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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Canton, Illinois

We have audited the accompanying modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Canton, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1. This includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Qualified Opinion on Pension Trust Funds

Management has elected not to obtain actuarial valuations in compliance with Governmental Accounting Standards Board Statement (GASB) 67 *Financial Reporting for Pension Plans* or GASB 68 *Accounting and Financial Reporting for Pensions* for the Police and Fire Pension Trust Funds, accordingly these financial statements do not include all the required disclosures and supplemental schedules.

Qualified Opinion

In our opinion, except for the effects of the matter described in the “Basis of Qualified Opinion on Pension Trust Funds” paragraph, the Pension Trust Funds present fairly, in all material respects, the financial position of the Pension Trust Funds as of April 30, 2020, and the respective changes in financial position thereof, for the year ended, in conformity with generally accepted accounting principles.

Unmodified Opinions

In our opinion, except for the Pension Trust Funds, 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 Canton, Illinois as of April 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw your attention to Note 1 of the financial statements which describes the basis of accounting. As discussed in Note 1, except for the Pension Trust Funds financial statements, the City of Canton, Illinois, prepares its financial statements on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter. The City of Canton, Illinois, prepares its Pension Trust Funds financial statements on the accrual basis of accounting, which is the basis of accounting generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Canton’s basic financial statements. The budgetary comparison information, combining statements, and the Schedule of Operating Expenditures Other than Depreciation – Water and Sewer Fund presented on pages 45 through 60 are the responsibility of management and were 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The statistical schedules on pages 61 through 65 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required By Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of City of Canton, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Canton, Illinois' internal control over financial reporting and compliance.

Phillips, Salmi & Associates, LLC

December 11, 2020
Washington, Illinois



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 City Council
City of Canton, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Canton, Illinois as of and for the year ended April 30, 2020, and the notes to the financial statements, which collectively comprise the City of Canton, Illinois' basic financial statements and have issued our report thereon dated December 11, 2020. The City of Canton, Illinois, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Canton, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Canton, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Canton, 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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Phillips, Salmi & Associates, LLC

December 11, 2020

CITY OF CANTON, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
Year Ended April 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 6,598,500	\$ 248,997	\$ 6,847,497
Restricted assets	-	3,059,648	3,059,648
Due from other governments	1,112	-	1,112
Internal balances	3,052	(3,052)	-
Loans receivable	76,511	-	76,511
Capital Assets:			
Non-depreciable	186,111	5,541	191,652
Depreciable, net	8,919,380	29,912,472	38,831,852
Total Assets	<u>\$ 15,784,666</u>	<u>\$ 33,223,606</u>	<u>\$ 49,008,272</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Bond refunding deferred charges	<u>\$ -</u>	<u>\$ 552,073</u>	<u>\$ 552,073</u>
<u>LIABILITIES</u>			
Payroll liabilities payable	\$ 14,520	\$ -	\$ 14,520
Current portion of bonds and loans payable	533,218	2,199,665	2,732,883
Non-Current Liabilities:			
Bonds payable after one year	4,782,803	5,601,773	10,384,576
Loans due after one year	102,366	326,023	428,389
Total Liabilities	<u>5,432,907</u>	<u>8,127,461</u>	<u>13,560,368</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	3,687,104	22,342,625	26,029,729
Restricted for:			
Bond ordinances	-	2,567,059	2,567,059
Perpetual care and maintenance	-	492,589	492,589
Special police expenditures	515	-	515
Workers compensation insurance	179,687	-	179,687
Redevelopment	242,886	-	242,886
Retirement	1,209,348	-	1,209,348
Motor fuel tax	1,121,966	-	1,121,966
Audit	17,496	-	17,496
Drug prevention	12,338	-	12,338
Capital projects	306,179	-	306,179
Unrestricted	<u>3,574,240</u>	<u>245,945</u>	<u>3,820,185</u>
Total Net Position	<u>10,351,759</u>	<u>25,648,218</u>	<u>35,999,977</u>
	<u>\$ 15,784,666</u>	<u>\$ 33,775,679</u>	<u>\$ 49,560,345</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended April 30, 2020

<u>FUNCTIONS/PROGRAMS:</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities				
General government	\$ 2,475,983	\$ 56,555	\$ -	\$ -
Public safety	6,044,678	57,038	-	-
Public works	1,145,474	286,363	23,019	-
Community development	750,212	-	-	-
Buildings and grounds	121,903	-	-	-
Sanitation	580,204	929,765	-	-
Interest on long-term debt	385,189	-	-	-
Total Governmental Activities	<u>11,503,643</u>	<u>1,329,721</u>	<u>23,019</u>	<u>-</u>
Business-Type Activities:				
Water and sewer utilities	6,221,555	6,944,714	-	-
Cemetery operations	227,629	140,905	-	-
Total Business-Type Activities	<u>6,449,184</u>	<u>7,085,619</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 17,952,827</u>	<u>\$ 8,415,340</u>	<u>\$ 23,019</u>	<u>\$ -</u>
General Revenues				
Local taxes				
State taxes and allotments				
Interest and investment income				
Miscellaneous				
Transfers in (out)				
Total General Revenues, Special Items and Transfers				
Change in Net Position				
NET POSITION - BEGINNING				
NET POSITION - ENDING				

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes
in Net Position - Primary Government**

Governmental Activities	Business-type Activities	Total
\$ (2,419,428)	\$ -	\$ (2,419,428)
(5,987,640)	-	(5,987,640)
(836,092)	-	(836,092)
(750,212)	-	(750,212)
(121,903)	-	(121,903)
349,561	-	349,561
(385,189)	-	(385,189)
<u>(10,150,903)</u>	<u>-</u>	<u>(10,150,903)</u>
-	723,159	723,159
-	(86,724)	(86,724)
<u>-</u>	<u>636,435</u>	<u>636,435</u>
(10,150,903)	636,435	(9,514,468)
5,005,772	-	5,005,772
6,529,340	-	6,529,340
19,935	43,386	63,321
269,264	-	269,264
53,446	(53,446)	-
<u>11,877,757</u>	<u>(10,060)</u>	<u>11,867,697</u>
1,726,854	626,375	2,353,229
<u>8,624,905</u>	<u>25,021,843</u>	<u>33,646,748</u>
<u>\$ 10,351,759</u>	<u>\$ 25,648,218</u>	<u>\$ 35,999,977</u>

CITY OF CANTON, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY
MODIFIED CASH BASIS - GOVERNMENTAL FUND TYPES
Year Ended April 30, 2020

	General	Canton 1 Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,919,140	\$ 203,066	\$ 3,476,294	\$ 6,598,500
Loans receivable	30,188	-	46,323	76,511
Due from other governments	-	1,112	-	1,112
Due from other funds	281,038	81,642	10,000	372,680
Total Assets	<u>\$ 3,230,366</u>	<u>\$ 285,820</u>	<u>\$ 3,532,617</u>	<u>\$ 7,048,803</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Current liabilities:				
Payroll taxes withheld	\$ 14,520	\$ -	\$ -	\$ 14,520
Due to other funds	-	42,934	326,694	369,628
Total Current Liabilities	<u>14,520</u>	<u>42,934</u>	<u>326,694</u>	<u>384,148</u>
Fund Balances:				
Restricted for:				
Special police expenditures	515	-	-	515
Workers compensation insurance	179,687	-	-	179,687
Redevelopment	-	242,886	-	242,886
Retirement	-	-	1,209,348	1,209,348
Motor fuel tax	-	-	1,121,966	1,121,966
Audit	-	-	17,496	17,496
Drug prevention	-	-	12,338	12,338
Capital projects	-	-	306,179	306,179
Assigned for:				
Garbage expenditures	148,401	-	-	148,401
Tourism promotion expenditures	31,282	-	-	31,282
Special police expenditures	16,517	-	-	16,517
Fire capital improvements	71,390	-	-	71,390
Fire technical rescue	47,275	-	-	47,275
Police capital improvements	7,497	-	-	7,497
Small business loans	-	-	95,585	95,585
Working cash	-	-	561,136	561,136
Unassigned	2,713,282	-	(118,125)	2,595,157
Total Fund Balances	<u>3,215,846</u>	<u>242,886</u>	<u>3,205,923</u>	<u>6,664,655</u>
Total Liabilities & Fund Equity	<u>\$ 3,230,366</u>	<u>\$ 285,820</u>	<u>\$ 3,532,617</u>	<u>\$ 7,048,803</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES,
AND FUND EQUITY - MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
Year Ended April 30, 2020

Total fund balance - total governmental funds	\$	6,664,655
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets of \$16,707,389 net of accumulated depreciation of \$7,601,898 are not financial resources and, therefore, are not reported in the funds.		9,105,491
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		(5,418,387)
Net Position of Governmental Activities	\$	10,351,759

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
Year Ended April 30, 2020

	General	Canton 1 Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
<u>REVENUES RECEIVED</u>				
Local taxes	\$ 3,017,525	\$ 806,807	\$ 1,181,440	\$ 5,005,772
Intergovernmental	5,558,860	-	993,499	6,552,359
Licenses and permits	56,554	-	-	56,554
Fines	87,411	-	8,182	95,593
Charges for services	986,803	-	-	986,803
Interest	1,967	7,292	10,676	19,935
Franchise fees	286,363	-	-	286,363
Other	154,580	12,968	6,123	173,671
Total Revenues Received	<u>10,150,063</u>	<u>827,067</u>	<u>2,199,920</u>	<u>13,177,050</u>
<u>EXPENDITURES DISBURSED</u>				
General government	1,733,134	-	686,780	2,419,914
Buildings and grounds	117,059	-	-	117,059
Public safety	5,934,141	-	15,769	5,949,910
Public works/transportation	667,025	-	80,575	747,600
Sanitation	535,327	-	-	535,327
Community development	-	189,762	540,306	730,068
Capital outlay	565,503	38,530	-	604,033
Debt service:				
Principal repayment	29,133	370,000	-	399,133
Interest	2,040	229,086	-	231,126
Bond issuance costs	-	110,072	-	110,072
Total Expenditures Disbursed	<u>9,583,362</u>	<u>937,450</u>	<u>1,323,430</u>	<u>11,844,242</u>
Revenues Received Over (Under)				
Expenditures Disbursed Before				
Other Financing Sources (Uses)	<u>566,701</u>	<u>(110,383)</u>	<u>876,490</u>	<u>1,332,808</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond issuance	-	4,870,000	-	4,870,000
Premium from bond issuance	-	405,321	-	405,321
Deposit with escrow paying agent	-	(5,165,249)	-	(5,165,249)
Operating transfers in	91,930	-	147,526	239,456
Operating transfers out	(57,900)	-	(128,110)	(186,010)
Total Other Financing Sources	<u>34,030</u>	<u>110,072</u>	<u>19,416</u>	<u>163,518</u>
Change in Fund Balance	600,731	(311)	895,906	1,496,326
FUND BALANCE - BEGINNING	<u>2,615,115</u>	<u>243,197</u>	<u>2,310,017</u>	<u>5,168,329</u>
FUND BALANCE - ENDING	<u>\$ 3,215,846</u>	<u>\$ 242,886</u>	<u>\$ 3,205,923</u>	<u>\$ 6,664,655</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended April 30, 2020

Net change in fund balances - total governmental funds	\$ 1,496,326
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated lives and reported as depreciation expense. This is the amount by which depreciation of \$618,576 exceeded capital outlay of \$604,033 in the current period.	(14,543)
Net effect on long-term liabilities from the refunding of bonds.	240,000
The governmental funds report the effect of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	(394,062)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<div style="border-top: 1px solid black;">399,133</div>
Change in Net Position of Governmental Activities	<div style="border-top: 3px double black;">\$ 1,726,854</div>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year Ended April 30, 2020

	Water & Sewer Fund	Non-Major Funds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 170,562	\$ 78,435	\$ 248,997
Cash and cash equivalents - Restricted	2,567,059	-	2,567,059
Investments - Restricted	-	492,589	492,589
	<u>2,737,621</u>	<u>571,024</u>	<u>3,308,645</u>
Building and plant	49,980,419	350,547	50,330,966
Water and sewer extensions	6,388,380	-	6,388,380
Equipment and vehicles	2,200,886	173,355	2,374,241
Work in progress	-	5,541	5,541
	<u>58,569,685</u>	<u>529,443</u>	<u>59,099,128</u>
Less accumulated depreciation	(28,866,835)	(314,280)	(29,181,115)
Capital assets, net of accumulated depreciation	<u>29,702,850</u>	<u>215,163</u>	<u>29,918,013</u>
Total Assets	<u>\$ 32,440,471</u>	<u>\$ 786,187</u>	<u>\$ 33,226,658</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Bond refunding deferred charges	<u>\$ 552,073</u>	<u>\$ -</u>	<u>\$ 552,073</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities (payable from current assets):			
Due to other funds	\$ 2,734	\$ 318	\$ 3,052
Current portion of long-term liabilities	2,199,665	-	2,199,665
Total	<u>2,202,399</u>	<u>318</u>	<u>2,202,717</u>
Long-term liabilities:			
Illinois EPA loan payable	326,023	-	326,023
Revenue bonds payable	5,601,773	-	5,601,773
Total Long-Term Liabilities, Net of Current Portion	<u>5,927,796</u>	<u>-</u>	<u>5,927,796</u>
Total Liabilities	<u>8,130,195</u>	<u>318</u>	<u>8,130,513</u>
Net Position:			
Invested in capital assets net of related debt	22,127,462	215,163	22,342,625
Restricted for:			
Bond ordinances	2,567,059	-	2,567,059
Perpetual care and maintenance	-	492,589	492,589
Unrestricted	167,828	78,117	245,945
Total Net Position	<u>24,862,349</u>	<u>785,869</u>	<u>25,648,218</u>
Total Liabilities and Net Position	<u>\$ 32,992,544</u>	<u>\$ 786,187</u>	<u>\$ 33,778,731</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year Ended April 30, 2020

	Water & Sewer Fund	Non-Major Funds	Total Enterprise Funds
<u>OPERATING REVENUES</u>			
Charges for service and sales	\$ 6,925,681	\$ 81,807	\$ 7,007,488
Fees and permits	1,996	50,776	52,772
Other income	17,037	8,322	25,359
Total Operating Revenues	<u>6,944,714</u>	<u>140,905</u>	<u>7,085,619</u>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	4,420,770	200,631	4,621,401
Depreciation	1,419,021	26,998	1,446,019
Total Operating Expenses	<u>5,839,791</u>	<u>227,629</u>	<u>6,067,420</u>
Operating Income (Loss)	<u>1,104,923</u>	<u>(86,724)</u>	<u>1,018,199</u>
<u>NONOPERATING REVENUE & EXPENSES</u>			
Interest income	39,084	4,302	43,386
Interest expense	(381,764)	-	(381,764)
Total Nonoperating Revenue & Expenses	<u>(342,680)</u>	<u>4,302</u>	<u>(338,378)</u>
Net Income (Loss) Before Other Financing Sources (Uses)	762,243	(82,422)	679,821
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	93,876	93,876
Operating transfers out	(125,182)	(22,140)	(147,322)
Total Other Financing Sources (Uses)	<u>(125,182)</u>	<u>71,736</u>	<u>(53,446)</u>
Change in Net Position	637,061	(10,686)	626,375
NET POSITION - BEGINNING	<u>24,225,288</u>	<u>796,555</u>	<u>25,021,843</u>
NET POSITION - ENDING	<u><u>\$ 24,862,349</u></u>	<u><u>\$ 785,869</u></u>	<u><u>\$ 25,648,218</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year Ended April 30, 2020

	<u>Water & Sewer Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 6,944,714	\$ 140,905	\$ 7,085,619
Cash payments to suppliers for goods & services	(2,248,736)	(89,288)	(2,338,024)
Cash payments to employees for services	(2,172,034)	(111,343)	(2,283,377)
Net Cash Provided By (Applied To) Operating Activities	<u>2,523,944</u>	<u>(59,726)</u>	<u>2,464,218</u>
<u>CAPITAL FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Repayment of loans from other funds	<u>2,734</u>	<u>318</u>	<u>3,052</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on IL EPA loan	(190,383)	-	(190,383)
Principal paid on Alt. Rev. Source bonds	(1,990,000)	-	(1,990,000)
Interest paid	(229,188)	-	(229,188)
Property and equipment purchases	(385,973)	(56,009)	(441,982)
Transfers in	-	93,876	93,876
Transfers out	(125,182)	(22,140)	(147,322)
Net Cash Provided by (Applied to) Capital and Related Financing Activities	<u>(2,920,726)</u>	<u>15,727</u>	<u>(2,904,999)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income received	39,084	4,302	43,386
Redemption of investments	-	14,506	14,506
Net Cash Provided By (Applied to) Investing Activities	<u>39,084</u>	<u>18,808</u>	<u>57,892</u>
Net Change in Cash and Cash Equivalents	(354,964)	(24,873)	(379,837)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>3,092,585</u>	<u>103,308</u>	<u>3,195,893</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,737,621</u>	<u>\$ 78,435</u>	<u>\$ 2,816,056</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year Ended April 30, 2020

	<u>Water & Sewer Fund</u>	<u>Non-Major Funds</u>	<u>Total Enterprise Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES:			
Operating income (loss)	\$ 1,104,923	\$ (86,724)	\$ 1,018,199
Adjustments to reconcile operating income (loss) to net cash provided (applied to) operating activities:			
Depreciation	<u>1,419,021</u>	<u>26,998</u>	<u>1,446,019</u>
Net Cash Provided by (Applied To) Operating Activities	<u>\$ 2,523,944</u>	<u>\$ (59,726)</u>	<u>\$ 2,464,218</u>
PRESENTATION OF CASH AND CASH EQUIVALENTS ON THE STATEMENT OF NET POSITION PROPRIETARY FUNDS			
Cash and cash equivalents	\$ 170,562	\$ 78,435	\$ 248,997
Restricted cash and cash equivalents	<u>2,567,059</u>	<u>-</u>	<u>2,567,059</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 2,737,621</u>	<u>\$ 78,435</u>	<u>\$ 2,816,056</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended April 30, 2020

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Funds</u>	<u>Total Pension Trust Funds</u>	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>				
Cash and short-term investments	\$ 857,757	\$ 838,814	\$ 1,696,571	\$ 14,307
Receivables				
Employer	652,358	845,117	1,497,475	-
Interest and other	11,797	58,411	70,208	-
Total Receivables	664,155	903,528	1,567,683	-
Investments, at fair value	13,393,759	6,335,494	19,729,253	-
Total Assets	<u>\$ 14,915,671</u>	<u>\$ 8,077,836</u>	<u>\$ 22,993,507</u>	<u>\$ 14,307</u>
<u>LIABILITIES</u>				
Payables				
Employer	\$ -	\$ 138,849	\$ 138,849	\$ -
<u>NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES</u>				
	<u>14,915,671</u>	<u>7,938,987</u>	<u>22,854,658</u>	<u>14,307</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>				
	<u>\$ 14,915,671</u>	<u>\$ 8,077,836</u>	<u>\$ 22,993,507</u>	<u>\$ 14,307</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended April 30, 2020

	<u>Police Pension Trust Fund</u>	<u>Fire Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>	<u>Private Purpose Trust Fund</u>
<u>ADDITIONS</u>				
Contributions				
Employer	\$ 576,816	\$ 904,173	\$ 1,480,989	\$ -
Additional employer contributions	110,456	159,281	269,737	-
Plan member	127,033	98,821	225,854	-
Total Contributions	<u>814,305</u>	<u>1,162,275</u>	<u>1,976,580</u>	<u>-</u>
Investment Income (Loss)				
Net appreciation (depreciation) in fair value of investments	(856,182)	17,688	(838,494)	-
Interest income	106,328	100,655	206,983	4
Dividend income	496,641	80,748	577,389	-
Total Investment Income (Loss)	<u>(253,213)</u>	<u>199,091</u>	<u>(54,122)</u>	<u>4</u>
Total Additions	<u>561,092</u>	<u>1,361,366</u>	<u>1,922,458</u>	<u>4</u>
<u>DEDUCTIONS</u>				
Benefits	1,201,204	1,179,566	2,380,770	-
Administrative expense	87,068	35,453	122,521	-
Total Deductions	<u>1,288,272</u>	<u>1,215,019</u>	<u>2,503,291</u>	<u>-</u>
Net Increase (Decrease)	<u>(727,180)</u>	<u>146,347</u>	<u>(580,833)</u>	<u>4</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES				
BEGINNING	<u>15,642,851</u>	<u>7,792,640</u>	<u>23,435,491</u>	<u>14,303</u>
ENDING	<u>\$ 14,915,671</u>	<u>\$ 7,938,987</u>	<u>\$ 22,854,658</u>	<u>\$ 14,307</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Canton, Illinois is a non home-rule unit and operates under a Mayor-Aldermanic Form of government. The City provides the following services to its citizens: general government, public safety (police and fire), streets, sanitation, cemetery, economic development and water and sewer utilities.

A. FINANCIAL REPORTING ENTITY AND BASIS OF PRESENTATION

1. FINANCIAL REPORTING ENTITY

Financial criteria set forth in GASB Statement No. 14, The Financial Reporting Entity, have been reviewed to determine whether outside agencies with activities, which benefit the citizens of the City, should be included within its financial reporting entity. The criteria include, whether the City exercises significant oversight responsibility on the agencies' selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service, and special financing relationships. It has been determined that no other outside agency meets the above criteria, and therefore, no other agency has been included as component unit in the City's financial statements.

The accounts of the Parlin-Ingersoll Library are excluded from the accompanying financial statements because the City does not fund the Library and the Library's board of trustees controls operations. Although the Mayor appoints the trustees, the City does not exercise any other form of control over library operations, thus the Library has not been included in these statements.

2. BASIS OF PRESENTATION – GOVERNMENT – WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the City government as a whole. They include all funds of the City except for the fiduciary funds that are reported in separate statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

3. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Major individual governmental and proprietary funds are reported in separate columns with composite columns for other non-major funds. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total of the corresponding total for all governmental and enterprise funds combined.

The funds of the City are described as follows:

Governmental Fund Types:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund includes the City’s General Fund, Liability Insurance Fund, Unemployment Compensation Fund, Worker’s Compensation Fund, and Fire Technical Rescue Fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds, which are reported as non-major funds with the exception of the Canton 1 Tax Increment Financing District:

<u>Fund</u>	<u>Brief Description</u>
Working Cash Fund	Accounts for assets legally restricted for providing short-term working cash loans to other funds.
Civil Defense Fund	Accounts for real estate taxes legally restricted for providing Civil Defense activities to the public.
Illinois Municipal Retirement	Accounts for real estate taxes legally restricted for IMRF and providing retirement benefits to employees.
Social Security Fund	Accounts for real estate taxes legally restricted for Social Security and providing retirement benefits to employees.
Motor Fuel Tax	Accounts for motor fuel taxes legally restricted for street and alley improvements.
Canton 1 Tax Increment Financing District	Accounts for revenues legally restricted for development projects within the designated tax increment financing project area.
Canton 2 Tax Increment Financing District	Accounts for revenues legally restricted for development projects within the designated tax increment financing project area.

Canton 3 Tax Increment Financing District	Accounts for revenues legally restricted for development projects within the designated tax increment financing project area.
Audit Fund	Accounts for real estate taxes legally restricted for obtaining required annual financial statement audit services.
Drug Prevention Fund	Accounts for fine and forfeiture revenues restricted for prevention and awareness activities.
DUI Fund	Accounts for the fine revenues restricted for capital expenditures.
Video Gaming Fund	Accounts for proceeds of video gaming taxes.
DCCA Loan Fund	Accounts for grant revenues legally restricted for making economic development loans to businesses and other organizations.

Capital Projects Fund

Account for the financial resources used for the acquisition or construction of major capital facilities, property development, and environmental assessment and remediation, other than those financed by the enterprise funds. The reporting entity includes the following capital project fund which is reported as a non-major fund:

<u>Fund</u>	<u>Brief Description</u>
IT&EC Environmental Escrow Fund	Accounts for settlement proceeds restricted for remediation activities at the former International Harvester Project Site.
Housing Grant Fund	Accounts for grant proceeds used for developmental and restoration activities for housing within the City.

Proprietary Fund Types:

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

<u>Fund</u>	<u>Brief Description</u>
Water Works and Sewer Fund	Accounts for the providing of public water and waste water treatment services.

Lake Fund	Accounts for the lake recreational activities.
Cemetery Fund	Accounts for the activities of operating and maintaining Greenwood Cemetery.

Fiduciary Fund Types:

Trust and Agency Funds

Account for assets held by the City in a trustee capacity of as an agent for individuals, private organizations or other governments. These include the police and fire pension trust funds, and the private purpose trust fund. The private purpose trust fund includes the Orendorf Fence and Hildebrand Trust which stipulate that only income from amounts donated can be spent for cemetery maintenance expenditures. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The City does not have an agency fund.

B. MEASUREMENT FOCUS

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements.

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item “C” below. Internal activity (transactions between or within funds) are reclassified and eliminated with the government-wide statements. Reimbursements are reported as a reduction of expenses.

In the fund financial statements, the “current financial resources” measurement focus as applied to the modified cash basis of accounting:

- a. The governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. Assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. The pension trust funds financial statements are prepared using economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

C. BASIS OF ACCOUNTING

Basis of accounting is a term to describe “when” transactions are recorded in the financial statements.

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statement, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, and the proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as water deposits, accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements. As a modification to the cash basis, the City has elected to report loans receivable as an asset.

The City’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements as applicable to modified cash basis reporting. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, as applicable to modified cash basis reporting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

D. CASH AND CASH EQUIVALENTS

Cash from certain City funds are invested in time deposits with an original maturity of three months or more when purchased. These accounts are classified as investments and are recorded at cost.

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. Certificates of deposits are considered cash equivalents if the original maturity is three months or less.

Illinois Funds, a money market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer, is reported at a \$1 per share value, which equals the City’s fair value in the pool.

E. INVESTMENTS

Investments are comprised of non-negotiable certificates of deposit, money market mutual funds, insurance contracts, and State, Local and U.S. government obligations and mutual funds are reported at fair value. Fair value is based on published prices on major exchanges as of April 30, 2020.

F. CAPITAL ASSETS

1. GOVERNMENT-WIDE FINANCIAL STATEMENTS – CAPITAL ASSETS

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful live using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to record all capital assets. The range of the estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than building	20 years
Machinery, furniture, and equipment	5-12 years
Utility property and improvements	15-25 years
Infrastructure	40 years

2. FUND FINANCIAL STATEMENTS – CAPITAL ASSETS

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

G. LONG-TERM DEBT

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

H. EQUITY CLASSIFICATION

Equity is classified as net position in the government-wide statements, and is displayed in three components:

- a. Invest in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Government fund equity is classified as fund balance in the fund financial statements, and proprietary fund equity is classified the same as in the government-wide statements.

I. PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City’s taxpayers are reported as program revenues. The City has the following program revenues, if any, in each activity:

General Government	Fees, permits and hall rentals.
Public Safety	Contract with schools.
Public Works	Charges for maintenance services.
Sanitation	Garbage service fees.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

J. OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

K. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity, if any, and balances in the fund financial statements have been eliminated or reclassified.

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- 1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- 2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
- 3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid from them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.

4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

L. FUND BALANCE

Governmental fund equity is classified as fund balance. The components of fund balance are:

- Non-spendable – consists of resources that cannot be spent because of their form.
- Restricted – consists of resources which have limitations imposed by enabling legislation and limitations imposed by creditors, grantors, or contributors.
- Committed – consists of resources which have limitations imposed by the governing board through formal action.
- Assigned – consists of resources which have limitations resulting from intended use.
- Unassigned – consists of the residual net resources of a fund.

The City's assigned fund balance is reporting authorized by the City Council.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned and, lastly unassigned funds.

M. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the Water and Sewer Fund. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

N. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources.

This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, there are no deferred inflows of resources reported in City's financial statements.

O. ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues collected, expenditures paid, and other changes in fund equity during the reporting period. Actual results could differ from those estimates.

NOTE 2. TAX LEVIES AND COLLECTIONS

Property taxes attach as an enforceable lien on property as of January 1: The City adopted its 2018 tax levy on January 3, 2017. The City must submit its tax levy to the county clerk on or before the last Tuesday in December. The county clerk extends the amount called for under the respective funds and within the constraints of each fund's maximum tax rate. The county treasurer normally mails property tax bills to the taxpayers during May of the following year.

The bills are due in early June and September by the county treasurer who remits the tax collected in June, July, August, September and November to the City. As of April 30, 2020, the City had received all of its 2018 levy and none of its 2019 levy.

Following is a schedule of tax rates by fund for the 2019 levy per \$100 of equalized assessed valuation:

Fund	Rate	Maximum Allowable Rate
Governmental Fund Types:		
Corporate	.0000	.2500
Unemployment Compensation	.0192	
Fire Protection	.1030	.1500
Police Protection	.0750	.0750
Civil Defense	.0030	.0500
I.M.R.F.	.3295	
Social Security	.2265	
Liability Insurance	.1771	
Audit	.0194	
Workman's Compensation	.2348	
Proprietary Fund:		
Cemetery Fund	.0239	.0250
Fiduciary Fund Type:		
Fire Pension	.6960	
Police Pension	.4229	
	2.3303	
	2.3303	

The City also receives road and bridge property taxes. However, these taxes are levied by Canton and Buckheart Townships.

NOTE 3. CASH AND INVESTMENTS

Investment risks include: credit risk (custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. Deposit risks include: custodial credit risk and foreign currency risk.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City’s deposit policy provides that all deposits be guaranteed by the U.S. government, insured by the Federal Deposit Insurance Corporation (FDIC), or fully collateralized with securities held by the City or its agent in the City’s name or by its counterparty’s trust department or agent in the City’s name.

The City’s cash and cash equivalents at April 30, 2020 consisted of deposits with financial institutions and the Illinois Funds Money Market Fund. The Illinois Funds have a credit rating of AAAM, by an independent rating agency, indicating a strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and liquidity risks.

The monies invested in the Illinois Funds by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

At April 30, 2020, all but \$140,000 of the City’s deposits were covered by federal depository insurance, by collateral held by the financial institution’s trust department or agent in the City’s name, or invested in Illinois Funds Money Market Fund.

Investments

As of April 30, 2020, the City had the following investments:

Type of Investment	Fair Value/ Carrying Amount	Average Credit Quality/ Ratings (1)	Weighted Average Years to Maturity (2)
Primary Government			
Business-type Activities (included in Restricted Assets)			
Certificates of Deposit	\$ 492,589	N/A	0.22
Fiduciary Funds			
Certificates of deposit	\$ 1,334,631	N/A	2.08
Corporate bonds	2,186,166	A2	3.08
State & Local government	40,974	AAA	0.63
U.S. Government obligations and agency securities	3,352,744	AAA	5.20
Annuities	1,319,387	N/A	N/A
Common stock	4,020,758	N/A	N/A
Mutual funds	7,474,593	N/A	N/A
Total Fiduciary Investments	\$ 19,729,253		

- (1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.
- (2) Interest rate risk is estimated using the weighted average years to maturity method.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing for the Fiduciary Fund is performed in accordance with investment policies adopted by the Board of Trustees complying with Illinois Compiled Statutes. Funds shall be invested as per Illinois Pension Code Section 3-135 and by the Public Funds Investment Act (20 ILCS 235/01).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Fund’s policy provides that investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities while the Fund maintains sufficient liquidity. Investment guidelines have been established for monies invested to meet approximate market rates of return on its investments, consistent with constraints established by its safety objectives, cash flow considerations, and Illinois State laws that restrict the placement of public funds.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City’s policy provides that investments be diversified or collateralized to avoid incurring unreasonable risks regarding specific security types and/or financial institutions. Investments are insured by FDIC insurance or collateralized with securities held by the City or its agent in the City’s name.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. Investments representing 5% or more of total investments at April 30, 2020 are as follows:

United States Treasury Notes	\$ 1,146,975
Federal National Mortgage Association	1,119,960

NOTE 4. CAPITAL ASSETS

Capital assets activity, resulting from modified cash basis transactions, for the year ended April 30, 2020, is as follows:

	Ending Balance 4/30/2019	Additions	Deletions	Ending Balance 4/30/2020
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 186,111	\$ -	\$ -	\$ 186,111
Depreciable Assets:				
Buildings & Infrastructure	11,261,665	129,003	-	11,390,668
Equipment	1,720,640	38,248	-	1,758,888
Motor Vehicles	2,840,886	530,835	-	3,371,721
	<u>16,009,302</u>	<u>698,086</u>	<u>-</u>	<u>16,707,388</u>
Accumulated depreciation				
Buildings & Infrastructure	3,486,936	406,355	-	3,893,291
Equipment	1,315,443	78,293	-	1,393,736
Motor Vehicles	2,180,942	133,928	-	2,314,870
	<u>6,983,321</u>	<u>618,576</u>	<u>-</u>	<u>7,601,897</u>
Governmental activities capital assets, net	<u>\$ 9,025,981</u>	<u>\$ 79,512</u>	<u>\$ -</u>	<u>\$ 9,105,491</u>

Depreciation expenses were charged to governmental functions:

General Government	\$ 56,069
Buildings and Grounds	4,844
Public Safety	94,768
Public Works	397,874
Community Development	20,144
Sanitation	<u>44,877</u>
Total	<u>\$ 618,576</u>

Business-Type Activities:	Ending Balance 4/30/2019	Additions	Deletions	Ending Balance 4/30/2020
<u>Greenwood Cemetery Fund</u>				
Mowers and equipment	\$ 148,557	\$ -	\$ -	\$ 148,557
Vehicle	15,266	-	-	15,266
Fence	1,097	-	-	1,097
Building	45,137	-	-	45,137
Land improvements	9,532	-	-	9,532
	219,589	-	-	219,589
Accumulated depreciation	162,082	7,056	-	169,138
Greenwood Cemetery Fund Capital Assets, net	57,507	(7,056)	-	50,451
<u>Lake Fund</u>				
Non-Depreciable Assets				
Construction in progress	17,664	5,541	17,664	5,541
Depreciable Assets				
Building and plant	253,845	50,468	-	304,313
Accumulated depreciation	125,200	19,942	-	145,142
Lake Fund Capital Assets, net	146,309	36,067	17,664	164,712
<u>Water & Sewer Fund</u>				
Depreciable Assets				
Water plant	25,168,350	151,828	-	25,320,178
Sewer plant	24,575,106	85,135	-	24,660,241
Water extensions	1,927,737	-	-	1,927,737
Sewer extensions	4,460,643	-	-	4,460,643
Office equipment	56,101	-	-	56,101
Water equipment	1,241,619	36,682	-	1,278,301
Sewer equipment	754,156	112,328	-	866,484
	58,183,712	385,973	-	58,569,685
Accumulated depreciation	27,447,814	1,419,021	-	28,866,835
Water and Sewer Fund Capital Assets, net	30,735,898	(1,033,048)	-	29,702,850
Total business-type activity capital asset, net	\$ 30,939,714	\$ (1,004,037)	\$ 17,664	\$ 29,918,013

NOTE 5. LONG-TERM DEBT

The following is a summary of the changes in each type of long-term debt:

	Balance April 30, 2019	Additions	Reductions	Balance April 30, 2020	Amounts Due within One Year
Changes in governmental activities Long-Term Debt:					
Contracts and loans payable:					
Street Sweeper Term Note	\$ 89,405	\$ -	\$ 29,133	\$ 60,272	\$ 29,794
2011 Debt Certificate	5,480,000	-	5,480,000	-	-
2020 Western Star	-	94,053	-	94,053	22,165
General obligation bonds (alternate revenue source)					
2020 Refunding Bonds	-	4,870,000	-	4,870,000	470,000
Net issuance premium (discount)	-	405,321	11,259	394,062	11,259
Total long-term debt, governmental activities	\$ 5,569,405	\$ 5,369,374	\$ 5,554,169	\$ 5,418,387	\$ 533,218
Changes in business-type activities Long-Term Debt:					
IL EPA loan	\$ 691,071	\$ -	\$ 190,383	\$ 500,688	\$ 195,954
General obligation bonds (alternate revenue source)					
2012 Series	7,600,000	-	1,545,000	6,055,000	1,595,000
2013 Series	2,075,000	-	445,000	1,630,000	430,000
Net issuance premium (discount)	(72,784)	14,557	-	(58,227)	(21,289)
Total general obligation bonds	9,602,216	14,557	1,990,000	7,626,773	2,003,711
Total long-term debt business-type activities	\$ 10,293,287	\$ 14,557	\$ 2,180,383	\$ 8,127,461	\$ 2,199,665

The legal debt limit of the City, as defined by 65 ILCS 5/8-5-1 of the Illinois Compiled Statutes, is 8.625% of the most recent assessed valuation of the property located in the City’s boundaries. For April 30, 2020, the City’s legal debt limit was \$11,593,796. As of April 30, 2020, the Village reported outstanding debt of \$13,210,013, of which \$655,013 is applicable to the Village’s legal debt limit. As a result, the legal debt margin as of April 30, 2020 is \$10,938,783.

Governmental Activities Long-term Debt:

The City’s governmental activities long-term debt as of April 30, 2020, consisted of the following:

Street Sweeper Term Note

During 2017, the City borrowed \$145,737 to finance the purchase of a new street sweeper. Interest rate is 2.25%. The debt service requirements on this note are as follows:

<u>Year Ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 29,794	\$ 1,379	\$ 31,173
2022	30,478	695	31,173
	<u>\$ 60,272</u>	<u>\$ 2,074</u>	<u>\$ 62,346</u>

Western Star Dump Truck Note

During 2020, the City borrowed \$94,054 to finance the purchase of a new dump truck. Interest rate is 3.88%. The debt service requirements on this note are as follows:

<u>Year Ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 22,165	\$ 3,258	\$ 25,423
2022	23,041	2,382	25,423
2023	23,951	1,472	25,423
2024	24,896	526	25,422
	<u>\$ 94,053</u>	<u>\$ 7,638</u>	<u>\$ 101,691</u>

General Obligation Debt Certificates:

On January 23, 2020, the City issued \$4,870,000 of General Obligation Refunding Bonds (alternate revenue source) with an average interest rate of 3.5 percent to repay \$5,110,000 of outstanding 2011 Debt Certificates. Principal on the bonds is payable in annual installments ranging from \$470,000 to \$615,000 due December 15. Interest on the bonds is payable semi-annually on June 15 and December 15. The bonds mature through December 15, 2028. The bonds were issued at a \$405,321 premium. This premium is being amortized on a straight-line basis over the life of the bonds. The amortized premium on the bond issue at April 30, 2020, was \$11,259. The debt service requirements on these bonds are as follows:

<u>Year Ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 470,000	\$ 143,618	\$ 613,618
2022	470,000	152,400	622,400
2023	505,000	133,600	638,600
2024	520,000	113,400	633,400
2025	545,000	92,600	637,600
2026	565,000	70,800	635,800
2027	580,000	53,850	633,850
2028	600,000	36,450	636,450
2029	615,000	18,450	633,450
	<u>\$ 4,870,000</u>	<u>\$ 815,168</u>	<u>\$ 5,685,168</u>

Business-type Activities Long-term Debt:

The City’s business-type activities long-term debt as of April 30, 2020, consisted of the following:

Illinois EPA Loan:

In connection with a waterworks and sewer system maintenance project the City borrowed \$3,012,062 on an Illinois EPA Construction loan, including \$84,002 of construction period interest. The loan is payable in semi-annual installments of \$104,543 including interest at a rate of 2.93%, due February 28 and August 28 of each year. The final payment is due August 28, 2022.

The debt service requirements to maturity, on this loan, are as follows:

<u>Year ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 195,954	\$ 18,703	\$ 214,657
2022	201,688	7,398	209,086
2023	103,046	1,505	104,551
	<u>\$ 500,688</u>	<u>\$ 27,606</u>	<u>\$ 528,294</u>

General Obligations Bonds (Alternate Revenue Source):

The City issued \$12,810,000 in General Obligation Refunding Bonds Series 2012 and 2013 (Alternative Revenue Source) with an average interest rate of 2.1 percent to advance refund \$11,000,000 of outstanding 2005 Series bonds with an average interest rate of 5 percent. The net proceeds of \$12,543,108 (after payment of \$106,367 in underwriting fees, insurance, and other issuance costs) purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 2005 Series bonds. As a result, \$11,000,000 of the 2005 Bond Series are considered to be defeased and the liability for those bonds has been removed from the financial statements.

As a result of the refunding, the City reduced its future cash outflows related to this debt by \$756,091 over the next 11 years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$681,747. While the refunding reduced the future cash outflows, the total debt outstanding increased. This increase, net of bond issuance costs, of \$1,518,202 is recorded as a deferred charge and is being amortized on a straight-line basis over the life of the bonds. The amortized deferred charge on the bond issue was \$138,018 during 2020 and the accumulated amortization was \$966,129 at April 30, 2020.

On December 19, 2012, the City issued \$10,000,000 of General Obligation Refunding Bonds (alternate revenue source). Principal on the bonds is payable in annual installments ranging from \$165,000 to \$1,725,000 due December 1. Interest on the bonds is payable semi-annually on June 1 and December 1, at rates ranging from 0.7% to 2.55%. The bonds mature through December 1, 2023. The bonds were issued at a \$125,000 discount. This discount is being amortized on a straight-line basis over the life of the bonds. The amortized discount on the bond issue at April 30, 2020, was \$79,546.

On February 12, 2013, the City issued \$2,810,000 of General Obligation Refunding Bonds (alternate revenue source). Principal on the bonds is payable in annual installments ranging from \$50,000 to \$450,000 due December 1. Interest on the bonds is payable semi-annually on June 1 and December 1, at rates ranging from 0.85% to 2.50%. The bonds mature through December 1, 2023. The bonds were issued at a \$35,125 discount. This discount is being amortized on a straight-line basis over the life of the bonds. The amortized discount on the bond issue at April 30, 2020, was \$22,352.

The General Obligation Refunding Bonds and the General Obligation Bonds bond ordinances stipulate that monies held in the water and sewer fund shall be aggregated and restricted to separate reserve accounts, totaling \$2,567,059 in the priority indicated by the order of the following:

Account	Amount	Expenditures
System Improvements	G.O. Alternate Bond proceeds plus interest earned on invested proceeds net of allowable project costs.	Paying of costs of Water and Sewer plant and system improvements.
Operations and Maintenance	Monthly amounts sufficient to pay current operations and maintenance expenses.	Paying of operations and maintenance expenses.
Depreciation	Monthly deposits as deemed necessary.	Cost of extraordinary repairs and placements to the existing system.
Surplus	All remaining money after the deposits to the Operations and Depreciation accounts.	Paying of bond principal and interest maturities, repairs and replacements and deficiencies to accounts listed above.

Bond debt service requirements to maturity are as follows:

Year ending 4/30	Principal	Interest	Total
2021	\$ 2,025,000	\$ 174,665	\$ 2,199,665
2022	2,065,000	133,950	2,198,950
2023	2,110,000	88,310	2,198,310
2024	1,485,000	37,670	1,522,670
	\$ 7,685,000	\$ 434,595	\$ 8,119,595

NOTE 6. DEFICIT FUND BALANCES

The following City funds have a deficit fund/equity balance as of April 30, 2020.

Civil Defense	\$ 62,474
Canton 2 TIF	44,342
Canton 3 TIF	11,309

NOTE 7. DEFINED BENEFIT PENSION PLANS

Illinois Municipal Retirement Fund

Plan Description

The City’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this document. 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 <https://www.imrf.org/en/publications-and-archive/annual-financial-reports>.

Benefits Provided

The City’s IMRF members participate in the Regular Plan (RP). 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.

Employees Covered by Benefit Terms

As of December 31, 2019, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	81
Inactive plan members entitled to but not yet receiving	35
Active plan members	<u>65</u>
Total	<u><u>181</u></u>

Contributions

As set by statute, the City’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual contribution rate for calendar year 2019 was 11.92%. For the fiscal year ended April 30, 2020, the City contributed \$439,955 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Police Pension Fund

Plan Description:

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan and which is administered by a board of trustees appointed by the Mayor and elected by pension members. The plan issues a stand-alone financial report that is filed with the Illinois Department of Insurance. A copy of the report may be obtained from the City. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (40ILCS 5/3) and may be amended only by the Illinois legislature. The city accounts for the plan as a pension trust fund.

At May 1, 2019, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries currently Receiving Benefits	24
Terminated Employees Entitled to Benefits but not yet Receiving Them	<u>1</u>
	25
Current Employees	<u>19</u>
Total	<u><u>44</u></u>

Funding Policy:

The Recommended contribution is based on the Funding Policy for the Plan. A Funding Policy has three key numerical components:

1. **The Actuarial Cost Method:** The Actuarial Cost Method creates a contribution pattern for each year of an employee's working career ("Normal Cost" contributions). In addition, the Actuarial Cost Method can measure how well the funding is progressing to date.
2. **Amortization Policy:** When Plan funding is not where expected (according to plan), procedures are put into place to pay down any shortfall. This leads to a second piece of the cash contribution (the "Amortization Payment").
3. **Actuarial Value of Assets:** Fluctuations in the plans assets due to short-term gains and losses may be smoothed over some period of time to minimize long-term contribution volatility.

Actuarial Cost Method:

The Actuarial Cost Method under the Funding Policy is the Entry Age Normal (EAN) Cost Method (as a percent of payroll). The EAN method creates a pattern of contributions over employee working careers that are expected to be stable as a percent of payroll over time, creating equity over generations of taxpayers.

Amortization Policy:

The Funding Policy establishes that the unfunded liability (up to 90% of liability) as of 4/30/2019 will be amortized on a level dollar basis over 25 years. Future changes in unfunded will be handled separately.

The Police Pension Plan provides retirement benefits as well as death and disability benefits.

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.

Annual Pension Cost and Net Pension Obligation – The City obtained an actuarial valuation for the year ending May 1, 2019. The City based the current year contribution based on the actuarial valuation using the following assumptions:

The following methods have been prescribed in accordance with Section 3-125 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

Actuarial Assumptions

Interest rate	6.50%
Interest rate, prior fiscal year	6.50%
Healthy mortality rates - Male	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Healthy mortality rates - Female	RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Disability mortality rates - Male	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Disability mortality rates - Female	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Decrements other than mortality	Experience tables
Rate of service-related deaths	10%
Rate of service-related disabilities	60%
Salary increases	Service-related table with rates grading from 13.08% to 3.45% at 35 years of service
Payroll growth	3.25%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The Police Pension Fund's unfunded actuarial liability is being amortized as a level percentage of projected payroll. The remaining amortization period at May 1, 2019, is 21 years.

As of May 1, 2019, the most recent actuarial valuation date, the Police Pension Plan was 61% funded. The actuarial accrued liability for benefits was \$25,814,293 and the actuarial value of assets was \$15,840,870, resulting in an underfunded actuarial accrued liability (UAAL) of \$9,973,423.

Fire Pension Fund

Plan Description

Fire sworn personnel are covered by the Fire Pension Plan which is a defined benefit single-employer pension plan and which is administered by a board of trustees appointed by the Mayor and elected by pension members.

The Plan issues a stand-alone financial report that is filed with the Illinois Department of Insurance. A copy of the report may be obtained from the City. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois Compiled Statutes (40ILCS 5/4) and may be amended only by the Illinois legislature.

The City accounts for the plan as pension trust fund. At May 1, 2019, the Fire Pension Plan membership consisted of:

Retirees and Beneficiaries currently	
Receiving Benefits	25
Terminated Employees Entitled to	
Benefits but not yet Receiving Them	-
	<hr/>
	25
Current Employees	15
	<hr/>
Total	40
	<hr/>

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increases 3% annually.

Covered employees are required to contribute 9.455% of their salary to the Fire Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. The Fire Pension Fund's unfunded actuarial liability is being amortized as a level percentage of projected payroll. The remaining amortization period at May 1, 2019, is 21 years.

The City obtained an actuarial valuation for the year ending April 30, 2019. The City based the current year contribution using the entry age normal cost funding method. The City based the current year contribution based on the actuarial valuation using the following assumptions:

The following methods have been prescribed in accordance with Section 4-118 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

Actuarial Assumptions

Interest rate	6.25%
Interest rate, prior fiscal year	6.00%
Healthy mortality rates - Male	RP-2014 Healthy Annuitant, with Blue Collar Adjustment, males
Healthy mortality rates - Female	RP-2014 Healthy Annuitant, with Blue Collar Adjustment, females
Disability mortality rates - Male	115% of RP-2014 Healthy Annuitant, with Blue Collar Adjustment, males
Disability mortality rates - Female	115% of RP-2014 Healthy Annuitant, with Blue Collar Adjustment, females
Decrements other than mortality	Experience tables
Rate of service-related deaths	20%
Rate of service-related disabilities	80%
Salary increases	Service-related table with rates grading from 13.08% to 3.45% at 35 years of service
Payroll growth	3.25%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

As of May 1, 2019, the most recent actuarial valuation date, the Fire Pension Plan was 36% funded. The actuarial accrued liability for benefits was \$21,800,019 and the actuarial value of assets was \$7,941,124, the unfunded accrued liability was \$13,858,895.

Police and Fire Pension Funds

Summary of the Plan's Significant Accounting Policies and Asset Matters:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when dues and payable in accordance with the terms of each plan.

Method Used to Value Investments

Investments are reported at fair value on the financial statements. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at a current exchange rates. For actuarial calculation purposes investments in the U.S. Government and Agency obligations are valued at amortized cost.

NOTE 8. INTERFUND BALANCES AND TRANSACTIONS

The following schedule reports interfund receivables and payables:

Amount	Due to:	Due from:
\$ 172,578	General Fund	Special Revenue Fund: Canton 2 TIF
42,934	General Fund	Special Revenue Fund: Canton 1 TIF
62,474	General Fund	Special Revenue Fund: Civil Defense
3,052	General Fund	Business Type Funds
69,000	Special Revenue Fund: Canton 1 TIF	Special Revenue Fund: Canton 2 TIF
10,000	Special Revenue Fund: Canton 2 TIF	Special Revenue Fund: Canton 3 TIF
12,642	Special Revenue Fund: Canton 1 TIF	Special Revenue Fund: Canton 3 TIF

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. The balances will be repaid with the excess of revenues over expenditures in future years; therefore a significant majority of the balances will not be collected in the subsequent year.

Interfund transfers for the year ended April 30, 2020 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 91,930	\$ 57,900
Greenwood Cemetery Fund	93,876	22,140
Video Gaming Fund	-	128,110
Social Security Fund	132,086	-
IMRF Fund	10,000	-
Housing Grant Fund	124	-
Audit Fund	2,000	-
DUI Fund	134	-
Drug Prevention Fund	3,182	-
Water & Sewer Fund	-	125,182

Transfers are used to (1) move revenues from the fund collecting them to the fund that statute or budget reflects to expend them and (2) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9. COMMITMENT/SUBSEQUENT EVENTS

As of April 30, 2020, the Canton 1 Tax Increment Fund has commitments with local businesses to refund a portion of the tax increment. These commitments are based on an agreed upon percentage of the total yearly increment and are capped at a maximum. The maximum commitments total approximately \$1,350,000. There are also agreements with other local taxing bodies to share a portion of the annual increment.

As of April 30, 2020, the Canton 2 Tax Increment Fund has commitments with local businesses to refund a portion of the tax increment. These commitments are based on an agreed upon percentage of the total yearly increment and are capped at a maximum. The maximum commitments total approximately \$925,000. There are also agreements with other local taxing bodies to share a portion of the annual increment.

As of April 30, 2020, the Canton 3 Tax Increment Fund has commitments with local businesses to refund a portion of the tax increment. These commitments are based on an agreed upon percentage of the total yearly increment and are capped at a maximum. There were no commitments during the current year. There are also agreements with other local taxing bodies to share a portion of the annual increment.

At April 30, 2020, the City had entered one project in the proprietary funds which remained uncompleted. The City paid \$5,541 through April 30, 2020 towards a project to install a new gate at Canton Lake.

The City has evaluated subsequent events through December 11, 2020, the date which the financial statements were available to be issued.

NOTE 10. CONTINGENCIES

LITIGATION

The City is the defendant in several claims and lawsuits. Based on information of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

In addition to the pension benefits described in Note 7, the City provides post-retirement hospital, health, life, and dental insurance coverage to retired employees in accordance with personnel policy or union contract. The portion of insurance coverage paid by the City varies depending on whether the employee was union or nonunion, the personnel policy in effect at the date of retirement, and the retiree's length of service. Generally, the City pays 100% of the retiree's insurance and a portion or all of the retiree's dependent coverage until the retiree reaches age 65. At age 65, the insurance coverage is terminated and the retiree can then make application to Medicare at his own expense. Retired employees are eligible for this coverage only if they also qualify for pension benefits under the Police, Fire, or IMRF pension fund.

Employees covered by benefit terms

At April 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Active employees entitled to but not yet receiving benefits	<u>86</u>
	<u>120</u>

Total OPEB Liability

The City's total OPEB liability of \$9,237,550 was measured as of April 30, 2019 under GASB 75, and was determined by an actuarial valuation as of that date. The \$9,237,550 is comprised of liabilities of \$3,373,395 for active employees and \$5,864,155 for retirees. The annual expense for the fiscal year under GASB 75 was \$1,000,038.

Breakdown of Liability by City Groups:

Retired	
City of Canton	\$5,864,155
Active – City of Canton	
Fire	\$ 874,674
Police	1,732,060
Other	<u>766,661</u>
Total	<u>\$3,373,395</u>
Total City of Canton	<u>\$9,237,550</u>

Actuarial Assumptions

The total OPEB liability in the April 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Salary increases	3.00%
Discount rate	4.50%
Return on assets	4.50%
Pre-retirement turnover	10% per year

For all lives, mortality rates were 2000 Group Annuity Mortality, projected using Male and Female tables.

SUPPLEMENTARY INFORMATION

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - GENERAL FUND
Year Ended April 30, 2020

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
<u>RESOURCES (INFLOWS):</u>			
Local Taxes:			
Property taxes	\$ 2,099,000	\$ 2,154,117	\$ 55,117
Utility tax	625,000	639,520	14,520
Telecommunications tax	185,000	168,145	(16,855)
Hotel/Motel taxes	64,000	55,743	(8,257)
	<u>2,973,000</u>	<u>3,017,525</u>	<u>44,525</u>
Intergovernmental:			
Sales tax	3,400,000	3,790,702	390,702
Income tax	1,500,000	1,593,682	93,682
Replacement tax	180,000	117,972	(62,028)
State reimbursements & grants	40,000	51,721	11,721
Federal grants	-	4,783	4,783
	<u>5,120,000</u>	<u>5,558,860</u>	<u>438,860</u>
Other:			
License and permits	81,000	56,554	(24,446)
Franchise fees	290,000	286,363	(3,637)
Fines and forfeitures	80,000	87,411	7,411
Charges for services	957,700	986,803	29,103
Interest income	1,000	1,967	967
Miscellaneous	199,500	154,580	(44,920)
	<u>1,609,200</u>	<u>1,573,678</u>	<u>(35,522)</u>
Total Other	<u>1,609,200</u>	<u>1,573,678</u>	<u>(35,522)</u>
Total Resources	<u>9,702,200</u>	<u>10,150,063</u>	<u>447,863</u>

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
Year Ended April 30, 2020

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
<u>CHARGES TO EXPENDITURES (OUTFLOWS):</u>			
General Government:			
Salaries and benefits	\$ 668,890	\$ 700,395	\$ (31,505)
Supplies	27,450	13,732	13,718
Contractual services	881,370	886,906	(5,536)
Other charges and services	135,050	132,101	2,949
Capital outlay	1,500	-	1,500
	<u>1,714,260</u>	<u>1,733,134</u>	<u>(18,874)</u>
Total General Government			
Public Safety:			
Police:			
Salaries and benefits	3,264,060	3,170,900	93,160
Supplies	68,140	65,211	2,929
Contractual services	114,080	124,362	(10,282)
Capital outlay	62,300	70,543	(8,243)
	<u>3,508,580</u>	<u>3,431,016</u>	<u>77,564</u>
Total Police			
Fire:			
Salaries and benefits	2,308,370	2,419,876	(111,506)
Supplies	64,460	51,547	12,913
Contractual services	117,000	102,245	14,755
Capital outlay	5,000	12,451	(7,451)
	<u>2,494,830</u>	<u>2,586,119</u>	<u>(91,289)</u>
Total Fire			
Total Public Safety			
Public Works/Transportation:			
Streets:			
Salaries and benefits	340,030	365,385	(25,355)
Supplies	172,920	156,577	16,343
Contractual services	258,915	145,063	113,852
Capital outlay	102,710	66,107	36,603
	<u>874,575</u>	<u>733,132</u>	<u>141,443</u>
Total Public Works/ Transportation			

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
Year Ended April 30, 2020

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
Buildings and Grounds:			
Salaries and benefits	\$ 93,695	\$ 94,329	\$ (634)
Supplies	16,765	12,827	3,938
Contractual services	20,100	9,903	10,197
Capital outlay	-	100,124	(100,124)
Total Buildings and Grounds	<u>130,560</u>	<u>217,183</u>	<u>(86,623)</u>
Sanitation:			
Salaries and benefits	329,875	281,787	48,088
Supplies	56,115	69,424	(13,309)
Contractual services	201,765	184,116	17,649
Capital outlay	56,400	316,278	(259,878)
Total Sanitation	<u>644,155</u>	<u>851,605</u>	<u>(207,450)</u>
Debt Service:			
Principal	-	29,133	(29,133)
Interest expense	-	2,040	(2,040)
Total Debt Service	<u>-</u>	<u>31,173</u>	<u>(31,173)</u>
Other Financing Sources (Uses):			
Operating transfers in	350,900	91,930	(258,970)
Operating transfers out	(650,880)	(57,900)	592,980
Total Other Financing Sources (Uses)	<u>(299,980)</u>	<u>34,030</u>	<u>334,010</u>
Total Charges to Expenditures	<u>9,666,940</u>	<u>9,549,332</u>	<u>117,608</u>
CHANGE IN FUND BALANCE	<u>\$ 35,260</u>	<u>\$ 600,731</u>	<u>\$ 565,471</u>

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
CANTON 1 TAX INCREMENT FINANCING DISTRICT FUND
Year Ended April 30, 2020

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
<u>RESOURCES (INFLOWS):</u>			
Local taxes	\$ 813,605	\$ 806,807	\$ (6,798)
Interest	1,500	7,292	5,792
Other	-	12,968	12,968
Total Resources	815,105	827,067	11,962
<u>CHARGES TO EXPENDITURES (OUTFLOWS):</u>			
Community development	311,485	189,762	121,723
Capital outlay	-	38,530	(38,530)
Debt service:			
Principal repayment	370,000	370,000	-
Interest	114,295	229,086	(114,791)
Bond issuance costs	-	110,072	(110,072)
	795,780	937,450	(141,670)
Other Financing Sources (Uses):			
Proceeds from bond issuance	-	4,870,000	4,870,000
Premium from bond issuance	-	405,321	405,321
Deposit with escrow paying agent	-	(5,165,249)	(5,165,249)
Operating transfers in	100,000	-	(100,000)
Operating transfers out	(50,000)	-	50,000
Total Other Financing Sources (Uses)	50,000	110,072	60,072
Total Charges to Expenditures	745,780	827,378	(81,598)
CHANGE IN FUND BALANCE	\$ 69,325	\$ (311)	\$ (69,636)

OTHER SUPPLEMENTARY INFORMATION

CITY OF CANTON, ILLNOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
MODIFIED CASH BASIS -
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2020

	Total Non-Major Special Revenue Funds	Total Non- Major Capital Project Funds	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash	\$ 3,170,115	\$ 306,179	\$ 3,476,294
DCCA loans receivable	46,323	-	46,323
Due from other funds	10,000	-	10,000
Total Assets	\$ 3,226,438	\$ 306,179	\$ 3,532,617
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 326,694	\$ -	\$ 326,694
Fund balances:			
Restricted	2,361,148	306,179	2,667,327
Assigned	656,721	-	656,721
Unassigned	(118,125)	-	(118,125)
Total Fund Balances	2,899,744	306,179	3,205,923
Total Liabilities & Fund Balances	\$ 3,226,438	\$ 306,179	\$ 3,532,617

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - MODIFIED CASH BASIS - NON-MAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2020

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
<u>REVENUES</u>			
Local taxes:			
Property taxes	\$ 1,181,440	\$ -	\$ 1,181,440
Intergovernmental:			
Motor fuel taxes	549,489	-	549,489
Other taxes	128,110	-	128,110
Grant proceeds	-	315,900	315,900
Fines and forfeitures	8,182	-	8,182
Interest	4,598	6,078	10,676
Other	6,123	-	6,123
	<u>1,877,942</u>	<u>321,978</u>	<u>2,199,920</u>
<u>EXPENDITURES</u>			
General governmental	686,780	-	686,780
Public safety:			
Law enforcement	15,769	-	15,769
Public works/transportation:			
Streets & sidewalks	80,575	-	80,575
Community development:			
Other	266,417	273,889	540,306
	<u>1,049,541</u>	<u>273,889</u>	<u>1,323,430</u>
Revenue Received Over Expenditures	<u>828,401</u>	<u>48,089</u>	<u>876,490</u>
Other Financing Sources (Uses):			
Operating transfers in	147,402	124	147,526
Operating transfers out	(128,110)	-	(128,110)
	<u>19,292</u>	<u>124</u>	<u>19,416</u>
Net changes in fund balances	847,693	48,213	895,906
FUND BALANCES - BEGINNING	<u>2,052,051</u>	<u>257,966</u>	<u>2,310,017</u>
FUND BALANCES - ENDING	<u>\$ 2,899,744</u>	<u>\$ 306,179</u>	<u>\$ 3,205,923</u>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITES, AND FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended April 30, 2020

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund	Social Security	Motor Fuel Tax
<u>ASSETS</u>					
Cash	\$ 561,136	\$ -	\$ 853,009	\$ 356,339	\$ 1,121,966
DCCA loans receivable	-	-	-	-	-
Due from Canton 3 TIF	-	-	-	-	-
Total Assets	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ 853,009</u>	<u>\$ 356,339</u>	<u>\$ 1,121,966</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to Canton 1 TIF	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Canton 2 TIF	-	-	-	-	-
Due to General fund	-	62,474	-	-	-
Total Liabilities	<u>-</u>	<u>62,474</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (deficit):					
Restricted	-	-	853,009	356,339	1,121,966
Assigned	561,136	-	-	-	-
Unassigned	-	(62,474)	-	-	-
Total Fund Balances (Deficit)	<u>561,136</u>	<u>(62,474)</u>	<u>853,009</u>	<u>356,339</u>	<u>1,121,966</u>
Total Liabilities & Fund Balances (Deficit)	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ 853,009</u>	<u>\$ 356,339</u>	<u>\$ 1,121,966</u>

Canton 2 Tax Increment Financing District	Canton 3 Tax Increment Financing District	Audit	Drug Prevention	DCCA Loan Fund	Total Non- Major Special Revenue Funds
\$ 187,236	\$ 11,333	\$ 17,496	\$ 12,338	\$ 49,262	\$ 3,170,115
-	-	-	-	46,323	46,323
10,000	-	-	-	-	10,000
<u>\$ 197,236</u>	<u>\$ 11,333</u>	<u>\$ 17,496</u>	<u>\$ 12,338</u>	<u>\$ 95,585</u>	<u>\$ 3,226,438</u>
\$ 69,000	\$ 12,642	\$ -	\$ -	\$ -	\$ 81,642
-	10,000	-	-	-	10,000
172,578	-	-	-	-	235,052
<u>241,578</u>	<u>22,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>326,694</u>
-	-	17,496	12,338	-	2,361,148
-	-	-	-	95,585	656,721
(44,342)	(11,309)	-	-	-	(118,125)
<u>(44,342)</u>	<u>(11,309)</u>	<u>17,496</u>	<u>12,338</u>	<u>95,585</u>	<u>2,899,744</u>
<u>\$ 197,236</u>	<u>\$ 11,333</u>	<u>\$ 17,496</u>	<u>\$ 12,338</u>	<u>\$ 95,585</u>	<u>\$ 3,226,438</u>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended April 30, 2020

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund	Social Security	Motor Fuel Tax
<u>REVENUES</u>					
Property taxes	\$ -	\$ 3,757	\$ 380,799	\$ 355,334	\$ -
Intergovernmental:					
Motor fuel taxes	-	-	-	-	549,489
Other taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	-	1,901
Other	-	-	-	-	-
Total Revenues	-	3,757	380,799	355,334	551,390
<u>EXPENDITURES</u>					
General government	-	-	393,782	271,148	-
Public safety					
Law enforcement	-	-	-	-	-
Public works/transportation:					
Streets and sidewalks	-	-	-	-	80,575
Community development:					
Other	-	-	-	-	-
Total Expenditures	-	-	393,782	271,148	80,575
Revenue Received Over (Under) Expenditures	-	3,757	(12,983)	84,186	470,815
Other Financing Sources (Uses):					
Operating transfers in	-	-	10,000	132,086	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	10,000	132,086	-
Net changes in fund balances	-	3,757	(2,983)	216,272	470,815
FUND BALANCES (DEFICIT)					
- BEGINNING	561,136	(66,231)	855,992	140,067	651,151
FUND BALANCES (DEFICIT)					
- ENDING	\$ 561,136	\$ (62,474)	\$ 853,009	\$ 356,339	\$ 1,121,966

Canton 2 Tax Increment Financing District	Canton 3 Tax Increment Financing District	Audit	Drug Prevention	DUI Fund	Video Gaming	DCCA Loan Fund	Total Non- Major Special Revenue Funds
\$ 413,032	\$ 5,606	\$ 22,912	\$ -	\$ -	\$ -	\$ -	\$ 1,181,440
-	-	-	-	-	-	-	549,489
-	-	-	-	-	128,110	-	128,110
-	-	-	7,156	1,026	-	-	8,182
988	11	-	-	-	-	1,698	4,598
-	6,000	-	123	-	-	-	6,123
414,020	11,617	22,912	7,279	1,026	128,110	1,698	1,877,942
-	-	21,850	-	-	-	-	686,780
-	-	-	9,945	5,824	-	-	15,769
-	-	-	-	-	-	-	80,575
237,104	29,313	-	-	-	-	-	266,417
237,104	29,313	21,850	9,945	5,824	-	-	1,049,541
176,916	(17,696)	1,062	(2,666)	(4,798)	128,110	1,698	828,401
-	-	2,000	3,182	134	-	-	147,402
-	-	-	-	-	(128,110)	-	(128,110)
-	-	2,000	3,182	134	(128,110)	-	19,292
176,916	(17,696)	3,062	516	(4,664)	-	1,698	847,693
(221,258)	6,387	14,434	11,822	4,664	-	93,887	2,052,051
\$ (44,342)	\$ (11,309)	\$ 17,496	\$ 12,338	\$ -	\$ -	\$ 95,585	\$ 2,899,744

CITY OF CANTON, ILLINOIS
STATEMENT OF ASSETS, LIABILITES, AND FUND BALANCE -
MODIFIED CASH BASIS - NON-MAJOR CAPITAL PROJECTS FUNDS
Year Ended April 30, 2020

	<u>Housing Grant</u>	<u>IT&EC Environmental Escrow</u>	<u>Total Non- Major Capital Project Funds</u>
<u>ASSETS</u>			
Cash	\$ 42,277	\$ 263,902	\$ 306,179
<u>LIABILITIES AND FUND BALANCE</u>			
Fund balance:			
Restricted	\$ 42,277	\$ 263,902	\$ 306,179

CITY OF CANTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - MODIFIED CASH BASIS -
NON-MAJOR CAPITAL PROJECTS FUNDS
Year Ended April 30, 2020

	<u>Housing Grant</u>	<u>IT&EC Environmental Escrow</u>	<u>Total Non- Major Capital Project Funds</u>
<u>REVENUES</u>			
Intergovernmental:			
Grant proceeds	\$ 315,900	\$ -	\$ 315,900
Other			
Interest	142	5,936	6,078
	<u>316,042</u>	<u>5,936</u>	<u>321,978</u>
Total Revenues			
<u>EXPENDITURES</u>			
Community Development:			
Other	273,889	-	273,889
Revenue Received Over			
Expenditures	42,153	5,936	48,089
Other Financing Sources:			
Operating transfers in	124	-	124
Net changes in fund balances	42,277	5,936	48,213
FUND BALANCE - BEGINNING	<u>-</u>	<u>257,966</u>	<u>257,966</u>
FUND BALANCE - ENDING	<u>\$ 42,277</u>	<u>\$ 263,902</u>	<u>\$ 306,179</u>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
NON-MAJOR ENTERPRISE FUNDS
Year Ended April 30, 2020

	<u>Lake Fund</u>	<u>Greenwood Cemetery</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 29,761	\$ 48,674	\$ 78,435
Investments - Restricted	-	492,589	492,589
	<u>29,761</u>	<u>541,263</u>	<u>571,024</u>
Capital Assets:			
Building and plant	304,313	46,234	350,547
Equipment and vehicles	-	173,355	173,355
Work in progress	5,541	-	5,541
	<u>309,854</u>	<u>219,589</u>	<u>529,443</u>
Less accumulated depreciation	<u>(145,142)</u>	<u>(169,138)</u>	<u>(314,280)</u>
Capital assets, net of accumulated depreciation	<u>164,712</u>	<u>50,451</u>	<u>215,163</u>
Total Assets	<u>\$ 194,473</u>	<u>\$ 591,714</u>	<u>\$ 786,187</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities (payable from current assets):			
Due to other funds	\$ 191	\$ 127	\$ 318
Net Position:			
Invested in capital assets net of related debt	164,712	50,451	215,163
Restricted for:			
Perpetual care and maintenance	-	492,589	492,589
Unrestricted	<u>29,570</u>	<u>48,547</u>	<u>78,117</u>
Total Net Position	<u>194,282</u>	<u>591,587</u>	<u>785,869</u>
Total Liabilities and Net Position	<u>\$ 194,473</u>	<u>\$ 591,714</u>	<u>\$ 786,187</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
MODIFIED CASH BASIS - NON MAJOR ENTERPRISE FUNDS
Year Ended April 30, 2020

	Enterprise Funds		
	Lake Fund	Greenwood Cemetery	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ -	\$ 49,935	\$ 49,935
Lot sales	-	4,200	4,200
Lot leases	27,672	-	27,672
Fees & permits	50,776	-	50,776
Miscellaneous income	3,600	4,722	8,322
 Total Operating Revenues	 <u>82,048</u>	 <u>58,857</u>	 <u>140,905</u>
<u>OPERATING EXPENSES</u>			
Personal services	16,560	94,783	111,343
Supplies	3,995	15,790	19,785
Contractual services	1,929	30,347	32,276
Maintenance	18,067	-	18,067
Utilities	19,160	-	19,160
Depreciation	19,942	7,056	26,998
 Total Operating Expenses	 <u>79,653</u>	 <u>147,976</u>	 <u>227,629</u>
 Operating Income (Loss)	 <u>2,395</u>	 <u>(89,119)</u>	 <u>(86,724)</u>
<u>NON-OPERATING REVENUES</u>			
Interest income	65	4,237	4,302
 Net Income (Loss) Before Other Financing Sources (Uses)	 <u>2,460</u>	 <u>(84,882)</u>	 <u>(82,422)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	93,876	93,876
Transfers out	-	(22,140)	(22,140)
 Total Other Financing Sources	 <u>-</u>	 <u>71,736</u>	 <u>71,736</u>
 Change in net position	 2,460	 (13,146)	 (10,686)
NET POSITION - BEGINNING	<u>191,822</u>	<u>604,733</u>	<u>796,555</u>
NET POSITION - ENDING	<u>\$ 194,282</u>	<u>\$ 591,587</u>	<u>\$ 785,869</u>

CITY OF CANTON, ILLINOIS
SCHEDULE OF OPERATING EXPENDITURES OTHER THAN DEPRECIATION -
WATER AND SEWER FUND
Year Ended April 30, 2020

	<u>General Administration</u>	<u>System Maintenance</u>	<u>Water</u>
Salaries and wages	\$ 143,842	\$ 549,013	\$ 627,892
Group insurance	81,388	96,998	118,811
Maintenance:			
System	-	-	-
Building	-	-	29,327
Equipment	543	34,455	110,778
Utilities	9,000	4,940	199,058
Travel and training	405	-	4,866
Fuel and oil	-	9,035	13,033
Services	63,291	10,339	353,870
Supplies:			
Office	36,440	-	2,121
Maintenance	392	14,365	87,377
Operating	-	20,972	278,730
Rentals	-	-	-
Other	385,919	45,907	-
	<u>385,919</u>	<u>45,907</u>	<u>-</u>
Total	<u>\$ 721,220</u>	<u>\$ 786,024</u>	<u>\$ 1,825,863</u>

<u>Waste- Water</u>	<u>Total</u>
\$ 443,566	\$ 1,764,313
110,524	407,721
99,649	99,649
6,984	36,311
71,629	217,405
255,930	468,928
2,075	7,346
10,794	32,862
16,912	444,412
1,087	39,648
4,851	106,985
35,427	335,129
23,000	23,000
5,235	437,061
\$ 1,087,663	\$ 4,420,770
\$ 1,087,663	\$ 4,420,770

CITY OF CANTON
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
(schedule to be built prospectively from 2015)

Calendar year ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:					
Service cost	\$ 329,217	\$ 313,186	\$ 376,522	\$ 348,093	\$ 368,920
Interest on the total pension liability	1,652,591	1,577,838	1,577,590	1,500,959	1,459,467
Difference between expected and actual experience	356,871	249,447	(264,894)	67,507	(400,914)
Assumption changes	-	667,896	(661,484)	(80,398)	25,883
Benefit payments and refunds	(1,091,444)	(1,028,287)	(957,235)	(860,774)	(861,971)
Net change in total pension liability	1,247,235	1,780,080	70,499	975,387	591,385
Total pension liability - beginning	23,175,471	21,395,391	21,324,892	20,349,505	19,758,120
Total pension liability - ending (a)	<u>\$ 24,422,706</u>	<u>\$ 23,175,471</u>	<u>\$ 21,395,391</u>	<u>\$ 21,324,892</u>	<u>\$ 20,349,505</u>
Plan fiduciary net position:					
Contributions - employer	\$ 398,645	\$ 420,725	\$ 459,296	\$ 456,127	\$ 447,344
Contributions - employee	156,324	148,002	151,744	152,381	156,338
Net investment income	3,479,575	(1,041,369)	3,048,837	1,176,473	85,483
Benefit payments and refunds	(1,091,444)	(1,028,287)	(957,235)	(860,774)	(861,971)
Other (net transfer)	(8,595)	300,844	(832,025)	85,245	(66,357)
Net change in plan fiduciary net position	2,934,505	(1,200,085)	1,870,617	1,009,452	(239,163)
Plan fiduciary net position - beginning	18,666,538	19,866,623	17,996,006	16,986,554	17,225,717
Plan fiduciary net position - ending (b)	21,601,043	18,666,538	19,866,623	17,996,006	16,986,554
City's net pension liability - ending (a) - (b)	<u>\$ 2,821,663</u>	<u>\$ 4,508,933</u>	<u>\$ 1,528,768</u>	<u>\$ 3,328,886</u>	<u>\$ 3,362,951</u>
Plan fiduciary net position as a percentage of the total pension liability	88.45%	80.54%	92.85%	84.39%	83.47%
Covered - employee payroll	\$ 3,344,341	\$ 3,282,420	\$ 3,372,093	\$ 3,386,243	\$ 3,289,296
City's net position liability as a percentage of covered-employee payroll	84.37%	137.37%	45.34%	98.31%	102.24%

**CITY OF CANTON
SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
IMRF					
12/31/2019	\$ 398,645 *	\$ 398,645	\$ -	\$ 3,344,341	11.92%
12/31/2018	419,822	420,725	(903)	3,282,420	12.82%
12/31/2017	432,977	459,296	(26,319)	3,372,093	13.62%
12/31/2016	456,127	456,127	-	3,386,243	13.47%
12/31/2015	447,344	447,344	-	3,289,296	13.60%

*Estimated based on contribution rate of 11.92% and covered valuation payroll of \$3,344,341.

Schedule to be built prospectively as the City implemented GASB Statement No. 68 in the fiscal year ending 04/30/2016.

**CITY OF CANTON
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Notes to Schedule:

***Summary of Actuarial Methods and Assumptions Used in the Calculation
of the 2019 Contribution Rate****

Valuation Date:

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

Methods and Assumptions Used to Determine 2019 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age = normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.35% to 14.25%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
<i>Mortality:</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017. The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017. The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017. The IMRF specific rate were developed from RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2017, actuarial valuation; note two year lag between valuation and rate setting.

CITY OF CANTON, ILLINOIS
SCHEDULE OF PROPERTY TAX LEVIES, RATES, EXTENSIONS,
COLLECTIONS, AND ASSESSED VALUATIONS

	2019 Tax Levy Year*				Levy
	Levy	Rate	Extension	Collections	
<u>General Fund:</u>					
Fire Protection	\$ 125,000	0.1030	\$ 125,068	\$ -	\$ 120,000
Police Protection	95,000	0.0750	91,069	-	80,000
Liability Insurance	215,000	0.1771	215,044	-	250,000
Workmen's					
Compensation	285,000	0.2348	285,106	-	300,000
Unemployment Comp	23,250	0.0192	23,314	-	22,500
<u>Special Revenue Funds:</u>					
Civil Defense	3,600	0.0030	3,643	-	3,600
Social Security	275,000	0.2265	275,028	-	350,000
I.M.R.F.	400,000	0.3295	400,096	-	375,000
Audit	23,500	0.0194	23,556	-	22,500
<u>Enterprise Fund:</u>					
Cemetery	29,000	0.0239	29,020	-	29,000
<u>Pension Trust Funds:</u>					
Police Pension	513,400	0.4229	513,507	-	487,500
Fire Pension	845,000	0.6960	845,118	-	750,000
	<u>\$ 2,832,750</u>	<u>2.3303</u>	<u>\$ 2,829,569</u>	<u>\$ -</u>	<u>\$ 2,790,100</u>
Assessed valuation		<u>\$ 121,425,067</u>			

2018 Tax Levy Year			2017 Tax Levy Year			
Rate	Extension	Collections	Levy	Rate	Extension	Collections
0.1005	\$ 120,011	\$ 121,815	\$ 120,000	0.0996	\$ 120,109	\$ 122,367
0.0670	80,007	81,209	80,000	0.0664	80,073	81,368
0.2094	250,053	253,811	282,000	0.2339	282,064	286,948
0.2513	300,087	304,598	312,170	0.2589	312,212	317,321
0.0189	22,569	22,908	30,000	0.0249	30,027	30,519
0.0031	3,702	3,756	3,600	0.0030	3,618	3,677
0.2931	350,003	355,263	390,000	0.3235	390,114	396,492
0.3141	375,080	380,723	450,000	0.3732	450,049	457,410
0.0189	22,569	22,908	22,500	0.0187	22,551	22,919
0.0243	29,018	29,454	26,000	0.0216	26,048	26,469
0.4083	487,568	494,895	404,000	0.3351	404,103	410,643
0.6281	750,040	761,312	630,000	0.5225	630,092	640,289
2.3370	\$ 2,790,707	\$ 2,832,652	\$ 2,750,270	2.2813	\$ 2,751,060	\$ 2,796,422
<u>\$ 119,414,060</u>			<u>\$ 120,591,782</u>			