



PHILLIPS, SALMI + ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF CANTON, ILLINOIS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1 – 3
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 <i>GOVERNMENT AUDITING STANDARDS</i>	4 – 5
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position – Modified Cash Basis	6
Statement of Activities – Modified Cash Basis	7 – 8
Statement of Assets, Liabilities and Fund Equity – Modified Cash Basis – Governmental Fund Types	9
Reconciliation of the Statement of Assets, Liabilities and Fund Equity – Modified Cash Basis – Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds to the Statement of Activities	12
Statement of Net Position – Modified Cash Basis – Proprietary Funds	13
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Funds	14
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	15 – 16
Statement of Fiduciary Net Position – Fiduciary Funds	17
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	18
Notes to Financial Statements	19 – 47
SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund	48 – 50
Budgetary Comparison Schedule – Modified Cash Basis – Canton 1 Tax Increment Financing District Fund	51
OTHER SUPPLEMENTARY INFORMATION:	
Combining Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Non-Major Governmental Funds	52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances- Modified Cash Basis – Non-Major Governmental Funds	53
Combining Statement of Assets, Liabilities, and Fund Balances – Modified Cash Basis – Non-Major Special Revenue Funds	54 – 55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Non-Major Special Revenue Funds	56 – 57
Statement of Assets, Liabilities, and Fund Balance – Modified Cash Basis – Non-Major Capital Projects Funds	58

TABLE OF CONTENTS
(continued)

PAGE NUMBER

Statement of Revenues, Expenditures, and Changes in Fund	
Balance – Modified Cash Basis – Non-Major Capital Projects Funds	59
Combining Statement of Net Position – Modified Cash Basis –	
Non-Major Enterprise Funds	60
Combining Statement of Revenues, Expenses, and Changes in Net Position –	
Modified Cash Basis – Non-Major Enterprise Funds	61
Schedule of Operating Expenditures Other than Depreciation – Water and Sewer Fund	62 – 63
Schedule of Changes in Net Pension Liability and Related Ratios	
Illinois Municipal Retirement Fund	64 - 65
Schedule of Employer Contributions - Illinois Municipal Retirement Fund	66
Notes to Schedule of Employer Contributions – Illinois Municipal Retirement Fund	67
Schedule of Property Tax Levies, Rates, Extensions, Collections, and Assessed	
Valuations	68 – 69



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, 2021, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2021, 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, 2021, 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 48 through 63 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 64 through 68 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 February 17, 2022, 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

February 17, 2022
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, 2021, 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 February 17, 2022. 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

February 17, 2022

CITY OF CANTON, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
Year Ended April 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,002,416	\$ 1,305,607	\$ 10,308,023
Restricted assets	-	2,911,638	2,911,638
Due from other governments	1,112	-	1,112
Internal balances	284,615	(284,615)	-
Loans receivable	65,957	-	65,957
Capital Assets:			
Non-depreciable	186,111	-	186,111
Depreciable, net	9,347,051	28,945,565	38,292,616
Total Assets	<u>\$ 18,887,262</u>	<u>\$ 32,878,195</u>	<u>\$ 51,765,457</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Bond refunding deferred charges	<u>-</u>	<u>\$ 383,384</u>	<u>\$ 383,384</u>
<u>LIABILITIES</u>			
Payroll liabilities payable	\$ 10,920	\$ -	\$ 10,920
Current portion of bonds and loans payable	596,740	2,292,170	2,888,910
Non-Current Liabilities:			
Bonds payable after one year	4,233,990	3,620,939	7,854,929
Loans due after one year	138,900	103,046	241,946
Total Liabilities	<u>4,980,550</u>	<u>6,016,155</u>	<u>10,996,705</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	4,563,532	23,312,794	27,876,326
Restricted for:			
Bond ordinances	-	2,416,691	2,416,691
Perpetual care and maintenance	-	494,947	494,947
Special police expenditures	515	-	515
Workers compensation insurance	54,592	-	54,592
Redevelopment	392,843	-	392,843
Retirement	1,230,793	-	1,230,793
Motor fuel tax	1,515,474	-	1,515,474
Audit	19,608	-	19,608
Drug prevention	26,665	-	26,665
DUI	1,982	-	1,982
Capital projects	264,447	-	264,447
Unrestricted	<u>5,836,261</u>	<u>1,020,992</u>	<u>6,857,253</u>
Total Net Position	<u>13,906,712</u>	<u>27,245,424</u>	<u>41,152,136</u>
	<u>\$ 18,887,262</u>	<u>\$ 33,261,579</u>	<u>\$ 52,148,841</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended April 30, 2021

<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	\$ 2,692,066	\$ 117,141	\$ 624,370	\$ -
Public safety	6,080,116	45,504	100,000	-
Public works	1,163,209	277,858	-	-
Community development	450,407	-	85,800	-
Buildings and grounds	139,046	-	-	-
Sanitation	624,041	1,002,872	-	-
Interest on long-term debt	103,181	-	-	-
Total Governmental Activities	11,252,066	1,443,375	810,170	-
Business-Type Activities:				
Water and sewer utilities	5,609,667	7,373,761	-	-
Cemetery operations	232,840	220,928	-	-
Total Business-Type Activities	5,842,507	7,594,689	-	-
Total Primary Government	\$ 17,094,573	\$ 9,038,064	\$ 810,170	\$ -
General Revenues				
Local taxes				
State taxes and allotments				
Interest and investment income				
Miscellaneous				
Gain on disposal of fixed assets				
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
\$ (1,950,555)	\$ -	\$ (1,950,555)
(5,934,612)	-	(5,934,612)
(885,351)	-	(885,351)
(364,607)	-	(364,607)
(139,046)	-	(139,046)
378,831	-	378,831
(103,181)	-	(103,181)
<u>(8,998,521)</u>	<u>-</u>	<u>(8,998,521)</u>
-	1,764,094	1,764,094
<u>-</u>	<u>(11,912)</u>	<u>(11,912)</u>
-	1,752,182	1,752,182
<u>(8,998,521)</u>	<u>1,752,182</u>	<u>(7,246,339)</u>
5,096,357	-	5,096,357
7,157,099	-	7,157,099
6,148	9,245	15,393
227,701	(107,840)	119,861
9,788	-	9,788
56,381	(56,381)	-
<u>12,553,474</u>	<u>(154,976)</u>	<u>12,398,498</u>
3,554,953	1,597,206	5,152,159
<u>10,351,759</u>	<u>25,648,218</u>	<u>35,999,977</u>
<u>\$ 13,906,712</u>	<u>\$ 27,245,424</u>	<u>\$ 41,152,136</u>

CITY OF CANTON, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITY
MODIFIED CASH BASIS - GOVERNMENTAL FUND TYPES
Year Ended April 30, 2021

	General	Canton 1 Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,839,440	\$ 223,482	\$ 3,939,494	\$ 9,002,416
Loans receivable	30,188	-	35,769	65,957
Due from other governments	-	1,112	-	1,112
Due from other funds	435,963	12,642	26,108	474,713
Total Assets	<u>\$ 5,305,591</u>	<u>\$ 237,236</u>	<u>\$ 4,001,371</u>	<u>\$ 9,544,198</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Current liabilities:				
Payroll taxes withheld	\$ 10,920	\$ -	\$ -	\$ 10,920
Due to other funds	1,108	-	188,990	190,098
Total Current Liabilities	<u>12,028</u>	<u>-</u>	<u>188,990</u>	<u>201,018</u>
Fund Balances:				
Restricted for:				
Special police expenditures	515	-	-	515
Workers compensation insurance	54,592	-	-	54,592
Redevelopment	-	237,236	155,607	392,843
Retirement	-	-	1,230,793	1,230,793
Motor fuel tax	-	-	1,515,474	1,515,474
Audit	-	-	19,608	19,608
Drug prevention	-	-	26,665	26,665
DUI	-	-	1,982	1,982
Capital projects	-	-	264,447	264,447
Assigned for:				
Garbage expenditures	225,530	-	-	225,530
Tourism promotion expenditures	7,766	-	-	7,766
Special police expenditures	110,502	-	-	110,502
Fire capital improvements	79,551	-	-	79,551
Fire technical rescue	49,384	-	-	49,384
Small business loans	-	-	95,439	95,439
Working cash	-	-	561,136	561,136
Unassigned	4,765,723	-	(58,770)	4,706,953
Total Fund Balances	<u>5,293,563</u>	<u>237,236</u>	<u>3,812,381</u>	<u>9,343,180</u>
Total Liabilities & Fund Equity	<u>\$ 5,305,591</u>	<u>\$ 237,236</u>	<u>\$ 4,001,371</u>	<u>\$ 9,544,198</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, 2021

Total fund balance - total governmental funds	\$ 9,343,180
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$17,626,855 net of accumulated depreciation of \$8,093,693 are not financial resources and, therefore, are not reported in the funds.	9,533,162
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	(4,969,630)
Net Position of Governmental Activities	\$ 13,906,712

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, 2021

	General	Canton 1 Tax Increment Financing District	Other Governmental Funds	Total Governmental Funds
<u>REVENUES RECEIVED</u>				
Local taxes	\$ 3,082,365	\$ 830,652	\$ 1,183,340	\$ 5,096,357
Intergovernmental	6,879,219	-	1,088,050	7,967,269
Licenses and permits	117,141	-	-	117,141
Fines	72,285	-	5,807	78,092
Charges for services	1,048,376	-	-	1,048,376
Interest	1,616	763	3,769	6,148
Franchise fees	277,858	-	-	277,858
Other	145,819	5,076	8,502	159,397
Total Revenues Received	<u>11,624,679</u>	<u>836,491</u>	<u>2,289,468</u>	<u>14,750,638</u>
<u>EXPENDITURES DISBURSED</u>				
General government	1,857,317	-	776,243	2,633,560
Buildings and grounds	133,012	-	-	133,012
Public safety	5,976,936	-	312	5,977,248
Public works/transportation	704,254	-	56,844	761,098
Sanitation	572,428	-	-	572,428
Community development	-	112,402	310,475	422,877
Capital outlay	284,386	116,121	557,134	957,641
Debt service:				
Principal repayment	52,412	470,000	-	522,412
Interest	4,600	143,618	-	148,218
Total Expenditures Disbursed	<u>9,585,345</u>	<u>842,141</u>	<u>1,701,008</u>	<u>12,128,494</u>
Revenues Received Over (Under)				
Expenditures Disbursed Before				
Other Financing Sources (Uses)	<u>2,039,334</u>	<u>(5,650)</u>	<u>588,460</u>	<u>2,622,144</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	57,197	-	99,889	157,086
Operating transfers out	(18,814)	-	(81,891)	(100,705)
Total Other Financing Sources	<u>38,383</u>	<u>-</u>	<u>17,998</u>	<u>56,381</u>
Change in Fund Balance	2,077,717	(5,650)	606,458	2,678,525
FUND BALANCE - BEGINNING	<u>3,215,846</u>	<u>242,886</u>	<u>3,205,923</u>	<u>6,664,655</u>
FUND BALANCE - ENDING	<u><u>\$ 5,293,563</u></u>	<u><u>\$ 237,236</u></u>	<u><u>\$ 3,812,381</u></u>	<u><u>\$ 9,343,180</u></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, 2021

Net change in fund balances - total governmental funds	\$ 2,678,525
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 capital outlay of \$957,641 exceeded depreciation of \$648,662 in the current period.	308,979
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.	45,037
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	<u>522,412</u>
Change in Net Position of Governmental Activities	<u><u>\$ 3,554,953</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF NET POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year Ended April 30, 2021

	Water & Sewer Fund	Non-Major Funds	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,200,257	\$ 105,350	\$ 1,305,607
Due from other funds	-	605	605
Total Unrestricted Current Assets	1,200,257	105,955	1,306,212
Cash and cash equivalents - Restricted	2,416,691	-	2,416,691
Investments - Restricted	-	494,947	494,947
	2,416,691	494,947	2,911,638
	3,616,948	600,902	4,217,850
Building and plant	50,246,048	390,199	50,636,247
Water and sewer extensions	6,397,376	-	6,397,376
Equipment and vehicles	2,314,408	180,055	2,494,463
	58,957,832	570,254	59,528,086
Less accumulated depreciation	(30,239,772)	(342,749)	(30,582,521)
Capital assets, net of accumulated depreciation	28,718,060	227,505	28,945,565
Total Assets	<u>\$ 32,335,008</u>	<u>\$ 828,407</u>	<u>\$ 33,163,415</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Bond refunding deferred charges	<u>\$ 383,384</u>	<u>\$ -</u>	<u>\$ 383,384</u>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities (payable from current assets):			
Due to other funds	\$ 269,449	\$ 15,771	\$ 285,220
Current portion of long-term liabilities	2,292,170	-	2,292,170
Total	2,561,619	15,771	2,577,390
Long-term liabilities:			
Illinois EPA loan payable	103,046	-	103,046
Revenue bonds payable	3,620,939	-	3,620,939
Total Long-Term Liabilities, Net of Current Portion	3,723,985	-	3,723,985
Total Liabilities	6,285,604	15,771	6,301,375
Net Position:			
Invested in capital assets net of related debt	23,085,289	227,505	23,312,794
Restricted for:			
Bond ordinances	2,416,691	-	2,416,691
Perpetual care and maintenance	-	494,947	494,947
Unrestricted	930,808	90,184	1,020,992
Total Net Position	26,432,788	812,636	27,245,424
Total Liabilities and Net Position	<u>\$ 32,718,392</u>	<u>\$ 828,407</u>	<u>\$ 33,546,799</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, 2021

	Water & Sewer Fund	Non-Major Funds	Total Enterprise Funds
<u>OPERATING REVENUES</u>			
Charges for service and sales	\$ 7,331,007	\$ 82,138	\$ 7,413,145
Property taxes	-	29,520	29,520
Fees and permits	3,460	97,759	101,219
Other income	39,294	11,511	50,805
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	7,373,761	220,928	7,594,689
	<hr/>	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>			
Operations and maintenance	3,853,999	204,371	4,058,370
Depreciation	1,433,986	28,469	1,462,455
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	5,287,985	232,840	5,520,825
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	2,085,776	(11,912)	2,073,864
	<hr/>	<hr/>	<hr/>
<u>NONOPERATING REVENUE & EXPENSES</u>			
Interest income	5,590	3,655	9,245
Interest expense	(321,682)	-	(321,682)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenue & Expenses	(316,092)	3,655	(312,437)
	<hr/>	<hr/>	<hr/>
Net Income (Loss) Before Other Financing Sources (Uses)	1,769,684	(8,257)	1,761,427
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	-	35,024	35,024
Operating transfers out	(91,405)	-	(91,405)
Bond issuance costs	(107,840)	-	(107,840)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(199,245)	35,024	(164,221)
	<hr/>	<hr/>	<hr/>
Change in Net Position	1,570,439	26,767	1,597,206
	<hr/>	<hr/>	<hr/>
NET POSITION - BEGINNING	24,862,349	785,869	25,648,218
	<hr/>	<hr/>	<hr/>
NET POSITION - ENDING	<u>\$ 26,432,788</u>	<u>\$ 812,636</u>	<u>\$ 27,245,424</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year Ended April 30, 2021

	Water & Sewer Fund	Non-Major Funds	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 7,373,761	\$ 220,928	\$ 7,594,689
Cash payments to suppliers for goods & services	(1,619,452)	(112,890)	(1,732,342)
Cash payments to employees for services	(2,234,547)	(91,481)	(2,326,028)
Net Cash Provided By Operating Activities	<u>3,519,762</u>	<u>16,557</u>	<u>3,536,319</u>
<u>CAPITAL FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Borrowings (repayment) of loans from other funds	<u>266,715</u>	<u>14,848</u>	<u>281,563</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on IL EPA loan	(195,954)	-	(195,954)
Principal paid on Alt. Rev. Source bonds	(1,985,000)	-	(1,985,000)
Interest paid	(191,185)	-	(191,185)
Property and equipment purchases	(449,196)	(40,811)	(490,007)
Transfers in	-	35,024	35,024
Transfers out	(91,405)	-	(91,405)
Net Cash Applied to Capital and Related Financing Activities	<u>(2,912,740)</u>	<u>(5,787)</u>	<u>(2,918,527)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest income received	5,590	3,655	9,245
Redemption (purchase) of investments	-	(2,358)	(2,358)
Net Cash Provided By Investing Activities	<u>5,590</u>	<u>1,297</u>	<u>6,887</u>
Net Change in Cash and Cash Equivalents	879,327	26,915	906,242
CASH AND CASH EQUIVALENTS - BEGINNING	<u>2,737,621</u>	<u>78,435</u>	<u>2,816,056</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 3,616,948</u></u>	<u><u>\$ 105,350</u></u>	<u><u>\$ 3,722,298</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CASH FLOWS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
Year Ended April 30, 2021

	<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)	\$ 2,085,776	\$ (11,912)	\$ 2,073,864
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	<u>1,433,986</u>	<u>28,469</u>	<u>1,462,455</u>
Net Cash Provided by Operating Activities	<u><u>\$ 3,519,762</u></u>	<u><u>\$ 16,557</u></u>	<u><u>\$ 3,536,319</u></u>
PRESENTATION OF CASH AND CASH EQUIVALENTS ON THE STATEMENT OF NET POSITION PROPRIETARY FUNDS			
Cash and cash equivalents	\$ 1,200,257	\$ 105,350	\$ 1,305,607
Restricted cash and cash equivalents	<u>2,416,691</u>	<u>-</u>	<u>2,416,691</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 3,616,948</u></u>	<u><u>\$ 105,350</u></u>	<u><u>\$ 3,722,298</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended April 30, 2021

	Police Pension Trust Fund	Fire Pension Trust Funds	Total Pension Trust Funds	Private Purpose Trust Fund
<u>ASSETS</u>				
Cash and short-term investments	\$ 1,515,490	\$ 612,845	\$ 2,128,335	\$ 14,308
Receivables				
Employer	540,075	870,069	1,410,144	-
Interest and other	13,278	17,479	30,757	-
Total Receivables	553,353	887,548	1,440,901	-
Investments, at fair value	16,283,403	7,595,016	23,878,419	-
Total Assets	<u>\$ 18,352,246</u>	<u>\$ 9,095,409</u>	<u>\$ 27,447,655</u>	<u>\$ 14,308</u>
<u>LIABILITIES</u>				
Payables				
Employer	\$ -	\$ -	\$ -	\$ -
<u>NET POSITION HELD IN TRUST</u>				
<u>FOR PENSION BENEFITS</u>				
<u>AND OTHER PURPOSES</u>				
Total Liabilities and Net Position	<u>\$ 18,352,246</u>	<u>\$ 9,095,409</u>	<u>\$ 27,447,655</u>	<u>\$ 14,308</u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended April 30, 2021

	Police Pension Trust Fund	Fire Pension Trust Fund	Total Pension Trust Funds	Private Purpose Trust Fund
<u>ADDITIONS</u>				
Contributions				
Employer	\$ 680,886	\$ 996,890	\$ 1,677,776	\$ -
Plan member	118,199	106,383	224,582	-
	<u>799,085</u>	<u>1,103,273</u>	<u>1,902,358</u>	<u>-</u>
Total Contributions				
	<u>799,085</u>	<u>1,103,273</u>	<u>1,902,358</u>	<u>-</u>
Investment Income				
Net appreciation				
in fair value of investments	3,484,708	1,094,714	4,579,422	-
Interest income	86,421	81,250	167,671	1
Dividend income	443,531	97,504	541,035	-
	<u>4,014,660</u>	<u>1,273,468</u>	<u>5,288,128</u>	<u>1</u>
Total Investment Income				
	<u>4,014,660</u>	<u>1,273,468</u>	<u>5,288,128</u>	<u>1</u>
Total Additions	<u>4,813,745</u>	<u>2,376,741</u>	<u>7,190,486</u>	<u>1</u>
<u>DEDUCTIONS</u>				
Benefits	1,286,175	1,185,346	2,471,521	-
Administrative expense	90,995	34,973	125,968	-
	<u>1,377,170</u>	<u>1,220,319</u>	<u>2,597,489</u>	<u>-</u>
Total Deductions				
	<u>1,377,170</u>	<u>1,220,319</u>	<u>2,597,489</u>	<u>-</u>
Net Increase	3,436,575	1,156,422	4,592,997	1
NET POSITION HELD IN TRUST FOR PENSION BENEFITS AND OTHER PURPOSES				
BEGINNING	<u>14,915,671</u>	<u>7,938,987</u>	<u>22,854,658</u>	<u>14,307</u>
ENDING	<u><u>\$ 18,352,246</u></u>	<u><u>\$ 9,095,409</u></u>	<u><u>\$ 27,447,655</u></u>	<u><u>\$ 14,308</u></u>

See Notes to Financial Statements.

CITY OF CANTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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

Accounts 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

Accounts 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, 2021.

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 2019 tax levy on December 18, 2018. 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, 2021, the City had received all of its 2019 levy and none of its 2020 levy.

Following is a schedule of tax rates by fund for the 2020 levy per \$100 of equalized assessed valuation:

Fund	Rate	Maximum Allowable Rate
Governmental Fund Types:		
Corporate	.0000	.2500
Unemployment Compensation	.0153	
Fire Protection	.1051	.1500
Police Protection	.0750	.0750
Civil Defense	.0032	.0500
I.M.R.F.	.3390	
Social Security	.2305	
Liability Insurance	.1839	
Audit	.0195	
Workman's Compensation	.2028	
Proprietary Fund:		
Cemetery Fund	.0250	.0250
Fiduciary Fund Type:		
Fire Pension	.7372	
Police Pension	.4576	
	<u>2.3941</u>	

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, 2021 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, 2021, all but \$506,000 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, 2021, 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	\$ 494,947	N/A	0.91
Fiduciary Funds			
Certificates of deposit	\$ 1,060,000	N/A	2.70
Corporate bonds	1,141,255	A2	3.64
U.S. Government obligations and agency securities	3,761,232	AAA	5.63
Annuities	1,279,493	N/A	N/A
Common stock	5,498,462	N/A	N/A
Mutual funds	11,137,977	N/A	N/A
Total Fiduciary Investments	\$ 23,878,419		

(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, 2021 are as follows:

Federal Home Loan Mortgage Corporation	\$ 1,070,208
Federal National Mortgage Association	1,788,797

NOTE 4. CAPITAL ASSETS

Capital assets activity, resulting from modified cash basis transactions, for the year ended April 30, 2021, is as follows:

	Ending Balance 4/30/2020	Additions	Deletions	Ending Balance 4/30/2021
Governmental Activities:				
Non-Depreciable Assets:				
Land	\$ 186,111	\$ -	\$ -	\$ 186,111
Depreciable Assets:				
Buildings & Infrastructure	11,390,668	766,288	-	12,156,956
Equipment	1,758,888	60,092	11,978	1,807,002
Motor Vehicles	3,371,721	249,953	144,888	3,476,786
	<u>16,707,388</u>	<u>1,076,333</u>	<u>156,866</u>	<u>17,626,855</u>
Accumulated depreciation				
Buildings & Infrastructure	3,893,291	413,875	-	4,307,166
Equipment	1,393,736	77,423	11,978	1,459,181
Motor Vehicles	2,314,870	157,364	144,888	2,327,346
	<u>7,601,897</u>	<u>648,662</u>	<u>156,866</u>	<u>8,093,693</u>
Governmental activities capital assets, net	<u>\$ 9,105,491</u>	<u>\$ 427,670</u>	<u>\$ -</u>	<u>\$ 9,533,162</u>

Depreciation expenses were charged to governmental functions:

General Government	\$ 58,506
Buildings and Grounds	6,034
Public Safety	102,868
Public Works	402,111
Community Development	27,530
Sanitation	<u>51,613</u>
Total	<u>\$ 648,662</u>

Business-Type Activities:	Ending Balance 4/30/2020	Additions	Deletions	Ending Balance 4/30/2021
<u>Greenwood Cemetery Fund</u>				
Mowers and equipment	\$ 148,557	\$ 6,700	\$ -	\$ 155,257
Vehicle	15,266	-	-	15,266
Fence	1,097	-	-	1,097
Building	45,137	-	-	45,137
Land improvements	9,532	-	-	9,532
	219,589	6,700	-	226,289
Accumulated depreciation	169,138	7,113	-	176,251
Greenwood Cemetery Fund Capital Assets, net	50,451	(413)	-	50,038
<u>Lake Fund</u>				
Non-Depreciable Assets				
Construction in progress	5,541	-	5,541	-
Depreciable Assets				
Building and plant	304,313	39,652	-	343,965
Accumulated depreciation	145,142	21,356	-	166,498
Lake Fund Capital Assets, net	164,712	18,296	5,541	177,467
<u>Water & Sewer Fund</u>				
Depreciable Assets				
Water plant	25,320,178	192,587	17,738	25,495,027
Sewer plant	24,660,241	90,780	-	24,751,021
Water extensions	1,927,737	8,996	-	1,936,733
Sewer extensions	4,460,643	-	-	4,460,643
Office equipment	56,101	-	-	56,101
Water equipment	1,278,301	62,188	43,311	1,297,178
Sewer equipment	866,484	94,645	-	961,129
	58,569,685	449,196	61,049	58,957,832
Accumulated depreciation	28,866,835	1,433,986	61,049	30,239,772
Water and Sewer Fund Capital Assets, net	29,702,850	(984,790)	-	28,718,060
Total business-type activity capital asset, net	<u>\$ 29,918,013</u>	<u>\$ (966,907)</u>	<u>\$ 5,541</u>	<u>\$ 28,945,565</u>

NOTE 5. LONG-TERM DEBT

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

	Balance April 30, 2020	Additions	Reductions	Balance April 30, 2021	Amounts Due within One Year
Changes in governmental activities Long-Term Debt:					
Contracts and loans payable:					
Street Sweeper Term Note	\$ 60,272	\$ -	\$ 30,248	\$ 30,024	\$ 30,024
2020 Western Star	94,053	-	22,164	71,889	23,041
2022 Dump Truck	-	118,691	-	118,691	28,639
General obligation bonds (alternate revenue source)					
2020 Refunding Bonds	4,870,000	-	470,000	4,400,000	470,000
Net issuance premium (discount)	394,062	-	45,036	349,026	45,036
Total long-term debt, governmental activities	\$ 5,418,387	\$ 118,691	\$ 567,448	\$ 4,969,630	\$ 596,740
Changes in business-type activities Long-Term Debt:					
IL EPA loan	\$ 500,688	\$ -	\$ 195,954	\$ 304,734	\$ 201,688
General obligation bonds (alternate revenue source)					
2012 Series	6,055,000	-	6,055,000	-	-
2013 Series	1,630,000	-	1,630,000	-	-
2020A Series	-	7,560,000	1,985,000	5,575,000	2,025,000
Net issuance premium (discount)	(58,227)	254,673	60,025	136,421	65,482
Total general obligation bonds	7,626,773	7,814,673	9,730,025	5,711,421	2,090,482
Total long-term debt business- type activities	\$ 8,127,461	\$ 7,814,673	\$ 9,925,979	\$ 6,016,155	\$ 2,292,170

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, 2021, the City's legal debt limit was \$11,343,571. As of April 30, 2021, the City reported outstanding debt of \$10,500,338, of which \$525,338 is applicable to the City's legal debt limit. As a result, the legal debt margin as of April 30, 2021 is \$10,818,233.

Governmental Activities Long-term Debt:

The City's governmental activities long-term debt as of April 30, 2021, 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>
2022	\$ 30,024	\$ 695	\$ 30,719

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>
2022	\$ 23,041	\$ 2,382	\$ 25,423
2023	23,951	1,472	25,423
2024	24,896	526	25,422
	<u>\$ 71,888</u>	<u>\$ 4,380</u>	<u>\$ 76,268</u>

2022 Dump Truck Note

During 2021, the City borrowed \$118,691 to finance the purchase of a new dump truck. Interest rate is 2.00%. 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>
2022	\$ 28,639	\$ 2,374	\$ 31,013
2023	29,211	1,802	31,013
2024	29,796	1,217	31,013
2025	31,045	621	31,666
	<u>\$ 118,691</u>	<u>\$ 6,014</u>	<u>\$ 124,705</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, 2021, was \$56,295. 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>
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>\$ 4,400,000</u>	<u>\$ 671,550</u>	<u>\$ 5,071,550</u>

Business-type Activities Long-term Debt:

The City's business-type activities long-term debt as of April 30, 2021, 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>
2022	\$ 201,688	\$ 7,398	\$ 209,086
2023	103,046	1,505	1,505
	<u>\$ 304,734</u>	<u>\$ 8,903</u>	<u>\$ 210,591</u>

General Obligation Refunding Bonds (Alternate Revenue Source):

On June 10, 2020, the City issued \$7,560,000 in General Obligation Refunding Bonds Series 2020A (Alternative Revenue Source) with an average interest rate of 3.0 percent to refund \$6,055,000 of outstanding 2012 Series bonds and \$1,630,000 of outstanding 2013 Series bonds. The net proceeds (after payment of \$107,840 in underwriting fees, insurance, and other issuance costs) were deposited with MidAmerica National Bank to provide for all future debt service payments on the refunded 2012 and 2013 Series bonds. As a result, \$7,685,000 of the 2012 and 2013 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 \$125,000 over the next 3 years.

Principal on the bonds is payable in annual installments ranging from \$1,465,000 to \$2,085,000 due December 1. Interest on the bonds is payable semi-annually on June 1 and December 1, at a 3.0% interest rate. The bonds mature through December 1, 2023. The bonds were issued at a \$254,673 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, 2021, was \$60,025.

The General Obligation Refunding Bonds ordinances stipulate that monies held in the water and sewer fund shall be aggregated and restricted to separate reserve accounts, totaling \$2,416,691 in the priority indicated by the order of the following:

<u>Account</u>	<u>Amount</u>	<u>Expenditures</u>
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:

<u>Year ending 4/30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,025,000	\$ 167,250	\$ 167,250
2023	2,085,000	106,500	106,500
2024	<u>1,465,000</u>	<u>43,950</u>	<u>43,950</u>
	<u>\$ 5,575,000</u>	<u>\$ 317,700</u>	<u>\$ 317,700</u>

NOTE 6. DEFICIT FUND BALANCES

The following City funds have a deficit fund/equity balance as of April 30, 2021.

Civil Defense	\$ 58,770
---------------	-----------

NOTE 7. DEFINED BENEFIT PENSION PLANS

The City participates in three retirement systems: the Illinois Municipal Retirement Fund (IMRF), the Police Pension Fund, and the Fire Pension Fund. The aggregate employer recognized pension expense on a cash basis for the year ended April 30, 2021, was \$2,993,059.

Illinois Municipal Retirement Fund

IMRF 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 their 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 www.imrf.org.

Benefits Provided

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

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable

monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

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

Employees Covered by Benefit Terms

As of December 31, 2020, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries currently receiving benefits	79
Inactive Plan Members entitled to but not yet receiving benefits	36
Active Plan Members	63
Total	<u>178</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 employers 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 2020 was 14.55%. For the fiscal year ended 2021, the City contributed \$478,192 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.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Since the City follows the cash basis of accounting, the liability is not recognized on the financial statements.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2020:

- The Actuarial Cost Method used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.25%.
- **Salary Increases** were expected to be 2.85% to 13.75%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.

- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2020 valuation according to an experience study from years 2017 to 2019.
- For non-disabled retirees, an IMRF-specific **Mortality** table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF specific rates were developed from the RP-2017 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF-specific rates were developed from the RP-2017 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2020 (base year 2017). The IMRF-specific rates were developed from the RP-2017 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2020:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	1%	0.70%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.25% was used to measure the total pension liability as of December 31, 2020. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.00%, and the resulting single discount rate is 7.25%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2019	\$ 24,422,706	\$ 21,601,043	\$ 2,821,663
Changes for the year:			
Service Cost	355,458	-	355,458
Interest on the Total Pension Liability	1,744,795	-	1,744,795
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	40,437	-	40,437
Changes of Assumptions *	(201,674)	-	(201,674)
Contributions – Employer	-	533,885	(533,885)
Contributions – Employees	-	165,119	(165,119)
Net Investment Income	-	3,063,437	(3,063,437)
Benefit Payments, including Refunds of Employee Contributions	(1,068,598)	(1,068,598)	-
Other (Net Transfer)	-	(136,623)	136,623
Net Changes	<u>870,418</u>	<u>2,557,220</u>	<u>(1,686,802)</u>
Balances at December 31, 2020	<u>\$ 25,293,124</u>	<u>\$ 24,158,263</u>	<u>\$ 1,134,861</u>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.25%)	Current Discount Rate (7.25%)	1% Higher (8.25%)
Net Pension Liability/(Asset)	\$ 4,330,592	\$ 1,134,861	\$ (1,394,412)

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

For the year ended April 30, 2021, the City would have recognized pension expense of \$25,478 if it were on the accrual basis of accounting. If the City was on the accrual basis of accounting at April 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 266,760	\$ 17,006
Changes of assumptions	173,169	190,846
Net difference between projected and actual earnings on pension plan investments	1,010,165	2,848,840
Total Deferred Amounts to be recognized in pension expense in future periods	1,450,094	3,056,692
<i>Pension Contributions made subsequent to the Measurement Date</i>	147,881	-
Total Deferred Amounts Related to Pensions	\$1,597,975	\$ 3,056,692

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

Year Ending December 31	Net Deferred Outflows of Resources
2021	\$ (359,233)
2022	(178,461)
2023	(765,760)
2024	(303,144)
Total	\$ (1,606,598)

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, 2020, 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>2</u>
	26
Current Employees	<u>19</u>
Total	<u>45</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 4/30/2020 will be amortized on a level dollar basis over 24 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, 2020. 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 11.00% to 3.50% at 33 years of service
Payroll growth	3.50%
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, 2020, is 20 years.

As of May 1, 2020, the most recent actuarial valuation date, the Police Pension Plan was 63% funded. The actuarial accrued liability for benefits was \$25,612,487 and the actuarial value of assets was \$16,009,632, resulting in an underfunded actuarial accrued liability (UAAL) of \$9,602,855.

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, 2020, the Fire Pension Plan membership consisted of:

Retirees and Beneficiaries currently	
Receiving Benefits	25
Terminated Employees Entitled to	
Benefits but not yet Receiving Them	1
	<hr/>
	26
Current Employees	15
	<hr/>
Total	41

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, 2020, is 20 years.

The City obtained an actuarial valuation for the year ending April 30, 2020. 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	6.00%
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
Decrement 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 12.50% to 3.50% at 31 years of service
Payroll growth	3.50%
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, 2020, the most recent actuarial valuation date, the Fire Pension Plan was 37% funded. The actuarial accrued liability for benefits was \$22,278,015 and the actuarial value of assets was \$8,165,081, the unfunded accrued liability was \$14,112,934.

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:

<u>Amount</u>	<u>Due to:</u>	<u>Due from:</u>
\$ 92,578	General Fund	Special Revenue Fund: Canton 2 TIF
58,770	General Fund	Special Revenue Fund: Civil Defense
284,615	General Fund	Business Type Funds
1,108	Special Revenue Fund: DCCA Loan	General Fund
25,000	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, 2021 were:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 57,197	\$ 18,814
Greenwood Cemetery Fund	35,024	-
Video Gaming Fund	-	81,891
Social Security Fund	40,000	-
IMRF Fund	49,075	-
Drug Prevention Fund	10,814	-
Water & Sewer Fund	-	91,405

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, 2021, 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 \$1,296,000. There are also agreements with other local taxing bodies to share a portion of the annual increment.

As of April 30, 2021, 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 \$890,000. There are also agreements with other local taxing bodies to share a portion of the annual increment.

As of April 30, 2021, 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. The maximum commitments total approximately \$296,000. There are also agreements with other local taxing bodies to share a portion of the annual increment.

The City has evaluated subsequent events through February 17, 2022, 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.

NOTE 12. RISK MANAGEMENT – CLAIMS AND JUDGMENTS

The District carries commercial insurance for all other risks of loss, including workers' compensation and liability insurance. During the year ended April 30, 2021, there were no significant reductions in coverage. Also, there have been no settlement amounts that have exceeded insurance coverage. The amount of settlements has not exceeded insurance coverage in each of the past three years.

SUPPLEMENTARY INFORMATION

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - GENERAL FUND
Year Ended April 30, 2021

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
<u>RESOURCES (INFLOWS):</u>			
Local Taxes:			
Property taxes	\$ 2,190,650	\$ 2,232,687	\$ 42,037
Utility tax	625,000	660,892	35,892
Telecommunications tax	180,000	150,952	(29,048)
Hotel/Motel taxes	60,000	37,834	(22,166)
	<hr/>	<hr/>	<hr/>
Total Local Taxes	3,055,650	3,082,365	26,715
	<hr/>	<hr/>	<hr/>
Intergovernmental:			
Sales tax	3,500,000	4,196,638	696,638
Income tax	1,500,000	1,685,626	185,626
Replacement tax	284,000	61,405	(222,595)
Cannabis taxes	-	114,951	114,951
State reimbursements & grants	30,000	110,429	80,429
Federal grants	-	710,170	710,170
	<hr/>	<hr/>	<hr/>
Total Intergovernmental	5,314,000	6,879,219	1,565,219
	<hr/>	<hr/>	<hr/>
Other:			
License and permits	101,000	117,141	16,141
Franchise fees	290,000	277,858	(12,142)
Fines and forfeitures	80,000	72,285	(7,715)
Charges for services	1,078,200	1,048,376	(29,824)
Interest income	1,500	1,616	116
Miscellaneous	143,500	145,819	2,319
	<hr/>	<hr/>	<hr/>
Total Other	1,694,200	1,663,095	(31,105)
	<hr/>	<hr/>	<hr/>
Total Resources	10,063,850	11,624,679	1,560,829
	<hr/>	<hr/>	<hr/>

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
Year Ended April 30, 2021

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
<u>CHARGES TO EXPENDITURES (OUTFLOWS):</u>			
General Government:			
Salaries and benefits	\$ 713,250	\$ 697,756	\$ 15,494
Supplies	25,430	27,674	(2,244)
Contractual services	798,670	933,394	(134,724)
Other charges and services	84,150	198,493	(114,343)
Capital outlay	1,500	48,582	(47,082)
	<hr/>	<hr/>	<hr/>
Total General Government	1,623,000	1,905,899	(282,899)
	<hr/>	<hr/>	<hr/>
Public Safety:			
Police:			
Salaries and benefits	3,327,100	3,154,576	172,524
Supplies	81,320	63,760	17,560
Contractual services	128,015	121,874	6,141
Capital outlay	62,300	60,494	1,806
	<hr/>	<hr/>	<hr/>
Total Police	3,598,735	3,400,704	198,031
	<hr/>	<hr/>	<hr/>
Fire:			
Salaries and benefits	2,536,435	2,517,259	19,176
Supplies	47,775	33,670	14,105
Contractual services	105,475	85,797	19,678
Capital outlay	8,000	27,014	(19,014)
	<hr/>	<hr/>	<hr/>
Total Fire	2,697,685	2,663,740	33,945
	<hr/>	<hr/>	<hr/>
Total Public Safety	6,296,420	6,064,444	231,976
	<hr/>	<hr/>	<hr/>
Public Works/Transportation:			
Streets:			
Salaries and benefits	393,445	419,533	(26,088)
Supplies	184,470	135,605	48,865
Contractual services	376,110	149,116	226,994
Capital outlay	62,710	130,832	(68,122)
	<hr/>	<hr/>	<hr/>
Total Public Works/ Transportation	1,016,735	835,086	181,649
	<hr/>	<hr/>	<hr/>

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE -
MODIFIED CASH BASIS - GENERAL FUND (Continued)
Year Ended April 30, 2021

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
Buildings and Grounds:			
Salaries and benefits	\$ 104,180	\$ 107,023	\$ (2,843)
Supplies	19,415	12,359	7,056
Contractual services	21,400	13,630	7,770
Capital outlay	25,800	12,200	13,600
Total Buildings and Grounds	170,795	145,212	25,583
Sanitation:			
Salaries and benefits	310,320	303,220	7,100
Supplies	60,295	70,810	(10,515)
Contractual services	205,755	198,398	7,357
Capital outlay	82,800	5,264	77,536
Total Sanitation	659,170	577,692	81,478
Debt Service:			
Principal	-	52,412	(52,412)
Interest expense	-	4,600	(4,600)
Total Debt Service	-	57,012	(57,012)
Other Financing Sources (Uses):			
Operating transfers in	209,380	57,197	(152,183)
Operating transfers out	(274,000)	(18,814)	255,186
Total Other Financing Sources (Uses)	(64,620)	38,383	103,003
Total Charges to Expenditures	9,830,740	9,546,962	283,778
CHANGE IN FUND BALANCE	\$ 233,110	\$ 2,077,717	\$ 1,844,607

CITY OF CANTON, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS -
CANTON 1 TAX INCREMENT FINANCING DISTRICT FUND
Year Ended April 30, 2021

	Original Budget	Actual	Favorable (Unfavorable) Variance From Budget
<u>RESOURCES (INFLOWS):</u>			
Local taxes	\$ 823,040	\$ 830,652	\$ 7,612
Interest	550	763	213
Other	-	5,076	5,076
Total Resources	823,590	836,491	12,901
<u>CHARGES TO EXPENDITURES (OUTFLOWS):</u>			
Community development	236,405	112,402	124,003
Capital outlay	50,000	116,121	(66,121)
Debt service:			
Principal repayment	470,000	470,000	-
Interest	143,620	143,618	2
	900,025	842,141	57,884
Other Financing Sources:			
Operating transfers in	100,000	-	(100,000)
Total Charges to Expenditures	800,025	842,141	(42,116)
CHANGE IN FUND BALANCE	\$ 23,565	\$ (5,650)	\$ (29,215)

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, 2021

	Total Non-Major Special Revenue Funds	Total Non- Major Capital Project Funds	Total Non-Major Governmental Funds
<u>ASSETS</u>			
Cash	\$ 3,675,047	\$ 264,447	\$ 3,939,494
DCCA loans receivable	35,769	-	35,769
Due from other funds	26,108	-	26,108
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 3,736,924	\$ 264,447	\$ 4,001,371
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 188,990	\$ -	\$ 188,990
	<hr/>	<hr/>	<hr/>
Fund balances:			
Restricted	2,950,129	264,447	3,214,576
Assigned	656,575	-	656,575
Unassigned	(58,770)	-	(58,770)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	3,547,934	264,447	3,812,381
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	\$ 3,736,924	\$ 264,447	\$ 4,001,371
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2021

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
<u>REVENUES</u>			
Local taxes:			
Property taxes	\$ 1,183,340	\$ -	\$ 1,183,340
Intergovernmental:			
Motor fuel taxes	1,006,159	-	1,006,159
Other taxes	81,891	-	81,891
Fines and forfeitures	5,807	-	5,807
Interest	3,482	287	3,769
Other	8,502	-	8,502
	<hr/>	<hr/>	<hr/>
Total Revenues	2,289,181	287	2,289,468
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
General governmental	776,243	-	776,243
Public safety:			
Law enforcement	312	-	312
Public works/transportation:			
Streets & sidewalks	56,844	-	56,844
Capital outlay	557,134	-	557,134
Community development:			
Other	268,456	42,019	310,475
	<hr/>	<hr/>	<hr/>
Total Expenditures	1,658,989	42,019	1,701,008
	<hr/>	<hr/>	<hr/>
Revenue Received Over (Under)			
Expenditures	630,192	(41,732)	588,460
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Operating transfers in	99,889	-	99,889
Operating transfers out	(81,891)	-	(81,891)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	17,998	-	17,998
	<hr/>	<hr/>	<hr/>
Net changes in fund balances	648,190	(41,732)	606,458
FUND BALANCES - BEGINNING	<hr/>	<hr/>	<hr/>
	2,899,744	306,179	3,205,923
	<hr/>	<hr/>	<hr/>
FUND BALANCES - ENDING	<hr/>	<hr/>	<hr/>
	\$ 3,547,934	\$ 264,447	\$ 3,812,381
	<hr/>	<hr/>	<hr/>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES -
MODIFIED CASH BASIS - NON-MAJOR SPECIAL REVENUE FUNDS
Year Ended April 30, 2021

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund	Social Security	Motor Fuel Tax
<u>ASSETS</u>					
Cash	\$ 561,136	\$ -	\$ 834,081	\$ 396,712	\$ 1,515,474
DCCA loans receivable	-	-	-	-	-
Due from General fund	-	-	-	-	-
Due from Canton 3 TIF	-	-	-	-	-
Total Assets	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ 834,081</u>	<u>\$ 396,712</u>	<u>\$ 1,515,474</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to Canton 1 TIF	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Canton 2 TIF	-	-	-	-	-
Due to General fund	-	58,770	-	-	-
Total Liabilities	<u>-</u>	<u>58,770</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (deficit):					
Restricted	-	-	834,081	396,712	1,515,474
Assigned	561,136	-	-	-	-
Unassigned	-	(58,770)	-	-	-
Total Fund Balances (Deficit)	<u>561,136</u>	<u>(58,770)</u>	<u>834,081</u>	<u>396,712</u>	<u>1,515,474</u>
Total Liabilities & Fund Balances (Deficit)	<u>\$ 561,136</u>	<u>\$ -</u>	<u>\$ 834,081</u>	<u>\$ 396,712</u>	<u>\$ 1,515,474</u>

Canton 2 Tax Increment Financing District	Canton 3 Tax Increment Financing District	Audit	Drug Prevention	DUI Fund	DCCA Loan Fund	Total Non- Major Special Revenue Funds
\$ 217,991	\$ 42,836	\$ 19,608	\$ 26,665	\$ 1,982	\$ 58,562	\$ 3,675,047
-	-	-	-	-	35,769	35,769
-	-	-	-	-	1,108	1,108
25,000	-	-	-	-	-	25,000
<u>\$ 242,991</u>	<u>\$ 42,836</u>	<u>\$ 19,608</u>	<u>\$ 26,665</u>	<u>\$ 1,982</u>	<u>\$ 95,439</u>	<u>\$ 3,736,924</u>
\$ -	\$ 12,642	\$ -	\$ -	\$ -	\$ -	\$ 12,642
-	25,000	-	-	-	-	25,000
92,578	-	-	-	-	-	151,348
<u>92,578</u>	<u>37,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,990</u>
150,413	5,194	19,608	26,665	1,982	-	2,950,129
-	-	-	-	-	95,439	656,575
-	-	-	-	-	-	(58,770)
<u>150,413</u>	<u>5,194</u>	<u>19,608</u>	<u>26,665</u>	<u>1,982</u>	<u>95,439</u>	<u>3,547,934</u>
<u>\$ 242,991</u>	<u>\$ 42,836</u>	<u>\$ 19,608</u>	<u>\$ 26,665</u>	<u>\$ 1,982</u>	<u>\$ 95,439</u>	<u>\$ 3,736,924</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, 2021

	Working Cash	Civil Defense	Illinois Municipal Retirement Fund	Social Security	Motor Fuel Tax
<u>REVENUES</u>					
Property taxes	\$ -	\$ 3,704	\$ 406,993	\$ 279,770	\$ -
Intergovernmental:					
Motor fuel taxes	-	-	-	-	1,006,159
Other taxes	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	-	1,327
Other	-	-	-	-	-
Total Revenues	-	3,704	406,993	279,770	1,007,486
<u>EXPENDITURES</u>					
General government	-	-	474,996	279,397	-
Public safety					
Law enforcement	-	-	-	-	-
Public works/transportation:					
Streets and sidewalks	-	-	-	-	56,844
Capital outlay	-	-	-	-	557,134
Community development:					
Other	-	-	-	-	-
Total Expenditures	-	-	474,996	279,397	613,978
Revenue Received Over (Under) Expenditures	-	3,704	(68,003)	373	393,508
Other Financing Sources (Uses):					
Operating transfers in	-	-	49,075	40,000	-
Operating transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	49,075	40,000	-
Net changes in fund balances	-	3,704	(18,928)	40,373	393,508
FUND BALANCES (DEFICIT)					
- BEGINNING	561,136	(62,474)	853,009	356,339	1,121,966
FUND BALANCES (DEFICIT)					
- ENDING	\$ 561,136	\$ (58,770)	\$ 834,081	\$ 396,712	\$ 1,515,474

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
\$ 453,638	\$ 15,273	\$ 23,962	\$ -	\$ -	\$ -	\$ -	\$ 1,183,340
-	-	-	-	-	-	-	1,006,159
-	-	-	-	-	81,891	-	81,891
-	-	-	3,825	1,982	-	-	5,807
669	58	-	-	-	-	1,428	3,482
2,002	6,500	-	-	-	-	-	8,502
456,309	21,831	23,962	3,825	1,982	81,891	1,428	2,289,181
-	-	21,850	-	-	-	-	776,243
-	-	-	312	-	-	-	312
-	-	-	-	-	-	-	56,844
-	-	-	-	-	-	-	557,134
261,554	5,328	-	-	-	-	1,574	268,456
261,554	5,328	21,850	312	-	-	1,574	1,658,989
194,755	16,503	2,112	3,513	1,982	81,891	(146)	630,192
-	-	-	10,814	-	-	-	99,889
-	-	-	-	-	(81,891)	-	(81,891)
-	-	-	10,814	-	(81,891)	-	17,998
194,755	16,503	2,112	14,327	1,982	-	(146)	648,190
(44,342)	(11,309)	17,496	12,338	-	-	95,585	2,899,744
\$ 150,413	\$ 5,194	\$ 19,608	\$ 26,665	\$ 1,982	\$ -	\$ 95,439	\$ 3,547,934

CITY OF CANTON, ILLINOIS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCE -
MODIFIED CASH BASIS - NON-MAJOR CAPITAL PROJECTS FUNDS
Year Ended April 30, 2021

	Housing Grant	IT&EC Environmental Escrow	Total Non- Major Capital Project Funds
<u>ASSETS</u>			
Cash	\$ 288	\$ 264,159	\$ 264,447
	<u> </u>	<u> </u>	<u> </u>
<u>LIABILITIES AND FUND BALANCE</u>			
Fund balance:			
Restricted	\$ 288	\$ 264,159	\$ 264,447
	<u> </u>	<u> </u>	<u> </u>

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, 2021

	Housing Grant	IT&EC Environmental Escrow	Total Non- Major Capital Project Funds
<u>REVENUES</u>			
Other			
Interest	\$ 30	\$ 257	\$ 287
<u>EXPENDITURES</u>			
Community Development:			
Other	<u>42,019</u>	<u>-</u>	<u>42,019</u>
Total expenditures	<u>42,019</u>	<u>-</u>	<u>42,019</u>
Net changes in fund balances	(41,989)	257	(41,732)
FUND BALANCE - BEGINNING	<u>42,277</u>	<u>263,902</u>	<u>306,179</u>
FUND BALANCE - ENDING	<u><u>\$ 288</u></u>	<u><u>\$ 264,159</u></u>	<u><u>\$ 264,447</u></u>

CITY OF CANTON, ILLINOIS
COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS -
NON-MAJOR ENTERPRISE FUNDS
Year Ended April 30, 2021

	Lake Fund	Greenwood Cemetery	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 62,168	\$ 43,182	\$ 105,350
Due from other funds	605	-	605
	<hr/>	<hr/>	<hr/>
Total Unrestricted Current Assets	62,773	43,182	105,955
Investments - Restricted	-	494,947	494,947
	<hr/>	<hr/>	<hr/>
	62,773	538,129	600,902
	<hr/>	<hr/>	<hr/>
Capital Assets:			
Building and plant	343,965	46,234	390,199
Equipment and vehicles	-	180,055	180,055
	<hr/>	<hr/>	<hr/>
	343,965	226,289	570,254
Less accumulated depreciation	(166,498)	(176,251)	(342,749)
	<hr/>	<hr/>	<hr/>
Capital assets, net of accumulated depreciation	177,467	50,038	227,505
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 240,240</u>	<u>\$ 588,167</u>	<u>\$ 828,407</u>
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES AND NET POSITION</u>			
Current liabilities (payable from current assets):			
Due to other funds	\$ 35	\$ 15,736	\$ 15,771
Net Position:			
Invested in capital assets net of related debt	177,467	50,038	227,505
Restricted for:			
Perpetual care and maintenance	-	494,947	494,947
Unrestricted	62,738	27,446	90,184
	<hr/>	<hr/>	<hr/>
Total Net Position	240,205	572,431	812,636
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Position	<u>\$ 240,240</u>	<u>\$ 588,167</u>	<u>\$ 828,407</u>
	<hr/>	<hr/>	<hr/>

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, 2021

	Enterprise Funds		
	Lake Fund	Greenwood Cemetery	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ -	\$ 43,294	\$ 43,294
Property taxes	-	29,520	29,520
Lot sales	-	10,200	10,200
Lot leases	28,644	-	28,644
Fees & permits	97,759	-	97,759
Miscellaneous income	389	11,122	11,511
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	126,792	94,136	220,928
	<hr/>	<hr/>	<hr/>
<u>OPERATING EXPENSES</u>			
Personal services	9,854	81,627	91,481
Supplies	3,208	19,924	23,132
Contractual services	13,379	43,271	56,650
Maintenance	18,205	-	18,205
Utilities	14,903	-	14,903
Depreciation	21,356	7,113	28,469
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	80,905	151,935	232,840
	<hr/>	<hr/>	<hr/>
Operating Income (Loss)	45,887	(57,799)	(11,912)
	<hr/>	<hr/>	<hr/>
<u>NON-OPERATING REVENUES</u>			
Interest income	36	3,619	3,655
	<hr/>	<hr/>	<hr/>
Net Income (Loss) Before Other Financing Sources (Uses)	45,923	(54,180)	(8,257)
	<hr/>	<hr/>	<hr/>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	35,024	35,024
	<hr/>	<hr/>	<hr/>
Change in net position	45,923	(19,156)	26,767
	<hr/>	<hr/>	<hr/>
NET POSITION - BEGINNING	194,282	591,587	785,869
	<hr/>	<hr/>	<hr/>
NET POSITION - ENDING	<u>\$ 240,205</u>	<u>\$ 572,431</u>	<u>\$ 812,636</u>

CITY OF CANTON, ILLINOIS
SCHEDULE OF OPERATING EXPENDITURES OTHER THAN DEPRECIATION -
WATER AND SEWER FUND
Year Ended April 30, 2021

	<u>General Administration</u>	<u>System Maintenance</u>	<u>Water</u>
Salaries and wages	\$ 104,427	\$ 553,438	\$ 651,765
Group insurance	88,298	109,574	131,472
Maintenance:			
System	-	-	-
Building	-	-	12,651
Equipment	811	17,968	33,722
Utilities	9,000	9,010	139,142
Travel and training	602	-	2,461
Fuel and oil	-	9,227	13,115
Services	113,587	67,006	170,602
Supplies:			
Office	23,851	-	2,670
Maintenance	-	117,019	47,191
Operating	-	24,923	323,435
Rentals	-	483	-
Other	5,171	-	695
	<u>5,171</u>	<u>-</u>	<u>695</u>
Total	<u>\$ 345,747</u>	<u>\$ 908,648</u>	<u>\$ 1,528,921</u>

Waste- Water	Total
\$ 471,945	\$ 1,781,575
123,628	452,972
93,894	93,894
2,537	15,188
64,682	117,183
222,746	379,898
1,337	4,400
13,062	35,404
18,167	369,362
3,624	30,145
3,643	167,853
28,417	376,775
23,001	23,484
-	5,866
<u>\$ 1,070,683</u>	<u>\$ 3,853,999</u>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Calendar year ending December 31,				
Total pension liability:				
Service cost	\$ 355,458	\$ 329,217	\$ 313,186	\$ 376,522
Interest on the total pension liability	1,744,795	1,652,591	1,577,838	1,577,590
Difference between expected and actual experience	40,437	356,871	249,447	(264,894)
Assumption changes	(201,674)	-	667,896	(661,484)
Benefit payments and refunds	(1,068,598)	(1,091,444)	(1,028,287)	(957,235)
Net change in total pension liability	870,418	1,247,235	1,780,080	70,499
Total pension liability - beginning	24,422,706	23,175,471	21,395,391	21,324,892
Total pension liability - ending (a)	<u>\$ 25,293,124</u>	<u>\$ 24,422,706</u>	<u>\$ 23,175,471</u>	<u>\$ 21,395,391</u>
Plan fiduciary net position:				
Contributions - employer	\$ 533,885	\$ 398,645	\$ 420,725	\$ 459,296
Contributions - employee	165,119	156,324	148,002	151,744
Net investment income	3,063,437	3,479,575	(1,041,369)	3,048,837
Benefit payments and refunds	(1,068,598)	(1,091,444)	(1,028,287)	(957,235)
Other (net transfer)	(136,623)	(8,595)	300,844	(832,025)
Net change in plan fiduciary net position	2,557,220	2,934,505	(1,200,085)	1,870,617
Plan fiduciary net position - beginning	21,601,043	18,666,538	19,866,623	17,996,006
Plan fiduciary net position - ending (b)	<u>24,158,263</u>	<u>21,601,043</u>	<u>18,666,538</u>	<u>19,866,623</u>
City's net pension liability - ending (a) - (b)	<u>\$ 1,134,861</u>	<u>\$ 2,821,663</u>	<u>\$ 4,508,933</u>	<u>\$ 1,528,768</u>
Plan fiduciary net position as a percentage of the total pension liability	95.51%	88.45%	80.54%	92.85%
Covered - employee payroll	\$ 3,669,319	\$ 3,344,341	\$ 3,282,420	\$ 3,372,093
City's net position liability as a percentage of covered-employee payroll	30.93%	84.37%	137.37%	45.34%

<u>2016</u>	<u>2015</u>
\$ 348,093	\$ 368,920
1,500,959	1,459,467
67,507	(400,914)
(80,398)	25,883
(860,774)	(861,971)
975,387	591,385
20,349,505	19,758,120
<u>\$ 21,324,892</u>	<u>\$20,349,505</u>
\$ 456,127	\$ 447,344
152,381	156,338
1,176,473	85,483
(860,774)	(861,971)
85,245	(66,357)
1,009,452	(239,163)
16,986,554	17,225,717
17,996,006	16,986,554
<u>\$ 3,328,886</u>	<u>\$ 3,362,951</u>
84.39%	83.47%
\$ 3,386,243	\$ 3,289,296
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					
12/31/2020	\$ 533,886 *	\$ 533,885	\$ 1	\$ 3,669,319	14.55%
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 14.55% and covered valuation payroll of \$3,669,319.

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

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

	2020 Tax Levy Year*			
	Levy	Rate	Extension	Collections
<u>General Fund:</u>				
Fire Protection	\$ 124,000	0.1051	\$ 124,043	\$ -
Police Protection	92,700	0.0750	88,518	-
Liability Insurance	217,000	0.1839	217,045	-
Workmen's				
Compensation	239,250	0.2028	239,352	-
Unemployment Comp	18,050	0.0153	18,058	-
<u>Special Revenue Funds:</u>				
Civil Defense	3,670	0.0032	3,776	-
Social Security	272,000	0.2305	272,044	-
I.M.R.F.	400,000	0.3390	400,099	-
Audit	23,000	0.0195	23,014	-
<u>Enterprise Fund:</u>				
Cemetery	30,900	0.0250	29,506	-
<u>Pension Trust Funds:</u>				
Police Pension	540,000	0.4576	540,075	-
Fire Pension	870,000	0.7372	870,069	-
	<u>\$ 2,830,570</u>	<u>2.3941</u>	<u>\$ 2,825,599</u>	<u>\$ -</u>
Assessed valuation		<u>\$ 118,023,445</u>		

2019 Tax Levy Year				2018 Tax Levy Year			
Levy	Rate	Extension	Collections	Levy	Rate	Extension	Collections
\$ 125,000	0.1030	\$ 125,068	\$ 127,207	\$ 120,000	0.1005	\$ 120,011	\$ 121,815
95,000	0.0750	91,069	92,628	80,000	0.0670	80,007	81,209
215,000	0.1771	215,044	218,724	250,000	0.2094	250,053	253,811
285,000	0.2348	285,106	289,986	300,000	0.2513	300,087	304,598
23,250	0.0192	23,314	23,712	22,500	0.0189	22,569	22,908
3,600	0.0030	3,643	3,704	3,600	0.0031	3,702	3,756
275,000	0.2265	275,028	279,735	350,000	0.2931	350,003	355,263
400,000	0.3295	400,096	406,942	375,000	0.3141	375,080	380,723
23,500	0.0194	23,556	23,959	22,500	0.0189	22,569	22,908
29,000	0.0239	29,020	29,517	29,000	0.0243	29,018	29,454
513,400	0.4229	513,507	522,295	487,500	0.4083	487,568	494,895
845,000	0.6960	845,118	859,581	750,000	0.6281	750,040	761,312
<u>\$ 2,832,750</u>	<u>2.3303</u>	<u>\$ 2,829,569</u>	<u>\$ 2,877,990</u>	<u>\$ 2,790,100</u>	<u>2.3370</u>	<u>\$ 2,790,707</u>	<u>\$ 2,832,652</u>
	<u>\$ 121,425,067</u>				<u>\$ 119,414,060</u>		