Total	<u>\$203,656,151</u>	<u>\$ 74,870,661</u>	<u>\$ 27,986,101</u>	<u>\$ 42,180,658</u>	<u>\$ 6,109,891</u>

As of December 31, 2022, the City and Library reported an IMRF net pension asset of \$7,308,736 and the Township reported an IMRF net pension asset of \$554,274.

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% 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% 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% of their final rate of earnings for the first 15 years of service credit, plus 2% for each year of service after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

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, 2021, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	197
Inactive, non-retired members	66
Active members	<u>160</u>
Total	<u>423</u>

Contributions

As set by statute, City and Library employees participating in IMRF are required to contribute 4.50% 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 2022 was 9.95% 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, 2021, 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, 2021 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	39.00 %	3.25 %	1.90 %
International equities	15.00	4.89	3.15
Fixed income	25.00	(0.50)	(0.60)
Real estate	10.00	4.20	3.30
Alternatives	10.00		
Private equity		8.85	5.50
Commodities		2.90	1.70
Cash equivalents	1.00	(0.90)	(0.90)

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.25%, the same as the prior valuation. 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% 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%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City:			
Total pension liability	\$ 73,385,249	\$ 65,567,056	\$ 59,321,946
Plan fiduciary net position	<u>72,297,845</u>	<u>72,297,845</u>	<u>72,297,845</u>
Net pension liability/(asset)	<u>\$ 1,087,404</u>	<u>\$ (6,730,789)</u>	<u>\$ (12,975,899)</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Library:			
Total pension liability	\$ 4,959,842	\$ 4,431,439	\$ 4,009,355
Plan fiduciary net position	<u>5,009,386</u>	<u>5,009,386</u>	<u>5,009,386</u>
Net pension liability/(asset)	<u>\$ (49,544)</u>	<u>\$ (577,947)</u>	<u>\$ (1,000,031)</u>
Total:			
Total pension liability	\$ 78,345,091	\$ 69,998,495	\$ 63,331,301
Plan fiduciary net position	<u>77,307,231</u>	<u>77,307,231</u>	<u>77,307,231</u>
Net pension liability/(asset)	<u>\$ 1,037,860</u>	<u>\$ (7,308,736)</u>	<u>\$ (13,975,930)</u>

Changes in Net Pension Liability/(Asset)

The changes in net pension liability/(asset) for the calendar year ended December 31, 2021 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, 2020	\$ 65,007,520	\$ 64,826,134	\$ 181,386
Service cost	814,655	-	814,655
Interest on total pension liability	4,521,936	-	4,521,936
Differences between expected and actual experience of the total pension liability	(897,744)	-	(897,744)
Change of assumptions	210	-	210
Benefit payments, including refunds of employee contributions	(3,879,521)	(3,879,521)	-
Contributions, employer	-	1,150,537	(1,150,537)
Contributions, employee	-	390,632	(390,632)
Net investment income	-	11,140,512	(11,140,512)
Other (net transfer)	-	(1,330,449)	1,330,449
Balances at December 31, 2021	<u>\$ 65,567,056</u>	<u>\$ 72,297,845</u>	<u>\$ (6,730,789)</u>
Library:			
Balances at December 31, 2020	\$ 4,383,623	\$ 4,367,820	\$ 15,803
Service cost	69,951	-	69,951
Interest on total pension liability	388,281	-	388,281
Differences between expected and actual experience of the total pension liability	(77,086)	-	(77,086)
Change of assumptions	(210)	-	(210)
Benefit payments, including refunds of employee contributions	(333,120)	(333,120)	-
Contributions, employer	-	98,792	(98,792)
Contributions, employee	-	33,542	(33,542)
Net investment income	-	956,593	(956,593)
Other (net transfer)	-	(114,241)	114,241
Balances at December 31, 2021	<u>\$ 4,431,439</u>	<u>\$ 5,009,386</u>	<u>\$ (577,947)</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Total:			
Balances at December 31, 2020	\$ 69,391,143	\$ 69,193,954	\$ 197,189
Service cost	884,606	-	884,606
Interest on total pension liability	4,910,217	-	4,910,217
Differences between expected and actual experience of the total pension liability	(974,830)	-	(974,830)
Benefit payments, including refunds of employee contributions	(4,212,641)	(4,212,641)	-
Contributions, employer	-	1,249,329	(1,249,329)
Contributions, employee	-	424,174	(424,174)
Net investment income	-	12,097,105	(12,097,105)
Other (net transfer)	-	(1,444,690)	1,444,690
Balances at December 31, 2021	<u>\$ 69,998,495</u>	<u>\$ 77,307,231</u>	<u>\$ (7,308,736)</u>

Plan fiduciary net position as a percentage of the total pension liability 110.44 %

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

For the year ended December 31, 2022, the City and Library recognized pension expense of \$(1,054,637). 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	\$ 685,893	\$ 703,856
Assumption changes	205,721	333,717
Net difference between projected and actual earnings on pension plan investments	-	9,029,892
Contributions subsequent to the measurement date	<u>902,872</u>	<u>-</u>
Total	<u>\$ 1,794,486</u>	<u>\$ 10,067,465</u>
Library:		
Difference between expected and actual experience	\$ 58,895	\$ 60,437
Assumption changes	17,664	28,655
Net difference between projected and actual earnings on pension plan investments	-	775,362
Contributions subsequent to the measurement date	<u>79,162</u>	<u>-</u>
Total	<u>\$ 155,721</u>	<u>\$ 864,454</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Total:		
Difference between expected and actual experience	\$ 744,788	\$ 764,293
Assumption changes	223,385	362,372
Net difference between projected and actual earnings on pension plan investments	-	9,805,254
Contributions subsequent to the measurement date	<u>982,034</u>	<u>-</u>
Total	<u>\$ 1,950,207</u>	<u>\$ 10,931,919</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, 2023. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$ (9,963,746)) will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2023	\$ (1,673,279)	\$ (143,678)	\$ (1,816,957)
2024	(3,641,993)	(312,724)	(3,954,717)
2025	(2,407,661)	(206,736)	(2,614,397)
2026	<u>(1,452,918)</u>	<u>(124,757)</u>	<u>(1,577,675)</u>
Total	<u>\$ (9,175,851)</u>	<u>\$ (787,895)</u>	<u>\$ (9,963,746)</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% 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% 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% of their final rate of earnings for the first 15 years of service credit, plus 2% for each year of service after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

At December 31, 2021, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	11
Inactive, non-retired members	1
Active members	<u>6</u>
Total	<u><u>18</u></u>

Contributions

As set by statute, Town employees participating in IMRF are required to contribute 4.50% 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 2022 was 7.58% 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, 2021 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, 2021 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, 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

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%, the same as the prior valuation. 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% 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%) or 1-percentage-point higher (8.25%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 2,879,916	\$ 2,627,218	\$ 2,413,768
Plan fiduciary net position	<u>3,181,492</u>	<u>3,181,492</u>	<u>3,181,492</u>
Net pension liability/(asset)	<u>\$ (301,576)</u>	<u>\$ (554,274)</u>	<u>\$ (767,724)</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

Changes in Net Pension Liability/(Asset)

The Town changes in net pension liability/(asset) for the calendar year ended December 31, 2021 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2020	\$ 2,587,139	\$ 2,812,991	\$ (225,852)
Service cost	37,308	-	37,308
Interest on total pension liability	183,140	-	183,140
Differences between expected and actual experience of the total pension liability	(20,922)	-	(20,922)
Benefit payments, including refunds of employee contributions	(159,447)	(159,447)	-
Contributions, employer	-	28,280	(28,280)
Contributions, employee	-	16,792	(16,792)
Net investment income	-	494,153	(494,153)
Other (net transfer)	-	(11,277)	11,277
Balances at December 31, 2021	<u>\$ 2,627,218</u>	<u>\$ 3,181,492</u>	<u>\$ (554,274)</u>

Plan fiduciary net position as a percentage of the total pension liability 121.10 %

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

For the year ended December 31, 2022, the Town recognized pension expense of \$(107,890). 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	\$ 15,687	\$ 12,784
Assumption changes	-	2,781
Net difference between projected and actual earnings on pension plan investments	-	391,693
Contributions subsequent to the measurement date	<u>21,199</u>	<u>-</u>
Total	<u>\$ 36,886</u>	<u>\$ 407,258</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, 2023. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$(370,372)) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2023	\$ (59,936)
2024	(155,392)
2025	(96,089)
2026	<u>(58,955)</u>
Total	<u><u>\$ (370,372)</u></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% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% 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% of the original pension and 3% 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% 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% 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% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

Plan Membership

At December 31, 2021, the actuarial valuation date, the Police Pension membership consisted of:

Retirees and beneficiaries	60
Inactive, non-retired members	11
Active members	<u>49</u>
Total	<u><u>120</u></u>

Contributions

Covered employees are required to contribute 9.91% 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% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2022 was 128.83% of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2022 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, 2022 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair 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 the Lauterbach & Amen Experience Study for Police 2020.

Discount Rate

The discount rate used to measure the total pension liability for the Police Pension Plan was 6.31%. The discount rate calculated using the December 31, 2021 measurement date was 4.69%. 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% was blended with the index rate of 3.72% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating as of December 31, 2022 to arrive at a discount rate of 6.31% used to determine the total pension liability. The year ending December 31, 2072 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 6.31% 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 (5.31%) or 1-percentage-point higher (7.31%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 79,622,341	\$ 69,710,858	\$ 61,646,544
Plan fiduciary net position	<u>29,783,715</u>	<u>29,783,715</u>	<u>29,783,715</u>
Net pension liability	<u>\$ 49,838,626</u>	<u>\$ 39,927,143</u>	<u>\$ 31,862,829</u>

City of Galesburg

Notes to Financial Statements

December 31, 2022

Changes in Net Pension Liability/(Asset)

The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2022 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2021	\$ 83,987,539	\$ 34,201,516	\$ 49,786,023
Service cost	1,437,628	-	1,437,628
Interest on total pension liability	3,911,784	-	3,911,784
Changes in benefit terms	(56,171)	-	(56,171)
Differences between expected and actual experience of the total pension liability	1,215,904	-	1,215,904
Change of assumptions	(17,220,907)	-	(17,220,907)
Benefit payments, including refunds of employee contributions	(3,564,919)	(3,564,919)	-
Contributions, employer	-	4,270,139	(4,270,139)
Contributions, employee	-	354,489	(354,489)
Net investment income	-	(5,446,020)	5,446,020
Administration	-	(31,490)	31,490
Balances at December 31, 2022	<u>\$ 69,710,858</u>	<u>\$ 29,783,715</u>	<u>\$ 39,927,143</u>

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

42.72 %

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

For the year ended December 31, 2022, the City recognized pension expense of \$4,525,197. 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	\$ 2,413,368	\$ 1,934,051
Assumption changes	9,071,725	14,183,709
Net difference between projected and actual earnings on pension plan investments	<u>4,522,383</u>	<u>-</u>
Total	<u>\$ 16,007,476</u>	<u>\$ 16,117,760</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

The amounts reported as deferred outflows and inflows of resources related to pensions (\$110,284)) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 1,085,851
2024	1,291,292
2025	512,924
2026	(1,109,108)
2027	<u>(1,891,243)</u>
Total	<u>\$ (110,284)</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% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% 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% of the original pension and 3% 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% 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% 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% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

City of Galesburg

Notes to Financial Statements
December 31, 2022

Plan Membership

At December 31, 2021, the actuarial valuation date, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	66
Inactive, non-retired members	5
Active members	<u>41</u>
Total	<u><u>112</u></u>

Contributions

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2022, the contribution percentage was 9.455%. 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% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2022 was 135.97% of annual covered payroll.

Net Pension Liability/(Asset)

The net pension liability/(asset) was measured as of December 31, 2022 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, 2022 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair 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 the Lauterbach & Amen Experience Study for Firefighters 2020.

Discount Rate

The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 6.49%. The discount rate calculated using the December 31, 2021 measurement date was 4.76%. 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% was blended with the index rate of 3.72% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating as of December 31, 2022 to arrive at a discount rate of 6.49% used to determine the total pension liability. The year ending December 31, 2024 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 6.49% 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 (5.49%) or 1-percentage-point higher (7.49%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 69,275,405	\$ 61,319,580	\$ 54,758,290
Plan fiduciary net position	<u>26,376,062</u>	<u>26,376,062</u>	<u>26,376,062</u>
Net pension liability	<u>\$ 42,899,343</u>	<u>\$ 34,943,518</u>	<u>\$ 28,382,228</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

Changes in Net Pension Liability/(Asset)

The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2022 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2021	\$ 73,277,788	\$ 29,410,144	\$ 43,867,644
Service cost	1,395,012	-	1,395,012
Interest on total pension liability	3,481,708	-	3,481,708
Changes in benefit terms	(94,740)	-	(94,740)
Differences between expected and actual experience of the total pension liability	1,653,857	-	1,653,857
Change of assumptions	(14,864,764)	-	(14,864,764)
Benefit payments, including refunds of employee contributions	(3,529,281)	(3,529,281)	-
Contributions, employer	-	4,205,389	(4,205,389)
Contributions, employee	-	293,509	(293,509)
Net investment income	-	(3,981,487)	3,981,487
Administration	-	(22,212)	22,212
Balances at December 31, 2022	<u>\$ 61,319,580</u>	<u>\$ 26,376,062</u>	<u>\$ 34,943,518</u>

Plan fiduciary net position as a percentage of the total pension liability 43.01 %

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

For the year ended December 31, 2022, the City recognized pension expense of \$2,747,221. 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	\$ 1,716,428	\$ 2,886,404
Assumption changes	4,521,211	11,837,317
Net difference between projected and actual earnings on pension plan investments	<u>3,753,893</u>	<u>-</u>
Total	<u>\$ 9,991,532</u>	<u>\$ 14,723,721</u>

City of Galesburg

Notes to Financial Statements

December 31, 2022

The amounts reported as deferred outflows and inflows of resources related to pensions (\$ (4,732,189)) will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ (481,946)
2024	(1,118,473)
2025	(1,883,038)
2026	<u>(1,248,732)</u>
Total	<u>\$ (4,732,189)</u>

Pension Segment Information

Fiduciary Net Position

	<u>Pension Trust</u>			<u>Total</u>
	<u>Police Pension</u>	<u>Fire Pension</u>	<u>OPEB Trust</u>	
Assets				
Cash and cash equivalents	\$ 1,557,877	\$ 1,215,368	\$ -	\$ 2,773,245
Investments:				
Mutual funds	-	-	1,853,998	1,853,998
Insurance contracts and annuities	19,270,192	-	-	19,270,192
Police officers' pension investment fund	7,466,263	-	-	7,466,263
Firefighters' pension investment fund	-	23,719,230	-	23,719,230
Receivables, (net allowances for uncollectibles)				
Due from primary government	<u>1,784,461</u>	<u>1,737,227</u>	<u>-</u>	<u>3,521,688</u>
Total assets	<u>30,078,793</u>	<u>26,671,825</u>	<u>1,853,998</u>	<u>58,604,616</u>
Liabilities				
Accounts payable	<u>295,078</u>	<u>295,763</u>	<u>-</u>	<u>590,841</u>
Total liabilities	<u>295,078</u>	<u>295,763</u>	<u>-</u>	<u>590,841</u>
Net Position				
Restricted for OPEB	-	-	1,853,998	1,853,998
Restricted for retirement benefits	<u>29,783,715</u>	<u>26,376,062</u>	<u>-</u>	<u>56,159,777</u>
Total net position	<u>\$ 29,783,715</u>	<u>\$ 26,376,062</u>	<u>\$ 1,853,998</u>	<u>\$ 58,013,775</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

Changes in Plan Net Position

	Pension Trust			
	Police Pension	Fire Pension	OPEB Trust	Total
Additions				
Contributions:				
Employer	\$ 4,270,139	\$ 4,205,389	\$ 1,231,504	\$ 9,707,032
Plan member deposits	<u>354,489</u>	<u>293,509</u>	<u>-</u>	<u>647,998</u>
Total contributions	<u>4,624,628</u>	<u>4,498,898</u>	<u>1,231,504</u>	<u>10,355,030</u>
Investment income:				
Net appreciation (depreciation) in fair value of investments	(5,486,386)	(3,983,409)	(294,646)	(9,764,441)
Interest income	<u>51,687</u>	<u>33,508</u>	<u>-</u>	<u>85,195</u>
Total investment income	(5,434,699)	(3,949,901)	(294,646)	(9,679,246)
Less investment expense	<u>(11,321)</u>	<u>(31,869)</u>	<u>-</u>	<u>(43,190)</u>
Net investment income	(5,446,020)	(3,981,770)	(294,646)	(9,722,436)
Miscellaneous:	<u>-</u>	<u>283</u>	<u>-</u>	<u>283</u>
Total additions	<u>(821,392)</u>	<u>517,411</u>	<u>936,858</u>	<u>632,877</u>
Deductions				
Benefits	3,564,919	3,529,281	1,091,446	8,185,646
Administrative expenses	<u>31,490</u>	<u>22,212</u>	<u>1,383</u>	<u>55,085</u>
Total deductions	<u>3,596,409</u>	<u>3,551,493</u>	<u>1,092,829</u>	<u>8,240,731</u>
Change in net position	(4,417,801)	(3,034,082)	(155,971)	(7,607,854)
Net Position, Beginning	<u>34,201,516</u>	<u>29,410,144</u>	<u>2,009,969</u>	<u>65,621,629</u>
Net Position, Ending	<u>\$ 29,783,715</u>	<u>\$ 26,376,062</u>	<u>\$ 1,853,998</u>	<u>\$ 58,013,775</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, 2022

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	\$ 60,000	\$ 170,000
Current year claims and changes in estimates	267,844	499,477
Claim payments	<u>(157,844)</u>	<u>(354,477)</u>
Unpaid Claims, Ending	<u>\$ 170,000</u>	<u>\$ 315,000</u>

As of December 31, 2022, 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, 2022. 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 \$7,369,309 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% 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% 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% by the City. Employees hired after 2010 who retire may elect to continue coverage under the plan by contributing 100% of the premium rate costs.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	68
Active plan members	<u>269</u>
	<u><u>337</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, 2022, the City's employer contribution rate as a percentage of covered payroll was 6.06%. The City pays all benefit claims from operations and makes annual contributions to the plan. Plan members are not required to contribute to the plan.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2022, 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, 2022 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	4.05%
Healthcare cost trend rates	6.75% for 2022, decreasing in increments of 0.25% - 0.50% annually, from 6.75% in 2023 to an ultimate rate of 4.50% for 2029 and after

Mortality rates were based on the PubS-2010 base rates projected Fully Generationally using scale MP2021 for Police and Fire. For all others, the PubG-2010 base rates projected Fully Generationally using scale MP2021 was used.

City of Galesburg

Notes to Financial Statements
December 31, 2022

The actuarial assumptions used in the December 31, 2022 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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (15.25)%. 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 4.05%. 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, 2021	\$ 16,810,483	\$ 2,009,969	\$ 14,800,514
Service cost	762,302	-	762,302
Interest	299,268	-	299,268
Differences between expected and actual experience	451,011	-	451,011
Changes in assumptions	(3,437,347)	-	(3,437,347)
Contributions, employer	-	1,231,504	(1,231,504)
Net investment income	-	(294,646)	294,646
Benefit payments	(1,091,446)	(1,091,446)	-
Administrative expense	(1,383)	(1,383)	-
Balances at December 31, 2022	<u>\$ 13,792,888</u>	<u>\$ 1,853,998</u>	<u>\$ 11,938,890</u>
Net OPEB liability, City	\$ 13,771,031	\$ 1,851,155	\$ 11,919,876
Net OPEB liability, Library	<u>21,857</u>	<u>2,843</u>	<u>19,014</u>
Net OPEB liability, Total	<u>\$ 13,792,888</u>	<u>\$ 1,853,998</u>	<u>\$ 11,938,890</u>
Plan fiduciary net position as a percentage of the total OPEB liability			13.44 %

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 (3.05%) or 1-percentage-point higher (5.05%) than the current discount rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Net OPEB liability, City	\$ 12,921,822	\$ 11,919,876	\$ 10,971,589
Net OPEB liability, Library	<u>20,613</u>	<u>19,014</u>	<u>17,502</u>
Net OPEB liability, Total	<u>\$ 12,942,435</u>	<u>\$ 11,938,890</u>	<u>\$ 10,989,091</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 (5.75% decreasing to 3.50%) or 1-percentage-point higher (7.75% decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (5.75% Decreasing to 3.50%)	Healthcare Cost Trend Rates (6.75% Decreasing to 4.50%)	1% Increase (7.75% Decreasing to 5.50%)
Net OPEB liability, City	\$ 10,686,771	\$ 11,919,876	\$ 13,322,121
Net OPEB liability, Library	<u>17,048</u>	<u>19,014</u>	<u>21,252</u>
Net OPEB liability, Total	<u>\$ 10,703,819</u>	<u>\$ 11,938,890</u>	<u>\$ 13,343,373</u>

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

For the year ended December 31, 2022, the City and Library recognized OPEB expense of \$729,729. At December 31, 2022, 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	\$ 413,097	\$ 1,030,046
Changes of assumptions or other inputs	2,301,187	3,275,590
Differences between expected and actual investment earnings	<u>61,860</u>	<u>-</u>
Total	<u>\$ 2,776,144</u>	<u>\$ 4,305,636</u>
Deferred Outflows / Inflows, City	\$ 2,771,722	\$ 4,298,779
Deferred Outflows / Inflows, Library	<u>4,422</u>	<u>6,857</u>
Total	<u>\$ 2,776,144</u>	<u>\$ 4,305,636</u>

City of Galesburg

Notes to Financial Statements
December 31, 2022

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>
2023	\$ (173,759)	\$ (277)	\$ (174,036)
2024	(143,039)	(228)	(143,267)
2025	(115,170)	(184)	(115,354)
2026	(76,289)	(122)	(76,411)
2027	(142,505)	(227)	(142,732)
Thereafter	<u>(876,295)</u>	<u>(1,397)</u>	<u>(877,692)</u>
Total	<u>\$ (1,527,057)</u>	<u>\$ (2,435)</u>	<u>\$ (1,529,492)</u>

Subsequent Event

On March 6, 2023 the City issued General Obligation Bonds, Series 2023, in the amount of \$4,920,000 with an interest rate of 5.00%. This amount will be used to finance the acquisition, construction, or renovation of an existing facility for the purpose of a community center and to pay the costs of issuing the Bonds.

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.

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, 2022 were \$69,588.

Effect of New Accounting Standards on Current-Period Financial Statements

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

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- 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 (Asset) and Related Ratios

Last Eight 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 (Asset), 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 (Asset) 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.

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 (Asset) and Related Ratios

Last Eight Fiscal Years (cont.)

	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 (Asset), 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 (Asset) as a Percentage of Covered Payroll			66.78%			2.17%

See notes to required supplementary information

2022		
City	Library	Total
\$ 814,655	\$ 69,951	\$ 884,606
4,521,936	388,281	4,910,217
(897,744)	(77,086)	(974,830)
210	(210)	-
(3,879,521)	(333,120)	(4,212,641)
559,536	47,816	607,352
65,007,520	4,383,623	69,391,143
<u>\$ 65,567,056</u>	<u>\$ 4,431,439</u>	<u>\$ 69,998,495</u>
\$ 1,150,537	\$ 98,792	\$ 1,249,329
390,632	33,542	\$ 424,174
11,140,512	956,593	\$ 12,097,105
(3,879,521)	(333,120)	\$ (4,212,641)
(1,330,449)	(114,241)	\$ (1,444,690)
7,471,711	641,566	8,113,277
64,826,134	4,367,820	69,193,954
<u>\$ 72,297,845</u>	<u>\$ 5,009,386</u>	<u>\$ 77,307,231</u>
<u>\$ (6,730,789)</u>	<u>\$ (577,947)</u>	<u>\$ (7,308,736)</u>

110.44%

\$ 9,420,918

-77.58%

See notes to required supplementary information

City of Galesburg, Illinois

Illinois Municipal Retirement Fund
Schedule of Employer Contributions
Last Ten 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	Aggregated entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 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 BCHAMT

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>	<u>2022</u>
\$ 919,494	\$ 968,973	\$ 795,116	\$ 1,226,214	\$ 1,147,886	\$ 923,661
<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>902,872</u>
<u>\$ (169,301)</u>	<u>\$ (48,069)</u>	<u>\$ (223,051)</u>	<u>\$ -</u>	<u>\$ (5,629)</u>	<u>\$ 20,789</u>
\$ 65,896	\$ 99,913	\$ 76,357	\$ 106,832	\$ 101,328	\$ 80,985
<u>78,029</u>	<u>104,869</u>	<u>97,778</u>	<u>106,832</u>	<u>101,825</u>	<u>79,162</u>
<u>\$ (12,133)</u>	<u>\$ (4,956)</u>	<u>\$ (21,421)</u>	<u>\$ -</u>	<u>\$ (497)</u>	<u>\$ 1,823</u>
\$ 985,390	\$ 1,068,886	\$ 871,473	\$ 1,333,046	\$ 1,249,214	\$ 1,004,646
<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>982,034</u>
<u>\$ (181,434)</u>	<u>\$ (53,025)</u>	<u>\$ (244,472)</u>	<u>\$ -</u>	<u>\$ (6,126)</u>	<u>\$ 22,612</u>
\$ 8,004,796	\$ 8,116,066	\$ 8,205,963	\$ 9,074,516	\$ 9,420,918	\$ 9,868,821
14.58%	13.82%	13.60%	14.69%	13.33%	9.95%

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 (Asset) and Related Ratios
Last Eight 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	1,685,146	1,826,461	1,995,227
Total Pension Liability, Ending	<u>\$ 1,826,461</u>	<u>\$ 1,995,227</u>	<u>\$ 2,168,445</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	1,892,437	1,997,698	2,037,969
Plan Fiduciary Net Position, Ending	<u>\$ 1,997,698</u>	<u>\$ 2,037,969</u>	<u>\$ 2,258,706</u>
City's Net Pension Liability (Asset), Ending	<u>\$ (171,237)</u>	<u>\$ (42,742)</u>	<u>\$ (90,261)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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	2022
\$ 36,130	\$ 37,441	\$ 41,784	\$ 38,008	\$ 37,308
159,334	161,356	167,692	172,660	183,140
31,466	32,820	3,258	110,107	(20,922)
(74,508)	57,544	-	(19,517)	-
<u>(124,101)</u>	<u>(128,149)</u>	<u>(131,367)</u>	<u>(153,264)</u>	<u>(159,447)</u>
28,321	161,012	81,367	147,994	40,079
<u>2,168,445</u>	<u>2,196,766</u>	<u>2,357,778</u>	<u>2,439,145</u>	<u>2,587,139</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>	<u><u>\$ 2,627,218</u></u>
\$ 29,373	\$ 34,574	\$ 23,000	\$ 31,127	\$ 28,280
15,496	17,023	17,279	16,440	16,792
390,255	(149,226)	427,878	365,840	494,153
(124,101)	(128,149)	(131,367)	(153,264)	(159,447)
<u>(223,039)</u>	<u>49,301</u>	<u>15,559</u>	<u>30,286</u>	<u>(11,277)</u>
87,984	(176,477)	352,349	290,429	368,501
<u>2,258,706</u>	<u>2,346,690</u>	<u>2,170,213</u>	<u>2,522,562</u>	<u>2,812,991</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>\$ 3,181,492</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>	<u><u>\$ (554,274)</u></u>
106.82%	92.04%	103.42%	108.73%	121.10%
\$ 344,345	\$ 378,277	\$ 383,980	\$ 365,341	\$ 376,544
(43.54)%	49.58%	(21.72)%	(61.82)%	(147.20)%

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 Nine Fiscal Years

	2014	2015	2016	2017	2018
Actuarially determined contribution	\$ 42,037	\$ 27,432	\$ 25,180	\$ 29,373	\$ 34,575
Contributions in relation to the actuarially determined contribution	42,037	27,432	85,180	29,373	34,574
Contribution deficiency (excess)	\$ -	\$ -	\$ (60,000)	\$ -	\$ 1
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%
	2019	2020	2021	2022	
Actuarially determined contribution	\$ 23,000	\$ 31,127	\$ 28,542	N/A	
Contributions in relation to the actuarially determined contribution	23,000	31,127	28,280	21,199	
Contribution deficiency (excess)	\$ -	\$ -	\$ 262	N/A	
Covered payroll	\$ 383,980	\$ 365,341	\$ 376,544	N/A	
Contributions as a percentage of covered payroll	5.99%	8.52%	7.51%	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 2022 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	22 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 BCHAMT

City of Galesburg, Illinois

Police Pension Plan

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

Last Nine 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	<u>41,014,184</u>	<u>46,088,546</u>	<u>50,939,378</u>	<u>55,866,589</u>
Total Pension Liability, Ending	<u><u>\$ 46,088,546</u></u>	<u><u>\$ 50,939,378</u></u>	<u><u>\$ 55,866,589</u></u>	<u><u>\$ 56,719,850</u></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	<u>23,095,800</u>	<u>23,538,683</u>	<u>23,205,292</u>	<u>24,233,831</u>
Plan Fiduciary Net Position, Ending	<u><u>\$ 23,538,683</u></u>	<u><u>\$ 23,205,292</u></u>	<u><u>\$ 24,233,831</u></u>	<u><u>\$ 27,207,316</u></u>
City's Net Pension Liability, Ending	<u><u>\$ 22,549,863</u></u>	<u><u>\$ 27,734,086</u></u>	<u><u>\$ 31,632,758</u></u>	<u><u>\$ 29,512,534</u></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	2022
\$ 818,991 3,628,841	\$ 883,167 3,720,839	\$ 1,121,695 3,965,432	\$ 1,257,913 3,850,253	\$ 1,437,628 3,911,784
49,905 1,622,665 -	688,209 8,905,010 103,606	2,356,363 5,274,383 -	(2,962,803) 4,143,452 -	1,215,904 (17,220,907) (56,171)
(2,804,292)	(2,880,141)	(3,126,243)	(3,349,556)	(3,564,919)
3,316,110	11,420,690	9,591,630	2,939,259	(14,276,681)
56,719,850	60,035,960	71,456,650	81,048,280	83,987,539
<u>\$ 60,035,960</u>	<u>\$ 71,456,650</u>	<u>\$ 81,048,280</u>	<u>\$ 83,987,539</u>	<u>\$ 69,710,858</u>
\$ 2,199,249 357,688 (1,608,006)	\$ 2,229,641 332,353 3,912,366	\$ 2,423,797 442,514 2,417,041	\$ 2,287,839 391,329 3,864,471	\$ 4,270,139 354,489 (5,446,020)
(2,804,292) (22,577)	(2,880,141) (22,719)	(3,126,243) (24,140)	(3,349,556) (26,414)	(3,564,919) (31,490)
(1,877,938)	3,571,500	2,132,969	3,167,669	(4,417,801)
27,207,316	25,329,378	28,900,878	31,033,847	34,201,516
<u>\$ 25,329,378</u>	<u>\$ 28,900,878</u>	<u>\$ 31,033,847</u>	<u>\$ 34,201,516</u>	<u>\$ 29,783,715</u>
<u>\$ 34,706,582</u>	<u>\$ 42,555,772</u>	<u>\$ 50,014,433</u>	<u>\$ 49,786,023</u>	<u>\$ 39,927,143</u>
42.19%	40.45%	38.29%	40.72%	42.72%
\$ 3,213,880	\$ 3,340,278	\$ 3,440,486	\$ 3,431,701	\$ 3,314,451
1079.90%	1274.02%	1453.70%	1450.77%	1204.64%

See notes to required supplementary information

City of Galesburg, Illinois

Police Pension Plan Schedule of Employer Contributions Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,438,309	\$ 1,657,194	\$ 2,294,319	\$ 2,650,318	\$ 2,511,651
Contributions in relation to the actuarially determined contribution	<u>1,396,761</u>	<u>1,432,332</u>	<u>2,264,616</u>	<u>1,956,983</u>	<u>2,383,891</u>
Contribution deficiency (excess)	<u>\$ 41,548</u>	<u>\$ 224,862</u>	<u>\$ 29,703</u>	<u>\$ 693,335</u>	<u>\$ 127,760</u>
Covered payroll	\$ 3,196,108	\$ 3,099,328	\$ 3,196,939	\$ 3,155,088	\$ 3,249,741
Contributions as a percentage of covered payroll	43.70%	46.21%	70.84%	62.03%	73.36%
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 2,528,343	\$ 2,780,269	\$ 2,780,269	\$ 3,108,165	\$ 3,360,350
Contributions in relation to the actuarially determined contribution	<u>2,199,249</u>	<u>2,229,641</u>	<u>2,423,797</u>	<u>2,287,839</u>	<u>4,270,139</u>
Contribution deficiency (excess)	<u>\$ 329,094</u>	<u>\$ 550,628</u>	<u>\$ 356,472</u>	<u>\$ 820,326</u>	<u>\$ (909,789)</u>
Covered payroll	\$ 3,213,880	\$ 3,340,278	\$ 3,440,486	\$ 3,431,701	\$ 3,314,451
Contributions as a percentage of covered payroll	68.43%	66.75%	70.45%	66.67%	128.83%

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	16 years
Asset valuation method	5-year smoothed fair value
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 Nine 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>	<u>2022</u>	
Annual money-weighted rate of return, net of investment expense	16.50%	8.91%	13.58%	(17.37)%	

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 Nine 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
Change of benefit terms	-	-	-	-
Benefit payments, including refunds of member contributions		(2,763,804)	(2,875,718)	(2,867,506)
Net change in total pension liability	6,467,592	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>\$ 47,215,031</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>\$ 26,091,120</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	44.74%	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	998.98%	925.00%	1211.75%	1232.11%

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.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 912,463	\$ 935,109	\$ 1,238,084	\$ 1,279,591	\$ 1,395,012
3,525,942	3,723,946	3,620,103	3,405,605	3,481,708
(144,691)	706,327	575,990	(4,941,167)	1,653,857
377,989	7,178,008	2,891,832	2,667,256	(14,864,764)
-	-	-	-	(94,740)
<u>(2,929,709)</u>	<u>(3,085,029)</u>	<u>(3,222,012)</u>	<u>(3,408,182)</u>	<u>(3,529,281)</u>
1,741,994	9,458,361	5,103,997	(996,897)	(11,958,208)
<u>57,970,333</u>	<u>59,712,327</u>	<u>69,170,688</u>	<u>74,274,685</u>	<u>73,277,788</u>
<u>\$ 59,712,327</u>	<u>\$ 69,170,688</u>	<u>\$ 74,274,685</u>	<u>\$ 73,277,788</u>	<u>\$ 61,319,580</u>
\$ 2,389,691	\$ 2,522,306	\$ 2,697,162	\$ 2,547,344	\$ 4,205,389
276,331	282,177	294,398	287,461	293,509
(1,234,318)	3,543,455	3,108,833	1,977,162	(3,981,487)
(2,929,709)	(3,085,029)	(3,222,012)	(3,408,182)	(3,529,281)
-	-	-	283	-
<u>(23,482)</u>	<u>(22,427)</u>	<u>(24,543)</u>	<u>(26,223)</u>	<u>(22,212)</u>
(1,521,487)	3,240,482	2,853,838	1,377,845	(3,034,082)
<u>23,459,466</u>	<u>21,937,979</u>	<u>25,178,461</u>	<u>28,032,299</u>	<u>29,410,144</u>
<u>\$ 21,937,979</u>	<u>\$ 25,178,461</u>	<u>\$ 28,032,299</u>	<u>\$ 29,410,144</u>	<u>\$ 26,376,062</u>
<u>\$ 37,774,348</u>	<u>\$ 43,992,227</u>	<u>\$ 46,242,386</u>	<u>\$ 43,867,644</u>	<u>\$ 34,943,518</u>
36.74%	36.40%	37.74%	40.14%	43.01%
\$ 2,919,494	\$ 2,984,419	\$ 3,073,952	\$ 3,040,305	\$ 3,092,848
1293.87%	1474.06%	1504.33%	1442.87%	1129.82%

See notes to required supplementary information

City of Galesburg, Illinois

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,607,765	\$ 1,708,503	\$ 2,482,676	\$ 2,482,676	\$ 2,734,369
Contributions in relation to the actuarially determined contribution	<u>1,453,831</u>	<u>1,600,784</u>	<u>2,328,400</u>	<u>2,096,966</u>	<u>2,112,413</u>
Contribution deficiency (excess)	<u>\$ 153,934</u>	<u>\$ 107,719</u>	<u>\$ 154,276</u>	<u>\$ 385,710</u>	<u>\$ 621,956</u>
Covered payroll	\$ 2,775,756	\$ 2,611,787	\$ 2,742,445	\$ 2,719,370	\$ 2,800,951
Contributions as a percentage of covered payroll	52.38%	61.29%	84.90%	77.11%	75.42%
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Actuarially determined contribution	\$ 2,833,708	\$ 3,054,249	\$ 3,054,249	\$ 3,337,911	\$ 3,324,323
Contributions in relation to the actuarially determined contribution	<u>2,389,691</u>	<u>2,522,306</u>	<u>2,697,162</u>	<u>2,547,344</u>	<u>4,205,389</u>
Contribution deficiency (excess)	<u>\$ 444,017</u>	<u>\$ 531,943</u>	<u>\$ 357,087</u>	<u>\$ 790,567</u>	<u>\$ (881,066)</u>
Covered payroll	\$ 2,919,494	\$ 2,984,419	\$ 3,073,952	\$ 3,040,305	\$ 3,092,848
Contributions as a percentage of covered payroll	81.85%	84.52%	87.74%	83.79%	135.97%

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	16 years
Asset valuation method	5-year smoothed fair value
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 Nine 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>	<u>2022</u>	
Annual money-weighted rate of return, net of investment expense	17.18%	11.59%	7.64%	(14.59)%	

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 Six Fiscal Years

	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 574,551	\$ 559,749	\$ 395,016	\$ 530,708
Interest	626,832	511,066	541,415	395,452
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
Benefit payments, including refunds of member contributions	(1,063,653)	(1,006,877)	(1,087,427)	(837,332)
Administration	(429)	(610)	(847)	(1,009)
Net change in total OPEB liability	1,439,926	(1,611,044)	1,049,771	1,584,758
Total OPEB Liability, Beginning	13,920,078	15,360,004	13,748,960	14,798,731
Total OPEB Liability, Ending	<u>\$ 15,360,004</u>	<u>\$ 13,748,960</u>	<u>\$ 14,798,731</u>	<u>\$ 16,383,489</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 1,190,668	\$ 1,137,342	\$ 1,220,587	\$ 973,397
Net investment income	106,704	(61,778)	197,562	177,974
Benefit payments, including refunds of member contributions	(1,063,653)	(1,006,877)	(1,087,427)	(837,332)
Administration	(429)	(610)	(847)	(1,009)
Net change in plan fiduciary net position	233,290	68,077	329,875	313,030
Plan Fiduciary Net Position, Beginning	698,934	932,224	1,000,301	1,330,176
Plan Fiduciary Net Position, Ending	<u>\$ 932,224</u>	<u>\$ 1,000,301</u>	<u>\$ 1,330,176</u>	<u>\$ 1,643,206</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>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.07%	7.28%	8.99%	10.03%
Covered Payroll	\$ 13,860,508	\$ 14,062,479	\$ 14,554,666	\$ 15,768,309
City's Net OPEB Liability as a Percentage of Covered Payroll	104.09%	90.66%	92.54%	93.48%

Notes To Schedule:

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

2021	2022
\$ 743,173	\$ 762,302
318,982	299,268
-	451,011
234,877	(3,437,347)
(868,732)	(1,091,446)
(1,306)	(1,383)
426,994	(3,017,595)
16,383,489	16,810,483
<u>\$ 16,810,483</u>	<u>\$ 13,792,888</u>
\$ 1,009,207	\$ 1,231,504
227,594	(294,646)
(868,732)	(1,091,446)
(1,306)	(1,383)
366,763	(155,971)
1,643,206	2,009,969
<u>\$ 2,009,969</u>	<u>\$ 1,853,998</u>
<u>\$ 14,800,514</u>	<u>\$ 11,938,890</u>
11.96%	13.44%
\$ 16,320,200	\$ 18,011,721
90.69%	66.28%

See notes to required supplementary information

City of Galesburg, Illinois

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

	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 1,167,256	\$ 1,167,256	\$ 1,039,995	\$ 1,039,995	\$ 1,254,235
Contributions in relation to the actuarially determined contribution	1,420,787	1,548,657	944,242	1,024,503	1,190,668
Contribution deficiency (excess)	<u>\$ (253,531)</u>	<u>\$ (381,401)</u>	<u>\$ 95,753</u>	<u>\$ 15,492</u>	<u>\$ 63,567</u>
Covered payroll	\$ 13,833,624	\$ 14,317,802	\$ 14,317,373	\$ 14,818,481	\$ 13,860,508
Contributions as a percentage of covered payroll	10.27%	10.82%	6.60%	6.91%	8.59%
	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 1,095,487	\$ 1,087,427	\$ 837,332	\$ 868,732	\$ 810,913
Contributions in relation to the actuarially determined contribution	1,137,342	1,220,587	973,397	1,009,207	1,231,504
Contribution deficiency (excess)	<u>\$ (41,855)</u>	<u>\$ (133,160)</u>	<u>\$ (136,065)</u>	<u>\$ (140,475)</u>	<u>\$ (420,591)</u>
Covered payroll	\$ 14,062,479	\$ 14,554,666	\$ 15,768,309	\$ 16,320,200	\$ 18,011,721
Contributions as a percentage of covered payroll	8.09%	8.39%	6.17%	6.18%	6.84%

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	29 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases	3.50%
Investment rate of return	4.05%
Future medical plan participation	50% of Library, Township, and City Assessor employees; 100% of all other employees
Healthcare cost trend rates	6.75% initial, decreasing in increments of 0.25% - 0.50% annually to an ultimate rate of 4.5% for 2029 and after
Mortality	PubS-2010 base rates projected Fully Generationally using scale MP2021 for Police and Fire participants; PubG-2010 base rates projected Fully Generationally using scale MP2021 for other participants

See notes to required supplementary information

City of Galesburg, Illinois

Other Postemployment Benefit Plan
Schedule of Investment Returns
Last Six 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%
	<u>2022</u>				
Annual money-weighted rate of return, net of investment expense	(15.25)%				

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 8,006,835	\$ 7,994,835	\$ 7,996,653	\$ 1,818
Other taxes	5,581,600	6,363,600	6,367,634	4,034
Intergovernmental	10,460,705	18,924,130	18,935,339	11,209
Licenses and permits	407,400	400,285	414,252	13,967
Charges for services	1,013,970	1,165,195	1,179,133	13,938
Fines and fees	272,400	366,900	368,295	1,395
Use of money and property	486,430	742,130	740,500	(1,630)
Miscellaneous	18,600	45,600	47,792	2,192
Total revenues	26,247,940	36,002,675	36,049,598	46,923
Expenditures				
Current:				
Mayor and city council	127,955	166,545	166,543	2
City manager	317,535	317,535	265,910	51,625
Legal	181,595	204,200	201,632	2,568
Human resources and benefits	251,200	251,200	223,168	28,032
City clerk	352,455	363,745	353,099	10,646
Management information systems	447,710	447,710	428,007	19,703
Finance	843,360	843,360	807,490	35,870
Planning	74,540	74,540	72,683	1,857
Fire and police commission	48,950	48,950	47,663	1,287
Contracts and subsidies	1,630,965	1,220,315	1,217,910	2,405
Police department	7,972,270	9,867,553	9,552,870	314,683
School crossing guards	83,430	83,430	64,105	19,325
Communications and records	2,134,180	2,190,065	2,187,300	2,765
Fire department	7,362,750	9,424,694	9,065,604	359,090
Emergency services	11,555	11,555	5,154	6,401
Inspection	835,380	889,300	885,862	3,438
Engineering	568,045	568,045	539,054	28,991
Motor pool, central garage	508,795	517,940	517,925	15
Street and bridge maintenance	1,727,165	1,853,300	1,850,633	2,667
Debt service:				
Principal	-	-	34,655	(34,655)
Interest and fiscal charges	-	-	3,013	(3,013)
Capital outlay	-	7,380	7,378	2
Total expenditures	25,479,835	29,351,362	28,497,658	853,704
Excess of revenues over expenditures	768,105	6,651,313	7,551,940	900,627
Other Financing Sources (Uses)				
Proceeds from the sale of assets	5,000	5,000	6,483	1,483
Transfers out	(1,943,560)	(8,228,130)	(8,227,298)	832
Total other financing sources (uses)	(1,938,560)	(8,223,130)	(8,220,815)	2,315
Net change in fund balance	\$ (1,170,455)	\$ (1,571,817)	(668,875)	\$ 902,942
Fund Balances, Beginning of Year			13,584,003	
Fund Balances, End of Year			\$ 12,915,128	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Other taxes	\$ 950,500	\$ 1,164,500	\$ 1,165,398	\$ 898
Use of money and property	49,790	123,890	130,235	6,345
Total revenues	1,000,290	1,288,390	1,295,633	7,243
Expenditures				
Current:				
Economic development	399,100	433,220	372,281	60,939
Miscellaneous	688,000	840,330	440,328	400,002
Capital Outlay	165,000	245,305	97,096	148,209
Total expenditures	1,252,100	1,518,855	909,705	609,150
Excess (deficiency) of revenues over expenditures	(251,810)	(230,465)	385,928	616,393
Other Financing Sources (Uses)				
Transfers in	94,000	163,985	88,157	75,828
Transfers out	(578,330)	(597,330)	(494,248)	103,082
Total other financing sources (uses)	(484,330)	(433,345)	(406,091)	27,254
Net change in fund balance	<u>\$ (736,140)</u>	<u>\$ (663,810)</u>	(20,163)	<u>\$ 643,647</u>
Fund Balances, Beginning			<u>11,598,347</u>	
Fund Balances, Ending			<u>\$ 11,578,184</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.

SUPPLEMENTARY INFORMATION

City of Galesburg, Illinois

Capital Planning Fund - Major Capital Projects Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ -	\$ 65,000	\$ 65,269	\$ 269
Miscellaneous	-	4,900	4,988	88
Total revenues	-	69,900	70,257	357
Expenditures				
Current:				
Economic development	50,000	1,450,965	353,500	1,097,465
Miscellaneous	-	189,370	189,366	4
Capital Outlay	-	209,665	209,661	4
Total expenditures	50,000	1,850,000	752,527	1,097,473
Excess (deficiency) of revenues over expenditures	(50,000)	(1,780,100)	(682,270)	1,097,830
Other Financing Sources				
Transfers in	50,000	6,256,890	6,256,888	2
Total other financing sources	50,000	6,256,890	6,256,888	2
Net change in fund balances	\$ -	\$ 4,476,790	5,574,618	\$ 1,097,828
Fund Balance, Beginning			1,860,800	
Fund Balance, Ending			\$ 7,435,418	

City of Galesburg, Illinois

Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2022

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	\$ 523,024	\$ 1,554,560	\$ 49,268	\$ 480,853	\$ 947,456	\$ 147,866	\$ -
Investments	-	-	-	-	-	-	-
Receivables:							
Property taxes	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	1,068
Accounts	55,050	-	-	-	89,261	-	5,700
Accrued interest	88	-	-	-	-	-	-
Due from other governments	-	211,327	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	63,766
Prepaid items	1,397	-	-	750	3,488	-	1,094
Property held for resale	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	-
Total assets	<u>\$ 579,559</u>	<u>\$ 1,765,887</u>	<u>\$ 49,268</u>	<u>\$ 481,603</u>	<u>\$ 1,040,205</u>	<u>\$ 147,866</u>	<u>\$ 71,628</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ 26,473	\$ 100,384	\$ 6,443	\$ 633	\$ 1,650	\$ 301	\$ 48,493
Accrued liabilities	3,358	-	-	-	6,968	-	1,313
Due to other governments	-	344,597	-	6,672	-	-	-
Due to other funds	1,970	-	-	1,422	31,084	-	17,341
Advances from other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	42,825	-	-	-	4,226
Total liabilities	<u>31,801</u>	<u>444,981</u>	<u>49,268</u>	<u>8,727</u>	<u>39,702</u>	<u>301</u>	<u>71,373</u>
Deferred Inflows of Resources							
Unavailable revenue	-	-	-	-	-	-	255
Property taxes levied for future periods	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255</u>
Fund Balances (Deficits)							
Nonspendable	1,397	-	-	750	3,488	-	1,094
Restricted	-	1,320,906	-	472,126	997,015	147,565	-
Committed	546,361	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(1,094)
Total fund balances (deficits)	<u>547,758</u>	<u>1,320,906</u>	<u>-</u>	<u>472,876</u>	<u>1,000,503</u>	<u>147,565</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 579,559</u>	<u>\$ 1,765,887</u>	<u>\$ 49,268</u>	<u>\$ 481,603</u>	<u>\$ 1,040,205</u>	<u>\$ 147,866</u>	<u>\$ 71,628</u>

Special Revenue Funds (cont.)							Debt Service Funds	
Property Redevelopment	Public Transportation	Public Transportation Projects	911 Communication	Town of the City of Galesburg	Grants	Parks and Recreation	2011C Business Park	2013A GO Bonds Business District
\$ 1,099,520	\$ 580	\$ 156,230	\$ -	\$ 1,562,731	\$ -	\$ 2,143,957	\$ 314,709	\$ 89,712
-	-	-	-	-	-	50,070	-	-
-	-	-	-	529,000	-	262,140	-	-
-	-	-	-	-	-	314,859	-	-
82,196	934,828	6,238	20,139	33,211	207,078	7,858	950	233,027
-	-	-	-	-	-	1,866	-	-
-	-	-	-	-	563,722	461,307	-	-
-	240	373,980	-	-	31,084	51,216	-	2,028
230	20,028	-	1,606	9,660	-	34,344	-	-
159,219	-	-	-	-	-	-	-	-
-	-	-	-	-	-	110,207	-	-
<u>\$ 1,341,165</u>	<u>\$ 955,676</u>	<u>\$ 536,448</u>	<u>\$ 21,745</u>	<u>\$ 2,134,602</u>	<u>\$ 801,884</u>	<u>\$ 3,437,824</u>	<u>\$ 315,659</u>	<u>\$ 324,767</u>
\$ 195,503	\$ 32,382	\$ -	\$ -	\$ -	\$ 443,004	\$ 256,816	\$ 308,620	\$ 91,740
424	24,468	-	1,044	-	-	31,785	1,150	-
-	-	-	-	-	-	-	-	-
-	1,122,050	-	20,701	-	129,260	63,884	3,999	-
-	-	-	-	-	-	-	-	232,553
71,826	7,999	-	-	5,250	-	35,797	1,890	474
<u>267,753</u>	<u>1,186,899</u>	<u>-</u>	<u>21,745</u>	<u>5,250</u>	<u>572,264</u>	<u>388,282</u>	<u>315,659</u>	<u>324,767</u>
-	324,732	-	-	-	388,439	242,507	-	232,553
-	-	-	-	529,000	-	262,140	-	-
-	324,732	-	-	529,000	388,439	504,647	-	232,553
159,449	20,028	-	1,606	9,660	-	34,344	-	-
-	-	536,448	-	1,590,692	-	147,362	-	-
913,963	-	-	-	-	-	20,910	-	-
-	-	-	-	-	-	2,342,279	-	-
-	(575,983)	-	(1,606)	-	(158,819)	-	-	(232,553)
<u>1,073,412</u>	<u>(555,955)</u>	<u>536,448</u>	<u>-</u>	<u>1,600,352</u>	<u>(158,819)</u>	<u>2,544,895</u>	<u>-</u>	<u>(232,553)</u>
<u>\$ 1,341,165</u>	<u>\$ 955,676</u>	<u>\$ 536,448</u>	<u>\$ 21,745</u>	<u>\$ 2,134,602</u>	<u>\$ 801,884</u>	<u>\$ 3,437,824</u>	<u>\$ 315,659</u>	<u>\$ 324,767</u>

City of Galesburg, Illinois

Nonmajor Governmental Funds
Combining Balance Sheet (continued)
December 31, 2022

	Debt Service Funds (cont.)		Capital Projects Funds				
	2016 GO Bonds Debt Service	2013A Business District	Utility Tax Capital Projects	TIF 3 Regency Capital Project	Building Repair & Maintenance	TIF East Main	Computer Replacement
Assets							
Cash and cash equivalents	\$ -	\$ -	\$ 1,272,184	\$ 1,263	\$ 2,926,233	\$ -	\$ 1,594,073
Investments	-	-	-	-	1,001	-	-
Receivables:							
Property taxes	-	-	-	74,480	-	-	-
Other taxes	-	8,648	-	-	-	-	-
Accounts	-	-	179,885	-	-	-	-
Accrued interest	-	-	25	-	728	-	431
Due from other governments	-	-	-	-	-	-	-
Due from other funds	-	172	-	-	-	-	9
Prepaid items	-	-	21,613	-	26,000	-	-
Property held for resale	-	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-	110,207
Total assets	<u>\$ -</u>	<u>\$ 8,820</u>	<u>\$ 1,473,707</u>	<u>\$ 75,743</u>	<u>\$ 2,953,962</u>	<u>\$ -</u>	<u>\$ 1,704,720</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 7,650	\$ -	\$ 6,058	\$ -	\$ 4,927
Accrued liabilities	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	65,306
Due to other funds	-	-	-	-	40,531	-	-
Advances from other funds	-	-	551,035	293,123	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>558,685</u>	<u>293,123</u>	<u>46,589</u>	<u>-</u>	<u>70,233</u>
Deferred Inflows of Resources							
Unavailable revenue	-	2,695	-	-	-	-	-
Property taxes levied for future periods	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,480</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>2,695</u>	<u>-</u>	<u>74,480</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits)							
Nonspendable	-	-	21,613	-	26,000	-	-
Restricted	-	6,125	-	-	18,359	-	-
Committed	-	-	21,625	-	71,000	-	258,620
Assigned	-	-	871,784	-	2,792,014	-	1,375,867
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(291,860)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u>-</u>	<u>6,125</u>	<u>915,022</u>	<u>(291,860)</u>	<u>2,907,373</u>	<u>-</u>	<u>1,634,487</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ -</u>	<u>\$ 8,820</u>	<u>\$ 1,473,707</u>	<u>\$ 75,743</u>	<u>\$ 2,953,962</u>	<u>\$ -</u>	<u>\$ 1,704,720</u>

Capital Projects Funds (cont.)				Permanent Funds		
Vehicle Replacement	Players Fields	TIF IV	TIF V	Linwood Cemetery	East Linwood Cemetery	Total Nonmajor Funds
\$ 3,642,205	\$ 24,662	\$ 1,223,180	\$ 36,242	\$ 11,332	\$ 89,708	\$ 19,891,548
1,492,813	-	-	-	63,562	401,662	2,009,108
-	-	339,140	8,290	-	-	1,213,050
-	-	-	-	-	-	324,575
-	-	-	-	1,464	9,221	1,866,106
9,574	-	-	-	-	-	12,712
-	-	-	-	-	-	1,236,356
-	-	-	-	-	-	522,495
-	-	-	-	-	-	120,210
-	-	-	-	-	-	159,219
110,207	-	-	-	-	-	330,621
<u>\$ 5,254,799</u>	<u>\$ 24,662</u>	<u>\$ 1,562,320</u>	<u>\$ 44,532</u>	<u>\$ 76,358</u>	<u>\$ 500,591</u>	<u>\$ 27,686,000</u>
\$ 366	\$ -	\$ 32,897	\$ -	\$ -	\$ -	\$ 1,564,340
-	-	-	-	-	-	70,510
-	-	-	-	-	-	416,575
-	-	-	-	1,464	9,221	1,442,927
-	-	-	-	-	-	1,076,711
-	-	-	-	-	-	170,287
<u>366</u>	<u>-</u>	<u>32,897</u>	<u>-</u>	<u>1,464</u>	<u>9,221</u>	<u>4,741,350</u>
-	-	-	-	-	-	1,191,181
-	-	339,140	8,290	-	-	1,213,050
-	-	339,140	8,290	-	-	2,404,231
-	-	-	-	63,562	401,662	744,653
-	-	1,190,283	36,242	11,332	89,708	6,564,163
975,887	-	-	-	-	-	2,808,366
4,278,546	24,662	-	-	-	-	11,685,152
-	-	-	-	-	-	(1,261,915)
<u>5,254,433</u>	<u>24,662</u>	<u>1,190,283</u>	<u>36,242</u>	<u>74,894</u>	<u>491,370</u>	<u>20,540,419</u>
<u>\$ 5,254,799</u>	<u>\$ 24,662</u>	<u>\$ 1,562,320</u>	<u>\$ 44,532</u>	<u>\$ 76,358</u>	<u>\$ 500,591</u>	<u>\$ 27,686,000</u>

City of Galesburg, Illinois

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2022

	Special Revenue Funds						
	City Gas Tax	Motor Fuel Tax	Federal Special Enforcement	State Special Enforcement	Stormwater Utility	Foreign Fire	Airport
Revenues							
Taxes	\$ 647,844	\$ -	\$ -	\$ -	\$ 867,843	\$ -	\$ 5,287
Charges for services	539	-	-	-	-	-	45
Intergovernmental	-	1,957,251	34,560	4,835	3,141	64,789	-
Fines and fees	-	-	-	-	-	-	-
Use of money and property	5,931	36,237	949	7,737	15,652	2,200	234,860
Contributions	-	-	-	2,983	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	654,314	1,993,488	35,509	15,555	886,636	66,989	240,192
Expenditures							
Current:							
General government	1,020,797	-	-	-	-	-	264,208
Economic development	-	-	-	-	-	-	-
Public safety	-	-	35,509	17,215	-	50,853	-
Public works	-	2,345,034	-	-	524,537	-	-
Culture and recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Capital outlay	584,546	705,901	-	-	33,696	-	-
Total expenditures	1,605,343	3,050,935	35,509	17,215	558,233	50,853	264,208
Excess (deficiency) of revenues over expenditures	(951,029)	(1,057,447)	-	(1,660)	328,403	16,136	(24,016)
Other Financing Sources (Uses)							
Proceeds from the sale of assets	-	-	-	1,950	-	-	163
Transfers in	93,401	-	-	-	-	-	63,766
Transfers out	-	-	-	-	(147,184)	-	(42,600)
Total other financing sources (uses)	93,401	-	-	1,950	(147,184)	-	21,329
Net change in fund balances	(857,628)	(1,057,447)	-	290	181,219	16,136	(2,687)
Fund Balances (Deficits), Beginning	1,405,386	2,378,353	-	472,586	819,284	131,429	2,687
Fund Balances (Deficits), Ending	\$ 547,758	\$ 1,320,906	\$ -	\$ 472,876	\$ 1,000,503	\$ 147,565	\$ -

Special Revenue Funds (cont.)							Debt Service Funds	
Property Redevelopment	Public Transportation	Public Transportation Projects	911 Communication	Town of the City of Galesburg	Grants	Parks and Recreation	2011C Business Park	2013A GO Bonds Business District
\$ -	\$ -	\$ -	\$ -	\$ 531,309	\$ -	\$ 2,205,458	\$ -	\$ -
182,442	-	-	-	24,000	-	56,244	-	-
51,805	2,223,599	-	118,317	245,038	2,076,710	1,957,854	-	-
-	-	-	-	-	-	-	-	-
16,762	31,990	37,978	-	24,496	1	1,130,422	91,127	907
-	-	-	-	-	-	-	-	-
18,870	-	-	-	7,165	-	84,222	-	15,901
269,879	2,255,589	37,978	118,317	832,008	2,076,711	5,434,200	91,127	16,808
-	2,206,411	10,844	-	643,000	14,984	51,460	676	-
816,420	-	-	-	-	-	-	-	-
-	-	-	118,317	-	133,368	153,450	-	-
-	-	-	-	-	-	531,665	-	-
-	-	-	-	-	-	4,078,660	-	-
-	-	-	-	-	1,371,868	-	-	-
-	-	-	-	-	-	29,135	295,000	70,000
-	-	-	-	-	-	2,881	35,360	36,286
-	-	-	-	1,126	561,312	-	-	-
816,420	2,206,411	10,844	118,317	644,126	2,081,532	4,847,251	331,036	106,286
(546,541)	49,178	27,134	-	187,882	(4,821)	586,949	(239,909)	(89,478)
277	-	-	-	-	-	-	-	-
357,950	-	464,096	-	-	31,084	110,612	238,959	46,360
-	(90,116)	-	-	-	-	(561,286)	-	-
358,227	(90,116)	464,096	-	-	31,084	(450,674)	238,959	46,360
(188,314)	(40,938)	491,230	-	187,882	26,263	136,275	(950)	(43,118)
1,261,726	(515,017)	45,218	-	1,412,470	(185,082)	2,408,620	950	(189,435)
\$ 1,073,412	\$ (555,955)	\$ 536,448	\$ -	\$ 1,600,352	\$ (158,819)	\$ 2,544,895	\$ -	\$ (232,553)

City of Galesburg, Illinois

Nonmajor Governmental Funds

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

Year Ended December 31, 2022

	Debt Service Funds (cont.)		Capital Projects Funds				
	2016 GO Bond Debt Service	2013A Business District	Utility Tax Capital Projects	TIF 3 Regency Capital Project	Building Repair & Maintenance	TIF East Main	Computer Replacement
Revenues							
Taxes	\$ -	\$ 43,940	\$ 1,733,120	\$ 73,707	\$ -	\$ 424,841	\$ -
Charges for services	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Fines and fees	-	-	-	-	-	-	-
Use of money and property	-	420	21,133	41	28,079	4,968	21,032
Contributions	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total revenues	-	44,360	1,754,253	73,748	28,079	429,809	21,032
Expenditures							
Current:							
General government	-	-	136,017	-	-	-	144,120
Economic development	-	-	-	-	-	1,144	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	117,638	-	-
Culture and recreation	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Debt service:							
Principal	410,000	-	-	-	-	-	-
Interest and fiscal charges	230,256	-	12,305	-	-	-	-
Capital outlay	-	-	38,806	-	-	-	90,000
Total expenditures	640,256	-	187,128	-	117,638	1,144	234,120
Excess (deficiency) of revenues over expenditures	(640,256)	44,360	1,567,125	73,748	(89,559)	428,665	(213,088)
Other Financing Sources (Uses)							
Proceeds from the sale of assets	-	-	-	-	-	-	-
Transfers in	640,256	-	-	-	210,960	-	507,660
Transfers out	-	(46,071)	(640,256)	-	(89,001)	(1,014,320)	-
Total other financing sources (uses)	640,256	(46,071)	(640,256)	-	121,959	(1,014,320)	507,660
Net change in fund balances	-	(1,711)	926,869	73,748	32,400	(585,655)	294,572
Fund Balances (Deficits), Beginning	-	7,836	(11,847)	(365,608)	2,874,973	585,655	1,339,915
Fund Balances (Deficits), Ending	\$ -	\$ 6,125	\$ 915,022	\$ (291,860)	\$ 2,907,373	\$ -	\$ 1,634,487

Capital Projects Funds (cont.)				Permanent Funds		
Vehicle Replacement	Players Fields	TIF IV	TIF V	Linwood Cemetery	East Linwood Cemetery	Total Nonmajor Funds
\$ -	\$ -	\$ 365,446	\$ 9,297	\$ -	\$ -	\$ 6,908,092
-	-	-	-	-	-	263,270
-	-	-	-	-	-	8,737,899
-	-	-	-	-	-	-
68,012	4,114	20,360	627	(9,663)	(60,373)	1,735,999
-	-	-	-	-	-	2,983
17,500	-	-	-	-	18,100	161,758
85,512	4,114	385,806	9,924	(9,663)	(42,273)	17,810,001
18,268	-	-	-	868	5,467	4,517,120
-	-	122,503	-	-	-	940,067
-	-	-	-	-	-	508,712
-	-	-	-	-	-	3,518,874
-	3,547	-	-	-	-	4,082,207
-	-	370,652	-	-	-	1,742,520
-	-	-	-	-	-	804,135
-	-	-	-	-	-	317,088
363,187	-	559,298	-	-	-	2,937,872
381,455	3,547	1,052,453	-	868	5,467	19,368,595
(295,943)	567	(666,647)	9,924	(10,531)	(47,740)	(1,558,594)
-	-	-	-	-	-	2,390
1,338,180	-	944,336	-	-	-	5,047,620
-	-	-	-	(1,464)	(9,221)	(2,641,519)
1,338,180	-	944,336	-	(1,464)	(9,221)	2,408,491
1,042,237	567	277,689	9,924	(11,995)	(56,961)	849,897
4,212,196	24,095	912,594	26,318	86,889	548,331	19,690,522
\$ 5,254,433	\$ 24,662	\$ 1,190,283	\$ 36,242	\$ 74,894	\$ 491,370	\$ 20,540,419

City of Galesburg, Illinois

Nonmajor Governmental Funds

December 31, 2022

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 Fund - 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.

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.

Grants Fund - To account for operations of the City's grant funds received from the State and Federal governments.

Parks and Recreation Fund - To account for operations of the City's parks and recreation programs.

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, 2022

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 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.

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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Other taxes	\$ 680,000	\$ 648,000	\$ 647,844	\$ (156)
Charges for services	-	-	539	539
Use of money and property	10,000	6,000	5,931	(69)
Total revenues	<u>690,000</u>	<u>654,000</u>	<u>654,314</u>	<u>314</u>
Expenditures				
Current:				
General government	972,990	1,155,260	1,020,797	134,463
Capital outlay	620,000	620,000	584,546	35,454
Total expenditures	<u>1,592,990</u>	<u>1,775,260</u>	<u>1,605,343</u>	<u>169,917</u>
Excess (deficiency) of revenues over expenditures	<u>(902,990)</u>	<u>(1,121,260)</u>	<u>(951,029)</u>	<u>(169,603)</u>
Other Financing Sources				
Transfers in	-	182,270	93,401	88,869
Total other financing sources	-	182,270	93,401	88,869
Net change in fund balance	<u>\$ (902,990)</u>	<u>\$ (938,990)</u>	<u>(857,628)</u>	<u>\$ 81,362</u>
Fund Balances, Beginning			<u>1,405,386</u>	
Fund Balances, Ending			<u>\$ 547,758</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, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 1,900,000	\$ 1,957,000	\$ 1,957,251	\$ 251
Use of money and property	<u>25,000</u>	<u>36,000</u>	<u>36,237</u>	<u>237</u>
Total revenues	<u>1,925,000</u>	<u>1,993,000</u>	<u>1,993,488</u>	<u>488</u>
Expenditures				
Current:				
Public works	2,345,000	2,386,985	2,345,034	41,951
Capital outlay	<u>350,000</u>	<u>811,315</u>	<u>705,901</u>	<u>105,414</u>
Total expenditures	<u>2,695,000</u>	<u>3,198,300</u>	<u>3,050,935</u>	<u>147,365</u>
Net change in fund balances	<u><u>\$ (770,000)</u></u>	<u><u>\$ (1,205,300)</u></u>	<u>(1,057,447)</u>	<u><u>\$ 147,853</u></u>
Fund Balance, Beginning			<u>2,378,353</u>	
Fund Balance, Ending			<u><u>\$ 1,320,906</u></u>	

City of Galesburg, Illinois

Federal Special Enforcement Fund

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

Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ -	\$ 34,000	\$ 34,560	\$ 560
Use of money and property	-	-	949	949
Total revenues	-	34,000	35,509	1,509
Expenditures				
Current:				
Public safety	-	35,510	35,509	1
Total expenditures	-	35,510	35,509	1
Net change in fund balances	<u>\$ -</u>	<u>\$ (1,510)</u>	-	<u>\$ 1,510</u>
Fund Balance, Beginning			-	
Fund Balance, Ending			<u>\$ -</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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 13,000	\$ 4,800	\$ 4,835	\$ 35
Fines and fees	10,000	-	-	-
Use of money and property	2,000	7,700	7,737	37
Contributions	-	2,900	2,983	83
	<u>25,000</u>	<u>15,400</u>	<u>15,555</u>	<u>155</u>
Expenditures				
Current:				
Public safety	<u>36,650</u>	<u>41,500</u>	<u>17,215</u>	<u>24,285</u>
	<u>36,650</u>	<u>41,500</u>	<u>17,215</u>	<u>24,285</u>
Excess (deficiency) of revenues over expenditures	<u>(11,650)</u>	<u>(26,100)</u>	<u>(1,660)</u>	<u>24,440</u>
Other Financing Sources				
Proceeds from the sale of assets	<u>-</u>	<u>1,900</u>	<u>1,950</u>	<u>(50)</u>
	<u>-</u>	<u>1,900</u>	<u>1,950</u>	<u>(50)</u>
Net change in fund balances	<u>\$ (11,650)</u>	<u>\$ (24,200)</u>	290	<u>\$ 24,490</u>
Fund Balance, Beginning			<u>472,586</u>	
Fund Balance, Ending			<u>\$ 472,876</u>	

City of Galesburg, Illinois

Stormwater Utility Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 729,300	\$ 867,600	\$ 867,843	\$ 243
Intergovernmental	2,300	2,300	3,141	841
Use of money and property	500	15,500	15,652	152
Total revenues	732,100	885,400	886,636	1,236
Expenditures				
Current:				
Public works	524,200	562,775	524,537	38,238
Capital outlay	275,000	246,155	33,696	212,459
Total expenditures	799,200	808,930	558,233	250,697
Excess (deficiency) of revenues over expenditures	(67,100)	76,470	328,403	251,933
Other Financing Uses				
Transfers out	(491,100)	(491,100)	(147,184)	343,916
Total other financing uses	(491,100)	(491,100)	(147,184)	343,916
Net change in fund balances	<u>\$ (558,200)</u>	<u>\$ (414,630)</u>	181,219	<u>\$ 595,849</u>
Fund Balance, Beginning			819,284	
Fund Balance, Ending			<u>\$ 1,000,503</u>	

City of Galesburg, Illinois

Foreign Fire Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 47,000	\$ 64,000	\$ 64,789	\$ 789
Use of money and property	-	2,200	2,200	-
Total revenues	47,000	66,200	66,989	789
Expenditures				
Current:				
Public safety	11,430	51,895	50,853	1,042
Total expenditures	11,430	51,895	50,853	1,042
Net change in fund balances	<u>\$ 35,570</u>	<u>\$ 14,305</u>	16,136	<u>\$ 1,831</u>
Fund Balance, Beginning			131,429	
Fund Balance, Ending			<u>\$ 147,565</u>	

City of Galesburg, Illinois

Airport Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 2,000	\$ 5,200	\$ 5,287	\$ 87
Charges for services	-	-	45	45
Use of money and property	222,500	234,500	234,860	360
Total revenues	224,500	239,700	240,192	492
Expenditures				
Current:				
General government	244,315	276,370	264,208	12,162
Total expenditures	244,315	276,370	264,208	12,162
Excess (deficiency) of revenues over expenditures	(19,815)	(36,670)	(24,016)	12,654
Other Financing Sources (Uses)				
Proceeds from the sale of assets	-	-	163	(163)
Transfers in	62,415	63,765	63,766	(1)
Transfers out	(42,600)	(42,600)	(42,600)	-
Total other financing sources (uses)	19,815	21,165	21,329	(164)
Net change in fund balances	\$ -	\$ (15,505)	(2,687)	\$ 12,818
Fund Balance, Beginning			2,687	
Fund Balance, Ending			\$ -	

City of Galesburg, Illinois

Property Redevelopment Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ 51,000	\$ 51,805	\$ 805
Charges for services	337,500	182,500	182,442	(58)
Use of money and property	2,600	16,600	16,762	162
Miscellaneous	-	18,000	18,870	870
Total revenues	340,100	268,100	269,879	1,779
Expenditures				
Current:				
General government	853,935	853,935	816,420	37,515
Total expenditures	853,935	853,935	816,420	37,515
Excess (deficiency) of revenues over expenditures	(513,835)	(585,835)	(546,541)	39,294
Other Financing Sources				
Proceeds from the sale of assets	-	-	277	277
Transfers in	355,000	357,950	357,950	-
Total other financing sources	355,000	357,950	358,227	277
Net change in fund balances	<u>\$ (158,835)</u>	<u>\$ (227,885)</u>	(188,314)	<u>\$ 39,571</u>
Fund Balance, Beginning			<u>1,261,726</u>	
Fund Balance, Ending			<u>\$ 1,073,412</u>	

City of Galesburg, Illinois

Public Transportation Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 1,892,865	\$ 2,220,865	\$ 2,223,599	\$ 2,734
Use of money and property	22,350	33,150	31,990	(1,160)
Total revenues	1,915,215	2,254,015	2,255,589	1,574
Expenditures				
Current:				
General government	2,289,195	2,250,680	2,206,411	44,269
Total expenditures	2,289,195	2,250,680	2,206,411	44,269
Excess (deficiency) of revenues over expenditures	(373,980)	3,335	49,178	45,843
Other Financing Sources (Uses)				
Transfers in	373,980	373,980	-	373,980
Transfers out	-	(90,120)	(90,116)	(4)
Total other financing sources (uses)	373,980	283,860	(90,116)	373,976
Net change in fund balances	\$ -	\$ 287,195	(40,938)	\$ (328,133)
Fund Balance (Deficit), Beginning			(515,017)	
Fund Balance (Deficit), Ending			\$ (555,955)	

City of Galesburg, Illinois

Public Transportation Projects Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 800,000	\$ -	\$ -	\$ -
Use of money and property	-	35,315	37,978	2,663
Total revenues	800,000	35,315	37,978	2,663
Expenditures				
Current:				
General government	-	12,020	10,844	1,176
Capital Outlay	800,000	790,330	-	790,330
Total expenditures	800,000	802,350	10,844	791,506
Excess (deficiency) of revenues over expenditures	-	(767,035)	27,134	794,169
Other Financing Sources				
Transfers in	-	463,115	464,096	(981)
Total other financing sources	-	463,115	464,096	(981)
Net change in fund balances	\$ -	\$ (303,920)	491,230	\$ 795,150
Fund Balance, Beginning			45,218	
Fund Balance, Ending			\$ 536,448	

City of Galesburg, Illinois

911 Communication Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 118,945	\$ 118,945	\$ 118,317	\$ (628)
Total revenues	118,945	118,945	118,317	(628)
Expenditures				
Current:				
Public safety	118,945	118,945	118,317	628
Total expenditures	118,945	118,945	118,317	628
Net change in fund balances	\$ -	\$ -	-	\$ -
Fund Balance, Beginning			-	
Fund Balance, Ending			\$ -	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 531,000	\$ 531,000	\$ 531,309	\$ 309
Intergovernmental	60,000	60,000	245,038	185,038
Charges for services	20,000	20,000	24,000	4,000
Use of money and property	410	410	24,496	24,086
Miscellaneous	-	-	7,165	7,165
Total revenues	611,410	611,410	832,008	220,598
Expenditures				
Current:				
General government	1,035,293	1,035,293	643,000	392,293
Capital outlay	10,000	10,000	1,126	8,874
Total expenditures	1,045,293	1,045,293	644,126	401,167
Net change in fund balances	<u>\$ (433,883)</u>	<u>\$ (433,883)</u>	187,882	<u>\$ 621,765</u>
Fund Balance, Beginning			<u>1,412,470</u>	
Fund Balance, Ending			<u>\$ 1,600,352</u>	

City of Galesburg, Illinois

Grants Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 6,881,385	\$ 2,074,825	\$ 2,076,710	\$ 1,885
Use of money and property	-	-	1	1
Total revenues	6,881,385	2,074,825	2,076,711	1,886
Expenditures				
Current:				
General government	26,000	38,140	14,984	23,156
Public safety	677,635	1,143,215	133,368	1,009,847
Miscellaneous	5,399,530	5,070,095	1,371,868	3,698,227
Capital Outlay	1,330,020	1,640,235	561,312	1,078,923
Total expenditures	7,433,185	7,891,685	2,081,532	5,810,153
Excess (deficiency) of revenues over expenditures	(551,800)	(5,816,860)	(4,821)	5,812,039
Other Financing Sources				
Transfers in	551,800	551,800	31,084	520,716
Total other financing sources	551,800	551,800	31,084	520,716
Net change in fund balances	\$ -	\$ (5,265,060)	26,263	\$ 5,291,323
Fund Balance (Deficit), Beginning			(185,082)	
Fund Balance (Deficit), Ending			\$ (158,819)	

City of Galesburg, Illinois

Parks and Recreation Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,865,335	\$ 2,203,335	\$ 2,205,458	\$ 2,123
Intergovernmental	1,688,250	1,956,250	1,957,854	1,604
Charges for services	46,000	55,000	56,244	1,244
Use of money and property	965,840	1,125,440	1,130,422	4,982
Miscellaneous	40,500	79,200	84,222	5,022
Total revenues	<u>4,605,925</u>	<u>5,419,225</u>	<u>5,434,200</u>	<u>14,975</u>
Expenditures				
Current:				
General government	-	51,480	51,460	20
Public safety	133,275	157,375	153,450	3,925
Public works	590,305	607,670	531,665	76,005
Culture and recreation	4,076,635	4,296,515	4,078,660	217,855
Debt Service:				
Principal	-	-	29,135	(29,135)
Interest and fiscal charges	-	-	2,881	(2,881)
Total expenditures	<u>4,800,215</u>	<u>5,113,040</u>	<u>4,847,251</u>	<u>265,789</u>
Excess (deficiency) of revenues over expenditures	<u>(194,290)</u>	<u>306,185</u>	<u>586,949</u>	<u>280,764</u>
Other Financing Sources (Uses)				
Transfers in	11,200	111,125	110,612	513
Transfers out	<u>(580,435)</u>	<u>(581,790)</u>	<u>(561,286)</u>	<u>(20,504)</u>
Total other financing sources (uses)	<u>(569,235)</u>	<u>(470,665)</u>	<u>(450,674)</u>	<u>(19,991)</u>
Net change in fund balances	<u>\$ (763,525)</u>	<u>\$ (164,480)</u>	<u>136,275</u>	<u>\$ 300,755</u>
Fund Balance, Beginning			<u>2,408,620</u>	
Fund Balance, Ending			<u>\$ 2,544,895</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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 101,230	\$ 89,730	\$ 91,127	\$ 1,397
Total revenues	101,230	89,730	91,127	1,397
Expenditures				
Current:				
General government	750	750	676	74
Debt service:				
Principal	295,000	295,000	295,000	-
Interest and fiscal charges	27,240	35,360	35,360	-
Total expenditures	322,990	331,110	331,036	74
Excess (deficiency) of revenues over expenditures	(221,760)	(241,380)	(239,909)	1,471
Other Financing Sources				
Transfers in	221,760	240,760	238,959	(1,801)
Total other financing sources	221,760	240,760	238,959	(1,801)
Net change in fund balances	\$ -	\$ (620)	(950)	\$ (330)
Fund Balance, Beginning			950	
Fund Balance, Ending			\$ -	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ -	\$ -	\$ 907	\$ 907
Miscellaneous	-	15,000	15,901	901
Total revenues	-	15,000	16,808	1,808
Expenditures				
Debt service:				
Principal	70,000	70,000	70,000	-
Interest and fiscal charges	44,580	44,580	36,286	8,294
Total expenditures	114,580	114,580	106,286	8,294
Excess (deficiency) of revenues over expenditures	(114,580)	(99,580)	(89,478)	10,102
Other Financing Sources				
Transfers in	114,580	130,640	46,360	(84,280)
Total other financing sources	114,580	130,640	46,360	(84,280)
Net change in fund balances	\$ -	\$ 31,060	(43,118)	\$ (74,178)
Fund Balance (Deficit), Beginning			(189,435)	
Fund Balance (Deficit), Ending			\$ (232,553)	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Debt service:				
Principal	410,000	410,000	410,000	-
Interest and fiscal charges	230,365	230,365	230,256	109
Total expenditures	640,365	640,365	640,256	109
Other Financing Sources				
Transfers in	640,365	640,365	640,256	(109)
Total other financing sources	640,365	640,365	640,256	(109)
Net change in fund balances	\$ -	\$ -	-	\$ -
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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 30,000	\$ 43,000	\$ 43,940	\$ 940
Use of money and property	10	410	420	10
Total revenues	30,010	43,410	44,360	950
Expenditures				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	30,010	43,410	44,360	950
Other Financing Uses				
Transfers out	(30,010)	(46,075)	(46,071)	4
Total other financing uses	(30,010)	(46,075)	(46,071)	4
Net change in fund balances	\$ -	\$ (2,665)	(1,711)	\$ 954
Fund Balance, Beginning			7,836	
Fund Balance, Ending			\$ 6,125	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 1,480,700	\$ 1,733,100	\$ 1,733,120	\$ 20
Use of money and property	2,000	21,000	21,133	133
Total revenues	1,482,700	1,754,100	1,754,253	153
Expenditures				
Current:				
General government	322,200	296,270	136,017	160,253
Capital outlay	80,900	138,035	38,806	99,229
Debt service:				
Interest and fiscal charges	12,305	12,305	12,305	-
Total expenditures	415,405	446,610	187,128	259,482
Excess of revenues over expenditures	1,067,295	1,307,490	1,567,125	259,635
Other Financing Uses				
Transfers out	(779,665)	(779,665)	(640,256)	139,409
Total other financing uses	(779,665)	(779,665)	(640,256)	139,409
Net change in fund balances	\$ 287,630	\$ 527,825	926,869	\$ 399,044
Fund Balance (Deficit), Beginning			(11,847)	
Fund Balance, Ending			\$ 915,022	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 75,700	\$ 71,710	\$ 73,707	\$ 1,997
Use of money and property	140	40	41	1
Total revenues	<u>75,840</u>	<u>71,750</u>	<u>73,748</u>	<u>1,998</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>75,840</u>	<u>71,750</u>	<u>73,748</u>	<u>1,998</u>
Other Financing Uses				
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Total other financing uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>
Net change in fund balances	<u>\$ 840</u>	<u>\$ (3,250)</u>	<u>73,748</u>	<u>\$ 76,998</u>
Fund Balance (Deficit), Beginning			<u>(365,608)</u>	
Fund Balance (Deficit), Ending			<u>\$ (291,860)</u>	

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 3,535	\$ 29,135	\$ 28,079	\$ (1,056)
Total revenues	3,535	29,135	28,079	(1,056)
Expenditures				
Current:				
Public works	106,000	118,845	117,638	1,207
Capital outlay	55,120	55,120	-	55,120
Total expenditures	161,120	173,965	117,638	56,327
Excess (deficiency) of revenues over expenditures	(157,585)	(144,830)	(89,559)	55,271
Other Financing Sources (Uses)				
Transfers in	210,960	210,960	210,960	-
Transfers out	-	(89,005)	(89,001)	4
Total other financing sources (uses)	210,960	121,955	121,959	4
Net change in fund balances	\$ 53,375	\$ (22,875)	32,400	\$ 55,275
Fund Balance, Beginning			2,874,973	
Fund Balance, Ending			\$ 2,907,373	

City of Galesburg, Illinois

TIF Downtown Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current:				
General government	360	3,745	-	3,745
Total expenditures	360	3,745	-	3,745
Net change in fund balances	<u>\$ (360)</u>	<u>\$ (3,745)</u>	-	<u>\$ 3,745</u>
Fund Balance, Beginning			-	
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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 415,600	\$ 424,600	\$ 424,841	\$ 241
Use of money and property	845	4,845	4,968	123
Total revenues	416,445	429,445	429,809	364
Expenditures				
Current:				
General government	6,920	6,920	1,144	5,776
Total expenditures	6,920	6,920	1,144	5,776
Excess of revenues over expenditures	409,525	422,525	428,665	6,140
Other Financing Uses				
Transfers out	(267,500)	(1,014,340)	(1,014,320)	20
Total other financing uses	(267,500)	(1,014,340)	(1,014,320)	20
Net change in fund balances	<u>\$ 142,025</u>	<u>\$ (591,815)</u>	(585,655)	<u>\$ 6,160</u>
Fund Balance, Beginning			585,655	
Fund Balance, Ending			<u>\$ -</u>	

City of Galesburg, Illinois**Computer Replacement Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 6,145	\$ 20,145	\$ 21,032	\$ 887
Total revenues	6,145	20,145	21,032	887
Expenditures				
Current:				
General government	136,500	188,935	144,120	44,815
Capital outlay	90,000	271,245	90,000	181,245
Total expenditures	226,500	460,180	234,120	226,060
Excess (deficiency) of revenues over expenditures	(220,355)	(440,035)	(213,088)	226,947
Other Financing Sources				
Transfers in	507,660	507,660	507,660	-
Total other financing sources	507,660	507,660	507,660	-
Net change in fund balances	\$ 287,305	\$ 67,625	294,572	\$ 226,947
Fund Balance, Beginning			1,339,915	
Fund Balance, Ending			\$ 1,634,487	

City of Galesburg, Illinois

Vehicle Replacement Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 10,240	\$ 67,740	\$ 68,012	\$ 272
Miscellaneous	-	17,500	17,500	-
Total revenues	10,240	85,240	85,512	272
Expenditures				
Current:				
General government	77,500	18,500	18,268	232
Capital outlay	242,965	363,190	363,187	3
Total expenditures	320,465	381,690	381,455	235
Excess (deficiency) of revenues over expenditures	(310,225)	(296,450)	(295,943)	507
Other Financing Sources				
Transfers in	1,223,040	1,338,180	1,338,180	-
Total other financing sources	1,223,040	1,338,180	1,338,180	-
Net change in fund balances	\$ 912,815	\$ 1,041,730	1,042,237	\$ 507
Fund Balance, Beginning			4,212,196	
Fund Balance, Ending			\$ 5,254,433	

City of Galesburg, Illinois

Players Fields Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 6,000	\$ 4,000	\$ 4,114	\$ 114
Total revenues	6,000	4,000	4,114	114
Expenditures				
Current:				
Culture and recreation	6,000	6,000	3,547	2,453
Total expenditures	6,000	6,000	3,547	2,453
Net change in fund balances	\$ -	\$ (2,000)	567	\$ 2,567
Fund Balance, Beginning			24,095	
Fund Balance, Ending			\$ 24,662	

City of Galesburg, Illinois

TIF IV Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 361,900	\$ 365,400	\$ 365,446	\$ 46
Use of money and property	1,740	19,740	20,360	620
Miscellaneous	100,000	-	-	-
Total revenues	463,640	385,140	385,806	666
Expenditures				
Current:				
General government	103,260	223,035	122,503	100,532
Miscellaneous	705,180	966,295	370,652	595,643
Capital outlay	267,500	679,465	559,298	120,167
Total expenditures	1,075,940	1,868,795	1,052,453	816,342
Excess (deficiency) of revenues over expenditures	(612,300)	(1,483,655)	(666,647)	817,008
Other Financing Sources				
Transfers in	267,500	944,335	944,336	1
Total other financing sources	267,500	944,335	944,336	1
Net change in fund balances	\$ (344,800)	\$ (539,320)	277,689	\$ 817,009
Fund Balance, Beginning			912,594	
Fund Balance, Ending			\$ 1,190,283	

City of Galesburg, Illinois

TIF V Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes	\$ 8,200	\$ 9,200	\$ 9,297	\$ 97
Use of money and property	140	140	627	487
Total revenues	8,340	9,340	9,924	584
Expenditures				
Total expenditures	-	-	-	-
Net change in fund balances	\$ 8,340	\$ 9,340	9,924	\$ 584
Fund Balance, Beginning			26,318	
Fund Balance, Ending			\$ 36,242	

City of Galesburg, Illinois

Linwood Cemetery Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 2,300	\$ 4,300	\$ (9,663)	\$ (13,963)
Total revenues	2,300	4,300	(9,663)	(13,963)
Expenditures				
Current:				
General government	1,200	1,200	868	332
Total expenditures	1,200	1,200	868	332
Excess (deficiency) of revenues over expenditures	1,100	3,100	(10,531)	(13,631)
Other Financing Uses				
Transfers out	(1,700)	(1,700)	(1,464)	236
Total other financing uses	(1,700)	(1,700)	(1,464)	236
Net change in fund balances	\$ (600)	\$ 1,400	(11,995)	\$ (13,395)
Fund Balance, Beginning			86,889	
Fund Balance, Ending			\$ 74,894	

City of Galesburg, Illinois

East Linwood Cemetery Fund

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

Year Ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Use of money and property	\$ 12,000	\$ 12,000	\$ (60,373)	\$ (72,373)
Miscellaneous	20,000	18,000	18,100	100
Total revenues	32,000	30,000	(42,273)	(72,273)
Expenditures				
Current:				
General government	5,500	5,500	5,467	33
Total expenditures	5,500	5,500	5,467	33
Excess (deficiency) of revenues over expenditures	26,500	24,500	(47,740)	(72,240)
Other Financing Uses				
Transfers out	(9,500)	(9,500)	(9,221)	279
Total other financing uses	(9,500)	(9,500)	(9,221)	279
Net change in fund balances	\$ 17,000	\$ 15,000	(56,961)	\$ (71,961)
Fund Balance, Beginning			548,331	
Fund Balance, Ending			\$ 491,370	

City of Galesburg, Illinois

Component Unit
Statement of Net Position and Governmental Funds Combining Balance Sheet
December 31, 2022

	Galesburg Public Library	Galesburg Public Library Foundation	Total	Adjustments	Statement of Net Position
Assets					
Cash and cash equivalents	\$ 4,825,824	\$ 394,932	\$ 5,220,756	\$ -	\$ 5,220,756
Investments	-	2,126,683	2,126,683	-	2,126,683
Receivables (net):					
Property tax receivable	1,716,070	-	1,716,070	-	1,716,070
Accounts	18,128	-	18,128	-	18,128
Loans	-	1,000,000	1,000,000	(1,000,000)	-
Net pension asset	-	-	-	577,947	577,947
Prepaid items	54,391	-	54,391	-	54,391
Capital assets not being depreciated	-	-	-	9,704,625	9,704,625
Capital assets being depreciated, net of accumulated depreciation	-	-	-	792,108	792,108
Total assets	6,614,413	3,521,615	10,136,028	10,074,680	20,210,708
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	-	-	155,721	155,721
Deferred outflows related to OPEB	-	-	-	4,422	4,422
Total deferred outflows of resources	-	-	-	160,143	160,143
Liabilities					
Current liabilities:					
Accounts payable	1,580,016	278	1,580,294	-	1,580,294
Accrued liabilities	27,773	-	27,773	-	27,773
Accrued interest payable	17,534	-	17,534	-	17,534
Payroll taxes payable	-	1,160	1,160	-	1,160
Due to other governments	1,000,014	-	1,000,014	(1,000,000)	14
Advances from primary government	461,509	-	461,509	-	461,509
Unearned revenues	6,858	-	6,858	-	6,858
Noncurrent liabilities:					
Due within one year	-	-	-	2,037,712	2,037,712
Due in more than one year	-	-	-	101,280	101,280
Total liabilities	3,093,704	1,438	3,095,142	1,138,992	4,234,134
Deferred Inflows of Resources					
Property taxes levied for future periods	1,716,070	-	1,716,070	-	1,716,070
Deferred inflows related to pensions	-	-	-	864,454	864,454
Deferred inflows related to OPEB	-	-	-	6,857	6,857
Total deferred inflows of resources	1,716,070	-	1,716,070	871,311	2,587,381
Fund Balance / Net Position					
Net investment in capital assets	-	-	-	10,496,733	10,496,733
Nonspendable	54,391	-	54,391	(54,391)	-
Restricted for pension benefits	-	-	-	577,947	577,947
Temporary restricted, Foundation	-	1,065,558	1,065,558	-	1,065,558
Unassigned/Unrestricted	1,750,248	2,454,619	4,204,867	(2,795,769)	1,409,098
Total fund balance/net position	\$ 1,804,639	\$ 3,520,177	\$ 5,324,816	\$ 8,224,520	\$ 13,549,336

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, 2022

	Galesburg Public Library	Galesburg Public Library Foundation	Total	Adjustments	Statement of Activities
Revenues					
Property taxes	\$ 1,635,936	\$ -	\$ 1,635,936	\$ -	\$ 1,635,936
Intergovernmental	4,732,129	-	4,732,129	-	4,732,129
Licenses and permits	1,511	-	1,511	-	1,511
Charges for services	2,519	-	2,519	-	2,519
Fines and fees	1,384	-	1,384	-	1,384
Use of money and property	47,102	(384,107)	(337,005)	-	(337,005)
Contributions and donations	775,000	-	775,000	-	775,000
Miscellaneous	2,608,953	1,301,041	3,909,994	-	3,909,994
Total revenues	9,804,534	916,934	10,721,468	-	10,721,468
Expenditures					
Current:					
Culture and recreation	1,692,903	2,726,577	4,419,480	(127,013)	4,292,467
Capital outlay	7,104,838	-	7,104,838	(7,104,838)	-
Debt service:					
Principal retirement	2,000,500	-	2,000,500	(2,000,500)	-
Interest and fiscal charges	96,475	-	96,475	-	96,475
Total expenditures	10,894,716	2,726,577	13,621,293	(9,232,351)	4,388,942
Excess (deficiency) of revenues over expenditures	(1,090,182)	(1,809,643)	(2,899,825)	9,232,351	6,332,526
Other Financing Sources					
Debt certificates issued	2,000,000	-	2,000,000	(2,000,000)	-
Total other financing sources	2,000,000	-	2,000,000	(2,000,000)	-
Net change in fund balance/net position	909,818	(1,809,643)	(899,825)	7,232,351	6,332,526
Fund Balance/Net Position, Beginning	894,821	5,329,820	6,224,641	992,169	7,216,810
Fund Balance/Net Position, Ending	<u>\$ 1,804,639</u>	<u>\$ 3,520,177</u>	<u>\$ 5,324,816</u>	<u>\$ 8,224,520</u>	<u>\$ 13,549,336</u>

The statistical section of the City's annual comprehensive 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.	156 - 165
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).	166 - 174
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.	175 - 177
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.	178 - 181
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.	182 - 185

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial 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)

	2013	2014	2015*	2016
Governmental activities:				
Net investment in capital assets	\$ 47,828,315	\$ 51,452,927	\$ 63,739,737	\$ 63,792,831
Restricted	7,195,648	10,923,284	9,079,864	10,624,226
Unrestricted	32,082,018	27,953,253	(19,157,970)	(21,878,584)
Total governmental activities net position	<u>\$ 87,105,981</u>	<u>\$ 90,329,464</u>	<u>\$ 53,661,631</u>	<u>\$ 52,538,473</u>
Business-type activities:				
Net investment in capital assets	\$ 17,316,934	\$ 16,374,116	\$ 17,144,205	\$ 17,947,204
Restricted	1,748,298	1,841,849	1,882,380	1,931,899
Unrestricted	7,254,377	8,007,034	8,627,065	8,585,924
Total business-type activities net position	<u>\$ 26,319,609</u>	<u>\$ 26,222,999</u>	<u>\$ 27,653,650</u>	<u>\$ 28,465,027</u>
Primary government:				
Net investment in capital assets	\$ 65,145,249	\$ 67,827,043	\$ 80,883,942	\$ 81,740,035
Restricted	8,943,946	12,765,133	10,962,244	12,556,125
Unrestricted	39,336,395	35,960,287	(10,530,905)	(13,292,660)
Total primary government net position	<u>\$ 113,425,590</u>	<u>\$ 116,552,463</u>	<u>\$ 81,315,281</u>	<u>\$ 81,003,500</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.

2017	2018**	2019	2020	2021	2022
\$ 65,500,187	\$ 66,126,310	\$ 70,078,243	\$ 70,812,000	\$ 71,628,870	\$ 74,342,164
11,440,849	9,382,619	8,796,867	8,464,898	8,556,462	14,029,551
<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>(54,193,129)</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>	<u>\$ 34,178,586</u>
\$ 18,662,529	\$ 18,786,318	\$ 19,486,089	\$ 21,470,231	\$ 22,398,727	\$ 23,302,567
115,195	-	-	-	-	1,065,999
<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>8,733,821</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>	<u>\$ 33,102,387</u>
\$ 84,162,716	\$ 84,912,628	\$ 89,564,332	\$ 92,282,231	\$ 94,027,597	\$ 97,644,731
11,556,044	9,382,619	8,796,867	8,464,898	8,556,462	15,095,550
<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>(45,459,308)</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>	<u>\$ 67,280,973</u>

City of Galesburg, Illinois

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

	2013	2014	2015	2016
Expenses				
Governmental activities:				
General government	\$ 9,109,242	\$ 10,426,751	\$ 9,380,664	\$ 8,248,902
Economic development	925,144	1,486,124	1,905,456	2,268,500
Public safety	11,290,119	14,021,956	16,456,993	18,224,515
Public works	8,171,519	7,386,062	5,811,833	6,973,467
Culture and recreation	2,773,924	3,461,428	3,801,421	3,641,663
Interest on long-term debt	375,589	217,311	199,491	430,255
Total governmental activities expenses	32,645,537	36,999,632	37,555,858	39,787,302
Business-Type Activities				
Water	5,264,996	6,011,693	5,067,996	5,419,955
Refuse	2,120,941	2,180,298	2,244,566	2,305,095
Total business-type activities expenses	7,385,937	8,191,991	7,312,562	7,725,050
Total primary government expenses	40,031,474	45,191,623	44,868,420	47,512,352
Program Revenue				
Governmental activities:				
Charges for services:				
General government	2,596,649	3,397,076	2,700,392	2,398,183
Economic development	252,539	6,157	6,525	5,990
Public safety	1,217,057	1,149,013	1,114,419	1,189,755
Public works	446,805	11,347	60,114	43,562
Culture and recreation	670,181	657,088	895,304	909,345
Operating grants and contributions:				
General government	1,445,622	1,578,654	1,134,256	1,362,415
Economic development	1,947	-	-	-
Public safety	129,022	35,250	353,202	62,545
Public works	1,371,373	-	-	-
Capital grants and contributions:				
General government	-	6,398,917	6,209,660	380,165
Public works	1,877,191	1,100,260	8,185,232	1,903,931
Total governmental activities program revenue	10,008,386	14,333,762	20,659,104	8,255,891
Business-Type Activities				
Charges for services:				
Water	5,817,291	5,787,338	5,830,076	6,042,198
Refuse	2,194,321	2,260,260	2,312,419	2,358,692
Operating grants and contributions:				
Water	-	5,930	-	-
Refuse	10,412	-	-	-
Capital grants and contributions:				
Water	10,971	-	596,610	-
Total business-type activities program revenues	8,032,995	8,053,528	8,739,105	8,400,890
Total primary government program revenues	18,041,381	22,387,290	29,398,209	16,656,781
Net (Expense) Revenue				
Governmental activities	(22,637,151)	(22,665,870)	(16,896,754)	(31,531,411)
Business-type activities	647,058	(138,463)	1,426,543	675,840
Total primary government net expense	(21,990,093)	(22,804,333)	(15,470,211)	(30,855,571)

2017	2018	2019	2020	2021	2022
\$ 9,306,471	\$ 10,992,849	\$ 10,651,157	\$ 11,550,509	\$ 12,231,634	\$ 9,560,432
2,008,950	3,389,260	1,967,235	2,089,501	1,737,407	2,730,864
22,072,437	21,413,721	24,782,293	26,287,931	24,473,488	20,772,599
6,710,310	6,658,379	6,272,794	6,348,081	6,522,596	8,037,839
4,224,280	4,566,350	3,970,192	4,596,048	3,849,239	4,209,597
425,771	395,346	362,007	337,940	322,655	298,940
44,748,219	47,415,905	48,005,678	51,210,010	49,137,019	45,610,271
5,920,927	6,076,418	6,381,984	6,431,060	5,348,804	5,604,925
2,391,562	2,530,820	2,579,990	2,688,662	2,794,057	2,821,965
8,312,489	8,607,238	8,961,974	9,119,722	8,142,861	8,426,890
53,060,708	56,023,143	56,967,652	60,329,732	57,279,880	54,037,161
2,575,497	2,801,320	2,935,246	2,906,591	3,436,233	3,535,118
5,310	3,798	39,030	287,559	19,853	186,116
1,246,902	1,193,653	1,204,958	1,132,756	1,362,274	1,301,104
75,899	66,469	84,673	73,722	475,806	56,567
879,680	887,535	865,211	642,741	868,407	1,070,820
2,982,046	3,647,909	4,851,809	6,468,193	5,683,340	8,317,332
-	-	-	-	-	-
504,469	138,824	67,221	82,279	102,839	157,712
-	-	-	19,507	2,584	70
1,757,054	849,360	58,973	289,396	125,379	235,354
420,860	108,545	2,058,593	1,202,371	710,749	2,338,896
10,447,717	9,697,413	12,165,714	13,105,115	12,787,464	17,199,089
6,154,575	6,599,837	6,678,978	7,203,364	6,776,659	7,149,257
2,468,372	2,528,662	2,599,519	2,686,297	2,812,322	2,902,703
-	-	30,599	776	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,622,947	9,128,499	9,309,096	9,890,437	9,588,981	10,051,960
19,070,664	18,825,912	21,474,810	22,995,552	22,376,445	27,251,049
(34,300,502)	(37,718,492)	(35,839,964)	(38,104,895)	(36,349,555)	(28,411,182)
310,458	521,261	347,122	770,715	1,446,120	1,625,070
(33,990,044)	(37,197,231)	(35,492,842)	(37,334,180)	(34,903,435)	(26,786,112)

(Continued)

City of Galesburg, Illinois

Changes In Net Position (Continued)

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes:			
Property taxes	\$ 4,813,998	\$ 8,025,087	\$ 8,458,821
State income tax	3,659,227	3,677,911	4,197,294
Sales taxes	8,916,296	8,941,898	9,008,695
Local utility taxes	-	-	-
Other taxes	3,577,028	4,513,348	4,830,219
Franchise fees	395,864	405,815	406,266
Investment earnings	115,785	152,056	168,384
Miscellaneous	1,598,354	173,238	705,344
Gain on disposal of capital assets	(171,349)	-	-
Total governmental activities	<u>22,905,203</u>	<u>25,889,353</u>	<u>27,775,023</u>
Business-type activities:			
Investment earnings	14,832	26,963	50,280
Miscellaneous	100	14,890	15,757
Total business-type activities	<u>14,932</u>	<u>41,853</u>	<u>66,037</u>
Total primary government	<u>22,920,135</u>	<u>25,931,206</u>	<u>27,841,060</u>
Changes in net position:			
Governmental activities	268,052	3,223,483	10,878,269
Business-type activities	661,990	(96,610)	1,492,580
Total primary government	<u>\$ 930,042</u>	<u>\$ 3,126,873</u>	<u>\$ 12,370,849</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 9,033,770	\$ 9,541,732	\$ 9,419,335	\$ 9,665,453	\$ 9,654,393	\$ 9,570,695	\$ 9,645,775
3,874,965	3,757,675	4,051,395	4,540,628	4,982,939	5,507,912	6,152,641
9,138,074	9,138,895	9,446,869	9,476,544	10,024,794	11,947,870	11,845,330
2,218,708	2,228,891	2,431,396	2,332,084	2,155,282	2,366,807	2,600,963
4,817,168	4,995,660	4,885,938	5,199,506	4,381,227	6,001,666	8,056,559
418,674	422,760	403,957	393,739	379,892	385,366	372,904
299,277	446,537	714,247	923,548	437,168	137,747	660,743
607,617	1,809,666	887,002	381,051	455,957	344,623	544,091
-	-	-	-	-	-	-
<u>30,408,253</u>	<u>32,341,816</u>	<u>32,240,139</u>	<u>32,912,553</u>	<u>32,471,652</u>	<u>36,262,686</u>	<u>39,879,006</u>
67,068	99,641	202,127	267,620	128,670	24,742	138,802
68,469	135,855	77,729	-	6,605	1,104	(3,907)
<u>135,537</u>	<u>235,496</u>	<u>279,856</u>	<u>267,620</u>	<u>135,275</u>	<u>25,846</u>	<u>134,895</u>
<u>30,543,790</u>	<u>32,577,312</u>	<u>32,519,995</u>	<u>33,180,173</u>	<u>32,606,927</u>	<u>36,288,532</u>	<u>40,013,901</u>
(1,123,158)	(1,958,686)	(5,478,353)	(2,927,411)	(5,633,243)	(86,869)	11,467,824
811,377	545,954	801,117	614,742	905,990	1,471,966	1,759,965
<u>\$ (311,781)</u>	<u>\$ (1,412,732)</u>	<u>\$ (4,677,236)</u>	<u>\$ (2,312,669)</u>	<u>\$ (4,727,253)</u>	<u>\$ 1,385,097</u>	<u>\$ 13,227,789</u>

(Concluded)

City of Galesburg, Illinois

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable	\$ 357,233	\$ 387,939	\$ 352,361	\$ 314,201
Restricted	359,419	355,923	29,823	29,889
Committed	221,917	370,899	192,766	232,553
Assigned	-	-	-	-
Unassigned	<u>7,287,240</u>	<u>6,566,847</u>	<u>6,587,692</u>	<u>6,573,454</u>
Total general fund	<u>8,225,809</u>	<u>7,681,608</u>	<u>7,162,642</u>	<u>7,150,097</u>
All Other Governmental Funds				
Nonspendable	439,367	563,864	540,602	495,305
Restricted	5,997,683	8,114,466	7,645,407	17,784,956
Committed	9,546,003	7,716,130	7,970,913	8,789,239
Assigned	12,894,349	12,926,080	12,582,445	12,105,602
Unassigned	<u>(360,557)</u>	<u>(1,463,464)</u>	<u>(1,254,144)</u>	<u>(1,199,351)</u>
Total all other government funds	<u>\$ 28,516,845</u>	<u>\$ 27,857,076</u>	<u>\$ 27,485,223</u>	<u>\$ 37,975,751</u>

2017	2018	2019	2020	2021	2022
\$ 363,528	\$ 293,356	\$ 266,254	\$ 380,886	\$ 1,057,855	\$ 1,039,485
12,795	12,795	12,795	12,792	12,795	12,795
209,009	199,801	199,650	222,856	260,206	627,065
-	-	-	-	-	-
<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>11,235,783</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>	<u>12,915,128</u>
506,234	539,799	547,179	644,250	681,797	753,851
14,294,156	9,638,418	8,026,131	7,423,477	7,715,696	7,332,468
9,737,039	10,350,686	10,190,597	9,914,430	11,278,469	15,093,042
12,397,721	12,931,691	13,530,588	14,127,134	14,760,350	17,636,575
<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>(1,261,915)</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>	<u>\$ 39,554,021</u>

City of Galesburg, Illinois

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

	2013	2014	2015	2016
Revenues				
Property taxes	\$ 4,813,998	\$ 8,025,087	\$ 8,458,821	\$ 9,033,770
Other taxes	16,309,783	7,055,982	7,459,717	9,955,260
Intergovernmental	5,763,615	19,255,996	20,150,887	14,044,207
Licenses and permits	288,337	303,442	313,835	311,327
Charges for services	984,473	960,001	1,254,793	966,862
Fines and fees	415,470	392,776	334,872	344,590
Use of money and property	2,241,573	1,657,831	1,905,241	2,005,080
Other, primarily contributions	1,352,792	178,270	699,301	440,584
Total revenues	32,170,041	37,829,385	40,577,467	37,101,680
Expenditures				
General government	8,196,399	8,086,615	7,345,258	6,945,661
Economic development	706,217	856,177	1,102,282	794,240
Public safety	10,833,609	13,721,786	15,473,856	15,118,405
Public works	4,724,879	4,960,632	4,465,772	5,416,330
Culture and recreation	2,397,168	2,606,710	3,688,566	3,342,100
Other	2,273,115	2,173,970	2,835,652	1,427,368
Debt service:				
Principal	805,450	792,725	837,725	1,210,000
Interest and fiscal agent fees	209,318	259,171	227,930	477,632
Bond issuance costs	62,096	-	-	-
Capital outlay	3,172,096	5,616,081	5,522,623	1,801,654
Total expenditures	33,380,347	39,073,867	41,499,664	36,533,390
Excess of revenues (under) expenditures	(1,210,306)	(1,244,482)	(922,197)	568,290
Other Financing Sources (Uses)				
Issuance of long-term debt	1,420,900	-	-	9,600,000
Proceeds from sale of capital assets	123,629	24,268	31,378	2,243
Bond premium	30,053	-	-	307,450
Transfers in	3,569,484	3,362,576	2,172,027	2,209,391
Transfers out	(3,569,484)	(3,346,332)	(2,172,027)	(2,209,391)
Total other financing sources (uses)	1,574,582	40,512	31,378	9,909,693
Net changes in fund balance	\$ 364,276	\$ (1,203,970)	\$ (890,819)	\$ 10,477,983
Debt service as a percentage of noncapital expenditures	3.36%	3.14%	2.96%	4.86%

2017	2018	2019	2020	2021	2022
\$ 9,541,732	\$ 9,419,335	\$ 9,665,453	\$ 9,654,393	\$ 9,570,695	\$ 9,645,775
10,235,859	10,566,961	10,660,820	10,351,443	12,264,603	12,792,002
17,247,795	16,044,387	18,493,997	20,080,853	23,090,773	27,673,238
329,799	338,115	363,599	299,889	387,349	414,252
1,057,294	1,220,539	1,108,239	1,341,266	1,270,663	1,442,403
419,615	447,782	407,934	329,410	409,238	368,295
2,133,287	2,422,328	2,598,159	1,801,196	1,910,734	2,672,003
723,846	266,926	268,736	422,934	242,792	217,521
<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>	<u>55,225,489</u>
6,714,688	7,329,243	7,779,109	8,612,597	8,879,242	8,301,225
717,245	2,391,827	1,029,517	1,577,452	447,032	1,665,848
16,384,103	16,407,314	17,150,554	17,887,688	18,088,721	22,269,607
4,738,099	4,749,904	4,235,111	4,480,544	4,854,619	6,426,486
3,625,399	3,751,977	3,419,021	2,992,771	3,691,776	4,082,207
2,567,311	3,177,276	3,104,994	2,983,306	4,249,018	2,372,214
1,225,000	1,275,000	1,280,000	710,000	735,000	838,790
470,249	433,749	393,092	361,859	345,182	320,101
-	-	-	-	-	-
<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>3,252,007</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>49,528,485</u>
<u>(1,851,387)</u>	<u>(3,308,600)</u>	<u>449,642</u>	<u>842,590</u>	<u>4,769,534</u>	<u>5,697,004</u>
-	-	-	-	-	-
7,944	43,239	11,646	14,526	4,915	8,873
-	-	-	-	-	-
2,638,340	3,710,458	4,931,368	4,935,333	4,576,963	11,392,665
<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>(11,363,065)</u>
<u>7,944</u>	<u>667,014</u>	<u>11,646</u>	<u>14,526</u>	<u>4,915</u>	<u>38,473</u>
<u>\$ (1,843,443)</u>	<u>\$ (2,641,586)</u>	<u>\$ 461,288</u>	<u>\$ 857,116</u>	<u>\$ 4,774,449</u>	<u>\$ 5,735,477</u>
4.65%	4.32%	4.36%	2.71%	2.62%	2.50%

City of Galesburg, Illinois

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

City Direct Rates						
Fiscal Year	General Fund	Fire	Illinois Municipal Retirement Fund	Galesburg Public Library	Township	Total Direct
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
2022	1.07382	1.04282	0.07743	0.44449	0.14437	2.783

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
4.22000	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
4.73987	1.29043	0.31338	0.60442

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
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
2022	190,597,156	126,524,606	9,462,180	1,092,900	40,242,145	367,918,987

Source: City Assessor's Office

Total Gross Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Value as a Percentage Actual Value	
\$ 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	
446,459,765	2.783	1,339,379,295	33.33	

City of Galesburg, Illinois

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

Taxpayer	2022		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Burlington Northern/Santa Fe	\$ 35,511,318	1	9.76%
Galesburg Hospital Corp	7,300,210	2	2.01%
Seminary Manor, Seminary Estates & Hawthorne Inn & Achievement Unlimited	5,438,180	3	1.50%
Wal-Mart	4,181,340	4	1.15%
Menard Inc	3,100,000	5	0.85%
Hy-Vee Food Stores, Inc	2,831,030	6	0.78%
Y & O Galesburg LLC ETAL	2,696,660	7	0.73%
Phoenix Galesburg Industrial	2,384,200	8	0.66%
Lowes Home Centers	2,352,330	9	0.65%
OSF St Francis Inc	2,113,910	10	0.58%
Total	<u>\$ 67,909,178</u>		<u>18.67%</u>

Taxpayer	2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Burlington Northern/Santa Fe	\$ 21,422,461	1	6.75%
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%
Menard Inc	3,066,470	6	0.97%
Hy-Vee Food Stores, Inc	2,414,620	7	0.76%
Lowes Home Centers	2,272,810	8	0.72%
OSF St Francis Inc	3,810,080	5	1.20%
United Facilities	1,956,550	9	0.62%
Galesburg Real Estate Inc	1,813,330	10	0.57%
Total	<u>\$ 52,191,971</u>		<u>16.45%</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
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
2022	2021	9,707,763	9,705,937	99.98	53,417	9,652,520	99.43

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)

	2013	2014	2015	2016
General merchandise	\$ 1,156,517	\$ 1,134,271	\$ 1,180,549	\$ 1,143,338
Food	819,644	845,967	852,400	839,231
Drinking and eating places	541,269	561,082	587,733	584,949
Apparel	40,522	51,465	52,410	48,951
Furniture, H.H. and radio	117,355	110,590	107,874	118,568
Lumber, bldg, hardware	524,624	529,917	564,372	561,379
Automotive and filling stations	1,080,285	1,123,279	1,117,935	1,141,555
Drugs and misc retail	660,278	656,535	652,330	700,735
Agriculture and all others	331,553	311,713	274,843	291,533
Manufacturers	39,813	28,263	20,238	55,836
Total	<u>\$ 5,311,861</u>	<u>\$ 5,353,083</u>	<u>\$ 5,410,685</u>	<u>\$ 5,486,074</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%
Number of taxpayers	774	782	775	754

Source: Illinois Department of Revenue

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

2017	2018	2019	2020	2021	2022
\$ 1,119,726	\$ 1,155,822	\$ 1,176,875	\$ 1,136,015	\$1,223,851	\$1,237,855
844,909	887,874	922,281	1,225,462	990,136	1,042,657
588,154	601,763	623,848	557,267	670,960	696,592
41,999	41,051	41,812	29,809	47,729	34,853
106,393	95,384	91,477	89,894	107,324	92,449
551,685	553,147	588,515	689,217	719,818	719,177
1,244,062	1,274,273	1,239,553	1,106,763	1,409,305	1,330,122
695,764	725,894	780,583	880,485	1,201,690	1,188,987
365,289	368,029	296,518	340,245	529,606	461,509
(4,388)	28,236	28,407	57,732	21,280	43,037
<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>	<u>\$ 6,847,238</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
765	723	730	702	2545*	3301

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
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
2022	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	
2013	\$ 7,635,260	\$ -	\$ 7,635,260	\$ 15,450	\$ 519.83
2014	6,817,947	-	6,817,947	7,725	483.75
2015	5,959,563	-	5,959,563	-	455.81
2016	14,608,908	-	14,608,908	-	715.86
2017	13,339,503	-	13,339,503	-	968.94
2018	12,026,203	-	12,026,203	-	897.88
2019	10,715,222	-	10,715,222	-	820.38
2020	9,981,369	-	9,981,369	-	790.95
2021	9,223,874	-	9,223,874	-	743.11
2022	8,427,791	-	8,427,791	-	683.88

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 2022.

Business-Type Activities			Total Primary Government	Percentage of Actual Property Value	Percentage of Personal Income	Per Capita
General Obligation Bonds	Revenue Bonds	Notes Payable				
\$ 8,820,000	\$ 9,279,151	\$ 745,303	\$ 26,495,164	2.28	1.362	\$ 836.51
8,500,000	9,103,893	703,897	25,133,462	2.15	1.317	793.49
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	0.951	757.05
11,891,596	-	372,652	20,692,039	1.54	*	696.42

City of Galesburg, Illinois

Direct and Overlapping Governmental Activities Debt
For the Year Ended December 31, 2022
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to City(1)	Estimated Share of Overlapping Debt (2)
Knox County	\$ 4,130,509	40.15 %	\$ 1,658,399
Community Unit School District #205	81,810,000	77.18	63,140,958
Carl Sandburg College, Dist No 518	35,169,807	17.18	6,042,173
Subtotal, overlapping debt			70,841,530
City Direct Debt	8,427,791	100.00	8,427,791
Total direct and overlapping debt			\$ 79,269,321

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)
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	29,712	2,364,124	47,985	41.2	3,895	6.6
2022	29,712	*	*	41.2	3,902	5.2

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	2022		
	Employees	Rank	Percentage of Total County Employment
Burlington Northern	1,031	1	5.17 %
School District #205	626	2	3.14
OSF Healthcare	593	3	2.98
Dick Blick Company	558	4	2.80
Knox College	500	5	2.51
Galesburg Cottage Hospital	346	6	1.74
Bridgeway	324	7	1.63
Henry C Hill Correctional Facility	288	8	1.44
Gates Corporation	221	9	1.11
City of Galesburg	219	10	1.10
	<u>4,706</u>		<u>23.62 %</u>

Employer	2012		
	Employees	Rank	Percentage of Total County Employment
Burlington Northern	1,115	1	4.86 %
School District #205	594	3	2.59
OSF Healthcare	973	2	4.24
Dick Blick Company	500	5	2.18
Knox College	407	9	1.77
Bridgeway	450	6	1.96
HyVee	574	4	2.50
Carl Sandburg College	430	7	1.87
Knox County	420	8	1.83
Walmart	370	10	1.61
	<u>5,833</u>		<u>25.41 %</u>

Sources:

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

Note:

The 2012 total county employment was 22,936.
The 2022 total county employment was 19,932.

City of Galesburg, Illinois

Full-Time Equivalent City Government Employees By Functions/Programs
Last Ten Fiscal Years
(Unaudited)

	Full-Time Equivalent Employees			
	2022	2021	2020	2019
Functions/Program				
General Government:				
Legislative	8.00	8.00	8.00	8.00
City manager	4.20	4.20	4.20	4.20
City clerk	4.00	4.00	4.00	4.00
City treasurer	-	-	-	-
Finance**	6.80	6.80	6.80	7.00
Information services	2.70	2.70	2.70	2.00
Legal	0.50	0.50	0.50	0.50
Community development	0.70	0.70	1.05	8.70
Transit*	20.00	18.00	18.50	-
Economic Development***	0.80	0.80	1.15	0.95
Public Safety:				
Police officers	51.00	49.00	47.00	49.10
Firefighters and officers	42.00	42.00	43.00	42.00
Civilians	29.00	27.00	25.00	24.90
Inspections	5.60	6.60	6.90	6.70
Neighborhood Enhancement Div	-	-	-	-
Public Works:				
Administration	-	-	-	-
Buildings and grounds	2.00	1.00	1.00	1.00
Engineering	6.50	6.50	6.60	6.40
Street and traffic maintenance	10.75	10.75	10.75	10.60
Stormwater utility	4.30	4.30	4.30	4.45
Fleet services	4.00	4.00	4.00	4.00
Airport	0.70	0.70	0.70	0.50
Cemetery	0.50	0.50	0.50	0.50
Parks and Recreation:				
Park and recreation administration	0.95	0.95	0.95	1.00
Park	10.85	9.85	10.85	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	21.90	21.80	23.25
Refuse	0.25	0.25	0.25	0.25
Total	244.00	237.00	236.50	227.00

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

2018	2017	2016	2015	2014	2013
8.00	8.00	8.00	8.00	8.00	8.00
4.40	4.80	4.80	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
7.00	8.50	8.50	8.50	10.00	10.00
2.00	2.00	2.00	2.00	2.00	3.00
0.90	0.90	1.00	1.00	1.00	1.00
9.25	9.95	10.15	11.25	11.25	11.25
-	-	-	-	-	-
0.95	0.95	0.65	-	-	4.00
50.00	50.00	50.00	50.00	52.00	52.00
42.00	43.00	42.00	43.00	44.00	46.00
24.00	25.00	27.00	27.00	27.00	27.00
4.70	4.70	3.40	3.75	3.75	3.75
-	-	-	-	-	3.00
-	-	-	-	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
6.30	6.30	8.00	8.00	6.00	6.00
10.60	11.95	16.00	16.00	15.00	17.00
5.00	4.20	4.15	-	-	-
4.00	4.00	4.00	4.00	4.00	4.00
-	-	-	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	2.00	2.00	-	-
11.00	11.00	10.00	10.00	9.00	10.00
2.00	2.00	3.00	3.00	5.00	6.00
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	1.00	1.00
23.25	22.80	21.50	21.50	20.00	19.00
-	-	-	-	-	-
<u>226.35</u>	<u>231.05</u>	<u>238.15</u>	<u>236.00</u>	<u>236.00</u>	<u>249.00</u>

City of Galesburg, Illinois

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

	2013	2014	2015	2016
Function/Program				
General government:				
Handivan riders	18,896	18,281	19,761	19,065
Transit riders	159,166	151,889	151,903	155,857
Police:				
Physical arrests	3,097	2,539	2,491	2,208
Traffic violations	2,516	1,776	2,191	2,209
Service calls	41,936	40,467	43,537	43,193
Property loss	1,167,064	544,159	812,086	923,509
Fire:				
Total actual fires	87	106	122	106
Total of all fire department calls	3,760	4,005	4,286	4,289
Building safety:				
Total building permits	381	391	429	429
Total value all permits	15,602,476	14,272,108	19,619,073	9,305,584
Parks and recreation:				
Golf rounds played	22,000	22,000	22,973	24,220
Number of trees trimmed	511	305	458	652
Number of daily camp sites rented	2,620	2,620	2,780	2,105
Recreation classes offered**	125	165	84	152
Aquatic general admissions*	12,558	11,847	12,488	12,459
Sports field participation (teams)	69	75	112	215
Sports field participation (participants)*	*	*	*	*
Recreation facility rentals	915	975	848	811
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	53	41	56	60
Number of grave openings	84	84	84	73
Refuse:				
Refuse collected (ton)	9,192	9,071	9,144	9,352
Yard waste collected (ton)	2,353	2,496	3,040	2,735
Recycle collected (ton)	1,470	1,547	1,701	1,537
Water:				
Number of water services	12,718	12,636	12,557	12,472

Source: Various city departments

Note:

* In 2022 Sports field participation changed from teams to participants

**New software more accurately tracked offered classes, including changing the method used in counting group classes such as swim lessons

During 2020, some services were severely impacted due to the Covid-19 coronavirus pandemic.

2017	2018	2019	2020	2021	2022
18,441	20,036	18,388	11,790	9,774	13,108
139,400	129,795	154,367	87,192	64,189	83,603
2,140	2,580	3,045	2,072	2,570	2,446
2,539	3,616	2,965	1,658	1,393	1,659
39,928	44,037	45,364	44,120	48,879	46,302
420,652	844,413	100,271	767,396	203,907	1,817,968
107	86	63	72	93	68
4,408	4,845	4,849	4,376	5,110	5,168
348	305	298	247	231	324
16,468,496	21,854,303	6,766,680	3,535,821	9,352,432	119,086
23,164	21,151	20,624	23,648	27,826	29,144
501	231	375	304	284	125
3,355	2,880	3,668	3,211	4,340	4,024
437	302	273	237	300	377
16,148	15,311	16,264	3,599	11,256	16,619
271	242	218	76	53	*
*	*	*	*	2,874	2,776
926	1,663	1,964	999	923	2,269
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
44	37	49	63	67	50
77	64	78	74	92	87
9,004	9,081	9,741	9,311	9,925	9,046
2,034	2,076	2,590	2,473	2,185	2,037
1,431	1,475	1,447	1,431	1,509	1,701
12,659	12,547	12,536	12,608	12,545	12,409

City of Galesburg, Illinois

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

(Unaudited)

	2013	2014	2015	2016
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	476	476	476	476
Total number of street lights owned and maintained	510	559	581	581
Total number of street lights rented	3,415	3,415	3,415	3,415
Number of vehicles and equipment maintained	234	234	246	240
Total miles of water mains	202	202	202	203
Number of fire hydrants	1,410	1,410	1,410	1,420
Number of water valves	1,910	1,910	1,910	1,930

Source: Various city departments

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
3	3	3	3	3	3
748	748	748	748	748	748
26	26	26	27	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	16	16	16	16
176	176	176	177	177	177
122	122	122	123	123	123
476	503	503	503	503	503
858	879	879	879	879	903
3,415	3,406	3,409	3,410	3,410	3,396
250	252	252	252	252	256
203	203	203	203	203	203
1,420	1,420	1,420	1,449	1,449	1,449
1,930	1,930	1,930	2,239	2,239	2,239