

**City of Carmi, Illinois**

**White County, Illinois**

**Annual Financial Report and**

**Independent Auditors' Report**

**December 31, 2023**

**City of Carmi, Illinois**  
**White County, Illinois**  
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**White County, Illinois**  
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## **Financial Section**



# BOTSCH AND ASSOCIATES, CPA'S, LLC

—AND—

H. KEITH BOTSCH, CPA  
ARLYNNE STROMAN, CPA

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May 8, 2024

## Independent Auditors' Report

To the Mayor and  
Members of the City Council  
City of Carmi, IL 62821

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carmi, Illinois, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Carmi, Illinois' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carmi, Illinois, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Carmi, Illinois' 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 of Carmi, Illinois' 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 Schedules of Changes in Net Pension Liability, Schedules of Contributions, Schedule of Investment Returns, and the budgetary comparison information on pages 52-60 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carmi, Illinois' basic financial statements. The accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2024, on our consideration of the City of Carmi, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Carmi, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Carmi, Illinois' internal control over financial reporting and compliance.

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# BOTSCH AND ASSOCIATES, CPA'S, LLC

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May 8, 2024

## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Mayor and  
Members of the City Council  
City of Carmi, IL 62821

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Carmi, Illinois, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City of Carmi, Illinois' basic financial statements and have issued our report thereon dated May 8, 2024.

### **Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

## **City of Carmi, Illinois' Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Carmi, Illinois' response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City of Carmi, Illinois' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

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

*Botsch and Associates, CPA's, LLC*

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## **Basic Financial Statements**

**City of Carmi, Illinois**  
**White County, Illinois**  
**Statement of Net Position**  
**December 31, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 2,330,078	\$ 563,718	\$ 2,893,796
Receivables:			
Accounts	-	778,827	778,827
Taxes	81,169	-	81,169
Notes	120,821	-	120,821
Fines	930	-	930
Intergovernmental	550,949	-	550,949
Interest	11,062	-	11,062
Prepaid items	34,970	13,671	48,641
Inventory	-	1,597	1,597
Internal balances	23,389	(38,314)	(14,925)
Total current assets	<u>3,153,368</u>	<u>1,319,499</u>	<u>4,472,867</u>
Noncurrent assets:			
Restricted cash and cash equivalents	206,756	674,019	880,775
Land and other capital assets not being depreciated	1,614,081	5,000	1,619,081
Capital assets, net of accumulated depreciation	<u>5,296,847</u>	<u>14,363,298</u>	<u>19,660,145</u>
Total noncurrent assets	<u>7,117,684</u>	<u>15,042,317</u>	<u>22,160,001</u>
Total assets	<u>10,271,052</u>	<u>16,361,816</u>	<u>26,632,868</u>
Deferred outflows of resources			
Deferred outflows related to pensions	<u>897,433</u>	<u>1,880,050</u>	<u>2,777,483</u>
Total assets and deferred outflows of resources	<u>\$ 11,168,485</u>	<u>\$ 18,241,866</u>	<u>\$ 29,410,351</u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Statement of Net Position**  
**December 31, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 184,532	\$ 378,121	\$ 562,653
Accrued expenses	46,591	49,105	95,696
Deposits payable	-	94,099	94,099
Compensated absences payable	275,704	113,598	389,302
Unearned revenue	206,751	-	206,751
Long-term debt due within one year	132,249	563,291	695,540
Total current liabilities	<u>845,827</u>	<u>1,198,214</u>	<u>2,044,041</u>
Noncurrent liabilities:			
Net pension liability	202,432	424,078	626,510
Long-term debt due in more than one year	370,253	4,208,518	4,578,771
Total noncurrent liabilities	<u>572,685</u>	<u>4,632,596</u>	<u>5,205,281</u>
Total liabilities	<u>1,418,512</u>	<u>5,830,810</u>	<u>7,249,322</u>
Deferred inflows of resources			
Deferred inflows related to pensions	<u>651,817</u>	<u>1,365,502</u>	<u>2,017,319</u>
Total liabilities and deferred inflows of resources	<u>\$ 2,070,329</u>	<u>\$ 7,196,312</u>	<u>\$ 9,266,641</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 6,408,426	\$ 9,596,489	\$ 16,004,915
Restricted for:			
Economic development	844,374	-	844,374
Streets and roads	708,030	-	708,030
Public works	5,430	-	5,430
General government	5	-	5
Debt service	-	674,019	674,019
Unrestricted	<u>1,131,891</u>	<u>775,046</u>	<u>1,906,937</u>
Total net position	<u>\$ 9,098,156</u>	<u>\$ 11,045,554</u>	<u>\$ 20,143,710</u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Statement of Activities**  
**December 31, 2023**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<u>Functions/Programs</u>				
Governmental Activities:				
General government	\$ 2,104,066	\$ 15,550	\$ 5,755	\$ 517,592
Public works	165,921	-	47,268	-
Public safety	1,506,398	148,512	-	14,131
Streets and roads	2,191,175	-	-	-
Culture and recreation	957,103	262	7,176	-
Sanitation	2,100	-	-	-
Economic development	109,380	-	-	-
Interest	11,557	-	-	-
Total governmental activities	<u>7,047,700</u>	<u>164,324</u>	<u>60,199</u>	<u>531,723</u>
Business-type activities				
Light and water	<u>10,499,789</u>	<u>10,044,309</u>	<u>-</u>	<u>438,571</u>
Total primary government	<u>\$17,547,489</u>	<u>\$10,208,633</u>	<u>\$ 60,199</u>	<u>\$ 970,294</u>

General Revenues:

Property taxes  
Sales and use tax  
Income tax  
Utilities tax  
Gaming tax  
Motor fuel tax  
Other intergovernmental revenue  
Miscellaneous  
Interest  
Total general revenues  
Transfers  
Change in net position  
Net position - beginning  
Net position - ending

The accompanying notes are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Position**

**Primary Government**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,565,169)	\$ -	\$ (1,565,169)
(118,653)	-	(118,653)
(1,343,755)	-	(1,343,755)
(2,191,175)	-	(2,191,175)
(949,665)	-	(949,665)
(2,100)	-	(2,100)
(109,380)	-	(109,380)
(11,557)	-	(11,557)
<u>(6,291,454)</u>	<u>-</u>	<u>(6,291,454)</u>
-	(16,909)	(16,909)
<u>(6,291,454)</u>	<u>(16,909)</u>	<u>(6,308,363)</u>
574,278	-	574,278
2,430,638	-	2,430,638
782,223	-	782,223
383,936	-	383,936
129,847	-	129,847
209,981	-	209,981
73,461	-	73,461
357,425	158,191	515,616
49,915	32,148	82,063
<u>4,991,704</u>	<u>190,339</u>	<u>5,182,043</u>
78,208	(78,208)	-
<u>(1,221,542)</u>	<u>95,222</u>	<u>(1,126,320)</u>
10,319,698	10,950,332	21,270,030
<u>\$ 9,098,156</u>	<u>\$ 11,045,554</u>	<u>\$ 20,143,710</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Governmental Funds**  
**Balance Sheet**  
**December 31, 2023**

	General	Motor Fuel Tax	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 435,229	\$ 736,468	\$ 1,158,381	\$ 2,330,078
Receivables:				
Taxes	13,513	-	67,656	81,169
Notes, net of allowance of \$0	-	-	120,821	120,821
Fines	930	-	-	930
Intergovernmental	531,961	18,988	-	550,949
Interest	8,783	1,617	662	11,062
Prepaid items	34,970	-	-	34,970
Due from other funds	38,314	-	7,527	45,841
Restricted cash	206,756	-	-	206,756
Total assets	<u>\$ 1,270,456</u>	<u>\$ 757,073</u>	<u>\$ 1,355,047</u>	<u>\$ 3,382,576</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 135,489	\$ 49,043	\$ -	\$ 184,532
Compensated absences payable	275,704	-	-	275,704
Accrued expenses	46,591	-	-	46,591
Unearned revenue	206,751	-	-	206,751
Due to other funds	17,452	-	5,000	22,452
Total liabilities	<u>681,987</u>	<u>49,043</u>	<u>5,000</u>	<u>736,030</u>
Fund balances				
Nonspendable:				
Prepaid	34,970	-	-	34,970
Restricted for:				
Economic development	-	-	844,374	844,374
Public works	5,430	-	-	5,430
General government	5	-	-	5
Streets and roads	-	708,030	-	708,030
Committed to culture and recreation	-	-	285,637	285,637
Assigned to:				
Culture and recreation	7,896	-	-	7,896
Public works	32,408	-	-	32,408
Economic development	-	-	220,036	220,036
Unassigned	507,760	-	-	507,760
Total fund balances	<u>588,469</u>	<u>708,030</u>	<u>1,350,047</u>	<u>2,646,546</u>
Total liabilities and fund balances	<u>\$ 1,270,456</u>	<u>\$ 757,073</u>	<u>\$ 1,355,047</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,910,928
Long term liabilities are not due and payable in the current period and therefore are not reported in the funds	(502,502)
Net pension liabilities and pension related deferred outflows and inflows of resources are not available to pay current-period expenditures and therefore are deferred in the funds.	43,184
Net position of governmental activities	<u>\$ 9,098,156</u>

The accompanying notes are an integral part of this statement.



**City of Carmi, Illinois**  
**White County, Illinois**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Year Ended December 31, 2023**

	<b>General</b>	<b>Motor Fuel Tax</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Taxes	\$ 149,509	\$ -	\$ 424,769	\$ 574,278
Intergovernmental	4,384,851	209,981	7,176	4,602,008
Licenses and permits	15,550	-	-	15,550
Charges for services	13,800	-	-	13,800
Fines and forfeits	134,712	-	262	134,974
Miscellaneous	354,949	18,988	33,403	407,340
Total revenues	<u>5,053,371</u>	<u>228,969</u>	<u>465,610</u>	<u>5,747,950</u>
<b>Expenditures:</b>				
Current:				
General government	1,825,475	-	-	1,825,475
Public safety	1,460,514	-	-	1,460,514
Streets and roads	1,068,346	1,103,079	-	2,171,425
Culture and recreation	710,149	-	122,776	832,925
Sanitation	2,100	-	-	2,100
Economic development	-	-	102,895	102,895
Public works	165,921	-	-	165,921
Debt service	52,126	-	87,683	139,809
Capital outlay and small equipment	852,622	-	99,703	952,325
Total expenditures	<u>6,137,253</u>	<u>1,103,079</u>	<u>413,057</u>	<u>7,653,389</u>
Excess (deficiency) of revenues over expenditures	<u>(1,083,882)</u>	<u>(874,110)</u>	<u>52,553</u>	<u>(1,905,439)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	732,689	-	66,957	799,646
Operating transfers out	(674,808)	-	(46,630)	(721,438)
Total other financing sources (uses)	<u>57,881</u>	<u>-</u>	<u>20,327</u>	<u>78,208</u>
Net change in fund balances	<u>(1,026,001)</u>	<u>(874,110)</u>	<u>72,880</u>	<u>(1,827,231)</u>
Fund balances - beginning	1,614,470	1,582,140	1,277,167	4,473,777
Fund balances - ending	<u>\$ 588,469</u>	<u>\$ 708,030</u>	<u>\$ 1,350,047</u>	<u>\$ 2,646,546</u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended December 31, 2023**

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

Net Change in fund balances - total governmental funds	\$(1,827,231)
--	---------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$785,322, exceeded depreciation (\$323,213) in the current period.	462,109
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported in governmental funds. This amount represents the change in net pension asset (\$790,787), pension-related deferred outflows of resources \$686,408, pension-related deferred inflows of resources \$322,139, and net pension liability (\$202,432) in the current period.	15,328
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The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the financial resources of governmental funds, neither transaction, however, has any effect on net position. This amount is the amount by which repayments \$128,252 exceeded proceeds (\$0) in the current period.	<div style="border-top: 1px solid black; display: inline-block;">128,252</div>
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Change in net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block;">\$(1,221,542)</div>
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The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Enterprise Fund - Light and Water Fund**  
**Statement of Net Position**  
**December 31, 2023**

**ASSETS**

Current assets:

Cash in bank	\$ 563,718
Accounts receivable, net of allowance of \$4,583	778,827
Inventory	1,597
Prepaid expenses	13,671
Total current assets	<u>1,357,813</u>

Noncurrent assets:

Restricted cash for bond issue	674,019
Capital assets, net of accumulated depreciation	14,368,298
Total noncurrent assets	<u>15,042,317</u>
Total assets	<u>16,400,130</u>

Deferred outflows of resources

Deferred outflows related to pensions	<u>1,880,050</u>
---------------------------------------	------------------

Total assets and deferred outflows of resources	<u>\$ 18,280,180</u>
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**LIABILITIES**

Current liabilities:

Accounts payable	\$ 378,121
Deposits payable	94,099
Accrued expense	49,105
Due to other funds	38,314
Compensated absences payable	113,598
Notes payable due within one year	111,486
Bonds payable due within one year	451,805
Total current liabilities	<u>1,236,528</u>

Noncurrent liabilities

Net pension liability	424,078
Notes payable due beyond one year	890,885
Bonds payable due beyond one year	3,317,633
Total noncurrent liabilities	<u>4,632,596</u>
Total liabilities	<u>5,869,124</u>

Deferred inflows of resources

Deferred inflows related to pensions	<u>1,365,502</u>
Total deferred inflows of resources	<u>1,365,502</u>

Total liabilities and deferred inflows of resources	<u>\$ 7,234,626</u>
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**NET POSITION**

Net investment in capital assets	\$ 9,596,489
Restricted for debt service	674,019
Unrestricted	775,046
Total net position	<u>\$ 11,045,554</u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Enterprise Fund**  
**Light and Water Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended December 31, 2023**

Operating revenues:	
Charges for services:	
Light department	\$ 7,648,254
Water sales	1,509,380
Sewer charges	886,675
Miscellaneous	<u>158,191</u>
Total operating revenue	10,202,500
Operating expenses, excluding depreciation	<u>9,647,165</u>
Operating income before depreciation	555,335
Depreciation	<u>(705,679)</u>
Operating income	(150,344)
Nonoperating revenues (expenses):	
Interest income	32,148
Grant revenue	438,571
Interest expense	<u>(146,945)</u>
Total nonoperating revenue (expense)	<u>323,774</u>
Transfers in (out)	<u>(78,208)</u>
Change in net position	95,222
Total net position - beginning	<u>10,950,332</u>
Total net position - ending	<u><u>\$ 11,045,554</u></u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Enterprise Fund - Light and Water Fund**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2023**

Cash flows from operating activities:	
Receipts from customers	\$ 10,170,561
Payments to suppliers	(6,928,415)
Payments to employees	(2,814,898)
Net cash provided (used) by operating activities	<u>427,248</u>
Cash flows from investing activities:	
Interest earned	<u>32,148</u>
Net cash provided (used) by investing activities	<u>32,148</u>
Cash flows from capital and related financing activities:	
Purchase of fixed assets	(1,412,301)
Grant revenue	438,571
Debt proceeds	573,349
Principal paid on debt	(542,023)
Interest paid on debt	(146,945)
Net cash provided (used) by capital and related financing activities	<u>(1,089,349)</u>
Cash flows from noncapital financing activities:	
Interfund loan payments	62,730
Transfers	(78,208)
Net cash provided (used) by noncapital financing activities	<u>(15,478)</u>
Net increase (decrease) in cash and cash equivalents	(645,431)
Cash and cash equivalents at beginning of year	1,883,168
Cash and cash equivalents at end of year	<u><u>\$ 1,237,737</u></u>
Cash and cash equivalents per statement of net position:	
Unrestricted	\$ 563,718
Restricted	674,019
Cash and cash equivalents at end of year	<u><u>\$ 1,237,737</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (150,344)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	705,679
Changes in assets and liabilities:	
(Increase) decrease in deferred outflows of resources	(1,437,706)
Increase (decrease) in deferred inflows of resources	(676,080)
(Increase) decrease in net pension asset	1,657,628
Increase (decrease) in net pension liability	424,078
(Increase) decrease in accounts receivable	(30,303)
(Increase) decrease in prepaid expense	1,709
Increase (decrease) in accounts payable	(58,429)
Increase (decrease) in accrued expenses	(7,348)
Increase (decrease) in deposits payable	(1,636)
Net cash provided (used) by operating activities	<u><u>\$ 427,248</u></u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Pension Trust Fund**  
**Statement of Fiduciary Net Position**  
**December 31, 2023**

	<u>Police Pension</u>
ASSETS	
Cash and cash equivalents	\$ 2,732,771
Accrued interest	10,488
Due from other funds	14,925
Receivable	
Employer contributions	540,860
Investments	
Domestic equities	<u>1,110,846</u>
Total assets	<u>\$ 4,409,890</u>
LIABILITIES	
Current liabilities	<u>\$ -</u>
Total liabilities	<u>\$ -</u>
NET POSITION RESTRICTED FOR PENSIONS	<u>\$ 4,409,890</u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Pension Trust Fund**  
**Statement of Changes in Fiduciary Net Position**  
**December 31, 2023**

	<u><b>Police Pension</b></u>
Additions:	
Employer contributions	\$ 503,975
Employee contributions	65,754
Total contributions	<u>569,729</u>
Investment income:	
Unrealized gain (loss) on investments	125,843
Realized gain (loss) on investments	1,168
Interest and dividends	89,380
Total investment income	<u>216,391</u>
Total additions	<u>786,120</u>
Deductions:	
Benefits	432,451
Administrative expense	9,891
Total deductions	<u>442,342</u>
Net increase in net position	343,778
Net position restricted for pensions	
Beginning of year	<u>4,066,112</u>
End of year	<u><u>\$ 4,409,890</u></u>

The accompanying notes are an integral part of this statement.

**City of Carmi, Illinois**  
**White County, Illinois**  
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**December 31, 2023**

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**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the City of Carmi, Illinois, as reflected in the accompanying financial statements for the year ended December 31, 2023, conform to accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

1. Reporting Entity

The City, for financial purposes, includes all the funds relevant to the operations of the City of Carmi, Illinois, (the primary government). The City is also required to include in its financial statements those separately administered organizations (component units) with which the City has significant operational or financial relationships. The criteria for including organizations as component units within the City's reporting entity include whether the organization is legally separate and whether the City holds the corporate powers, whether the City appoints a majority of the organization's board and is able to impose its will, and the ability of the organization to impose a financial benefit or burden on the City. Based on the foregoing criteria, the City of Carmi, Illinois has no component units.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported, instead, as general revenues.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

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 are reported as separate columns in the fund financial statements. Non-major funds are reported in the supplementary information.

**3. Fund Accounting**

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three broad categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "Fund Types".

The City has the following fund types:

*Governmental Funds* are used to account for the City's general governmental activities. There are four of this type and they each use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

*The General Fund* is the City's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

*Special Revenue Funds* account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

*Debt Service Funds* account for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*Capital Projects Funds* account for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.

The City has no debt service or capital projects funds.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

*Proprietary Funds* are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities are provided to outside parties by the enterprise fund.

An *Enterprise Fund* is used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

*Fiduciary Funds* account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

*Pension Trust Funds* are accounted for in essentially the same manner as the proprietary fund, using the same measurement focus and the accrual basis of accounting. The pension trust fund accounts for the assets of the City's Police Employee Retirement Plan.

4. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes as available if they are collected within 60 days of the end of the fiscal period.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Property taxes, sales taxes, income taxes, motor fuel taxes, licenses, interest revenue, and charges for services revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund. Its revenues are derived from the property tax levy, taxes from the Illinois Department of Revenue, interest earned on investments, charges for services, and other sources.

The *Motor Fuel Tax Fund* accounts for the revenues received from the Illinois Department of Transportation for the maintenance of roads.

The City reports the following major and only enterprise fund:

The *Light, Water, and Sewer Fund* accounts for the provision of water, sewer, and electric service to the residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections. Monies are provided from user charges and miscellaneous sources.

Additionally, the City reports the following fund type:

*Police Pension Fund* - to account for the accumulation of resources to pay pension costs. Resources are contributed by police force members at rates fixed by state statutes and by the City through an annual property tax levy, licenses, and replacement tax.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as programs revenues include charges to customers or applicants for goods, services, or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund 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.

5. Budgets

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted (at the fund level) for the general, special revenue, enterprise, and pension trust funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the fund level. All annual appropriations lapse at fiscal year-end.

6. Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with maturities of three months or less at the date of purchase are considered cash equivalents.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

7. Investments

Investments with a maturity of one year or less are stated at cost plus or minus amortized discount or premium (which approximates market). Investments with a maturity greater than one year are stated at fair value.

8. Receivables

GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions* recognizes receivables associated with nonexchange transactions as follows:

- Derived tax receivables (such as: sales, income, and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed non-exchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen
- Government mandates or voluntary non-exchange transaction receivables (such as: mandates or grants) are recognized when all legal requirements have been met.

9. Prepaid Items

Prepaid items represent payments made to vendors for services that will benefit future periods at the end of the fiscal year and are reported using the consumption method.

10. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of more than \$15,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

10. Capital Assets (Cont'd)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings	20-40
Land improvements	20
Airport runways	30
Roads	50
Vehicles, furniture, and equipment	5-10
Water, sewer, and electric systems	40-50
Airport fuel facility	20

11. Compensated Absences

Regular full-time employees employed on a twelve-month basis who have been employed by the City as indicated below, shall be entitled to a vacation with pay as follows:

<u>Years of Continuous Service</u>	<u>Amount of Vacation Time Off (8-hour Workdays) Per Year</u>
After completion of 1 year	10 days
After completion of 5 years	11 days
After completion of 6 years	12 days
After completion of 7 years	13 days
After completion of 8 years	14 days
After completion of 9 years	15 days
After completion of 10 years	16 days
After completion of 13 years	17 days
After completion of 15 years	18 days
After completion of 17 years	19 days
After completion of 19 years	20 days

No more than 5 vacation days may be carried from one year to the next. Upon leaving employment, employees will be paid for vacation earned but unused prior to their last day of work, up to and including 20 days.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

11. Compensated Absences (Cont'd)

Employees shall be entitled to ten (10) working days of sick leave with pay per year. Sick leave may be accumulated from year to year up to, but not exceeding 60 days. Sick leave shall be earned by a full-time employee for any month in which the employee is compensated for more than eighty (80) hours of work. Sick leave cannot be taken before it is actually earned. Employees shall be compensated in cash for any accumulated unused sick leave, not to exceed 30 days, at their current rate of pay upon retirement, death, or termination for other than cause.

Compensatory time off may be given in lieu of overtime.

12. Long-Term Obligations

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

13. Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the City Council – the government's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action imposing the commitment.



**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 1 - Summary of Significant Accounting Policies (Cont'd)**

13. Fund Equity (Cont'd)

This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance.* This classification reflects the amounts constrained by the City's "intent" to be used for specific purposes, but are neither restricted nor committed. The City Council and Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

14. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/expenses in the fund that is reimbursed.

15. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 2 - Deposits**

The City's investment policy is to establish cash management and investment guidelines for the City officials responsible for the stewardship of public funds. The City has established specific objectives to meet these guidelines.

The City deposits and invests all its monies in investments allowed by Illinois State Statutes. The Statutes authorize the City to make deposits in commercial banks and savings and loan institutions, and make investments in obligations of the US Treasury and US agencies, obligations of states and their political subdivisions, savings accounts, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in other investments as allowed by Illinois State Statutes.

*Pension Investment Funds* - The Illinois Police Officers' Pension Investment Fund (IPOPIF) is an investment trust fund responsible for the consolidation and fiduciary management of the pension assets of Illinois suburban and downstate police pension funds. IPOPIF was created by Public Act 101-0610 and codified within the Illinois Pension Code, becoming effective January 1, 2020, to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring assets are available to fund pension benefits for the beneficiaries of the participating pension funds as defined in 40 ILCS 5/22B-105. Participation in IPOPIF by Illinois suburban and downstate police pension funds is mandatory.

Concentrations: The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer.

Custodial Credit Risk:

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2023, \$5,035,893 of the City's bank balance of \$8,069,889 (book balance of \$7,618,188) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 789,078
Uninsured and collateral held by pledging bank's trust department not in the City's name	<u>4,246,815</u>
Total	<u>\$ 5,035,893</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 2 - Deposits (Cont'd)**

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City does not have custodial credit risk policies for investments.

Investments of the Police Pension Fund are combined in a commingled external investment pool and held by IPOPIF. A schedule of investment expenses is included in IPOPIF's annual report. For additional information on IPOPIF's investments, refer to their annual report. A copy of that report can be obtained from IPOPIF at [www.ipopif.org](http://www.ipopif.org).

IPOPIF has the authority to invest trust fund assets in any type of security subject to the requirements and restrictions set forth in the Illinois Pension Code and is not restricted by the Pension Code sections that pertain exclusively to the Article 3 participating police pension funds. IPOPIF shall be subject to the provisions of the Illinois Pension Code including, but not limited to, utilization of emerging investment managers and utilization of businesses owned by minorities, women, and persons with disabilities.

**Note 3 - Receivables - Taxes**

Property taxes for 2022 attach as an enforceable lien on January 1, 2022. Taxes are levied by December for collection in the subsequent calendar year (by passage of a Tax Levy Ordinance). Tax bills are payable in two installments, on or about October 15 and November 15. The county collects such taxes and remits them periodically. Management has determined that an allowance for uncollectible accounts is not necessary.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 4 - Capital Assets**

Capital asset activity for the year ended December 31, 2023 was as follows:

	Beginning Balances	Increases	Disposals	Ending Balances
<b>1. Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,614,081	\$ -	\$ -	\$ 1,614,081
Total capital assets, not being depreciated	1,614,081	-	-	1,614,081
Capital assets, being depreciated				
Buildings	3,693,257	106,885	-	3,800,142
Land improvements	100,781	157,791	-	258,572
Airport runways	171,518	-	-	171,518
Roads	1,077,346	-	-	1,077,346
Vehicles and equipment	1,741,064	44,516	-	1,785,580
Furniture and equipment	1,254,216	-	-	1,254,216
Airport fuel facility	538,429	-	-	538,429
Water and sewer lines	1,814,665	476,130	-	2,290,795
Total capital assets being depreciated	10,391,276	785,322	-	11,176,598
Less accumulated depreciation for:				
Buildings	2,660,540	53,119	-	2,713,659
Land improvements	28,078	7,944	-	36,022
Airport runways	36,444	5,717	-	42,161
Roads	99,183	21,547	-	120,730
Vehicles and equipment	1,442,375	88,989	-	1,531,364
Furniture and equipment	792,145	69,879	-	862,024
Airport fuel facility	213,988	26,921	-	240,909
Water and sewer lines	283,785	49,097	-	332,882
Total accumulated depreciation	5,556,538	323,213	-	5,879,751
Total capital assets being depreciated, net	4,834,738	462,109	-	5,296,847
Governmental activities capital assets, net	\$ 6,448,819	\$ 462,109	\$ -	\$ 6,910,928

**City of Carmi, Illinois**  
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**(Continued)**

**Note 4 - Capital Assets (Cont'd)**

	Beginning Balances	Increases	Disposals	Ending Balances
2. <u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Capital assets, being depreciated				
Electric Department	11,486,792	240,548	-	11,727,340
Water Department	6,194,558	1,171,753	-	7,366,311
Sewer Department	13,506,403	-	-	13,506,403
Total capital assets being depreciated	31,187,753	1,412,301	-	32,600,054
Less accumulated depreciation for:				
Electric Department	7,046,028	231,480	-	7,277,508
Water Department	2,569,049	190,996	-	2,760,045
Sewer Department	7,916,000	283,203	-	8,199,203
Total accumulated depreciation	17,531,077	705,679	-	18,236,756
Total capital assets being depreciated, net	13,656,676	706,622	-	14,363,298
Business-type activities capital assets, net	<u>\$ 13,661,676</u>	<u>\$ 706,622</u>	<u>\$ -</u>	<u>\$ 14,368,298</u>

3. Depreciation Expense

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$251,343
Culture and recreation	65,385
Economic development	6,485
Total depreciation expense - governmental activities	<u>\$ 323,213</u>

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**Note 5 - Long-Term Debt**

Business-Type Activities

The following is a summary of business-type long-term debt transactions of the City for the year ended December 31, 2023:

	<b>Debt Payable 12/31/2022</b>	<b>Debt Issued</b>	<b>Debt Payments</b>	<b>Debt Payable 12/31/2023</b>	<b>Due Within One Year</b>
EPA Loan #1	\$ 534,241	\$ -	\$ 105,219	\$ 429,022	\$ 111,486
EPA Loan #2	-	573,349	-	573,349	-
Electric Bond 2022A	2,770,000	-	280,000	2,490,000	290,000
Water & Sewer Bond 2022B	1,240,000	-	135,000	1,105,000	140,000
Bond Premium	196,242	-	21,804	174,438	21,805
<b>Total</b>	<b>\$ 4,740,483</b>	<b>\$ 573,349</b>	<b>\$ 542,023</b>	<b>\$ 4,771,809</b>	<b>\$ 563,291</b>

The City entered into a loan agreement with the Illinois Environmental Protection Agency in the amount of \$1,500,000 to fund the installation of a high service pump station at the water treatment plant. \$750,000 of the loan was forgiven during the fiscal year ending December 31, 2017. Semi-annual payments of \$54,536 were required until December 2023 when the payments were adjusted to \$59,033. The loan is financed at 1.64% and matures on June 21, 2028.

Debt service requirements to maturity are as follows:

<b>FYE December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 111,486	\$ 6,581	\$ 118,067
2025	113,322	4,745	118,067
2026	115,188	2,879	118,067
2027	89,026	982	90,008
<b>Totals</b>	<b>\$ 429,022</b>	<b>\$ 15,187</b>	<b>\$ 444,209</b>

**City of Carmi, Illinois**  
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**(Continued)**

**Note 5 - Long-Term Debt (Cont'd)**

In 2023, the City entered into a loan agreement with the Illinois Environmental Protection Agency in the amount of \$1,294,859 to fund the replacement of water mains and add two pressure reducing stations. \$674,430 of the loan is to be forgiven. As of December 31, 2023, \$573,349 has been drawn on the loan. Semi-annual payments over 30 years will be due on the loan at completion. The loan is financed at .93%, and the final payment will be due on December 27, 2053.

Debt service requirements to maturity have not been provided to the City at this time.

**Electric System Alternate Revenue Bonds – Series 2022A**

Total of issue	\$3,025,000	Interest Rate	4.00%
Date of issue	May 16, 2022	Interest Due	January 1, and July 1

On May 16, 2022, bonds in the amount of \$3,025,000 were issued to refund \$1,435,000 of Series 2011A Bonds and finance improvements to the electric system. The bonds mature on January 1, 2032.

Debt service requirements to maturity are as follows:

<b>FYE</b>			
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 290,000	\$ 99,600	\$ 389,600
2025	300,000	88,000	388,000
2026	315,000	76,000	391,000
2027	325,000	63,400	388,400
2028	340,000	50,400	390,400
2029-2031	920,000	67,400	987,400
Totals	<u>\$ 2,490,000</u>	<u>\$ 444,800</u>	<u>\$ 2,934,800</u>

**City of Carmi, Illinois**  
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**(Continued)**

**Note 5 - Long-Term Debt (Cont'd)**

Water & Sewer System Alternate Revenue Bonds – Series 2022B

Total of issue	\$1,360,000	Interest Rate	4.00%
Date of issue	May 16, 2022	Interest Due	January 1, and July 1

On May 16, 2022, bonds in the amount of \$1,360,000 were issued to refund \$1,380,000 of Series 2011B Bonds. The purpose of the refunding of the Refunded Bond was to realize debt service savings for the City. The bonds mature on January 1, 2031.

Debt service requirements to maturity are as follows:

<b>FYE</b>			
<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 140,000	\$ 44,200	\$ 184,200
2025	145,000	38,600	183,600
2026	150,000	32,800	182,800
2027	160,000	26,800	186,800
2028	165,000	20,400	185,400
2029-2030	345,000	20,800	365,800
Totals	<u>\$ 1,105,000</u>	<u>\$ 183,600</u>	<u>\$ 1,288,600</u>

The Series 2022A and 2022B bond ordinances require certain accounts to be maintained as follows:

Operations and Maintenance Account – There shall be retained an amount sufficient to pay operation and maintenance expenses for the current month.

Bond and Interest Account – There shall be deposited each month a fractional amount of the interest and principal becoming due on the next succeeding payment until there is sufficient money in the account to pay such principal or interest or both.

The City is in compliance with these requirements at December 31, 2023.



**City of Carmi, Illinois**  
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**(Continued)**

**Note 5 – Long-Term Debt (Cont'd)**

Governmental Funds:

The following is a summary of governmental long-term debt transactions of the City for the year ended December 31, 2023:

	<b>Debt Payable 12/31/2022</b>	<b>Debt Issued</b>	<b>Debt Payments</b>	<b>Debt Payable 12/31/2023</b>	<b>Due Within One Year</b>
Fire Truck Loan	\$ 211,250	\$ -	\$ 16,250	\$ 195,000	\$ 16,250
Street Sweeper Loan	198,291	-	31,647	166,644	32,383
RLF Loan	221,213	-	80,355	140,858	83,616
Total	<u>\$ 630,754</u>	<u>\$ -</u>	<u>\$128,252</u>	<u>\$ 502,502</u>	<u>\$ 132,249</u>

The City's loan with First Bank to purchase the active RLF loans from the DCEO program was renewed at First National Bank on August 17, 2022. The loan is to be repaid in 36 monthly payments of \$7,303. The interest rate is 3.9%, and the loan matures on August 17, 2025.

Debt service requirements to maturity are as follows:

<b>FYE December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 83,616	\$ 4,017	\$ 87,633
2025	57,242	841	58,083
Totals	<u>\$ 140,858</u>	<u>\$ 4,858</u>	<u>\$ 145,716</u>

**City of Carmi, Illinois**  
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**(Continued)**

**Note 5    Long-Term Debt (Cont'd)**

The City of Carmi financed a heavy-duty rescue Pierce Freightliner fire truck through the Fire Truck Revolving Loan Program in the amount of \$325,000. The note is at 0% interest over 20 years. Debt service requirements to maturity are as follows:

FYE December 31,	Principal	Interest	Total
2024	\$ 16,250	\$ -	\$ 16,250
2025	16,250	-	16,250
2026	16,250	-	16,250
2027	16,250	-	16,250
2028	16,250	-	16,250
2029-2033	81,250	-	81,250
2034-2035	32,500	-	32,500
Totals	<u>\$ 195,000</u>	<u>\$ -</u>	<u>\$ 195,000</u>

On November 4, 2021, the City obtained a loan from The First National Bank for \$231,750 to purchase a street sweeper. The loan carries an interest rate of 2.3% and is payable in 84 installments of \$2,990. The loan matures on November 4, 2028. Debt service requirements to maturity are as follows:

FYE December 31,	Principal	Interest	Total
2024	\$ 32,383	\$ 3,493	\$ 35,876
2025	33,135	2,741	35,876
2026	33,906	1,970	35,876
2027	34,694	1,182	35,876
2028	32,526	375	32,901
Totals	<u>\$ 166,644</u>	<u>\$ 9,761</u>	<u>\$ 176,405</u>

**City of Carmi, Illinois**  
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**(Continued)**

**Note 6 - Bad Debt**

The Economic Development fund contains notes receivable from various developmental stage businesses in the City. Outstanding notes are payable monthly including 3% interest. Due to the development stage nature of the businesses financed, the collection of the notes cannot be determined. At December 31, 2023, the allowance for bad debt was \$0.

**Note 7 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the City obtained commercial liability insurance coverage through Selective Insurance and worker's compensation insurance through the IL Public Risk Fund.

There were no significant reductions in insurance coverage from the prior year. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years. The City estimates the range of contingent losses to be borne by the City to not be possible to estimate.

**Note 8 - Restricted Fund Balance**

The City's restricted fund balance is restricted by enabling legislation as follows:

The Motor Fuel Tax Fund is restricted by the Illinois Department of Transportation for highways and streets. The TIF and TIF #2 Funds are restricted by their tax levies and other state legislation.

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**(Continued)**

**Note 9 - Interfund Balances and Transfers**

Interfund transfers for the year ended December 31, 2023, consisted of the following:

Transfer From:	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Electric</u>	<u>Total</u>
Transfer To:				
Nonmajor Governmental	\$ 20,327	\$ 46,630	\$ -	\$ 66,957
Electric	654,481	-	-	654,481
General	-	-	732,689	732,689
Totals	<u>\$ 674,808</u>	<u>\$ 46,630</u>	<u>\$ 732,689</u>	<u>\$ 1,454,127</u>

The above transfers were made for general operations.

Interfund balances for the year ended December 31, 2023 consisted of the following:

Due From:	<u>General</u>	<u>Enterprise</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Due To:				
General	\$ -	\$ 38,314	\$ -	\$ 38,314
Nonmajor Governmental	2,527	-	5,000	7,527
Totals	<u>\$ 2,527</u>	<u>\$ 38,314</u>	<u>\$ 5,000</u>	<u>\$ 45,841</u>

The Enterprise Fund owes the General Fund \$38,314 for utility taxes. The TIF #2 Fund owes the TIF Fund \$5,000 for startup expenses. The General Fund owes the TIF #1 Fund \$2,527 for grant expenses.

**City of Carmi, Illinois**  
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**Note 10 - Contingent Liabilities**

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**Note 11 - Subsequent Events**

The City of Carmi was named as a defendant in Charles Given, et.al. vs White County, et.al. 2014-CH-22 White County Illinois Circuit Court. The lawsuit involved the White County Landfill. The lawsuit was settled with the City paying damages of \$34,545 in April 2024.

**Note 12 - Employee Retirement Systems**

1. Illinois Municipal Retirement Fund – Regular Plan

*Plan Description.* The employer's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**City of Carmi, Illinois**  
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**(Continued)**

**Note 12 - Employee Retirement Systems (Cont'd)**

*Benefits Provided.* IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

**City of Carmi, Illinois**  
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**(Continued)**

**Note 12 - Employee Retirement Systems (Cont'd)**

*Employees Covered by Benefit Terms.* As of December 31, 2022, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	46
Inactive Plan Members entitled to but not yet receiving benefits	9
Active Plan Members	<u>62</u>
Total	<u><u>117</u></u>

*Contributions.* As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2022 was 6.05%. For the fiscal year ended December 31, 2023, the employer contributed \$112,852 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Net Pension Liability.* The employer's net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The following are the methods and assumptions used to determine total pension liability at December 31, 2022:

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

**City of Carmi, Illinois**  
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**Note 12 - Employee Retirement Systems (Cont'd)**

- 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.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2022:

<b>Asset Class</b>	<b>Portfolio Target Percentage</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity	36%	6.50%
International Equity	18%	7.60%
Fixed Income	26%	4.90%
Real Estate	11%	6.20%
Alternative Investments	10%	6.25-9.90%
Cash Equivalents	1%	4.00%
Total	100%	

*Single Discount Rate.* A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2022. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:



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**Note 12 - Employee Retirement Systems (Cont'd)**

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting single discount rate is 7.25%.

*Changes in the Net Pension Liability.*

	<b>Total Pension Liability (A)</b>	<b>Plan Fiduciary Net Position (B)</b>	<b>Net Pension Liability (A) - (B)</b>
<b>Balances at December 31, 2021</b>	\$ 13,224,766	\$ 15,673,181	\$ (2,448,415)
<b>Changes for the year:</b>			
Service Cost	248,937	-	248,937
Interest on the Total Pension Liability	934,705	-	934,705
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	80,421	-	80,421
Changes of Assumptions	-	-	-
Contributions - Employer	-	172,394	(172,394)
Contributions - Employees	-	128,227	(128,227)
Net Investment Income	-	(2,066,142)	2,066,142
Benefit Payments, including Refunds of Employee Contributions	(913,496)	(913,496)	-
Other (Net Transfer)	-	(45,341)	45,341
Net Changes	350,567	(2,724,358)	3,074,925
<b>Balances at December 31, 2022</b>	<b>\$ 13,575,333</b>	<b>\$ 12,948,823</b>	<b>\$ 626,510</b>

**City of Carmi, Illinois**  
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**(Continued)**

**Note 12 - Employee Retirement Systems (Cont'd)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1% Lower (6.25%)</b>	<b>Current Discount (7.25%)</b>	<b>1% Higher (8.25%)</b>
Total Pension Liability	\$15,168,150	\$ 13,575,333	\$12,364,942
Plan Fiduciary Net Position	12,948,823	12,948,823	12,948,823
Net Pension Liability/(Asset)	<u>\$ 2,219,327</u>	<u>\$ 626,510</u>	<u>\$ (583,881)</u>

*Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions.* For the year ended December 31, 2023, the employer recognized pension expense of \$65,437. At December 31, 2023, the employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Amounts Related to Pensions</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b><i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i></b>		
Differences between expected and actual experience	\$ 83,883	\$ 391,455
Changes of assumptions	37,878	90,758
Net difference between projected and actual earnings on pension plan investments	<u>2,542,870</u>	<u>1,535,106</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$2,664,631</u>	<u>\$2,017,319</u>
<b><i>Pension Contributions made subsequent to the Measurement Date</i></b>	<u>\$ 112,852</u>	<u>\$ -</u>
<b>Total Deferred Amounts Related to Pensions</b>	<u>\$2,777,483</u>	<u>\$2,017,319</u>

**City of Carmi, Illinois**  
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**(Continued)**

**Note 12   Employee Retirement Systems (Cont'd)**

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

<b>Year Ending December 31,</b>	<b>Net Deferred Outflows of Resources</b>
2023	\$ (112,307)
2024	36,002
2025	234,423
2026	586,230
2027	12,921
Thereafter	2,895
Total	<u>\$ 760,164</u>

**2. Police Pension Fund:**

**A. Plan Description**

*Plan administration.* 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 contributions levels are governed by Illinois State Statutes (Chapter 108 1/2 Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended December 31, 2023 was \$677,217 out of a total payroll of \$4,621,009.

Management of the Police Pension Plan is appointed by the City Council and consists of six members.

**City of Carmi, Illinois**  
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**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 12 - Employee Retirement Systems (Cont'd)**

*Plan membership.* At December 31, 2022 the Police Pension Plan membership consisted of:

Retirees, Beneficiaries, and Disabled Employees	
Currently Receiving Benefits and Terminated	
Employees Entitled to Benefits but not yet Receiving Them	10
Current Employees	
Vested	11
Non-vested	-
Total	<u>21</u>

*Benefits provided.* The Police Pension Plan provides retirement benefits as well as death and disability benefits. 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 held 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 service over 20 years up to 30 years, and 1% of such salary for each additional year of service over 30 years, to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years credited service may retire at or after age 60 and receive a reduced 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 be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are tier 2 cost-of-living adjustments at 1.25%.

*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 plan as actuarially determined by an enrolled actuary.

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**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 12 - Employee Retirement Systems (Cont'd)**

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income securities are reported at amortized cost with discounts or premiums amortized using the effective interest rate method, subject to adjustment for market declines judged to be other than temporary (lower of cost or market). Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date. Equity securities are reported at cost subject to adjustment for market declines judged to be other than temporary (lower of cost or market).

C. Investments

*Investment policy.* It is the policy of the City to pursue an investment strategy that reduces risk through diversification of the portfolio to minimize the risk of loss resulting from over concentration of assets in a specific issuer. The following was the asset allocation as of December 31, 2022:

<u>Asset Class</u>	<u>Allocation</u>
Domestic equity	28%
Time deposits	50%
Cash	<u>22%</u>
Total	<u><u>100%</u></u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 12 - Employee Retirement Systems (Cont'd)**

*Rate of return.* For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. Net Pension Liability of the City**

The components of the net pension liability of the City at December 31, 2022, were as follows:

Total pension liability	\$ 8,799,321
Plan fiduciary net position	<u>(4,066,112)</u>
City's net pension liability	<u><u>\$ 4,733,209</u></u>
Plan fiduciary net position as a percentage of the total pension liability	46.21%

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.00 percent
Investment rate of return	6.80 percent

Healthy mortality rates were based on the PubS-2010 Healthy Retiree, adjusted by 1.15 for males and unadjusted for females. Disability mortality rates were based on the PubS-2010 Disabled, adjusted by 1.08 for males and unadjusted for females.

The actuarial assumptions used in the December 31, 2022 valuation were based on experience for all Article 3 funds for the State of Illinois in aggregate.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Continued)**

**Note 12 - Employee Retirement Systems (Cont'd)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate range of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	4.00%
Domestic equity	6.50%

*Discount rate.* The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the 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 pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate.* The following presents the net pension liability of the City, calculated using the discount rate of 6.80%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<u>1% Decrease (5.80%)</u>	<u>Current Discount Rate (6.80%)</u>	<u>1% Increase (7.80%)</u>
City's net pension liability	\$ 5,429,269	\$ 4,733,209	\$ 4,037,149

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Financial Statements**  
**December 31, 2023**  
**(Concluded)**

**Note 13 - Legal Debt Margin**

Assessed valuation - 2022	<u>\$ 57,013,218</u>
Legal debt limit - 8.625% of assessed valuation	\$ 4,917,390
Amount of debt applicable to debt limit	<u>502,502</u>
Legal debt limit	<u>\$ 4,414,888</u>

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

**Note 14 - Strong Communities Grant – PID #52481**

The City was awarded a \$100,000 grant from the Illinois Housing Development Authority to acquire, demolish, or rehabilitate vacant and abandoned residential properties. The grant funds were disbursed, and reimbursement received over three fiscal years as follows: Fiscal year 2021 \$825, fiscal year 2022 \$62,713, and fiscal year 2023 \$36,462. The City was awarded a second-round grant of \$120,000 on November 15, 2023. No funds have been spent or reimbursed as of December 31, 2023.



## **Required Supplementary Information**

**City of Carmi, Illinois**  
**White County, Illinois**  
**Illinois Municipal Retirement Fund**  
**Schedule of Changes in Net Pension Liability**  
**and Related Ratios – Regular Plan**  
**December 31, 2023**

	2022	2021	2020	2019	2018
<b>Total pension liability</b>					
Service cost	\$ 248,937	\$ 239,013	\$ 245,871	\$ 247,442	\$ 221,018
Interest	934,705	944,959	952,319	928,427	919,798
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	80,421	(421,870)	(197,790)	49,217	(166,728)
Changes of assumptions	-	-	(169,399)	-	362,443
Benefit payments and refunds	(913,496)	(903,501)	(954,663)	(834,867)	(780,779)
<b>Net change in total pension liability</b>	<b>350,567</b>	<b>(141,399)</b>	<b>(123,662)</b>	<b>390,219</b>	<b>555,752</b>
<b>Total pension liability - beginning</b>	<b>13,224,766</b>	<b>13,366,165</b>	<b>13,489,827</b>	<b>13,099,608</b>	<b>12,543,856</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 13,575,333</b>	<b>\$ 13,224,766</b>	<b>\$ 13,366,165</b>	<b>\$ 13,489,827</b>	<b>\$ 13,099,608</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 172,394	\$ 225,091	\$ 231,262	\$ 194,069	\$ 233,422
Contributions - member	128,227	117,780	117,062	114,899	110,305
Net investment income	(2,066,142)	2,449,580	1,897,561	2,197,211	(745,787)
Benefit payments and refunds	(913,496)	(903,501)	(954,663)	(834,867)	(780,779)
Other (Net Transfer)	(45,341)	(532,450)	(147,700)	(7,745)	112,542
<b>Net change in plan fiduciary net position</b>	<b>(2,724,358)</b>	<b>1,356,500</b>	<b>1,143,522</b>	<b>1,663,567</b>	<b>(1,070,297)</b>
<b>Plan fiduciary net position - beginning</b>	<b>15,673,181</b>	<b>14,316,681</b>	<b>13,173,159</b>	<b>11,509,592</b>	<b>12,579,889</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 12,948,823</b>	<b>\$ 15,673,181</b>	<b>\$ 14,316,681</b>	<b>\$ 13,173,159</b>	<b>\$ 11,509,592</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 626,510</b>	<b>\$ (2,448,415)</b>	<b>\$ (950,516)</b>	<b>\$ 316,668</b>	<b>\$ 1,590,016</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>95.38%</b>	<b>118.51%</b>	<b>107.11%</b>	<b>97.65%</b>	<b>87.86%</b>
<b>Covered-employee payroll</b>	<b>\$ 2,849,481</b>	<b>\$ 2,617,331</b>	<b>\$ 2,601,376</b>	<b>\$ 2,552,477</b>	<b>\$ 2,431,482</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>21.99%</b>	<b>-93.55%</b>	<b>-36.54%</b>	<b>12.41%</b>	<b>65.39%</b>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Illinois Municipal Retirement Fund**  
**Schedule of Changes in Net Pension Liability**  
**and Related Ratios – Regular Plan**  
**December 31, 2023**  
**(Concluded)**

	2017	2016	2015	2014
<b>Total pension liability</b>				
Service cost	\$ 242,030	\$ 244,178	\$ 230,375	\$ 229,528
Interest	919,610	876,344	842,321	794,747
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	69,064	177,511	19,643	(241,329)
Changes of assumptions	(442,180)	(14,656)	14,216	441,064
Benefit payments and refunds	(770,228)	(671,838)	(616,596)	(563,619)
<b>Net change in total pension liability</b>	<b>18,296</b>	<b>611,539</b>	<b>489,959</b>	<b>660,391</b>
<b>Total pension liability - beginning</b>	<b>12,525,560</b>	<b>11,914,021</b>	<b>11,424,062</b>	<b>10,763,671</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 12,543,856</b>	<b>\$ 12,525,560</b>	<b>\$ 11,914,021</b>	<b>\$ 11,424,062</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 225,177	\$ 227,253	\$ 229,632	\$ 227,565
Contributions - member	108,876	104,310	99,937	93,350
Net investment income	2,019,787	727,000	54,561	655,905
Benefit payments and refunds	(770,228)	(671,838)	(616,596)	(563,619)
Other (Net Transfer)	(297,247)	94,427	(10,894)	(231,365)
<b>Net change in plan fiduciary net position</b>	<b>1,286,365</b>	<b>481,152</b>	<b>(243,360)</b>	<b>181,836</b>
<b>Plan fiduciary net position - beginning</b>	<b>11,293,524</b>	<b>10,812,372</b>	<b>11,055,732</b>	<b>10,873,896</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 12,579,889</b>	<b>\$ 11,293,524</b>	<b>\$ 10,812,372</b>	<b>\$ 11,055,732</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ (36,033)</b>	<b>\$ 1,232,036</b>	<b>\$ 1,101,649</b>	<b>\$ 368,330</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>100.29%</b>	<b>90.16%</b>	<b>90.75%</b>	<b>96.78%</b>
<b>Covered-employee payroll</b>	<b>\$ 2,411,381</b>	<b>\$ 2,307,133</b>	<b>\$ 2,220,817</b>	<b>\$ 2,074,430</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>-1.49%</b>	<b>53.40%</b>	<b>49.61%</b>	<b>17.76%</b>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Police Pension Fund**  
**Schedule of Changes in the City's Net Pension Liability**  
**and Related Ratios**  
**December 31, 2023**

	2022	2021	2020	2019	2018
<b>Total pension liability</b>					
Service cost	\$ 563,338	\$ 553,887	\$ 659,118	\$ 372,831	\$ 411,244
Interest	28,626	25,121	43,961	46,994	29,565
Unrealized gain (loss) on investments	(210,457)	87,344	95,283	75,513	(53,507)
Realized gain/loss and other	(12,592)	33,287	17,211	21,400	16,869
Differences between expected and actual experience	(1,102,307)	43,408	(260,562)	176,678	660,015
Changes of assumptions	-	-	-	-	-
Benefit payments and refunds	(398,123)	(360,535)	(351,506)	(370,964)	(368,344)
<b>Net change in total pension liability</b>	<b>(1,131,515)</b>	<b>382,512</b>	<b>203,505</b>	<b>322,452</b>	<b>695,842</b>
<b>Total pension liability - beginning</b>	<b>9,930,836</b>	<b>9,548,324</b>	<b>9,344,819</b>	<b>9,022,367</b>	<b>8,326,525</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 8,799,321</b>	<b>\$ 9,930,836</b>	<b>\$ 9,548,324</b>	<b>\$ 9,344,819</b>	<b>\$ 9,022,367</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 502,032	\$ 496,017	\$ 600,131	\$ 317,891	\$ 358,479
Contributions - member	61,306	57,870	58,987	54,940	52,765
Net investment income	(194,423)	145,752	156,455	143,907	(7,073)
Benefit payments and refunds	(398,123)	(360,535)	(351,506)	(370,964)	(368,344)
Administrative expense	(9,902)	(9,890)	(9,077)	(9,065)	(10,139)
<b>Net change in plan fiduciary net position</b>	<b>(39,110)</b>	<b>329,214</b>	<b>454,990</b>	<b>136,709</b>	<b>25,688</b>
<b>Plan fiduciary net position - beginning</b>	<b>4,105,222</b>	<b>3,776,008</b>	<b>3,321,018</b>	<b>3,184,309</b>	<b>3,158,621</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 4,066,112</b>	<b>\$ 4,105,222</b>	<b>\$ 3,776,008</b>	<b>\$ 3,321,018</b>	<b>\$ 3,184,309</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 4,733,209</b>	<b>\$ 5,825,614</b>	<b>\$ 5,772,316</b>	<b>\$ 6,023,801</b>	<b>\$ 5,838,058</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>46.21%</b>	<b>41.34%</b>	<b>39.55%</b>	<b>35.54%</b>	<b>35.29%</b>
<b>Covered-employee payroll</b>	<b>\$ 659,402</b>	<b>\$ 619,974</b>	<b>\$ 573,994</b>	<b>\$ 562,934</b>	<b>\$ 545,969</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>717.80%</b>	<b>939.65%</b>	<b>1005.64%</b>	<b>1070.07%</b>	<b>1069.30%</b>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Police Pension Fund**  
**Schedule of Changes in the City's Net Pension Liability**  
**and Related Ratios**  
**December 31, 2023**  
**(Concluded)**

	2017	2016	2015	2014	2013
<b>Total pension liability</b>					
Service cost	\$ 348,409	\$ 335,110	\$ 322,943	\$ 266,568	\$ 258,680
Interest	19,587	18,711	18,251	20,154	24,707
Unrealized gain (loss) on investments	13,103	(1,652)	(8,867)	(1,923)	-
Realized gain/loss and other	32,541	7,233	(10,971)	-	-
Differences between expected and actual experience	702,544	(134,945)	93,040	1,105,430	352,680
Changes of assumptions	-	-	-	-	-
Benefit payments and refunds	(356,818)	(357,248)	(388,334)	(323,002)	(276,859)
<b>Net change in total pension liability</b>	<b>759,366</b>	<b>(132,791)</b>	<b>26,062</b>	<b>1,067,227</b>	<b>359,208</b>
<b>Total pension liability - beginning</b>	<b>7,567,159</b>	<b>7,699,950</b>	<b>7,673,888</b>	<b>6,606,661</b>	<b>6,247,403</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 8,326,525</b>	<b>\$ 7,567,159</b>	<b>\$ 7,699,950</b>	<b>\$ 7,673,888</b>	<b>\$ 6,606,611</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 298,742	\$ 287,823	\$ 277,855	\$ 229,936	\$ 214,822
Contributions - member	49,667	47,287	45,088	36,632	43,858
Net investment income	65,231	24,292	(1,587)	18,231	24,707
Benefit payments and refunds	(356,818)	(357,248)	(388,334)	(323,002)	(276,859)
Administrative expense	(7,013)	(4,039)	(9,417)	(6,447)	(7,239)
<b>Net change in plan fiduciary net position</b>	<b>49,809</b>	<b>(1,885)</b>	<b>(76,395)</b>	<b>(44,650)</b>	<b>(711)</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,108,812</b>	<b>3,110,697</b>	<b>3,187,092</b>	<b>3,231,742</b>	<b>3,232,453</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,158,621</b>	<b>\$ 3,108,812</b>	<b>\$ 3,110,697</b>	<b>\$ 3,187,092</b>	<b>\$ 3,231,742</b>
<b>City's net pension liability - ending (a) - (b)</b>	<b>\$ 5,167,904</b>	<b>\$ 4,458,347</b>	<b>\$ 4,589,253</b>	<b>\$ 4,486,796</b>	<b>\$ 3,374,869</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>37.93%</b>	<b>41.08%</b>	<b>40.40%</b>	<b>41.53%</b>	<b>48.92%</b>
<b>Covered-employee payroll</b>	<b>\$ 483,547</b>	<b>\$ 471,603</b>	<b>\$ 454,979</b>	<b>\$ 443,890</b>	<b>\$ 485,838</b>
<b>City's net pension liability as a percentage of covered-employee payroll</b>	<b>1068.75%</b>	<b>945.36%</b>	<b>1008.67%</b>	<b>1010.79%</b>	<b>694.65%</b>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Illinois Municipal Retirement Fund**  
**Schedule of Contributions – Regular Plan**  
**December 31, 2023**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 227,565	\$ 227,565	\$ -	\$2,074,430	10.97%
2015	229,632	229,632	-	2,220,817	10.34%
2016	227,253	227,253	-	2,307,133	9.85%
2017	224,982	225,177	(195)	2,411,381	9.34%
2018	233,422	233,422	-	2,431,482	9.60%
2019	193,988	194,069	(81)	2,552,477	7.60%
2020	231,262	231,262	-	2,601,376	8.89%
2021	225,090	225,091	(1)	2,617,331	8.60%
2022	172,394	172,394	-	2,849,481	6.05%

**Notes to Schedule:**

**Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2022 Contribution Rate\***

**Valuation Date:**

Notes

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

**Methods and Assumptions Used to Determine 2022 Contribution Rates:**

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	21-year closed period
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	2.75%
Price Inflation:	2.25%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	2.85% to 13.75%, including inflation
Investment Rate of Return:	7.25%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality:	For non-disabled retirees, the Pub-2010, Amount Weighted, below-median income, General, Retirees, 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.

**Other Information:**

Notes:

There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2020, actuarial valuation

**City of Carmi, Illinois**  
**White County, Illinois**  
**Police Pension Fund**  
**Schedule of City Contributions**  
**December 31, 2023**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 492,200	\$ 488,289	\$ 481,801	\$ 475,756	\$ 432,545	\$ 362,835	\$ 290,991	\$ 285,320	\$ 272,134	\$ 222,661
Contributions in relation to the actuarially determined contribution	563,338	553,145	659,117	372,830	411,244	348,409	285,320	272,134	222,661	208,502
Contribution deficiency (excess)	<u>\$ (71,138)</u>	<u>\$ (64,856)</u>	<u>\$ (177,316)</u>	<u>\$ 102,926</u>	<u>\$ 21,301</u>	<u>\$ 14,426</u>	<u>\$ 5,671</u>	<u>\$ 13,186</u>	<u>\$ 49,473</u>	<u>\$ 14,159</u>

Covered-employee payroll	\$ 659,402	\$ 619,974	\$ 573,994	\$ 562,934	\$ 545,969	\$ 483,547	\$ 471,603	\$ 454,979	\$ 443,890	\$ 485,838
Contributions as a percentage of covered-employee payroll	85.43%	89.22%	114.83%	66.23%	75.32%	72.05%	60.50%	59.81%	50.16%	42.92%

**Notes to the schedule**

Valuation date: Actuarially determined contribution rates are calculated as of December 31; two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost
Amortization method	Level percentage of payroll
Remaining amortization period	18 years
Asset valuation method	Market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation
Retirement age	See Note 12 in Notes to the Financial Statements
Mortality	Mortality rates were based on the PubS-2010 tables

**City of Carmi, Illinois**  
**White County, Illinois**  
**Police Pension Fund**  
**Schedule of Investment Returns**  
**December 31, 2023**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment expense	6.80%	5.50%	5.50%	5.50%	5.50%	5.75%	6.00%	6.00%	6.00%	6.00%



**City of Carmi, Illinois**  
**White County, Illinois**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Taxes	\$ 160,000	\$ 149,509
Intergovernmental	3,926,374	4,384,851
Licenses and permits	18,500	15,550
Charges for services	10,000	13,800
Fines and forfeits	102,000	134,712
Miscellaneous	<u>520,300</u>	<u>354,949</u>
Total revenues	<u>4,737,174</u>	<u>5,053,371</u>
Expenditures		
General government	1,532,400	1,868,051
Public safety	1,400,850	1,567,164
Streets and roads	928,300	1,364,985
Culture and recreation	708,800	899,180
Sanitation	16,000	2,100
Public works	<u>375,000</u>	<u>435,773</u>
Total expenditures	<u>4,961,350</u>	<u>6,137,253</u>
Excess (deficiency) of revenues over expenditures	<u>(224,176)</u>	<u>(1,083,882)</u>
Other financing sources (uses)		
Operating transfers in	255,000	732,689
Operating transfers out	<u>(80,000)</u>	<u>(674,808)</u>
Total other financing sources (uses)	<u>175,000</u>	<u>57,881</u>
Net change in fund balance	<u>\$ (49,176)</u>	<u>(1,026,001)</u>
Fund balance - beginning		<u>1,614,470</u>
Fund balance - ending		<u>\$ 588,469</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Motor Fuel Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues:		
Intergovernmental	\$ 281,500	\$ 209,981
Miscellaneous	700	18,988
Total revenues	<u>282,200</u>	<u>228,969</u>
 Expenditures:		
Streets and roads	<u>1,749,000</u>	<u>1,103,079</u>
Total expenditures	<u>1,749,000</u>	<u>1,103,079</u>
 Excess (deficiency) of revenues over expenditures	 (1,466,800)	 (874,110)
 Other financing sources (uses):		
Operating transfers in (out)	<u>-</u>	<u>-</u>
 Net change in fund balance	<u>\$ (1,466,800)</u>	 (874,110)
 Fund balance - beginning		<u>1,582,140</u>
 Fund balance - ending		<u>\$ 708,030</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Notes to the Required Supplementary Information**  
**December 31, 2023**

**Note 1. Legal Compliance and Accountability**

A. Budgetary Control

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

In accordance with Illinois Revised Statutes the City Council adopts an appropriations ordinance during the first quarter of the fiscal year. A public hearing was conducted to obtain taxpayer comment. Amendments to the appropriations ordinance may be made by two-thirds council approval. The appropriations ordinance for the current fiscal year was adopted on March 21, 2023 and was not amended. Expenditures may not legally exceed appropriated amounts.

For the year ended December 31, 2023, the City adopted a budget of revenues and expenditures in the governmental funds in accordance with the modified accrual basis of accounting. The budget and appropriations ordinance lapse at year-end.

B. Excess of Actual Expenditures/Expenses over Budget in Major Governmental Funds

The General Fund had expenditures exceeding budgeted amounts for the fiscal year ended December 31, 2023 in the amount of \$1,175,903.

## **Supplementary Information**

**City of Carmi, Illinois**  
**White County, Illinois**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**Special Revenue Funds**  
**December 31, 2023**

	Library	TIF	TIF #2	Economic Development	Total
<b>Assets</b>					
Cash and investments	\$ 278,110	\$ 715,852	\$ 65,835	\$ 98,584	\$ 1,158,381
Due from other funds	-	7,527	-	-	7,527
Taxes receivable	7,496	48,834	11,326	-	67,656
Notes receivable	-	-	-	120,821	120,821
Interest receivable	31	-	-	631	662
<b>Total assets</b>	<b>\$ 285,637</b>	<b>\$ 772,213</b>	<b>\$ 77,161</b>	<b>\$ 220,036</b>	<b>\$ 1,355,047</b>

<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>

<b>Fund balances</b>					
Restricted for:					
Economic development	-	772,213	72,161	-	844,374
Committed to culture and recreation	285,637	-	-	-	285,637
Assigned to economic development	-	-	-	220,036	220,036
<b>Total fund balances</b>	<b>285,637</b>	<b>772,213</b>	<b>72,161</b>	<b>220,036</b>	<b>1,350,047</b>

<b>Total liabilities and fund balances</b>	<b>\$ 285,637</b>	<b>\$ 772,213</b>	<b>\$ 77,161</b>	<b>\$ 220,036</b>	<b>\$ 1,355,047</b>
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**City of Carmi, Illinois**  
**White County, Illinois**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Year Ended December 31, 2023**

	Library	TIF	TIF #2	Economic Development	Total
Revenues:					
Taxes	\$ 78,541	\$ 244,888	\$ 101,340	\$ -	\$ 424,769
Fines and forfeits	262	-	-	-	262
Intergovernmental	7,176	-	-	-	7,176
Miscellaneous	24,866	597	61	7,879	33,403
Total revenues	110,845	245,485	101,401	7,879	465,610
Expenditures:					
Current:					
Economic development	-	26,167	76,728	-	102,895
Culture and recreation	122,776	-	-	-	122,776
Capital outlay and small equipment	-	-	99,703	-	99,703
Debt Service	-	-	-	87,683	87,683
Total expenditures	122,776	26,167	176,431	87,683	413,057
Excess (deficiency) of revenues over expenditures	(11,931)	219,318	(75,030)	(79,804)	52,553
Other financing sources (uses):					
Operating transfers in	20,327	-	46,630	-	66,957
Operating transfers out	-	(46,630)	-	-	(46,630)
Total other financing sources (uses)	20,327	(46,630)	46,630	-	20,327
Net change in fund balances	8,396	172,688	(28,400)	(79,804)	72,880
Fund balances - beginning	277,241	599,525	100,561	299,840	1,277,167
Fund balances - ending	\$ 285,637	\$ 772,213	\$ 72,161	\$ 220,036	\$ 1,350,047

**City of Carmi, Illinois**  
**White County, Illinois**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes:		
Property taxes	\$ 160,000	\$ 149,509
Licenses and permits:		
Liquor licenses	18,500	15,550
Intergovernmental:		
Illinois replacement tax	50,000	72,450
Sales and use tax	2,400,000	2,430,638
Gaming tax	126,000	129,847
Utilities tax	415,000	383,936
Illinois income tax	792,000	782,223
Foreign fire tax	13,000	-
Franchise tax	11,000	1,011
Grants	119,374	584,746
Total intergovernmental	<u>3,926,374</u>	<u>4,384,851</u>
Charges for services:		
Fire calls	10,000	13,800
Fines and forfeits:		
Circuit court fines	40,000	43,130
Police department tow fees	4,000	700
Reimbursement from CWCHS for SRO	58,000	90,882
Total fines and forfeits	<u>102,000</u>	<u>134,712</u>
Miscellaneous		
Interest	10,000	19,475
Swimming pool fees	17,500	10,622
Airport - grain sales	17,800	16,524
Airport - fuel	240,000	130,139
Airport - other	25,000	12,371
Camping fees	80,000	81,383
Other	130,000	84,435
Total miscellaneous	<u>520,300</u>	<u>354,949</u>
Total revenues	<u>\$ 4,737,174</u>	<u>\$ 5,053,371</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**  
**(Continued)**

Expenditures:	Original and Final Budget	Actual
General government:		
Salaries	\$ 270,000	\$ 232,457
Contractual services	76,000	65,043
Office expense	20,000	30,994
Group insurance	775,000	1,132,771
Insurance and bonds	144,000	191,684
Utilities	500	2,692
Uniforms	2,000	-
Payroll taxes	32,000	24,941
Legal and accounting	47,000	51,333
Printing and publishing	5,000	8,360
Mayoral expense	4,800	5,200
Dues	5,100	-
Donations	20,000	3,740
Telephone	23,000	27,358
Grant expense	15,000	-
Capital outlay and small equipment	10,000	42,576
Repairs and maintenance	50,000	21,460
Supplies	2,500	10,964
Miscellaneous	30,500	16,478
Total general government	<u>1,532,400</u>	<u>1,868,051</u>
Public safety:		
Police department		
Salaries	775,000	816,521
Payroll taxes	25,000	18,669
Contractual services	20,000	3,513
Animal control	27,000	7,278
Office expense	2,000	2,368
Utilities	22,000	24,537
Gas and oil	70,000	41,607
Material and supplies	33,700	66,119
Uniforms	10,000	24,298
Conventions and training	8,000	15,706
Dues and subscriptions	1,200	11,348
Publishing and printing	200	785
Jail expense	200,000	211,651
Capital outlay and small equipment	39,000	72,400
Repairs and maintenance	10,000	24,624
K-9 expense	2,000	902
Miscellaneous	10,000	5,033
Total police department	<u>1,255,100</u>	<u>1,347,359</u>



**City of Carmi, Illinois**  
**White County, Illinois**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**  
**(Continued)**

	<u>Original and Final Budget</u>	<u>Actual</u>
Fire department		
Salaries	\$ 49,000	\$ 125,476
Payroll taxes	3,600	10,618
Office supplies	1,200	-
Utilities - telephone	3,400	3,215
Gas and oil	14,000	7,751
Supplies	15,000	26,612
Uniforms	2,500	3,575
Training	500	440
Capital outlay and small equipment	15,000	18,000
Debt Service	16,250	16,250
Miscellaneous	15,000	4,715
Total fire department	<u>135,450</u>	<u>216,652</u>
EMA		
Salaries	4,000	2,638
Payroll taxes	500	250
Utilities and telephone	2,800	69
Operating supplies	500	196
Miscellaneous	2,500	-
Total EMA	<u>10,300</u>	<u>3,153</u>
Total public safety	<u>1,400,850</u>	<u>1,567,164</u>
Streets and roads:		
Streets and sidewalks		
Salaries	330,000	302,442
Payroll taxes	48,000	34,189
Contractual services	25,000	64,057
Utilities	11,000	9,954
Gas and oil	35,000	14,574
Repairs and maintenance	160,000	121,451
Materials and supplies	60,000	293,702
Mosquito control	13,000	14,344
Capital outlay and small equipment	14,100	260,763
Debt service	35,900	35,876
Miscellaneous	500	849
Total streets and sidewalks	<u>732,500</u>	<u>1,152,201</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**  
**(Continued)**

	<u>Original and Final Budget</u>	<u>Actual</u>
City garage		
Salaries	\$ 79,000	\$ 51,237
Payroll Taxes	10,500	5,933
Utilities	3,000	1,097
Telephone	1,500	408
Gas and oil	3,900	2,084
Maintenance - vehicle	3,000	-
Maintenance - equipment	5,000	460
Supplies	14,000	21,985
Total city garage	<u>119,900</u>	<u>83,204</u>
Welding shop		
Salaries	50,500	52,446
Payroll Taxes	7,800	5,992
Utilities	3,000	1,935
Gas and oil	2,600	1,533
Maintenance - vehicle	1,000	-
Maintenance - equipment	1,000	4,900
Operating supplies	10,000	62,774
Total welding shop	<u>75,900</u>	<u>129,580</u>
Total streets and roads	<u>928,300</u>	<u>1,364,985</u>
Culture and recreation:		
Salaries	333,000	328,586
Payroll taxes	51,600	43,390
Contractual services	60,000	78,209
Utilities - electric	3,000	4,765
Telephone	1,500	1,802
Gas and oil	24,000	19,972
Repairs and maintenance	70,000	21,086
Material and supplies	100,000	147,273
Swimming pool operations	16,000	52,088
Debt service	12,800	-
Capital outlay and small equipment	36,600	189,031
Miscellaneous	300	12,978
Total culture and recreation	<u>708,800</u>	<u>899,180</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**  
**(Concluded)**

	<u>Original and Final Budget</u>	<u>Actual</u>
Sanitation:		
Trash disposal	\$ 6,000	\$ -
Compost site	10,000	2,100
Total sanitation	<u>16,000</u>	<u>2,100</u>
 Public works:		
Utilities	15,000	14,202
Fuel	200,000	81,755
Capital outlay and small equipment	-	269,852
Miscellaneous	160,000	69,964
Total public works	<u>375,000</u>	<u>435,773</u>
 Total expenditures	<u>4,961,350</u>	<u>6,137,253</u>
 Excess (deficiency) of revenues over expenditures	<u>(224,176)</u>	<u>(1,083,882)</u>
 Other financing sources (uses):		
Operating transfers in	255,000	732,689
Operating transfers out	(80,000)	(674,808)
Total other financing sources (uses)	<u>175,000</u>	<u>57,881</u>
 Net change in fund balance	<u>\$ (49,176)</u>	(1,026,001)
 Fund balance - beginning		<u>1,614,470</u>
 Fund balance - ending		<u>\$ 588,469</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Motor Fuel Tax Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues:		
Intergovernmental:		
State of Illinois motor fuel tax	\$ 281,500	\$ 209,981
Miscellaneous:		
Interest	700	18,988
Total revenues	<u>282,200</u>	<u>228,969</u>
Expenditures:		
Streets and roads:		
Materials and supplies	1,749,000	1,103,079
Total expenditures	<u>1,749,000</u>	<u>1,103,079</u>
Excess (deficiency) of revenues over expenditures	(1,466,800)	(874,110)
Other financing sources (uses):		
Operating transfers in (out)	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,466,800)</u>	(874,110)
Fund balance - beginning		<u>1,582,140</u>
Fund balance - ending		<u>\$ 708,030</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Library Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes:		
Property taxes	\$ 75,975	\$ 78,541
Intergovernmental:		
Grants	7,000	7,176
Fines and forfeits:		
Fines	250	262
Miscellaneous:		
Interest revenue	750	2,915
Copy machine	2,500	2,317
Books	1,200	1,624
Application money	2,300	2,765
Miscellaneous	10,000	15,245
Total miscellaneous	16,750	24,866
Total revenues	99,975	110,845
Expenditures:		
Culture and recreation:		
Salaries and taxes	73,350	72,608
Utilities	12,000	10,371
Repairs and maintenance	15,000	16,108
Materials and supplies	4,000	3,322
Telephone	4,300	-
Papers, magazines, and books	10,625	12,423
Miscellaneous	500	7,944
Capital outlay and small equipment	200	-
Total expenditures	119,975	122,776
Excess (deficiency) of revenues over expenditures	(20,000)	(11,931)
Other financing sources (uses):		
Operating transfers in (out)	20,000	20,327
Net change in fund balance	\$ -	8,396
Fund balance - beginning		277,241
Fund balance - ending		\$ 285,637

**City of Carmi, Illinois**  
**White County, Illinois**  
**Carmi Economic Development Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues:		
Miscellaneous:		
Interest	\$ 10,000	\$ 7,879
Total revenues	<u>10,000</u>	<u>7,879</u>
Expenditures:		
Economic development:		
Miscellaneous	500	-
Debt service		
Principal	80,500	80,355
Interest expense	7,300	7,328
Total expenditures	<u>88,300</u>	<u>87,683</u>
Excess (deficiency) of revenues over expenditures	<u>(78,300)</u>	<u>(79,804)</u>
Other financing sources (uses):		
Operating transfers in (out)	60,000	-
Total other financing sources (uses):	<u>60,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (18,300)</u>	(79,804)
Fund balance - beginning		299,840
Fund balance - ending		<u>\$ 220,036</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**TIF Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes:		
Property taxes	\$ 197,000	\$ 244,888
Miscellaneous:		
Interest	500	597
Total revenues	<u>197,500</u>	<u>245,485</u>
Expenditures:		
Economic development:		
TIF expense	780,000	26,167
Total expenditures	<u>780,000</u>	<u>26,167</u>
Excess (deficiency) of revenues over expenditures	(582,500)	219,318
Other financing sources (uses):		
Operating transfers in (out)	<u>5,000</u>	<u>(46,630)</u>
Net change in fund balance	<u><u>\$ (577,500)</u></u>	172,688
Fund balance - beginning		<u>599,525</u>
Fund balance - ending		<u><u>\$ 772,213</u></u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**TIF #2 Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Detail**  
**For the Year Ended December 31, 2023**

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues:		
Taxes:		
Property taxes	\$ 49,000	\$ 101,340
Miscellaneous:		
Interest	25	61
Total revenues	<u>49,025</u>	<u>101,401</u>
Expenditures:		
Economic development		
TIF expense	145,000	76,728
Capital outlay	-	99,703
Total expenditures	<u>145,000</u>	<u>176,431</u>
Excess (deficiency) of revenues over expenditures	(95,975)	(75,030)
Other financing sources (uses):		
Operating transfers in (out)	<u>(5,000)</u>	<u>46,630</u>
Net change in fund balance	<u>\$ (100,975)</u>	(28,400)
Fund balance - beginning		<u>100,561</u>
Fund balance - ending		<u>\$ 72,161</u>



**City of Carmi, Illinois**  
**White County, Illinois**  
**Enterprise Fund**  
**Statement of Revenues over Expenses**  
**For the Year Ended December 31, 2023**

	<u>Light Department</u>	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 7,648,254	\$ 1,509,380	\$ 886,675	\$ 10,044,309
Miscellaneous	152,394	24	5,773	158,191
Total operating revenues	<u>7,800,648</u>	<u>1,509,404</u>	<u>892,448</u>	<u>10,202,500</u>
Operating expenses:				
Personal services	1,326,743	1,077,145	371,582	2,775,470
Purchase of electricity	3,705,752	-	-	3,705,752
Materials and supplies	1,144,913	302,595	179,210	1,626,718
Repairs and maintenance	263,521	132,210	64,793	460,524
Utilities	52,164	83,349	9,479	144,992
Utilities tax	287,673	62,994	41,561	392,228
Contractual services	327,276	19,330	50,383	396,989
Depreciation	231,480	190,996	283,203	705,679
Other expenses	25,049	59,288	60,155	144,492
Total operating expenses	<u>7,364,571</u>	<u>1,927,907</u>	<u>1,060,366</u>	<u>10,352,844</u>
Operating income (loss)	<u>436,077</u>	<u>(418,503)</u>	<u>(167,918)</u>	<u>(150,344)</u>
Nonoperating revenues (expenses):				
Interest revenue	12,623	19,525	-	32,148
Grant revenue	-	423,571	15,000	438,571
Interest expense	(95,700)	(51,245)	-	(146,945)
Total non-operating revenues (expenses)	<u>(83,077)</u>	<u>391,851</u>	<u>15,000</u>	<u>323,774</u>
Income (loss) before transfers	<u>353,000</u>	<u>(26,652)</u>	<u>(152,918)</u>	<u>173,430</u>
Transfers in (out)	<u>(78,208)</u>	<u>-</u>	<u>-</u>	<u>(78,208)</u>
Change in net position	<u>\$ 274,792</u>	<u>\$ (26,652)</u>	<u>\$ (152,918)</u>	<u>\$ 95,222</u>

**City of Carmi, Illinois**  
**White County, Illinois**  
**Schedule of Findings and Responses**  
**December 31, 2023**

**Significant Deficiencies**

**2023-001**

The City does not follow all policies in place and lacks a written accounting policy and procedure manual.

Effect

There is risk of discontinuity of operations and increased potential of improper or inconsistent accounting for transactions.

Cause

There is no written accounting policy and procedure manual documenting areas such as cash receipts and deposits; cash disbursements including use of office credit card; payroll processing including use of time cards; and procurement of services. Current procedures are based primarily on knowledge of experienced staff. Current written policies for vacation, sick leave, and medical reimbursement are not always followed.

Recommendation

We recommend an accounting policy and procedure manual be written and implemented. In addition, other policies in place should be adhered to accordingly.

Response

Management is currently working on a policy and procedure manual. In addition, current policies in place will be reviewed to ensure compliance.

**2023-002**

Procedures are not currently in place to determine that utility payments received are being posted properly to utility billings.

Effect

There is the risk that although utilities in total appear to be reasonable, each utility fund independently is not being recorded properly.

Cause

Current procedures do not reconcile utility fund billings to utility fund payments, resulting in payments and adjustments being recorded to incorrect funds. This results in the possibility of individual utility funds financial operations being misstated.

Recommendation

Procedures need established whereby monthly reconciliations are prepared for all utility payments and adjustments to monthly billings.

Response

Management is currently working on procedures to ensure payments are properly posted to billings.

**City of Carmi, Illinois**  
**White County, Illinois**  
**Schedule of Findings and Responses**  
**December 31, 2023**  
**(Concluded)**

**2023-003**

Certain City funds had expenditures in excess of appropriations.

Effect

The City is not in compliance with state budgeting laws which stipulate that expenditures may not exceed appropriations for a given fiscal year.

Cause

Certain funds had unanticipated expenditures.

Recommendation

The City must appropriate funds sufficient to cover all actual expenditures. The budget and appropriations ordinance should be amended by proper procedures if necessary.

Response

Management will monitor expenditures compared to budgeted amounts and make amendments if necessary.