

**CITY OF LITCHFIELD, ILLINOIS**

**FINANCIAL STATEMENTS**

**April 30, 2020**



*Steven Dougherty*  
*Mayor*

*Carol Burke*  
*City Clerk*

*Tonya Flannery*  
*City Administrator*

# CITY OF LITCHFIELD, ILLINOIS

## TABLE OF CONTENTS

---

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in the Fund Balances of the Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Fiduciary Net Position – Fiduciary Funds	22
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Major Governmental Funds – Cash Basis – Unaudited:	
General Fund	55
Tax Increment Financing Fund #1	56
Long-Term Economic Development Fund	57
Notes to the Required Supplementary Information	58
Schedule of Changes in Net Pension Liability and Related Ratios – Police Pension Fund – Unaudited	59
Schedule of Contributions – Police Pension Fund – Unaudited	60
Schedule of Changes in Net Pension Liability and Related Ratios – Firefighters' Pension Fund – Unaudited	61
Schedule of Contributions – Firefighters' Pension Fund – Unaudited	62
Schedule of Changes in Net Pension Liability and Related Ratios – Illinois Municipal Retirement Fund – Unaudited	63
Schedule of Contributions – Illinois Municipal Retirement Fund – Unaudited	64
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Nonmajor Governmental Funds	65
Combining Balance Sheet – Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	68
Schedule of Fiduciary Funds	70
Combining Statement of Fiduciary Net Position – Fiduciary Funds	71
Combining Statement of Changes in Fiduciary Net Position – Fiduciary Funds	72
<b>STATISTICAL SECTION</b>	
Schedule of Assessed Valuation, Tax Rates, Extensions and Collections – Unaudited	73



the city of

Litchfield

Illinois

"many pleasant surprises!"



"many pleasant surprises!"





Kerber, Eck & Braeckel LLP    P 217.324.6611  
1365 East Union Avenue    F 217.324.6616  
PO Box 307  
Litchfield, IL 62056

## Independent Auditors' Report

To the City Council  
City of Litchfield, Illinois

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Auditing 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 from 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 auditors' 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 entity'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 entity'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.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Litchfield, Illinois, as of April 30, 2020, the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require management's discussion and analysis, budgetary comparison information and pension information as referred to in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Litchfield, Illinois' basic financial statements. The combining nonmajor governmental funds statements, combining fiduciary funds statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor governmental funds statements and combining fiduciary funds statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental funds statements and combining fiduciary funds statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has 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 it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 on our consideration of the City of Litchfield's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Litchfield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Litchfield's internal control over financial reporting and compliance.

*Kerber, Eck & Braedel LLP*

Litchfield, Illinois  
December 15, 2020

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - Unaudited**

This section of the City of Litchfield, Illinois' (City) annual audit presents a Management's Discussion and Analysis (MD&A) of the City's financial activity during the fiscal year ended April 30, 2020. The MD&A is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the City.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This MD&A is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements.

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, economic development, culture and recreation and miscellaneous. The business-type activities include water and sewer.

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. Changes in net position are reported using accounting principles generally accepted in the United States for the governmental activities and the business-type activities.

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT’S DISCUSSION & ANALYSIS - Unaudited**

**FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

**Governmental Funds**

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

The City maintains multiple individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for its four major funds: the General, Tax Increment Financing #1, Long-Term Economic Development, and West Side Expansion Debt Service. Data from the other governmental funds are combined into a single, aggregated presentation called “Other Governmental Funds.” Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules in the other supplementary information section of this report.

The City adopts an annual budget for all governmental funds. Budgetary comparison schedules for the major funds have been provided to demonstrate legal compliance, or lack thereof, with the adopted budgets.

**Proprietary funds**

Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs.

**Notes to the basic financial statements**

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



**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS - Unaudited**

**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The City also reports expenditures of its major funds in comparison to budgeted amounts.

**Other information**

The combining statements of nonmajor funds and fiduciary funds are presented immediately following the required supplementary information.

**Statistical section**

Also presented is the Schedule of Assessed Valuation, tax rates, extensions and collections of real estate tax and the City's legal debt margin.

**Basis of accounting**

The City presents its government-wide financial statements and proprietary fund financial statements on the accrual basis of accounting. The governmental fund financial statements are presented on the modified accrual basis of accounting.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City has presented its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,059,902 at the close of fiscal year 2020.

The largest portion of the City's net position or 85% reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related current debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS - Unaudited**

The condensed statement of net position is as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>	<u>April 30,</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>						
Current and other assets	\$ 10,016,779	\$ 11,137,698	\$ 3,738,159	\$ 3,572,698	\$ 13,754,938	\$ 14,710,396
Noncurrent assets	703,522	1,035,306	-	-	703,522	1,035,306
Capital assets, net	18,637,147	12,869,428	19,143,752	19,545,328	37,780,899	32,414,756
Total assets	29,357,448	25,042,432	22,881,911	23,118,026	52,239,359	48,160,458
<b>Deferred Outflows</b>						
Related to pensions	3,956,214	1,780,022	-	-	3,956,214	1,780,022
<b>Liabilities</b>						
Current liabilities	1,004,663	1,262,761	1,641,373	1,525,724	2,646,036	2,788,485
Long-term liabilities	13,024,702	9,146,698	8,150,336	9,109,068	21,175,038	18,255,766
Total liabilities	14,029,365	10,409,459	9,791,709	10,634,792	23,821,074	21,044,251
<b>Deferred Inflows</b>						
Related to pensions	1,314,597	878,307	-	-	1,314,597	878,307
<b>Net Position</b>						
Net investment in capital assets	16,087,147	12,481,445	10,244,796	9,471,709	26,331,943	21,953,154
Restricted	2,974,434	2,627,665	-	-	2,974,434	2,627,665
Unrestricted	(1,091,881)	425,578	2,845,406	3,011,525	1,753,525	3,437,103
Total net position	\$ 17,969,700	\$ 15,534,688	\$ 13,090,202	\$ 12,483,234	\$ 31,059,902	\$ 28,017,922

Total net position increased \$3,041,980, resulting in a balance of \$31,059,902 as of April 30, 2020. Current assets, which primarily include cash, investments and accounts receivable, decreased \$955,458. Non-current assets decreased \$331,784, which is due to the retirement of notes receivable with local businesses. Net capital assets increased \$5,366,143 as a result of the continued construction of the West Side infrastructure.

With the implementation of GASB 68, net pension liabilities were presented of \$10,493,668 and \$8,797,812 for years ending April 30, 2020 and 2019, respectively. The cause of the large increase in net pension liability is the City's new participation in the Illinois Municipal Retirement Fund (IMRF) plan. The year ending April 30, 2020 is the first entire year during which the City was participating in the plan.

The change in net position is further examined in the Analysis of Net position section of the Management's Discussion and Analysis (MD&A).

**ANALYSIS OF NET POSITION**

	<u>2020</u>		<u>2019</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net investment in capital assets	84.8%	\$ 26,331,943	78.5%	\$ 21,953,154
Restricted	9.6%	2,974,434	9.4%	2,627,665
Unrestricted	5.6%	1,753,525	12.3%	3,437,103
Total net position	100.0%	\$ 31,059,902	100.0%	\$ 28,017,922

Net investment in capital assets increased in the current year due to additions to capital assets of approximately \$7,300,000, less the increase in accumulated depreciation of approximately \$1,950,000, plus capital debt payments of \$1,175,000, and less new capital debt of approximately \$2,780,000.

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS - Unaudited**

The condensed comparative statement of activities is as follows:

	<u>2020</u>	<u>2019</u>	<u>Difference</u>
Program revenues			
Charges for services	\$ 5,205,556	\$ 4,660,483	\$ 545,073
Capital grants and contributions	1,959,749	352,157	1,607,592
General revenues			
Property tax	2,978,107	2,895,262	82,845
Sales tax	4,818,398	4,488,050	330,348
State income tax	682,510	717,428	(34,918)
Personal property replacement tax	128,841	123,424	5,417
Hotel/motel tax	204,609	218,551	(13,942)
Motor fuel tax	332,278	176,144	156,134
Video gaming tax	191,021	162,092	28,929
Investment earnings	158,402	226,062	(67,660)
Other miscellaneous	163,064	335,178	(172,114)
Total revenues	<u>16,822,535</u>	<u>14,354,831</u>	<u>2,467,704</u>
Expenses			
General government	946,658	1,428,507	(481,849)
Public safety	4,872,660	4,336,908	535,752
Highways and streets	1,263,357	1,102,966	160,391
Economic development	1,651,452	2,097,632	(446,180)
Culture	991,696	1,150,792	(159,096)
Governmental interest	22,286	-	22,286
Water	2,202,955	2,203,786	(831)
Sewer	1,829,491	1,781,823	47,668
	<u>13,780,555</u>	<u>14,102,414</u>	<u>(321,859)</u>
Change in net position	<u>3,041,980</u>	<u>252,417</u>	<u>2,789,563</u>
Ending net position	<u>31,059,902</u>	<u>28,017,922</u>	<u>3,041,980</u>

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS - Unaudited**

**EXPENDITURES BY CATEGORY**

**GOVERNMENTAL ACTIVITIES**

<u>Expenditures by category</u>	<u>2020</u>		<u>2019</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	9.7%	\$ 946,658	14.1%	\$ 1,428,507
Public safety	50.0%	4,872,660	42.9%	4,336,908
Highways and streets	13.0%	1,263,357	10.9%	1,102,966
Economic development	16.9%	1,651,452	20.7%	2,097,632
Culture	10.2%	991,696	11.4%	1,150,792
Interest	0.2%	22,286	0.0%	-
Total expenditures	<u>100.0%</u>	<u>\$ 9,748,109</u>	<u>100.0%</u>	<u>\$ 10,116,805</u>

The City's total expenses decreased by \$368,696 during the current fiscal year. In both years, the largest category of expense is public safety which consists of the City police, fire and ambulance departments.

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2020</u>	<u>2019</u>
General government	\$ 245,126	\$ 228,878
Public safety	200,017	193,197
Highways and streets	105,906	118,544
Culture	73,155	64,495
	<u>\$ 624,204</u>	<u>\$ 605,114</u>

Total capital outlay expenditures for the governmental activities in the current year totaled approximately \$6,400,000.

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS - Unaudited**

**BUSINESS-TYPE ACTIVITIES**

<u>Expenditures by category</u>	<u>2020</u>		<u>2019</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Salaries, wages and benefits	23.6%	\$ 953,601	23.7%	\$ 944,771
Contracted services	15.2%	611,809	14.2%	566,381
Utilities	5.5%	220,682	6.9%	275,123
Repairs and maintenance	5.7%	231,023	5.6%	224,442
Materials and supplies	7.3%	293,674	7.4%	295,385
Depreciation	32.8%	1,322,045	31.9%	1,269,520
Interest expense	5.8%	233,383	6.2%	245,305
Miscellaneous	4.1%	166,229	4.1%	164,682
 Total expenditures	 <u>100.0%</u>	 <u>\$ 4,032,446</u>	 <u>100.0%</u>	 <u>\$ 3,985,609</u>

Business-type activities expenses increased by approximately \$45,000.

**FUNDS FINANCIAL ANALYSIS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT'S DISCUSSION & ANALYSIS - Unaudited**

**Governmental funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of April 30, 2020, the City's governmental funds reported combined ending fund balances of \$7,074,813, a decrease of \$1,424,756 in comparison with the prior year. Of the total amount, \$272,212 is nonspendable, \$2,870,101 is restricted by external restrictions for specific purposes, and \$1,668,891 of the balance has been committed or assigned by the City Council for specific purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$2,263,609. As a measure of the general fund's liquidity, it may be useful to compare the unassigned general fund balance to total general fund expenditures.

The unassigned general fund balance at April 30, 2020 represents 18% of total general fund expenditures. The fund balance of the City's General Fund decreased \$496,138 during the current fiscal year.

At the end of the current fiscal year, the TIF #1 fund had a fund balance of \$1,909,195, which represents 27% of the total governmental fund balances. The fund balance of the TIF #1 fund balance decreased \$91,029 during the current fiscal year.

The Long-Term Economic Development Fund had \$1,472,720 of grant revenue, which is approximately 75% of all governmental grant revenue during the fiscal year.

The West-Side Expansion Debt Service had minimal activity during the fiscal year, as only interest payments are currently due on debt; the West Side project is still in progress.

At the end of the current fiscal year, the Other Governmental funds had a fund balance of \$1,232,467, which represents approximately 17% of the total governmental fund balances. The fund balance of the Other Governmental fund balance increased \$127,059 during the current fiscal year.

**Proprietary funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer funds at the end of the year amounted to \$2,845,406, a decrease of \$166,119.

**TRANSFERS**

The City made interfund transfers from the general fund to the ambulance, water, and sewer funds to help offset operating deficits.

**CITY OF LITCHFIELD, ILLINOIS**  
**MANAGEMENT’S DISCUSSION & ANALYSIS - Unaudited**

**CAPITAL ASSETS**

The City’s investment in capital assets for its governmental and business-type activities as of April 30, 2020 amounts to \$37,780,899, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Beach house renovations
- Infrastructure improvements
- Rt. 66 Industrial Park land repurchase
- Sewer plant improvements
- Waterline repairs
- Street equipment

Capital assets are reported in more detail in Note 7 to the financial statements.

**CURRENT AND LONG-TERM DEBT AND COMPENSATED ABSENCES**

Totals are summarized below.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30, 2020</u>	<u>April 30, 2019</u>	<u>April 30, 2020</u>	<u>April 30, 2019</u>	<u>April 30, 2020</u>	<u>April 30, 2019</u>
Bonds payable	\$ 2,550,000	\$ 50,000	\$ -	\$ -	\$ 2,550,000	\$ 50,000
Notes payable	207,917	645,356	9,331,598	10,266,650	9,539,515	10,912,006
Compensated absences	96,600	90,969	8,550	3,154	105,150	94,123
Total debt and compensated absences	<u>\$ 2,854,517</u>	<u>\$ 786,325</u>	<u>\$ 9,340,148</u>	<u>\$ 10,269,804</u>	<u>\$ 12,194,665</u>	<u>\$ 11,056,129</u>

Additional information related to long-term debt can be located in Note 8 of the financial statements.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Litchfield, Illinois for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk’s office, 120 East Ryder, Litchfield, IL 62056.

## Basic Financial Statements



# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF NET POSITION April 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 5,054,101	\$ 2,974,181	\$ 8,028,282
Investments	113,870	-	113,870
Certificates of deposit	230,000	-	230,000
Receivables, net of allowance for uncollectibles	64,695	476,293	540,988
Grants receivable	-	-	-
Property taxes receivable	2,964,309	-	2,964,309
Hotel/motel taxes receivable	6,033	-	6,033
Intergovernmental receivable	1,311,559	-	1,311,559
Restricted cash and cash equivalents			
Customer deposits	-	214,615	214,615
Prepaid items	272,212	73,070	345,282
Total current assets	10,016,779	3,738,159	13,754,938
Noncurrent assets			
Notes receivable	703,522	-	703,522
Capital assets not being depreciated			
Land	3,811,496	598,744	4,410,240
Construction in progress	5,687,824	-	5,687,824
Capital assets net of accumulated depreciation			
Buildings	2,010,475	-	2,010,475
Plant and equipment	1,862,456	18,545,008	20,407,464
Infrastructure	5,264,896	-	5,264,896
Total noncurrent assets	19,340,669	19,143,752	38,484,421
Total assets	29,357,448	22,881,911	52,239,359
Deferred outflows of resources			
Deferred amounts related to pensions	3,956,214	-	3,956,214

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF NET POSITION

April 30, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 567,136	\$ 143,067	\$ 710,203
Accrued liabilities	106,031	21,334	127,365
Customer deposits	2,000	214,615	216,615
Accrued interest payable	6,013	72,545	78,558
Current maturities			
Notes payable	83,038	90,063	173,100
Bonds payable	240,445	-	240,445
Illinois EPA Revolving Fund	-	1,099,750	1,099,750
Total current liabilities	1,004,663	1,641,373	2,646,036
Noncurrent liabilities			
Compensated absences	96,600	8,550	105,150
Notes payable, less current maturities	124,879	342,579	467,459
Bonds payable, less current maturities	2,309,555	-	2,309,555
Illinois EPA Revolving Fund, less current maturities	-	7,799,206	7,799,206
Net pension liability	10,493,668	-	10,493,668
Total noncurrent liabilities	13,024,702	8,150,336	21,175,038
Total liabilities	14,029,365	9,791,709	23,821,074
Deferred inflows of resources			
Deferred amounts related to pensions	1,314,597	-	1,314,597
<b>NET POSITION</b>			
Net investment in capital assets	16,087,147	10,244,796	26,331,943
Restricted for			
Public safety	12,877	-	12,877
Highways and streets	384,285	-	384,285
Economic development	2,354,032	-	2,354,032
Debt service	106,257	-	106,257
Culture	116,983	-	116,983
Unrestricted	(1,091,881)	2,845,406	1,753,525
Total net position	\$ 17,969,700	\$ 13,090,202	\$ 31,059,902

See notes to financial statements.

**CITY OF LITCHFIELD, ILLINOIS**

**STATEMENT OF ACTIVITIES**  
**Year Ended April 30, 2020**

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating	Capital	Primary Government		Total
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
<b>Governmental activities</b>							
General government	\$ 946,658	\$ 16,733	\$ -	\$ 128,661	\$ (801,264)	\$ -	\$ (801,264)
Public safety	4,872,660	840,318	-	22,700	(4,009,642)	-	(4,009,642)
Highways and streets	1,263,357	2,850	-	-	(1,260,507)	-	(1,260,507)
Economic development	1,651,452	-	-	1,708,388	56,936	-	56,936
Culture	991,696	410,105	-	100,000	(481,591)	-	(481,591)
Interest	22,286	-	-	-	(22,286)	-	(22,286)
Total governmental activities	<u>9,748,109</u>	<u>1,270,006</u>	<u>-</u>	<u>1,959,749</u>	<u>(6,518,354)</u>	<u>-</u>	<u>(6,518,354)</u>
<b>Business-type activities</b>							
Waterworks	2,202,955	2,137,204	-	-	-	(65,751)	(65,751)
Sewerage	1,829,491	1,798,346	-	-	-	(31,145)	(31,145)
Total business-type activities	<u>4,032,446</u>	<u>3,935,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,896)</u>	<u>(96,896)</u>
Total primary government	<u>\$ 13,780,555</u>	<u>\$ 5,205,556</u>	<u>\$ -</u>	<u>\$ 1,959,749</u>	<u>(6,518,354)</u>	<u>(96,896)</u>	<u>(6,615,250)</u>
<b>General revenues</b>							
Property taxes					2,978,107	-	2,978,107
Sales taxes					4,818,398	-	4,818,398
State income taxes					682,510	-	682,510
Personal property replacement tax					128,841	-	128,841
Hotel/motel taxes					204,609	-	204,609
Motor fuel tax					332,278	-	332,278
Video gaming tax					191,021	-	191,021
Miscellaneous revenues					153,652	9,412	163,064
Unrestricted investment earnings					125,910	32,492	158,402
Transfers					(661,960)	661,960	-
Total general revenues and transfers					<u>8,953,366</u>	<u>703,864</u>	<u>9,657,230</u>
<b>CHANGE IN NET POSITION</b>					2,435,012	606,968	3,041,980
Net position at May 1, 2019					<u>15,534,688</u>	<u>12,483,234</u>	<u>28,017,922</u>
Net position at April 30, 2020					<u>\$ 17,969,700</u>	<u>\$ 13,090,202</u>	<u>\$ 31,059,902</u>

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## BALANCE SHEET – GOVERNMENTAL FUNDS April 30, 2020

	General Fund	Tax Increment Financing Fund #1	Long-Term Economic Development Fund	West Side Expansion Project Debt Service	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash	\$ 1,736,130	\$ 1,920,015	\$ 255,686	\$ 106,257	\$ 1,036,013	\$ 5,054,101
Investments	113,870	-	-	-	-	113,870
Certificates of deposit	100,000	-	-	-	130,000	230,000
Hotel/motel taxes receivable	-	-	-	-	6,033	6,033
Receivables for ambulance services, net	-	-	-	-	64,695	64,695
Property taxes receivable	1,532,325	1,194,911	-	-	237,073	2,964,309
Due from other funds	282,395	-	-	-	47,290	329,685
Intergovernmental receivable	780,934	-	433,827	-	96,798	1,311,559
Notes receivable	-	-	493,744	-	209,778	703,522
Prepaid items	232,707	-	-	-	39,505	272,212
Total assets	<u>\$ 4,778,361</u>	<u>\$ 3,114,926</u>	<u>\$ 1,183,257</u>	<u>\$ 106,257</u>	<u>\$ 1,867,185</u>	<u>\$ 11,049,986</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 227,177	\$ 10,820	\$ 234,287	\$ -	\$ 94,852	\$ 567,136
Accrued liabilities	87,632	-	6,013	-	20,398	114,043
Due to other funds	-	-	47,290	-	282,395	329,685
Total liabilities	<u>314,809</u>	<u>10,820</u>	<u>287,590</u>	<u>-</u>	<u>397,645</u>	<u>1,010,864</u>
<b>Deferred inflows of resources</b>						
Property taxes	1,532,325	1,194,911	-	-	237,073	2,964,309
<b>Fund balances</b>						
Nonspendable	232,707	-	-	-	39,505	272,212
<b>Restricted</b>						
Public safety	-	-	-	-	12,877	12,877
Highways and streets	-	-	-	-	384,285	384,285
Economic development	-	1,909,195	-	-	340,504	2,249,699
Culture	116,983	-	-	-	-	116,983
Debt service	-	-	-	106,257	-	106,257
<b>Committed</b>						
Equipment replacement	317,928	-	-	-	-	317,928
<b>Assigned</b>						
Emergency services	-	-	-	-	56,932	56,932
Economic development	-	-	895,667	-	213,547	1,109,214
Culture	-	-	-	-	184,817	184,817
Unassigned	2,263,609	-	-	-	-	2,263,609
Total fund balances	<u>2,931,227</u>	<u>1,909,195</u>	<u>895,667</u>	<u>106,257</u>	<u>1,232,467</u>	<u>7,074,813</u>
Total liabilities and fund balance	<u>\$ 4,778,361</u>	<u>\$ 3,114,926</u>	<u>\$ 1,183,257</u>	<u>\$ 106,257</u>	<u>\$ 1,867,185</u>	<u>\$ 11,049,986</u>

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION April 30, 2020

---

Fund balances for governmental funds		\$ 7,074,813
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	3,811,496	
Infrastructure, net	10,952,720	
Buildings, structures, and equipment, net	<u>3,872,931</u>	18,637,147
Pension-related deferred inflows of resources (net difference between expected and actual experience and changes in assumptions) are not reported in the funds.		
		(1,314,597)
Pension-related deferred outflows of resources (net difference between expected and actual experience, earnings on plan investments, changes of assumptions and contributions subsequent to the measurement date) are not reported in the funds.		
		3,956,214
Property taxes not available in this period and deferred in the funds.		2,964,309
Certain liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(10,493,668)	
Notes payable	(207,917)	
Bonds payable	(2,550,000)	
Compensated absences	<u>(96,600)</u>	<u>(13,348,185)</u>
Net position of governmental activities		<u>\$ 17,969,700</u>

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Year Ended April 30, 2020

	General Fund	Tax Increment Financing Fund #1	Long-Term Economic Development Fund	West Side Expansion Project Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental	\$ 5,488,492	\$ -	\$ -	\$ -	\$ 332,278	\$ 5,820,770
Property taxes	1,559,967	1,093,776	-	-	233,875	2,887,618
Charges for services	502,469	-	-	-	801,189	1,303,658
Fines and costs	45,521	-	-	-	-	45,521
Other taxes	1,861	-	-	-	221,264	223,125
Licenses and permits	136,205	-	-	-	-	136,205
Grants and donations	50,750	67,379	1,472,720	-	368,900	1,959,749
Investment earnings	34,075	25,487	94,121	796	20,405	174,884
Miscellaneous	195,907	-	27,712	-	32,236	255,855
<b>Total revenues</b>	<b>8,015,247</b>	<b>1,186,642</b>	<b>1,594,553</b>	<b>796</b>	<b>2,010,147</b>	<b>12,807,385</b>
<b>EXPENDITURES</b>						
<b>Current</b>						
General government	1,222,232	-	-	-	11,627	1,233,859
Public safety	2,940,956	-	-	-	1,345,770	4,286,726
Highways and streets	944,020	-	-	-	162,473	1,106,493
Economic development	250,643	1,133,869	254,628	-	6,300	1,645,440
Culture and recreation	577,756	-	-	-	368,259	946,015
<b>Debt service</b>						
Principal	49,456	-	336,991	-	50,992	437,439
Interest	-	-	6,013	15,477	796	22,286
Capital outlay	6,391,923	-	-	-	-	6,391,923
<b>Total expenditures</b>	<b>12,376,986</b>	<b>1,133,869</b>	<b>597,632</b>	<b>15,477</b>	<b>1,946,217</b>	<b>16,070,181</b>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(4,361,739)	52,773	996,921	(14,681)	63,930	(3,262,796)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from borrowings	500,000	-	2,000,000	-	-	2,500,000
Transfers in	9,762,099	-	765,075	120,938	369,004	11,017,116
Transfers out	(6,396,498)	(143,802)	(4,832,901)	-	(305,875)	(11,679,076)
<b>Total other financing sources (uses)</b>	<b>3,865,601</b>	<b>(143,802)</b>	<b>(2,067,826)</b>	<b>120,938</b>	<b>63,129</b>	<b>1,838,040</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(496,138)</b>	<b>(91,029)</b>	<b>(1,070,905)</b>	<b>106,257</b>	<b>127,059</b>	<b>(1,424,756)</b>
Fund balances at May 1, 2019 - as restated	3,427,365	2,000,224	1,966,572	-	1,105,408	8,499,569
Fund balances at April 30, 2020	\$ 2,931,227	\$ 1,909,195	\$ 895,667	\$ 106,257	\$ 1,232,467	\$ 7,074,813

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended April 30, 2020

---

Net change in fund balances for total governmental funds \$ (1,424,756)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	6,391,923	
Depreciation expense	<u>(624,204)</u>	5,767,719

Governmental funds report property tax revenues when measurable and available. However, in the Statement of Activities, the property tax revenues are recognized in the year in which they are levied for.

116,196

Principal payments of loans and notes payable 437,439

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

Change in compensated absences	(5,631)	
Pension benefits	44,045	
Bond proceeds	<u>(2,500,000)</u>	<u>(2,461,586)</u>

Change in net position of governmental activities \$ 2,435,012

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS April 30, 2020

	Enterprise Funds		
	Waterworks Fund	Sewerage Fund	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,316,558	\$ 1,657,623	\$ 2,974,181
Receivables (net of allowance for uncollectibles)	265,146	211,147	476,293
Restricted cash and cash equivalents:			
Customer deposits	214,615	-	214,615
Prepaid items	42,891	30,179	73,070
Total current assets	1,839,210	1,898,949	3,738,159
Noncurrent assets			
Capital assets			
Land	576,244	22,500	598,744
Plant and equipment	23,073,907	20,241,751	43,315,658
Less accumulated depreciation	(9,744,030)	(15,026,620)	(24,770,650)
Total capital assets (net of accumulated depreciation)	13,906,121	5,237,631	19,143,752
Total assets	15,745,331	7,136,580	22,881,911
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	112,375	30,692	143,067
Accrued liabilities	14,380	6,954	21,334
Customer deposits payable	214,615	-	214,615
Accrued interest	59,705	12,840	72,545
Note payable for pension withdrawal	24,592	13,242	37,834
Note payable for sewer flusher	-	52,228	52,228
Illinois EPA Water Revolving Fund	707,868	391,882	1,099,750
Total current liabilities	1,133,535	507,838	1,641,373
Noncurrent liabilities			
Compensated absences	8,550	-	8,550
Note payable for pension withdrawal	76,767	41,336	118,103
Note payable for sewer flusher	-	224,477	224,477
Illinois EPA Water Revolving Fund	7,397,327	401,879	7,799,206
Total noncurrent liabilities	7,482,644	667,692	8,150,336
Total liabilities	8,616,179	1,175,530	9,791,709
<b>NET POSITION</b>			
Net investment in capital assets	5,800,926	4,443,870	10,244,796
Unrestricted	1,328,226	1,517,180	2,845,406
Total net position	\$ 7,129,152	\$ 5,961,050	\$ 13,090,202

See notes to financial statements.



# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS Year Ended April 30, 2020

	Enterprise Funds		
	Waterworks Fund	Sewerage Fund	Total
<b>OPERATING REVENUES</b>			
Charges for service	\$ 2,137,204	\$ 1,798,346	\$ 3,935,550
Miscellaneous	4,051	5,361	9,412
Total operating revenue	2,141,255	1,803,707	3,944,962
<b>OPERATING EXPENSES</b>			
Salaries, wages and benefits	584,574	369,027	953,601
Contracted services	-	611,809	611,809
Utilities	114,563	106,119	220,682
Repairs and maintenance	123,950	107,073	231,023
Materials and supplies	287,123	6,551	293,674
Depreciation	786,535	535,510	1,322,045
Miscellaneous operating expenses	103,077	63,152	166,229
Total operating expenses	1,999,822	1,799,241	3,799,063
Operating income	141,433	4,466	145,899
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Investment earnings	13,884	18,608	32,492
Interest expense	(203,133)	(30,250)	(233,383)
Total non-operating expenses	(189,249)	(11,642)	(200,891)
Net loss before transfers	(47,816)	(7,176)	(54,992)
Transfers in	556,000	310,000	866,000
Transfers out	(97,974)	(106,066)	(204,040)
Total transfers	458,026	203,934	661,960
CHANGE IN NET POSITION	410,210	196,758	606,968
Net position at May 1, 2019	6,718,942	5,764,292	12,483,234
Net position at April 30, 2020	\$ 7,129,152	\$ 5,961,050	\$ 13,090,202

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS

Year Ended April 30, 2020

	Enterprise Funds		
	Waterworks Fund	Sewerage Fund	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 2,122,370	\$ 1,779,562	\$ 3,901,932
Payment to suppliers	(539,928)	(890,749)	(1,430,677)
Payment to employees	(578,098)	(369,666)	(947,764)
Net cash provided by operating activities	1,004,344	519,147	1,523,491
Cash Flows From Noncapital Financing Activities			
Net transfers in - other funds	458,026	203,934	661,960
Cash Flows From Capital and Related Financing Activities			
Loan proceeds	-	276,705	276,705
Acquisition and construction of capital assets	(401,793)	(518,678)	(920,471)
Principal paid on notes and capital debt	(816,641)	(395,116)	(1,211,757)
Interest paid on notes and capital debt	(209,294)	(28,754)	(238,048)
Net cash used in capital and related financial activities	(1,427,728)	(665,843)	(2,093,571)
Cash Flows From Investing Activities			
Interest received	13,884	18,608	32,492
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,526	75,846	124,372
Cash and cash equivalents, beginning	1,482,647	1,581,777	3,064,424
Cash and cash equivalents, ending	\$ 1,531,173	\$ 1,657,623	\$ 3,188,796
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income	\$ 141,433	\$ 4,466	\$ 145,899
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	786,535	535,510	1,322,045
Increase in accounts receivables	(21,349)	(24,145)	(45,494)
(Increase) decrease in prepaid expenses	15,838	(11,433)	4,405
Increase in customer deposits	2,464	-	2,464
Increase in accounts payable	72,947	15,388	88,335
Increase (decrease) in accrued liabilities	1,080	(639)	441
Increase in compensated absences	5,396	-	5,396
Total adjustments	862,911	514,681	1,377,592
Net cash provided by operating activities	\$ 1,004,344	\$ 519,147	\$ 1,523,491
Reconciliation of ending cash to proprietary balance sheet			
Unrestricted cash	\$ 1,316,558	\$ 1,657,623	\$ 2,974,181
Restricted for customer deposits	214,615	-	214,615
Total cash	\$ 1,531,173	\$ 1,657,623	\$ 3,188,796

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS – PENSION TRUST FUND April 30, 2020

---

### ASSETS

Total cash and equivalents	\$ 394,510
Receivables	
Due from other governments	9,551
Interest receivable	53,339
Total receivables	<u>62,890</u>
Investments	
U.S. Treasury securities	3,321,725
U.S. Agency securities	647,781
Equity mutual funds	4,941,844
Foreign bonds and debentures	76,052
Corporate bonds	2,633,379
Total investments	<u>11,620,781</u>
Net position restricted for pension benefits	<u>\$ 12,078,181</u>

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS – PENSION TRUST FUNDS Year Ended April 30, 2020

---

### ADDITIONS

Contributions	
Employer	\$ 791,331
Plan members	157,472
	<hr/>
Total contributions	948,803
Investment income	
Interest income	249,450
Dividends	138,663
Net gains from the sale of securities - realized	15,532
Net appreciation in fair value of investments - unrealized	10,063
Investment expense	(30,475)
	<hr/>
Net investment income	383,233
	<hr/>
Total additions	1,332,036

### DEDUCTIONS

Benefits	899,314
Refund of member contributions	64,303
Administration expenses	43,869
	<hr/>
Total deductions	1,007,486
	<hr/>
Net increase in plan net position	324,550

### NET POSITION RESTRICTED FOR PENSION BENEFITS

May 1, 2019	<hr/>
	11,753,631
April 30, 2020	<hr/>
	\$ 12,078,181
	<hr/>

See notes to financial statements.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Litchfield, Illinois (City) was incorporated as a city on April 4, 1856. The city operates on a Council-City Administrator form of government and provides all municipal services to its residents. The more significant of the City's accounting policies are described below.

#### **The Financial Reporting Entity**

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America, as applied to governmental units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting practices.

#### **Government-wide and Fund Financial Statements**

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The City has no discretely nor blended component units.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting, except agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are intended to fund. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Tax Increment Financing Fund #1, a special revenue fund, accounts for the City's redevelopment and community projects. Its primary source of funding is real property taxes.

The Long-Term Economic Development Fund, a special revenue fund, accounts for the City's major economic development projects. Its primary sources of funding are grants and debt proceeds.

The West Side Expansion Debt Service fund is used to account for bonded debt associated with the City's commercial expansion to the west side of Interstate 55.

The City reports the following major proprietary funds:

The Waterworks Fund provides retail and wholesale service to the City and surrounding areas. Operation of the Waterworks Fund is designed to be self-supporting through user charges.

The Sewerage Fund provides wastewater service to the City and surrounding areas. Operation of the Sewerage Fund is designed to be self-supporting through user charges.

Additionally, the government reports the following fiduciary fund types:

The Firefighters' Pension Fund and the Police Pension Fund are pension trust funds, which account for activities as prescribed by the Illinois State Statutes.

The effects of interfund activity has been eliminated from revenues and expenses on the government-wide financial statements and fund financial statements; all gross interfund transfers are shown as separate line items throughout the government-wide and fund financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks Fund and Sewerage Fund are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

#### Cash Equivalents and Investments

Cash of various funds is pooled with excess pooled cash being invested. Interest is allocated to the funds based on their daily cash balance.

Investments are recorded at fair value, except for non-negotiable certificates of deposits which are recorded at cost, using quoted market prices at April 30, 2020. Gains and losses on marketable equity securities are computed using the specific identification method.

For purposes of the Statement of Cash Flows of its proprietary funds, the City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the government, as assets with initial, individual cost of more than \$5,000 for equipment, \$10,000 for land and land improvements, \$25,000 for building improvements, \$50,000 for buildings and infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Cost includes labor, material and similar items, and indirect charges for such items as transportation and supervision.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Equipment and tools	5-10 years
Vehicles under 13,000 lbs GVW	5 years
Vehicles over 13,000 lbs GVW	7-10 years
Fire apparatus	20 years
Land improvements	20 years
Buildings and improvements	40-50 years
Road improvements	10 years
Infrastructure	40-50 years
Water and sewer improvements	10-40 years

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### Compensated Absences

Employees are granted vacation, sick and personal leave in varying amounts based on tenure in accordance with the applicable collective bargaining agreement. Unused amounts of vacation and personal leave are forfeited unless used within the prescribed time frame. Unused amounts of sick leave may be sold back to the City at varying rates upon retirement of vested employees. An expense and liability for accrued vacation and personal leave days, only to the extent by which they are estimated to be paid as result of correlating forfeitures, are reported in the government-wide and proprietary fund financial statements. An expense and liability for accrued sick leave is only reported in the government-wide and proprietary fund financial statements to the extent at which it is accrued for vested employees. An expenditure and liability for these amounts is only reported in the governmental funds if they have matured as a result of employee resignations and retirements.

### Long-Term Obligations

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

In the fund financial statements, the face amount of debt issued is reported as other financing sources and repayments of debt are reported as debt service expenditures.

### Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted.

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

### Fund Equity

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City reports the following fund balance classifications.

*Nonspendable Fund Balance* - The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City reports its prepaid expenses in this classification.



# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

*Restricted Fund Balance* - The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balances are reported as restricted when constraints placed on the use of resources are either:

Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or

Imposed by law through constitutional provisions or enabling legislation.

The City reports restricted fund balance of \$116,983 in the General Fund for funds donated to the City and investment earnings thereon for the purpose of maintaining and beautification of Walton Park in accordance with the trust agreement.

The City reports restricted fund balances in the following Special Revenue Funds and Debt Service Fund:

Tax Increment Financing Funds - \$1,909,195 restricted in accordance with City Council ordinances and Illinois State Statutes.

Motor Fuel Tax Fund - \$384,285 restricted in accordance Illinois State Statutes for expenditures related to street maintenance, repairs, and supplies.

West Side Expansion Project Debt Service – \$106,257 restricted in accordance with the debt agreement for debt service.

Foreign Fire Tax Insurance Fund – \$12,877 restricted in accordance Illinois State Statutes for expenditures related to fire equipment and supplies.

*Committed Fund Balance* - The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority.

The City's highest level of authority is the majority vote of the City's council in the form of a city ordinance.

The City reports committed fund balances of \$317,928 in its General Fund for amounts that have been committed for equipment replacement.

*Assigned Fund Balance* - The assigned fund balance classification includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed.

The City reports assigned fund balances in nonmajor governmental funds for the following purposes:

Ambulance Fund - \$55,905 assigned for ambulance services.

City Loan Fund - \$126,938 assigned for providing loans to local businesses.

Tourism Fund - \$184,817 assigned for activities to promote tourism.

Civil Defense Fund – \$1,027 assigned for public safety supplies and services.

Grant Fund – \$86,609 assigned for various improvements and capital expenditures.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

*Unassigned Fund Balance* - The unassigned fund balance classification includes amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, a negative unassigned fund balance may be reported.

### *Spending Policy*

The City's policy is to spend restricted fund balance before spending unrestricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available except for instances where a City budget ordinance specifies the fund balance.

The City's policy is that committed fund balances are considered to have been spent first, then assigned fund balances, before unassigned fund balances have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used except for instances where a City budget ordinance specifies the fund balance.

### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (as either an expense or expenditure) until that period. The City reports deferred outflows of resources related to pension transactions in the government-wide financial statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and will not be recognized as inflow of resources (revenue) until that period. The City reports property taxes earned but not yet available in the governmental fund financial statements.

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources related to pension transactions in the government-wide financial statements and proprietary fund financial statements.

### Interfund Transactions/Transfers

There are various types of interfund transactions and transfers that are reported as interfund items between the funds. Interfund services provided and used are recorded as revenue, expenditures, or expenses as if the transactions occurred outside the government. Interfund transactions, which constitute reimbursements of a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as a reduction of expenditures in the fund that is reimbursed.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A summary reconciliation of the difference between total fund balances reflected on the Governmental Funds Balance Sheet and total net position for governmental activities as shown on the government-wide Statement of Net Position is presented in a schedule accompanying the Governmental Funds Balance Sheet. The asset and liability elements, which comprise the reconciliation differences, stem from the Governmental Funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use economic resources measurement focus and the accrual basis of accounting. A summary reconciliation of the differences between net change in total fund balances as reflected on the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balance and the change in net position for governmental activities as shown on the government-wide Statement of Activities, is presented in a schedule accompanying the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances. The revenue and expense elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

### NOTE 3 - DEPOSITS AND INVESTMENTS

#### Deposits

The City maintains a cash pool that is available for use by all funds except the proprietary and pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and cash equivalents". The deposits and investments of the proprietary and pension trust funds are held separately from those of the other funds.

The City's funds may be invested in instruments permitted by the Illinois Public Funds Investment Act (30 ILCS 230/5).

*Custodial credit risk:* This is the risk that in the event of the failure of the counterparty (e.g., bank) to a transaction, a government will not be able to recover the value of its deposits or collateral securities that are in the possession of another party. The City and does not have a custodial credit risk policy for deposits.

At April 30, 2020, the City had no bank balances that exceeded FDIC coverage and collateral.

#### Investments

*Custodial Credit Risk:* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City and the pension funds do not have custodial credit risk policies for investments.

*Interest Rate Risk:* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City and pension funds do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations are provided by the following table that shows the distribution of the investments by maturity as of April 30, 2020:

Investment Type	Fair Market Value	Less Than 1 year	1-5 years	6-10 years	10+ years
<b>City</b>					
Certificates of Deposit	\$ 230,000	\$ 230,000	\$ -	\$ -	\$ -
Total	<u>\$ 230,000</u>	<u>\$ 230,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Police Pension Fund</b>					
U.S. Treasury and agencies	\$ 2,005,949	\$ 276,577	\$ 968,406	\$ 146,565	\$ 614,401
Corporate bonds	1,317,973	-	660,430	250,996	406,547
Foreign bonds and debentures	27,677	-	-	27,677	-
Total	<u>\$ 3,351,599</u>	<u>\$ 276,577</u>	<u>\$ 1,628,836</u>	<u>\$ 425,237</u>	<u>\$ 1,020,948</u>
<b>Firefighters' Pension Fund</b>					
U.S. Treasury and agencies	\$ 1,963,557	\$ 266,146	\$ 829,763	\$ 245,156	\$ 622,492
Corporate bonds	1,315,406	125,806	593,753	127,547	468,300
Foreign bonds and debentures	48,375	-	-	48,375	-
Total	<u>\$ 3,327,338</u>	<u>\$ 391,952</u>	<u>\$ 1,423,516</u>	<u>\$ 421,078</u>	<u>\$ 1,191,242</u>

*Credit Risk:* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City and pension funds do not have a formal investment policy that specifically addresses credit risk.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

Information about the sensitivity of the fair values of the pension fund investments to market interest rates fluctuations are provided by the following table that shows the distribution of the investments by maturity:

Police Pension	
<u>Credit rating level</u>	<u>Fair value</u>
AAA	\$ 1,750,245
AA+	362,515
AA-	173,196
A+	97,770
A	109,744
A-	226,564
BBB+	306,001
BBB	300,529
BBB-	25,035
	<u>\$ 3,351,599</u>

Fire Pension	
<u>Credit rating level</u>	<u>Fair value</u>
AAA	\$ 1,654,940
AA+	341,618
AA-	211,453
A+	27,577
A	96,387
A-	248,340
BBB+	342,112
BBB	225,540
BBB-	179,371
	<u>\$ 3,327,338</u>

*Concentration of Credit Risk:* This is the risk that the City has a high percentage of its investments invested in one type of investment. The City does not have a formal investment policy that specifically addresses concentration of credit risk. The pension funds' investment policies require diversification of investments to avoid unreasonable risk. The City does not have an investment with any one issuer that is in excess of 5%.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### NOTE 4 - PROPERTY TAXES

The City's property tax is levied each year by the second Tuesday of December on all taxable real property located in the City. A lien on all taxable real property is effective on January 1 of the tax year.

Property in Montgomery County, the County in which the City resides, is assessed by the Montgomery County Assessor. The values are adjusted by various percentages depending upon the type of property (residential, commercial, etc.). The assessed values are equalized by the Illinois Department of Revenue to ensure uniformity of property assessments throughout the state. The Montgomery County Clerk computes the annual tax rate by dividing the levy into the equalized value of each taxing unit. The Clerk then computes the tax for each parcel by multiplying the aggregate rates of all the taxing units having jurisdiction over the parcel by the equalized value. The tax amounts by parcel are forwarded to the Montgomery County Collector. The County normally mails the tax bills subsequent to April 30<sup>th</sup>.

Property taxes are collected by the Montgomery County Collector who remits to the taxing units their respective shares of the collection. Taxes levied in one year become due and payable in two installments during the following year. The first installment is due in June and the second installment is due in September. The revenue from the levy is recorded in the year in which the property tax monies have been received.

### NOTE 5 - INTERFUND TRANSFERS

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts for provided subsidies or matching funds for various grant programs.

Transfers in and out were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 9,762,099	\$ 6,396,498
TIF #1 Fund	-	143,802
Long-term Economic Development Fund	765,075	4,832,901
West Side Expansion Debt Service Fund	120,938	-
Waterworks Fund	556,000	97,974
Sewerage Fund	310,000	106,066
Nonmajor Funds	369,004	305,875
	<u>\$ 11,883,116</u>	<u>\$ 11,883,116</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### NOTE 6 - RECEIVABLES

#### Notes Receivable

The City's business economic incentive program includes providing loans to new or existing businesses to encourage job growth for the City. Based on its circumstances, a business may qualify to receive a low interest loan through the City Loan program, or a forgivable loan through the Long-Term Economic Development program. The terms of the notes are one to twenty years with interest rates of 3% to 4.25%. The notes are secured by mortgages on real property, security agreements on personal property, and guarantees by the business owners. As of April 30, 2020 the total amount outstanding in both programs was \$703,522.

About 19% of these receivables are scheduled to be collected in the next year. Scheduled monthly principal and interest payments total \$10,830. After meeting the terms for loan reduction, certain business loans were reduced by \$138,111 in the year ended April 30, 2020. Management believes the receivables to be fully collectible, and therefore, no allowance for loss was recognized in the year ended April 30, 2020.

#### Accounts Receivable

Accounts receivable result from service charges billed and unbilled to customers. The City anticipates that unbilled receivables will be substantially billed and collected in fiscal year 2020. The following is a summary of accounts receivable.

	<u>Billed</u>	<u>Unbilled</u>	<u>Total</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Total</u>
Governmental activities:					
Ambulance Fund	\$ 729,909	\$ -	\$ 729,909	\$ (665,214)	\$ 64,695
Tourism Fund	6,033	-	6,033	-	6,033
	<u>\$ 735,942</u>	<u>\$ -</u>	<u>\$ 735,942</u>	<u>\$ (665,214)</u>	<u>\$ 70,728</u>
Business- type activities:					
Waterworks Fund	\$ 232,065	\$ 88,389	\$ 320,454	\$ (55,308)	\$ 265,146
Sewerage Fund	194,429	69,610	264,039	(52,892)	211,147
	<u>\$ 426,494</u>	<u>\$ 157,999</u>	<u>\$ 584,493</u>	<u>\$ (108,200)</u>	<u>\$ 476,293</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2020, was as follows:

	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 3,811,496	\$ -	\$ -	\$ 3,811,496
Work in progress	1,040,861	4,646,963	-	5,687,824
	<u>4,852,357</u>	<u>4,646,963</u>	<u>-</u>	<u>9,499,320</u>
Capital assets, being depreciated				
Buildings and improvements	3,578,763	-	-	3,578,763
Machinery and equipment	5,374,828	798,706	-	6,173,534
Infrastructure	9,149,876	946,254	-	10,096,130
Total capital assets being depreciated	<u>18,103,467</u>	<u>1,744,960</u>	<u>-</u>	<u>19,848,427</u>
Less accumulated depreciation for				
Buildings and improvements	1,504,634	63,654	-	1,568,288
Machinery and equipment	4,013,569	297,509	-	4,311,078
Infrastructure	4,568,193	263,041	-	4,831,234
Total accumulated depreciation	<u>10,086,396</u>	<u>624,204</u>	<u>-</u>	<u>10,710,600</u>
Total capital assets being depreciated, net	<u>8,017,071</u>	<u>1,120,756</u>	<u>-</u>	<u>9,137,827</u>
Governmental activities capital assets, net	<u>\$ 12,869,428</u>	<u>\$ 5,767,719</u>	<u>\$ -</u>	<u>\$ 18,637,147</u>
	Balance May 1, 2019	Additions	Deletions	Balance April 30, 2020
<b>Business-Type Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 598,744	\$ -	\$ -	\$ 598,744
Capital assets, being depreciated				
Plant and equipment	42,395,189	920,469	-	43,315,658
Less accumulated depreciation for				
Plant and equipment	23,448,605	1,322,045	-	24,770,650
Total capital assets being depreciated, net	<u>18,946,584</u>	<u>(401,576)</u>	<u>-</u>	<u>18,545,008</u>
Business-type activities capital assets, net	<u>\$ 19,545,328</u>	<u>\$ (401,576)</u>	<u>\$ -</u>	<u>\$ 19,143,752</u>



# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities		
General government		\$ 245,126
Public safety		200,017
Highways and streets		105,906
Culture and recreation		<u>73,155</u>
Total depreciation expense-governmental activities		<u>\$ 624,204</u>
Business-type activities		
Waterworks Fund		\$ 786,535
Sewerage Fund		<u>535,510</u>
Total depreciation expense-business-type activities		<u>\$ 1,322,045</u>

### NOTE 8 - LONG-TERM DEBT

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

	Balance May 1, 2019	Additions	Reductions	Balance April 30, 2020	Current Portion
Governmental Activities					
Note payable for pension withdrawal	\$ 645,356	\$ -	\$ 437,439	\$ 207,917	\$ 50,446
General Obligation Bonds - Alternative Revenue Source	50,000	2,000,000	-	2,050,000	240,445
Note payable for lake subdivision project	-	500,000	-	500,000	32,592
Compensated absences	90,969	5,631	-	96,600	-
Total governmental activities	<u>\$ 786,325</u>	<u>\$ 2,505,631</u>	<u>\$ 437,439</u>	<u>\$ 2,854,517</u>	<u>\$ 323,483</u>
Business-Type Activities					
Waterworks Fund					
IL EPA Revolving Loan funds	\$ 8,897,725	\$ -	\$ 792,531	\$ 8,105,194	\$ 707,868
Note payable for pension withdrawal	125,470	-	24,110	101,360	24,592
Compensated absences	3,154	5,396	-	8,550	-
	<u>9,026,349</u>	<u>5,396</u>	<u>816,641</u>	<u>8,215,104</u>	<u>732,460</u>
Sewerage Fund					
IL EPA Revolving Loan funds	1,175,894	-	382,133	793,761	391,882
Note payable for sewer flusher	-	276,705	-	276,705	52,228
Note payable for pension withdrawal	67,561	-	12,983	54,578	13,242
	<u>1,243,455</u>	<u>276,705</u>	<u>395,116</u>	<u>1,125,044</u>	<u>457,352</u>
Total business-type activities	<u>\$ 10,269,804</u>	<u>\$ 282,101</u>	<u>\$ 1,211,757</u>	<u>\$ 9,340,148</u>	<u>\$ 1,189,812</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### Notes Payable Governmental Activities:

The City has entered into note agreements with local financial institutions:

\$700,000 loan for the withdrawal from the Central Laborers' Pension Fund; dated February 25<sup>th</sup>, 2016; repayment period of 8 years; final payment due February 25<sup>th</sup>, 2024; interest at 2.00%; principal and interest of \$95,556.86 payable each February 25<sup>th</sup>; to be paid from General Fund and Water/Sewer funds. \$195,000 of this loan has been allocated to the Waterworks Fund and \$105,000 to the Sewerage Fund, as noted below. The outstanding balance of the note to be paid from the General Fund at April 30, 2020 was \$207,917.

\$150,000 loan for the purchase of a new ambulance with First National Bank of Litchfield; dated April 24<sup>th</sup>, 2017; repayment period of 3 years; final payment due April 24<sup>th</sup>, 2020; interest at 2.00%; principal and interest of \$52,014.11 payable each April 24<sup>th</sup>. This debt was retired during the year ended April 30, 2020.

The City has entered into note agreements regarding land purchases:

\$497,616 loan for the purchase of land dated June 21, 2017, \$248,808 payable June 21, 2018 and June 21, 2019. The debt was retired during the year ended April 30, 2020.

\$176,364 loan for the purchase of land dated June 21, 2017, \$88,182 payable June 21, 2018 and June 21, 2019. This debt was retired during the year ended April 30, 2020.

The City drew \$2,000,000 on a \$6,000,000 bond issue for the West Side expansion project during the year ended April 30, 2020, which increased the total indebtedness on this project to \$2,050,000. The City will continue to draw on this bond over the course of the project. As of April 30, 2020, the City does not intend to levy property taxes to service this debt. If the City would levy taxes to service this debt, then this debt would count against the legal debt limitation; these levied taxes would also be pledged to service the debt. Quarterly payments of \$124,550 are payable beginning September 27, 2020. The interest rate is 3.00%, and the maturity date is June 27, 2035.

The City drew \$500,000 on a note payable from Litchfield National Bank for a lake subdivision project during the year ended April 30, 2020. The maximum amount available on the note is \$1,966,000. The City will continue to draw on this note over the course of the lake subdivision project. Interest on the note is 3.00%. Monthly principal and interest payments of \$5,288 are due beginning August 1, 2020. However, the monthly payment is to be recalculated on a continuous basis as principal is paid and additional monies are drawn. The note matures on August 1, 2029.

Debt service requirements for the Governmental Activities to maturity are as follows:

	<u>Governmental Funds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 323,482	\$ 147,079
2022	430,672	185,594
2023	443,211	173,054
2024	456,119	160,148
2025	414,803	146,858
2026-2030	689,629	248,021
	<u>\$ 2,757,917</u>	<u>\$ 1,060,755</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

### Notes Payable Business-type Activities:

The City has entered into three separate loan agreements with the Illinois Environmental Protection Agency:

*Waterworks Fund:* \$2,612,173 from the State of Illinois Environmental Protection Agency Water Revolving Fund; repayment period of 20 years; final payment due May 11, 2034; interest at 1.25%; principal and interest of \$57,910 payable each November 11<sup>th</sup> and May 11<sup>th</sup>; to be paid from Waterworks Fund revenues. The outstanding balance at April 30, 2020 was \$1,565,613.

*Waterworks Fund:* \$12,750,000 from the State of Illinois Environmental Protection Agency Water Revolving Fund; repayment period of 20 years; final payment due January 10, 2029; interest at 2.50%; principal and interest of \$407,970 payable each January 10<sup>th</sup> and July 10<sup>th</sup>; to be paid from Waterworks Fund revenues. The outstanding balance at April 30, 2020 was \$6,539,581.

*Sewerage Fund:* \$6,245,596 from the State of Illinois Environmental Protection Agency Water Pollution Control Revolving Loan Fund; repayment period of 20 years; final payment due December 12, 2021; interest at 2.535%; principal and interest of \$204,768 payable each June 6<sup>th</sup> and December 12<sup>th</sup>; to be paid from the Sewerage Fund revenues. The outstanding balance at April 30, 2020 was \$793,761.

The City has entered into note agreements with local financial institutions:

*Waterworks Fund:* \$195,000; repayment period of 8 years; final payment due February 25, 2024; interest at 2.00%; principal and interest of \$26,619.41 payable each February 25<sup>th</sup>; to be paid from Waterworks Fund revenues. The balance at April 30, 2020 was \$101,360.

*Sewerage Fund:* \$105,000; repayment period of 8 years; final payment due February 25, 2024; interest at 2.00%; principal and interest of \$14,333.53 payable each February 25<sup>th</sup>; to be paid from Waterworks Fund revenues. The balance at April 30, 2020 was \$54,578.

*Sewerage Fund:* \$276,705 for the purchase of a new sewer flusher vehicle with Litchfield National bank; repayment period of 5 years; final payment due September 18, 2024; interest at 2.90%; principal and interest of \$60,253 payable each September 18<sup>th</sup>; to be paid from Sewerage Fund revenues. The balance at April 30, 2020 was \$276,705.

Debt service requirements for the Business-type Activities to maturity are as follows:

	Business-Type Activities			
	Waterworks Fund		Sewage Fund	
	Principal	Interest	Principal	Interest
2021	\$ 732,460	\$ 171,224	\$ 457,352	\$ 26,770
2022	801,772	163,037	469,129	14,993
2023	820,504	144,304	69,079	5,508
2024	839,689	125,119	70,958	3,629
2025	832,718	105,471	58,526	1,697
2026-2030	3,646,100	228,903	-	-
2031-2035	533,312	16,805	-	-
	<u>\$ 8,206,554</u>	<u>\$ 954,864</u>	<u>\$ 1,125,044</u>	<u>\$ 52,597</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

The following is the City's legal debt margin:

Assessed Valuation, 2019 Levy		<u>\$91,797,754</u>
Debt Limit, 8.625% of Assessed Valuation		\$ 7,917,556
Total Debt		
Notes payable for pension withdrawal	363,855	
Bonds payable for West Side expansion	2,050,000	
Bonds payable for lake subdivision project	500,000	
Note payable for sewer flusher	276,705	
Water IL EPA Debt	8,105,194	
Sewer IL EPA Debt	<u>793,761</u>	
Total Debt	12,089,515	
Less:		
Water and sewer debt	9,175,660	
Otherwise exempt from above limitations	<u>2,050,000</u>	
Total exempt from limitations	11,225,660	
Total debt subject to limitations		<u>863,855</u>
Available Debt Margin		<u>\$7,053,701</u>

### NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

#### Illinois Municipal Retirement Fund

##### Plan Description

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

##### Benefits Provided

The City began participating in the IMRF Regular Plan (RP) as of January 1, 2019.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

The benefit plan has 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.

### Contributions

As set by statute, the City's RP 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. For the calendar year ended December 31, 2019, contributions to the regular plan was \$257,513. 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.

Plan membership as of December 31, 2019 consisted of the following:

Retirees and beneficiaries currently receiving benefits	2
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>36</u>
Total	<u><u>39</u></u>

### Net Pension Liability

The City's Net Pension Liability was measured as of December 31, 2019. The Total Pension Liability used to calculate the Net pension Liability was determined at that date.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

The Actuarially Determined Contribution is calculated using a December 31, 2018 valuation date. The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending April 30, 2020:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	5-Year smoothed market; 20% corridor
Inflation	2.50%
Salary Increases	3.35% to 14.25%
Discount Rate	7.25%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table for rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality Rate	An IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience.
Disabled Mortality Rate	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment

### Changes in Net Pension Liability

The City's changes in net pension liability were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Reporting period ending April 30, 2019	\$ 5,110	\$ 12,311	\$ (7,201)
Service cost	75,731	-	75,731
Interest on total pension liability	2,776	-	2,776
Differences between expected and actual experience of the total pension liability	1,807,538	-	1,807,538
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(9,374)	(9,374)	-
Contributions - employer	-	257,513	(257,513)
Contributions - employee	-	525,559	(525,559)
Net investment income	-	2,244	(2,244)
Administrative expense	-	-	-
Other (net transfer)	-	(7,079)	7,079
Net changes	1,876,671	768,863	1,107,808
Reporting period ending April 30, 2020	\$ 1,881,781	\$ 781,174	\$ 1,100,607

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

### Discount Rate Sensitivity

Sensitivity of the net pension liability to changes in the discount rate:

	1% Decrease 6.25%	Current Discount Rate	1% Increase 8.25%
City's Net Pension Liability	\$ 1,381,349	\$ 1,100,607	\$ 869,057

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2020, the City recognized pension income of \$161,906. At December 31, 2019, the City reported Deferred Outflows of Resources and Deferred Inflows of resources related to IMRF pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,499,725	\$ 1,243
Net difference between projected and actual earnings on pension plan investments	21,428	-
Changes of assumptions	116	-
Contributions subsequent to the measurement date	26,527	-
Total	<u>\$ 1,547,796</u>	<u>\$ 1,243</u>

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension asset for the year ending December 31, 2019. The remaining amounts reported as net deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense in the future periods as follows:

Year ending December 31,	Net Deferred Outflows of Resources
2020	\$ 312,935
2021	312,935
2022	312,937
2023	312,841
2024	268,378
	<u>\$ 1,520,026</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### Police Pension Fund

#### Plan description

The Plan is established and administered as prescribed by “Article 3. Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension code. The Plan is a single-employer defined benefit pension plan administered by the Plan’s Board of Trustees. The Board consists of two members appointed by the City, two active Members of the Police Department elected by the Membership and one retired Member of the Police Department elected by the Membership. The Fund issues a stand-alone financial report which is available to the public at 120 East Ryder, Litchfield, IL 62056.

Plan membership as of May 1, 2019 consisted of the following:

Retirees and beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>13</u>
Total	<u>29</u>

The following is a summary of the benefits the Police Pension Plan provides.

#### Normal Retirement

Date: Tier 1: Age 50 and 20 years of Credited service. Tier 2: Age 55 with 10 years of service.

Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month. Tier 2: 2.50% per year of service times the average salary for the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest prior to retirement times the number of years of service. The maximum benefit is 75% of average salary. The minimum monthly benefit is \$1,000 per month.

#### Cost-of-Living Adjustment

Tier 1: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3% for each full month since benefit commencement upon reaching age 55. Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment age of 60 or first anniversary of pension start date whichever is later.

#### Disability Benefit

Eligibility: Total and permanent as determined by the Board of Trustees.

Benefit Amount: A maximum of: a) 65% of salary attached to the rank held by Member on last day of service, and; b) the monthly retirement pension that the Member is entitled to receive if he or she retired immediately. For non-service-connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.



# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### Pre-Retirement Death Benefit

Service Incurred: 100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred: A maximum of a) 54% of salary attached to the rank held by Member on last day of service, and; b) the monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.

### Vesting

Less than 8 years: Refund of Member contributions.

8 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination times creditable service.

The current employees of the Police Department are required by statute to contribute 9.91% of their salary into the Pension. The City must contribute the remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2040.

### Net Pension Liability

The City's Net Pension Liability was measured as of April 30, 2020. The Total Pension Liability used to calculate the Net pension Liability was determined at that date.

The Actuarially Determined Contribution is calculated using a May 1, 2019 valuation date. The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending April 30, 2020:

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	6.00%
Investment Rate of Return	6.00%
Mortality Rate	RP-2014 Combined Healthy Mortality with a Blue Collar Adjustment
Disabled Mortality Rate	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment

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 rate of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target allocation as of April 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	45%	5.80%
Fixed Income	55%	1.70%
Total	100%	

### Discount Rate

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### Changes in Net Pension Liability

The City's changes in its net pension liability were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Reporting period ending April 30, 2019	\$ 11,309,249	\$ 5,531,328	\$ 5,777,921
Service cost	265,157	-	265,157
Interest on total pension liability	682,446	-	682,446
Differences between expected and actual experience of the total pension liability	(688,465)	-	(688,465)
Changes of assumptions	565,479	-	565,479
Benefit payments, including refunds of employee contributions	(400,611)	(400,611)	-
Contributions - employer	-	497,167	(497,167)
Contributions - employee	-	82,205	(82,205)
Net investment income	-	287,030	(287,030)
Administrative expense	-	(12,963)	12,963
Net changes	424,006	452,828	(28,822)
Reporting period ending April 30, 2020	\$ 11,733,255	\$ 5,984,156	\$ 5,749,099

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

### Discount Rate Sensitivity

Sensitivity of the net pension liability to changes in the discount rate:

	1% Decrease 5%	Current Discount Rate	1% Increase 7%
City's Net Pension Liability	\$ 7,637,337	\$ 5,749,099	\$ 4,231,477

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2020, the City recognized a pension expense of \$650,954. At April 30, 2020, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,254	\$ 654,490
Net difference between projected and actual earnings on pension plan investments	136,312	-
Changes of assumptions	629,047	135,024
Contributions subsequent to the measurement date	469,260	-
Total	<u>\$ 1,292,873</u>	<u>\$ 789,514</u>

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending April 30, 2020. The remaining amounts reported as net deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense in the future periods as follows.

Year ending April 30,	Net Deferred Outflows/(Inflows) of Resources
2021	\$ 104,088
2022	35,275
2023	(28,306)
2024	(56,461)
2025	(20,497)
	<u>\$ 34,099</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### Payable to Plan

The City reported a payable of \$5,447 to the Police Pension Fund as of April 30, 2020, representing Personal Property Replacement Taxes receivable by the City within 60 days of year end due to the Pension Fund.

### Firefighters' Pension Fund

#### Plan Description

The Plan is established and administered as prescribed by "Article 4. Firefighters' Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension code. The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board consists of two members appointed by the City, two active Members of the Fire Department elected by the Membership and one retired Member of the Fire Department elected by the Membership. The Fund issues a stand-alone financial report which is available to the public at 201 East Edwards, Litchfield, IL 62056.

Plan membership as of May 1, 2019 consisted of the following:

Retirees and beneficiaries currently receiving benefits	11
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>14</u>
Total	<u><u>25</u></u>

The following is a summary of the benefits the Firefighters' Pension Plan provides.

#### Normal Retirement

Date: Tier 1: Age 50 and 20 years of Credited service. Tier 2: Age 55 with 10 years of service.

Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,159 per month. Tier 2: 2.50% per year of service times the average salary for the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

#### Cost-of-Living Adjustment

Tier 1: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3% for each full month since benefit commencement upon reaching age 55. Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60. Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment age of 60 or first anniversary of pension start date whichever is later.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### Disability Benefit

Eligibility: Total and permanent as determined by the Board of Trustees. Seven years of service required for non-service connected disability.

Benefit Amount: A maximum of: a) 65% of salary attached to the rank held by Member on last day of service, and; b) the monthly retirement pension that the Member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

### Pre-Retirement Death Benefit

Service Incurred: 100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred: A maximum of a) 54% of salary attached to the rank held by Member on last day of service, and; b) the monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50.

### Vesting

Less than 10 years: Refund of Member contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. For Tier 1 members, the termination benefit is 1.50% plus 0.10% for each year of service in excess of 10 years times salary (based on complete years). For Tier 2 members, the termination benefit is 2.50% of eight-year final average salary times creditable service.

The current employees of the Fire Department are required by statute to contribute 9.455% of their salary into the Pension. The City must contribute the remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2040.

### Net Pension Liability

The City's Net Pension Liability was measured as of April 30, 2020. The Total Pension Liability used to calculate the Net pension Liability was determined at that date.

The Total Pension Liability was determined by an actuarial valuation as of May 1, 2019 updated to April 30, 2020 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	Service Based
Discount Rate	6.00%
Investment Rate of Return	6.00%
Mortality Rate	RP-2000 Combined Healthy Mortality with a Blue Collar Adjustment
Disabled Mortality Rate	RP-2000 Disabled Retiree Mortality

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

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 rate of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target allocation as of April 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	45%	5.80%
Fixed Income	55%	1.70%
Total	100%	

### Discount Rate

The Discount Rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

### Changes in Net Pension Liability

The City's changes in its net pension liability were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Reporting period ending April 30, 2019	\$ 8,548,734	\$ 5,528,843	\$ 3,019,891
Service cost	277,972	-	277,972
Interest on total pension liability	517,485	-	517,485
Changes of benefit terms	-		
Differences between expected and actual experience of the total pension liability	83,449	-	83,449
Changes of assumptions	389,709	-	389,709
Benefit payments, including refunds of employee contributions	(403,912)	(403,912)	-
Contributions - employer	-	318,668	(318,668)
Contributions - employee	-	75,294	(75,294)
Net investment income	-	283,890	(283,890)
Contributions - unallocated	-		-
Administrative expense	-	(33,307)	33,307
Adjustment to beginning of year	-	(1)	1
Net changes	<u>864,703</u>	<u>240,632</u>	<u>624,071</u>
Reporting period ending April 30, 2020	<u>\$ 9,413,437</u>	<u>\$ 5,769,475</u>	<u>\$ 3,643,962</u>

### Discount Rate Sensitivity

Sensitivity of the net pension liability to changes in the discount rate:

	1% Decrease 5%	Current Discount Rate	1% Increase 7%
City's Net Pension Liability	<u>\$ 5,129,744</u>	<u>\$ 3,643,962</u>	<u>\$ 2,449,365</u>

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2020, the City recognized a Pension Expense of \$535,226. At April 30, 2020, the City reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 110,950	\$ 298,670
Net difference between projected and actual earnings on pension plan investments	131,666	7,050
Changes of assumptions	550,858	218,120
Contributions subsequent to the measurement date	<u>322,071</u>	<u>-</u>
Total	<u>\$ 1,115,545</u>	<u>\$ 523,840</u>

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability for the year ending April 30, 2020. The remaining amounts reported as net deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense in the future periods as follows.

Year ending April 30,	<u>Net Deferred Outflows of Resources</u>
2021	\$ 101,818
2022	28,736
2023	32,261
2024	25,145
2025	15,836
Thereafter	<u>65,838</u>
	<u>\$ 269,634</u>

### Payable to Plan

The City reported a payable of \$4,105 to the Firefighters' Pension Fund as of April 30, 2020, representing Personal Property Replacement Taxes receivable by the City within 60 days of year end due to the Pension Fund.



# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City purchases commercial insurance from third parties for all risks, and thus retains no significant amounts of risk. No settlements have exceeded insurance coverage for the past three years. There have no material changes in insurance coverage limits during the year ended April 30, 2020.

### NOTE 11 - CONDUIT DEBT

During the year ending April 30, 2008, the City authorized an agreement for conduit debt for housing facilities revenue bonds associated with Illinois Bank and Trust Brown Shoe Redevelopment for \$320,000. Although the conduit debt obligations bear the name of the City as the issuer, the City has no obligation for such debt beyond the resources provided by the related loan agreement. At April 30, 2020, the total outstanding balance for this agreement was \$105,531.

During the year ended April 30, 2012, the City authorized an agreement for conduit debt for TIF projects associated with Illini Bank for \$3,090,000. Although the conduit debt obligations bear the name of the City as the issuer, the City has no obligation for such debt beyond resources provided by the related loan agreement. At April 30, 2020, the total outstanding balance for this agreement was \$605,551.

### NOTE 12 - TAX INCREMENT FINANCING DISTRICTS

Tax Increment Financing (TIF) is a way to help finance the redevelopment of certain areas of the City. Municipalities can form TIF districts in areas that meet a number of requirements specified by Illinois Law. Once an area is established as a TIF district, any property tax revenues generated by an increase in the assessed valuation of the district is collected into a special TIF fund for use by that TIF district for qualified redevelopment costs.

The City of Litchfield has three TIF districts:

<u>Name</u>	<u>Year Created</u>	<u>District Area</u>
TIF #1	1998	Westside Litchfield
TIF #2	2007	Downtown Litchfield - East
TIF #3	2007	Downtown Litchfield - West

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### NOTE 13 - TAX ABATEMENTS

Under the Illinois Enterprise Zone Program, the City will abate any portion of its real estate taxes on real property located within a zone and upon which new improvements have been constructed or upon which existing improvements have been renovated. The abatement applies only to taxes on the increase in assessed value attributable to the new construction or renovation.

The City may abate a portion of its sales tax collected from qualifying businesses in the City to promote desired business expansion and employment in the City.

The City also may redirect a portion of the hotel/motel tax collected to promote community awareness and history.

For the fiscal year ended April 30, 2020, the City abated property taxes totaling \$22,631 and sales tax of \$83,923, and redirected hotel/motel taxes of \$13,218.

Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. No other commitments were made by the City as part of those agreements.

### NOTE 14 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended April 30, 2020, expenditures exceeded legally adopted budgets as follows:

<u>Fund</u>	<u>Department</u>	<u>excess of budget</u>
General Fund	General government	\$ (234,824)

### NOTE 15 – CONTINGENCIES

At April 30, 2020, the City is involved in a legal dispute with a contractor that the City alleges is in default of their contract. The dispute is to be resolved after final completion of the project, which is pending. The outcome of this matter cannot be determined, and accordingly, no dollar amount of the claims can be estimated.

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

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE FINANCIAL STATEMENTS

---

### NOTE 16 – PRIOR PERIOD ADJUSTMENT

Fund balances as of May 1, 2019 were restated to reclassify the below funds' balances in accordance with criteria provided by the Governmental Accounting Standards Board (GASB).

	<u>General Fund</u>	<u>Civil Defense Fund</u>	<u>Grant Fund</u>	<u>Foreign Fire Tax Insurance Fund</u>	<u>Long-Term Economic Development Fund</u>
Fund balance as previously reported	\$ 5,517,568	\$ -	\$ -	\$ -	\$ -
Reclassification of funds that meet GASB criteria for reporting as a special revenue fund	(123,631)	954	103,674	19,003	-
Reclassification of funds that now meet GASB criteria for reporting as a major fund	<u>(1,966,572)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,966,572</u>
Fund balance as restated	<u>\$ 3,427,365</u>	<u>\$ 954</u>	<u>\$ 103,674</u>	<u>\$ 19,003</u>	<u>\$ 1,966,572</u>

### NOTE 17 – SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus, COVID-19, was reported in Wuhan, China. The World Health Organization has declared the COVID-19 outbreak to constitute a “Public Health Emergency of International Concern.” The extent of the impact of COVID-19 on the City’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on City residents, and impact on City employees – all of which are uncertain at this time.

During the year ended April 30, 2020, a \$154,686 settlement was made against a construction company that failed to perform adequate contracting services for the West Side Development project. The construction company was ordered to pay the City the full \$154,686. However, because payment from the construction company was deemed unlikely, the City is attempting to obtain payment from the construction company’s bonding company as of December 15, 2020. Future payment is still deemed unlikely.

## Required Supplementary Information

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL GENERAL FUND – CASH BASIS – UNAUDITED Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental taxes	\$ 5,246,145	\$ 5,246,145	\$ 5,332,695	\$ 86,550
Property taxes	1,561,300	1,561,300	1,559,967	(1,333)
Charges for service	419,100	419,100	388,844	(30,256)
Miscellaneous receipts	114,500	114,500	96,091	(18,409)
Collections	237,924	237,924	634,531	396,607
Fines and costs	78,550	78,550	51,130	(27,420)
Licenses and permits	317,505	317,505	324,726	7,221
Rental income	32,800	32,800	30,690	(2,110)
Grants and donations	-	-	50,750	50,750
Investment earnings	38,875	38,875	34,120	(4,755)
Total revenues	8,046,699	8,046,699	8,503,544	456,845
<b>EXPENDITURES</b>				
General government	1,375,676	1,500,676	1,735,500	(234,824)
Public safety	2,889,672	3,169,672	2,891,164	278,508
Highways and streets	978,522	1,043,522	981,287	62,235
Economic development	249,514	268,514	247,527	20,987
Culture and recreation	2,774,162	2,785,162	1,302,194	1,482,968
Total expenditures	8,267,546	8,767,546	7,157,672	1,609,874
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	2,503,000	2,503,000	500,000	(2,003,000)
Transfers in	3,200,575	3,330,575	3,454,927	124,352
Transfers out	(6,624,019)	(6,754,019)	(5,640,084)	1,113,935
Total other financing sources (uses)	(920,444)	(920,444)	(1,685,157)	(764,713)
Net change in fund balances	(1,141,291)	(1,641,291)	(339,285)	(1,917,742)
Fund balance at May 1, 2019	2,289,285	2,289,285	2,289,285	
Fund balance at April 30, 2020	\$ 1,147,994	\$ 647,994	\$ 1,950,000	
Adjustments to reconcile GAAP and budgetary basis statement:				
Property taxes receivable			1,532,325	
Intergovernmental receivables			780,934	
Other receivables			282,395	
Prepays			232,707	
Deferred inflows of resources			(1,532,325)	
Payables			(227,177)	
Accrued liabilities			(87,632)	
GAAP basis fund balance			\$ 2,931,227	

**CITY OF LITCHFIELD, ILLINOIS**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 TAX INCREMENT FINANCING FUND #1 – CASH BASIS – UNAUDITED  
 Year Ended April 30, 2020**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 1,096,401	\$ 1,096,401	1,093,776	\$ (2,625)
Grants	-	-	67,379	67,379
Investment earnings	26,500	26,500	25,487	(1,013)
Total revenues	1,122,901	1,122,901	1,186,642	63,741
<b>EXPENDITURES</b>				
Current:				
Economic development	1,543,578	1,543,578	1,144,674	398,904
Excess (deficiency) of revenues over expenditures	(420,677)	(420,677)	41,968	462,645
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(143,802)	-
Net change in fund balances	(420,677)	(420,677)	(101,834)	462,645
Fund balance at May 1, 2019	2,130,351	2,130,351	2,130,351	-
Fund balance at April 30, 2020	<u>\$ 1,709,674</u>	<u>\$ 1,709,674</u>	<u>\$ 2,028,517</u>	<u>\$ 925,290</u>
Adjustments to reconcile GAAP and budgetary basis statement:				
Accounts payable			(10,820)	
GAAP basis fund balance			<u>\$ 1,909,195</u>	

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL LONG-TERM ECONOMIC DEVELOPMENT FUND – CASH BASIS – UNAUDITED Year Ended April 30, 2020

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest income	\$ 500	\$ 500	\$ 4,941	\$ 4,441
Penalty payments	-	-	13,750	13,750
Farmland cash rent	13,750	13,750	13,962	212
EDA grant receipts	2,149,300	2,149,300	1,472,720	(676,580)
Water reimbursement	40,000	40,000	-	(40,000)
Sewer reimbursement	40,000	40,000	-	(40,000)
Loan repayments	396,496	396,496	507,688	111,192
Miscellaneous	-	-	-	-
Total revenues	<u>2,640,046</u>	<u>2,640,046</u>	<u>2,013,061</u>	<u>(626,985)</u>
<b>EXPENDITURES</b>				
Economic development	574,030	574,030	718,227	(144,197)
Debt service				
Principal	340,341	340,341	336,991	3,350
Interest	-	-	-	-
Capital outlays	<u>6,520,528</u>	<u>6,520,528</u>	<u>-</u>	<u>6,520,528</u>
Total expenditures	<u>7,434,899</u>	<u>7,434,899</u>	<u>1,055,218</u>	<u>6,379,681</u>
Excess (Deficiency) of Revenues over expenditures	(4,794,853)	(4,794,853)	957,843	5,752,696
<b>Other financing sources (uses)</b>				
Proceeds of loans	4,250,000	4,250,000	2,000,000	(2,250,000)
Transfers in	765,075	765,075	765,075	-
Transfers out	<u>(185,938)</u>	<u>(185,938)</u>	<u>(4,338,462)</u>	<u>(4,152,524)</u>
Total other financing sources (uses)	<u>4,829,137</u>	<u>4,829,137</u>	<u>(1,573,387)</u>	<u>(6,402,524)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>34,284</b>	<b>34,284</b>	<b>(615,544)</b>	<b>(649,828)</b>
Fund balances at May 1, 2019	<u>1,305,057</u>	<u>1,305,057</u>	<u>1,305,057</u>	<u>-</u>
Fund balances at April 30, 2020	<u>\$ 1,339,341</u>	<u>\$ 1,339,341</u>	<u>\$ 689,513</u>	<u>\$ (649,828)</u>
Adjustments to reconcile GAAP and budgetary basis statement:				
Receivables			493,744	
Payables and accrued liabilities			<u>(287,590)</u>	
GAAP basis fund balance			<u>\$ 895,667</u>	

# CITY OF LITCHFIELD, ILLINOIS

## NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION Year Ended April 30, 2020

---

### NOTE 1 - BUDGETARY INFORMATION

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

- Prior to April 30, the Budget Officer submits to the City Council, a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to May 1, the budget is legally enacted through passage of an ordinance.
- The level of budgetary control is by department.
- Budget revisions that alter total departmental expenditures of any fund must be approved by the City Council. Unexpended appropriations remaining at year-end lapse.
- Supplementary budgetary appropriations were necessary during the fiscal year ended April 30, 2020. Supplemental appropriations in the General Fund totaled \$500,000.
- Budgets are adopted on the cash basis of accounting. As noted in the Summary of Significant Accounting Policies, the City uses the modified accrual basis of accounting to prepare its fund financial statements.



# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

### POLICE PENSION FUND – UNAUDITED

Year Ended April 30, 2020

Measurement date	4/30/2019	4/30/2018	4/30/2017	4/30/2016	4/30/2015
Total pension liability					
Service cost	\$ 265,157	\$ 309,870	\$ 293,024	\$ 267,307	\$ 247,350
Interest	682,446	666,926	627,675	576,822	551,115
Changes of benefit terms	-	-	-	-	-
Difference between expected and actual experience	(688,465)	(73,039)	116,508	(96,236)	-
Changes of assumptions	565,479	(202,536)	-	473,435	-
Benefit payments and refunds	(400,611)	(395,068)	(404,685)	(394,307)	(385,638)
Net change in total pension liability	424,006	306,153	632,522	827,021	412,827
Total pension liability - beginning	11,309,249	11,003,096	10,370,574	9,543,553	9,130,726
Total pension liability - ending (a)	<u>\$ 11,733,255</u>	<u>\$ 11,309,249</u>	<u>\$ 11,003,096</u>	<u>\$ 10,370,574</u>	<u>\$ 9,543,553</u>
Plan fiduciary net position					
Employer contributions	\$ 497,167	\$ 460,747	\$ 422,407	\$ 393,788	\$ 368,978
Employee contributions	82,205	81,399	80,428	79,911	75,398
Net investment income	287,030	268,097	284,621	(56,926)	242,793
Benefit payments and refunds	(400,611)	(395,068)	(404,685)	(394,307)	(385,638)
Administrative expense	(12,963)	(13,343)	(14,737)	(13,916)	(25,620)
Net change in plan fiduciary net position	452,828	401,832	368,034	8,550	275,911
Plan fiduciary net position - beginning	5,531,328	5,129,496	4,761,462	4,752,912	4,477,001
Plan fiduciary net position - ending (b)	<u>\$ 5,984,156</u>	<u>\$ 5,531,328</u>	<u>\$ 5,129,496</u>	<u>\$ 4,761,462</u>	<u>\$ 4,752,912</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 5,749,099</u>	<u>\$ 5,777,921</u>	<u>\$ 5,873,600</u>	<u>\$ 5,609,112</u>	<u>\$ 4,790,641</u>
Plan fiduciary net position as a percentage of total pension liability	51.00%	48.91%	46.62%	45.91%	49.80%
Covered valuation payroll	\$ 829,516	\$ 821,382	\$ 811,584	\$ 806,367	\$ 728,728
Net pension liability as a percentage of covered valuation payroll	693.07%	703.44%	723.72%	695.60%	657.40%

#### Note to schedule

This schedule is intended to show information for ten years; however, the City implemented GASB Statement No. 68 in fiscal year 2015, so prior year information is not available. Additional years will be displayed as they become available.

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF CONTRIBUTIONS – POLICE PENSION FUND – UNAUDITED

Year Ended April 30, 2020

	4/30/2020	4/30/2019	4/30/2018	4/30/2017	4/30/2016	4/30/2015
Actuarially determined contribution	\$ 452,585	\$ 437,119	\$ 458,839	\$ 425,024	\$ 384,706	\$ 355,545
Contributions in relation to the actuarially determined contributions	<u>469,260</u>	<u>497,167</u>	<u>460,747</u>	<u>422,407</u>	<u>393,788</u>	<u>368,978</u>
Contribution deficiency (excess)	<u>\$ (16,675)</u>	<u>\$ (60,048)</u>	<u>\$ (1,908)</u>	<u>\$ 2,617</u>	<u>\$ (9,082)</u>	<u>\$ (13,433)</u>
Covered employee payroll	\$ 819,687	\$ 829,519	\$ 821,382	\$ 811,584	\$ 806,367	\$ 728,728
Contributions as a percentage of covered employee payroll	57.25%	59.93%	56.09%	52.05%	48.83%	50.63%

### Notes to Schedule

Valuation Date: 5/1/2019

Actuarially determined contribution rates are calculated as of May 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

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.
Actuarial Asset Method:	Investment gains and losses are recognized over a 5-year period
Interest Rate:	6.25%
Interest Rate, prior fiscal year:	6.00%
Healthy Mortality Rates:	RP-2014 Healthy Annuitant with Blue Collar Adjustment
Disability Mortality Rates:	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment
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% to 3.50% at 33 years of service.
Payroll Growth:	3.50%
Tier 2 Cost-of-Living Adjustment:	1.25%
Marital Status:	80% of Members are assumed to be married; male spouses are assumed to be 3 years older than female spouses
Other Information:	The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

This schedule is intended to show information for ten years; however, the City implemented GASB Statement No. 68 in fiscal year 2015, so prior year information is not available. Additional years will be displayed as they become available.

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS FIREFIGHTERS' PENSION FUND – UNAUDITED Year Ended April 30, 2020

Measurement date	4/30/2019	4/30/2018	4/30/2017	4/30/2016
Total pension liability				
Service cost	\$ 277,972	\$ 331,901	\$ 325,562	\$ 296,296
Interest	517,485	520,022	489,504	459,329
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	83,449	(160,608)	55,161	(312,755)
Changes of assumptions	389,709	(280,442)	-	368,013
Benefit payments and refunds	(403,912)	(394,530)	(341,362)	(333,082)
Net change in total pension liability	864,703	16,343	528,865	477,801
Total pension liability - beginning	8,548,734	8,532,391	8,003,526	7,525,725
Total pension liability - ending (a)	<u>\$ 9,413,437</u>	<u>\$ 8,548,734</u>	<u>\$ 8,532,391</u>	<u>\$ 8,003,526</u>
Plan fiduciary net position				
Employer contributions	\$ 318,668	\$ 334,374	\$ 254,032	\$ 308,235
Employee contributions	75,294	78,163	81,287	79,054
Net investment income	283,890	279,581	314,791	(99,451)
Benefit payments and refunds	(403,912)	(394,530)	(341,362)	(333,082)
Administrative expense	(33,307)	(24,899)	(16,761)	(21,513)
Other	(1)	(1)	-	27,089
Net change in plan fiduciary net position	240,632	272,688	291,987	(39,668)
Plan fiduciary net position - beginning	5,528,843	5,256,155	4,964,168	5,003,836
Plan fiduciary net position - ending (b)	<u>\$ 5,769,475</u>	<u>\$ 5,528,843</u>	<u>\$ 5,256,155</u>	<u>\$ 4,964,168</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 3,643,962</u>	<u>\$ 3,019,891</u>	<u>\$ 3,276,236</u>	<u>\$ 3,039,358</u>
Plan fiduciary net position as a percentage of total pension liability	61.29%	64.67%	61.60%	62.02%
Covered valuation payroll	\$ 796,341	\$ 826,684	\$ 859,725	\$ 836,108
Net pension liability as a percentage of covered valuation payroll	457.59%	365.30%	381.08%	363.51%

Note to schedule

This schedule is intended to show information for ten years; however, the City implemented GASB Statement No. 68 in fiscal year 2015, so prior year information is not available. Additional years will be displayed as they become available.

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF CONTRIBUTIONS – FIREFIGHTERS’ PENSION FUND – UNAUDITED

Year Ended April 30, 2020

	<u>4/30/2020</u>	<u>4/30/2019</u>	<u>4/30/2018</u>	<u>4/30/2017</u>	<u>4/30/2016</u>	<u>4/30/2015</u>
Actuarially determined contribution	\$ 341,085	\$ 299,664	\$ 294,102	\$ 308,442	\$ 231,354	\$ 282,058
Contributions in relation to the actuarially determined contributions	<u>322,071</u>	<u>318,668</u>	<u>334,374</u>	<u>254,032</u>	<u>308,235</u>	<u>316,244</u>
Contribution deficiency (excess)	<u>\$ 19,014</u>	<u>\$ (19,004)</u>	<u>\$ (40,272)</u>	<u>\$ 54,410</u>	<u>\$ (76,881)</u>	<u>\$ (34,186)</u>
Covered employee payroll	\$ 806,356	\$ 796,341	\$ 826,684	\$ 859,725	\$ 836,108	\$ 740,983
Contributions as a percentage of covered employee payroll	39.94%	40.02%	40.45%	29.55%	36.87%	42.68%

### Notes to Schedule

Valuation Date: 5/1/2019

Actuarially determined contribution rates are calculated as of May 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

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.

Actuarial Asset Method: Investment gains and losses are recognized over a 5-year period

Interest Rate: 6.25%

Interest Rate, prior fiscal year: 6.00%

Healthy Mortality Rates: RP-2014 Healthy Annuitant with Blue Collar Adjustment

Disability Mortality Rates: 115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment

Decrements other than mortality: Experience tables

Rate of service-related deaths: 20%

Rate of service-related disabilities: 80%

Salary Increases: Service-related table with rates grading from 12.50% to 3.50% at 31 years of service.

Payroll Growth: 3.50%

Tier 2 Cost-of-Living Adjustment: 1.25%

Marital Status: 80% of Members are assumed to be married; male spouses are assumed to be 3 years older than female spouses

Other Information: The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

This schedule is intended to show information for ten years; however, the City implemented GASB Statement No. 68 in fiscal year 2015, so prior year information is not available. Additional years will be displayed as they become available.

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS ILLINOIS MUNICIPAL RETIREMENT FUND – UNAUDITED Year Ended April 30, 2020

Measurement date	<u>12/31/2019</u>	<u>12/31/2018</u>
Total pension liability		
Service cost	\$ 75,731	\$ 6,509
Interest	2,776	244
Difference between expected and actual experience	1,807,538	(1,813)
Changes of assumptions	-	170
Benefit payments and refunds	<u>(9,374)</u>	<u>-</u>
Net change in total pension liability	1,876,671	5,110
Total pension liability - beginning	<u>5,110</u>	<u>-</u>
Total pension liability - ending (a)	<u>\$ 1,881,781</u>	<u>\$ 5,110</u>
Plan fiduciary net position		
Employer contributions	\$ 257,513	\$ 9,938
Employee contributions	525,559	2,973
Net investment income	2,244	-
Benefit payments and refunds	(9,374)	-
Other	<u>(7,079)</u>	<u>(600)</u>
Net change in plan fiduciary net position	768,863	12,311
Plan fiduciary net position - beginning	<u>12,311</u>	<u>-</u>
Plan fiduciary net position - ending (b)	<u>\$ 781,174</u>	<u>\$ 12,311</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 1,100,607</u>	<u>\$ (7,201)</u>
Plan fiduciary net position as a percentage of total pension liability	41.51%	240.92%
Covered valuation payroll	\$ 1,712,180	\$ 66,074
Net pension liability as a percentage of covered valuation payroll	64.28%	-10.90%

This schedule is intended to show information for ten years; however, the City started participating in the IMRF plan on January 1, 2019, so prior year information is not available. Additional years will be displayed as they become available.

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF CONTRIBUTIONS –ILLINOIS MUNICIPAL RETIREMENT FUND – UNAUDITED Year Ended April 30, 2020

	<u>12/31/2019</u>	<u>12/31/2018</u>
Actuarially determined contribution	\$ 257,513	\$ -
Contributions in relation to the actuarially determined contributions	<u>257,513</u>	<u>9,938</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (9,938)</u>
Covered employee payroll	\$ 1,712,180	\$ 66,074
Contributions as a percentage of covered employee payroll	15.04%	15.04%

### Notes to Schedule

Valuation Date: 12/31/2017  
Actuarially determined contribution rates are calculated as of December 31, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial Cost Method: Aggregate Entry Age Normal  
Amortization Method: Level Percentage of Payroll, Closed  
Remaining Amortization Period: Non-Taxing bodies: 10-year rolling period  
Taxing bodies (Regular, SLEP, and ECO groups): 24-year closed period  
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.  
SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years)

Asset Valuation Method: 5-Year smoothed market; 20% corridor

Wage Growth: 3.25%

Price Inflation: 2.50%

Salary Increases: 3.35% to 14.25% including inflation

Investment Rate of Return: 7.50%

Retirement Age: Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2017 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information: There were no benefit changes during the year.

This schedule is intended to show information for ten years; however, the City implemented GASB Statement No. 68 in fiscal year 2020, so prior year information is not available. Additional years will be displayed as they become available.

## Other Supplementary Information

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF NONMAJOR GOVERNMENTAL FUNDS April 30, 2020

---

### Ambulance Fund

The Ambulance Fund accounts for the financial resources received and expended for emergency medical transportations services. Its primary sources of revenues are real property taxes and charges for services.

### Motor Fuel Tax Fund

The Motor Fuel Tax Fund accounts for the City's motor fuel tax allocations from the State of Illinois for street maintenance, major street construction and traffic signal capital projects as approved by the Illinois Department of Transportation.

### Tax Increment Financing Funds

The Tax Increment Financing Funds (TIF #2 and TIF #3) are used to account for the development and redevelopment of properties located within their respective tax increment financing district per Illinois Statute 65 ILCS 5/11-74.4-3. Their primary source of revenue is real property taxes.

### Tourism Fund

The Tourism Fund accounts for the financial resources received and expended for tourism activities. Its primary source of revenue is occupancy tax on motels and hotels.

### City Loan Fund

The City Loan Fund loans monies to local businesses for the establishment or expansion of business within the City. Its primary source of revenues are loan repayments. This Fund replaces the CDAP Revolving Fund activity.

### Civil Defense Fund

The Civil Defense fund levies property taxes to fund public safety expenditures.

### Grant Fund

The Grant Fund collects grants from various sources that are often restricted for specified capital expenditures.

### Foreign Fire Tax Insurance Fund

The Foreign Fire Tax Insurance Fund collects a tax for fire services provided to non-local residents.



# CITY OF LITCHFIELD, ILLINOIS

## COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS April 30, 2020

	Ambulance Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund #2	Tax Increment Financing Fund #3	Tourism Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 23,074	\$ 287,487	\$ 185,069	\$ 125,435	\$ 145,127
Certificates of deposit	-	-	10,000	20,000	100,000
Receivables for services	64,695	-	-	-	6,033
Receivables for property taxes	181,010	-	33,355	22,708	-
Notes receivable	-	-	-	-	-
Intergovernmental receivable	-	96,798	-	-	-
Prepaid items	37,109	-	-	-	2,396
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 305,888</u>	<u>\$ 384,285</u>	<u>\$ 228,424</u>	<u>\$ 168,143</u>	<u>\$ 253,556</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 13,300	\$ -	\$ -	\$ -	\$ 64,509
Accrued liabilities	18,564	-	-	-	1,834
Due to other funds	-	-	-	-	-
Total liabilities	<u>31,864</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,343</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	<u>181,010</u>	<u>-</u>	<u>33,355</u>	<u>22,708</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	37,109	-	-	-	2,396
Restricted					
Public safety	-	-	-	-	-
Highways and streets	-	384,285	-	-	-
Economic development	-	-	195,069	145,435	-
Assigned:					
Emergency services and public safety	55,905	-	-	-	-
Economic development	-	-	-	-	-
Culture	-	-	-	-	184,817
Total fund balances	<u>93,014</u>	<u>384,285</u>	<u>195,069</u>	<u>145,435</u>	<u>187,213</u>
Total liabilities and fund balance	<u>\$ 305,888</u>	<u>\$ 384,285</u>	<u>\$ 228,424</u>	<u>\$ 168,143</u>	<u>\$ 253,556</u>

# CITY OF LITCHFIELD, ILLINOIS

## COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS April 30, 2020

	City Loan Fund	Civil Defense Fund	Grant Fund	Foreign Fire Tax Insurance Fund	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 152,265	2,378	102,301	12,877	\$ 1,036,013
Certificates of deposit	-	-	-	-	130,000
Receivables for services	-	-	-	-	70,728
Receivables for property taxes	-	-	-	-	237,073
Notes receivable	209,778	-	-	-	209,778
Intergovernmental receivable	-	-	-	-	96,798
Prepaid items	-	-	-	-	39,505
Due from other funds	47,290	-	-	-	47,290
<b>Total assets</b>	<b>\$ 409,333</b>	<b>\$ 2,378</b>	<b>\$ 102,301</b>	<b>\$ 12,877</b>	<b>\$ 1,867,185</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 1,351	\$ 15,692	\$ -	\$ 94,852
Accrued liabilities	-	-	-	-	20,398
Due to other funds	282,395	-	-	-	282,395
<b>Total liabilities</b>	<b>282,395</b>	<b>1,351</b>	<b>15,692</b>	<b>-</b>	<b>397,645</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	-	-	-	-	237,073
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	39,505
Restricted					
Public safety	-	-	-	12,877	12,877
Highways and streets	-	-	-	-	384,285
Economic development	-	-	-	-	340,504
Assigned:					
Emergency services and public safety	-	1,027	-	-	56,932
Economic development	126,938	-	86,609	-	213,547
Culture	-	-	-	-	184,817
<b>Total fund balances</b>	<b>126,938</b>	<b>1,027</b>	<b>86,609</b>	<b>12,877</b>	<b>1,232,467</b>
<b>Total liabilities and fund balance</b>	<b>\$ 409,333</b>	<b>\$ 2,378</b>	<b>\$ 102,301</b>	<b>\$ 12,877</b>	<b>\$ 1,867,185</b>

# CITY OF LITCHFIELD, ILLINOIS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### NONMAJOR GOVERNMENTAL FUNDS

Year Ended April 30, 2020

	Ambulance Fund	Motor Fuel Tax Fund	Tax Increment Financing Fund #2	Tax Increment Financing Fund #3	Tourism Fund
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 180,377	\$ -	\$ 30,010	\$ 21,937	\$ -
Hotel/motel taxes	-	-	-	-	204,609
Motor fuel taxes	-	332,278	-	-	-
Other	-	-	-	-	-
Charges for services	801,189	-	-	-	-
Grants	-	-	-	-	120,039
Investment earnings	639	3,053	2,411	1,728	2,564
Miscellaneous	104	-	-	-	32,099
Total revenues	982,309	335,331	32,421	23,665	359,311
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	1,296,076	-	-	-	-
Highways and streets	-	162,473	-	-	-
Economic development	-	-	3,150	3,150	-
Culture	-	-	-	-	312,735
Debt service:					
Principal	50,992	-	-	-	-
Interest	796	-	-	-	-
Total expenditures	1,347,864	162,473	3,150	3,150	312,735
Excess (deficiency) of revenues over expenditures	(365,555)	172,858	29,271	20,515	46,576
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	302,000	-	-	-	-
Transfers out	-	-	-	-	(130,498)
Total other financing sources (uses)	302,000	-	-	-	(130,498)
<b>NET CHANGE IN FUND BALANCES</b>	(63,555)	172,858	29,271	20,515	(83,922)
Fund balances at May 1, 2019 - as restated	156,569	211,427	165,798	124,920	271,135
Fund balances at April 30, 2020	\$ 93,014	\$ 384,285	\$ 195,069	\$ 145,435	\$ 187,213

# CITY OF LITCHFIELD, ILLINOIS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE NONMAJOR GOVERNMENTAL FUNDS Year Ended April 30, 2020

REVENUES	City Loan Fund	Civil Defense Fund	Grant Fund	Foreign Fire Tax Insurance Fund	Total
Taxes					
Property taxes	\$ -	\$ 1,551	\$ -	\$ -	\$ 233,875
Hotel/motel taxes	-	-	-	-	204,609
Motor fuel taxes	-	-	-	-	332,278
Other	-	-	-	16,655	16,655
Charges for services	-	-	-	-	801,189
Grants	-	-	248,861	-	368,900
Investment earnings	10,010	-	-	-	20,405
Miscellaneous	-	33	-	-	32,236
Total revenues	10,010	1,584	248,861	16,655	2,010,147
EXPENDITURES					
Current					
General government	-	-	11,627	-	11,627
Public safety	-	3,515	23,398	22,781	1,345,770
Highways and streets	-	-	-	-	162,473
Economic development	-	-	-	-	6,300
Culture	-	-	55,524	-	368,259
Debt service:					
Principal	-	-	-	-	50,992
Interest	-	-	-	-	796
Total expenditures	-	3,515	90,549	22,781	1,946,217
Excess (deficiency) of revenues over expenditures	10,010	(1,931)	158,312	(6,126)	63,930
OTHER FINANCING SOURCES (USES)					
Transfers in	65,000	2,004	-	-	369,004
Transfers out	-	-	(175,377)	-	(305,875)
Total other financing sources (uses)	65,000	2,004	(175,377)	-	63,129
NET CHANGE IN FUND BALANCES	75,010	73	(17,065)	(6,126)	127,059
Fund balances at May 1, 2019 - as restated	51,928	954	103,674	19,003	1,105,408
Fund balances at April 30, 2020	\$ 126,938	\$ 1,027	\$ 86,609	\$ 12,877	\$ 1,232,467

# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF FIDUCIARY FUNDS

April 30, 2020

---

### Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The City maintains one Fiduciary Fund type: Trust Funds. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The Fiduciary Funds are:

#### Trust Funds

The City of Litchfield, Illinois Police Pension Plan (Police Pension) - The purpose of the Police Pension is to manage the retirement plan for the City's police officers.

The City of Litchfield, Illinois Firefighters' Pension Plan (Firefighters' Pension) - The purpose of the Firefighters' Pension is to manage the retirement plan for the City's firefighters.

# CITY OF LITCHFIELD, ILLINOIS

## COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS – PENSION TRUST FUNDS April 30, 2020

	Police Pension Trust Fund	Firefighters Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 288,531	\$ 105,979	\$ 394,510
Interest receivable	26,590	26,749	53,339
Due from other governments	5,446	4,105	9,551
Investments, at fair value			
U.S. Treasury securities	1,666,785	1,654,940	3,321,725
U.S. Agency securities	339,163	308,618	647,781
Equity mutual funds	2,518,897	2,422,947	4,941,844
Foreign bonds and debentures	27,677	48,375	76,052
Corporate bonds	1,317,973	1,315,406	2,633,379
Total investments at fair value	<u>5,870,495</u>	<u>5,750,286</u>	<u>11,620,781</u>
Total assets	6,191,062	5,887,119	12,078,181
<b>NET POSITION</b>			
Held in trust for pension benefits and other purposes	<u>\$ 6,191,062</u>	<u>\$ 5,887,119</u>	<u>\$ 12,078,181</u>

**CITY OF LITCHFIELD, ILLINOIS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITIONS  
FIDUCIARY FUNDS – PENSION TRUST FUNDS  
Year Ended April 30, 2020**

	Police Pension Trust Funds	Firefighters Pension Trust Funds	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 469,260	\$ 322,071	\$ 791,331
Plan members	81,231	76,241	157,472
Total contributions	550,491	398,312	948,803
Investment income			
Interest income	124,538	124,912	249,450
Dividends	70,652	68,011	138,663
Net gain from the sale of securities - realized	1,949	13,583	15,532
Net appreciation in fair value of investments - unrealized	1,993	8,070	10,063
Investment expense	(15,586)	(14,889)	(30,475)
Net investment income	183,546	199,687	383,233
Total additions	734,037	597,999	1,332,036
<b>DEDUCTIONS</b>			
Benefits	450,642	448,672	899,314
Refund of member contributions	64,303	-	64,303
Administration expenses	12,186	31,683	43,869
Total deductions	527,131	480,355	1,007,486
<b>NET INCREASE IN PLAN NET POSITION</b>	206,906	117,644	324,550
Net Position at May 1, 2019	5,984,156	5,769,475	11,753,631
Net Position at April 30, 2020	<u>\$ 6,191,062</u>	<u>\$ 5,887,119</u>	<u>\$ 12,078,181</u>

## Statistical Section



# CITY OF LITCHFIELD, ILLINOIS

## SCHEDULE OF ASSESSED VALUATION, TAX RATES, EXTENSIONS AND COLLECTIONS – UNAUDITED

Levy Year	2019		2018		2017		2016		2015	
Assessed Valuation	\$91,797,754		\$91,198,622		\$87,646,158		\$85,673,529		\$84,647,910	
	Tax Rate	Tax Extension	Tax Rate	Tax Extension	Tax Rate	Tax Extension	Tax Rate	Tax Extension	Tax Rate	Tax Extension
Corporate	0.18426	\$ 169,147	0.21051	\$ 191,982	0.19117	\$ 167,553	0.18694	\$ 160,158	0.21376	\$ 180,952
Fire Protection	0.11015	101,115	0.10977	100,109	0.11090	97,200	0.11014	94,361	0.12594	106,614
Fire Pension	0.37157	341,093	0.32859	299,670	0.33556	294,105	0.36003	308,450	0.27331	231,360
Police Protection	0.11015	101,115	0.10977	100,109	0.11090	97,200	0.11014	94,361	0.12594	106,614
Police Pension	0.49303	452,590	0.47931	437,124	0.52352	458,845	0.49610	425,026	0.45448	384,708
Audit	0.01558	14,302	0.01553	14,163	0.01569	13,752	0.01558	13,348	0.01780	15,076
Liability Insurance	0.12159	111,617	0.13719	125,115	0.12819	112,354	0.14998	128,493	0.17151	145,180
Civil Defense	0.00169	1,551	0.00171	1,560	0.00177	1,551	0.00181	1,551	0.00206	1,744
Social Security	0.09215	84,592	0.09183	83,748	0.09277	81,309	0.09214	78,940	0.10535	89,185
Workmens Comp	0.16907	155,202	0.17935	163,565	0.17011	149,095	0.14629	125,332	0.16729	141,607
TIF #1	0.00000	1,194,911	0.00000	1,097,229	0.00000	1,132,512	0.00000	1,052,622	0.00000	862,589
TIF #2	0.00000	33,555	0.00000	30,758	0.00000	36,043	0.00000	20,109	0.00000	20,289
TIF #3	0.00000	22,708	0.00000	21,980	0.00000	20,656	0.00000	17,550	0.00000	20,112
Ambulance	0.13064	181,010	0.13318	181,000	0.13889	181,010	0.14357	181,005	0.14670	181,010
	<u>1.79988</u>	<u>\$ 2,964,508</u>	<u>1.79674</u>	<u>\$ 2,848,111</u>	<u>1.81947</u>	<u>\$ 2,843,184</u>	<u>1.81272</u>	<u>\$ 2,701,306</u>	<u>1.80415</u>	<u>\$ 2,487,039</u>

The City collects real estate taxes from North Litchfield and South Litchfield Road Districts in addition to the real estate taxes for which the City levies. Collections totaled \$48,265, \$45,898, \$45,486, \$44,165, and \$44,137 for the levy years 2018, 2017, 2016, and 2015, respectively.