

CITY OF LITCHFIELD, ILLINOIS

FINANCIAL STATEMENTS

April 30, 2021



Steven Dougherty
Mayor

Carol Burke
City Clerk

Tonya Flannery
City Administrator

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the city of

Litchfield

Illinois

"many pleasant surprises!"



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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2021, 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 January 20, 2022 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 & Braeckel LLP

St. Louis, Missouri
January 20, 2022

City of Litchfield, Illinois
MANAGEMENT’S DISCUSSION & 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, 2021. 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 \$35,201,468 at the close of fiscal year 2021.

The largest portion of the City's net position or 74% 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:

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-------------------|-------------------|
| | April 30, 2021 | April 30, 2020 | April 30, 2021 | April 30, 2020 | April 30, 2021 | April 30, 2020 |
| Assets | | | | | | |
| Current and other assets | \$ 13,828,240 | \$ 10,016,779 | \$ 4,793,909 | \$ 3,738,159 | \$ 18,622,149 | \$ 13,754,938 |
| Noncurrent assets | 427,637 | 703,522 | - | - | 427,637 | 703,522 |
| Capital assets, net | 23,667,156 | 18,637,147 | 18,457,525 | 19,143,752 | 42,124,681 | 37,780,899 |
| Total assets | 37,923,033 | 29,357,448 | 23,251,434 | 22,881,911 | 61,174,467 | 52,239,359 |
| Deferred Outflows | | | | | | |
| Related to pensions | 4,209,295 | 3,956,214 | - | - | 4,209,295 | 3,956,214 |
| Liabilities | | | | | | |
| Current liabilities | 1,195,265 | 1,004,663 | 1,624,921 | 1,641,373 | 2,820,186 | 2,646,036 |
| Long-term liabilities | 19,377,089 | 13,024,702 | 6,889,881 | 8,150,336 | 26,266,970 | 21,175,038 |
| Total liabilities | 20,572,354 | 14,029,365 | 8,514,802 | 9,791,709 | 29,087,156 | 23,821,074 |
| Deferred Inflows | | | | | | |
| Related to pensions | 1,095,138 | 1,314,597 | - | - | 1,095,138 | 1,314,597 |
| Net Position | | | | | | |
| Net investment in capital assets | 15,790,842 | 16,087,147 | 10,433,821 | 10,244,796 | 26,224,663 | 26,331,943 |
| Restricted | 8,325,470 | 2,974,434 | - | - | 8,325,470 | 2,974,434 |
| Unrestricted | (3,651,476) | (1,091,881) | 4,302,811 | 2,845,406 | 651,335 | 1,753,525 |
| Total net position | \$ 20,464,836 | \$ 17,969,700 | \$ 14,736,632 | \$ 13,090,202 | \$ 35,201,468 | \$ 31,059,902 |

Total net position increased \$4,141,566 resulting in a balance of \$35,201,468 as of April 30, 2021. Current assets, which primarily include cash, investments and accounts receivable, increased \$4,867,211. Non-current assets decreased \$275,885, which is due to the retirement of notes receivable with local businesses. Net capital assets increased \$4,343,782 as a result of the continued construction of the West Side infrastructure.

With the implementation of GASB 68, net pension liabilities were presented of \$11,775,375 and \$10,493,668 for years ending April 30, 2021 and 2020, respectively.

ANALYSIS OF NET POSITION

| | <u>2021</u> | | <u>2020</u> | |
|----------------------------------|-------------|---------------|-------------|---------------|
| | Percent | Amount | Percent | Amount |
| Net investment in capital assets | 74.5% | \$ 26,224,663 | 84.8% | \$ 26,331,943 |
| Restricted | 23.7% | 8,325,470 | 9.6% | 2,974,434 |
| Unrestricted | 1.8% | 651,335 | 5.6% | 1,753,525 |
| Total net position | 100% | \$ 35,201,468 | 100% | \$ 31,059,902 |

Net investment in capital assets decreased slightly in the current year due to additions to capital assets of approximately \$6,400,000, less the increase in accumulated depreciation of approximately \$2,100,000, plus capital debt payments of \$1,100,000, and less new capital debt of approximately \$5,400,000.

City of Litchfield, Illinois
MANAGEMENT’S DISCUSSION & ANALYSIS – Unaudited

The condensed comparative statement of activities is as follows:

| | <u>2021</u> | <u>2020</u> | <u>Difference</u> |
|------------------------------------|----------------------|----------------------|---------------------|
| Program revenues | | | |
| Charges for services | \$ 5,282,057 | \$ 5,205,556 | \$ 76,501 |
| Operating grants and contributions | 29,246 | - | 29,246 |
| Capital grants and contributions | 2,178,221 | 1,959,749 | 218,472 |
| General revenues | | | |
| Property tax | 2,884,646 | 2,978,107 | (93,461) |
| Sales tax | 4,616,947 | 4,818,398 | (201,451) |
| State income tax | 901,386 | 682,510 | 218,876 |
| Other taxes | 553,742 | 665,728 | (111,986) |
| Investment earnings | 123,545 | 158,402 | (34,857) |
| Other miscellaneous | 1,576,498 | 354,085 | 1,222,413 |
| Total revenues | 18,146,288 | 16,822,535 | 1,323,753 |
| Expenses | | | |
| General government | 1,176,984 | 946,658 | 230,326 |
| Public safety | 4,976,715 | 4,872,660 | 104,055 |
| Highways and streets | 623,664 | 1,263,357 | (639,693) |
| Economic development | 2,400,002 | 1,651,452 | 748,550 |
| Culture | 659,376 | 991,696 | (332,320) |
| Governmental interest | 178,302 | 22,286 | 156,016 |
| Water | 2,131,984 | 2,202,955 | (70,971) |
| Sewer | 1,857,695 | 1,829,491 | 28,204 |
| | <u>14,004,722</u> | <u>13,780,555</u> | <u>224,167</u> |
| Change in net position | <u>\$ 4,141,566</u> | <u>\$ 3,041,980</u> | <u>\$ 1,099,586</u> |
| Ending net position | <u>\$ 35,201,468</u> | <u>\$ 31,059,902</u> | <u>\$ 4,141,566</u> |

EXPENDITURES BY CATEGORY

GOVERNMENTAL ACTIVITIES

| Expenditures by category | Percent | <u>2021</u> | | <u>2020</u> | |
|---------------------------|-------------|----------------------|-------------|---------------------|--------|
| | | Percent | Amount | Percent | Amount |
| General government | 11.7% | \$ 1,176,984 | 9.7% | \$ 946,658 | |
| Public safety | 49.7% | 4,976,715 | 50.0% | 4,872,660 | |
| Highways and streets | 6.2% | 623,664 | 13.0% | 1,263,357 | |
| Economic development | 24.0% | 2,400,002 | 16.9% | 1,651,452 | |
| Culture | 6.6% | 659,376 | 10.2% | 991,696 | |
| Interest | 1.8% | 178,302 | 0.2% | 22,286 | |
| Total expenditures | 100% | \$ 10,015,043 | 100% | \$ 9,748,109 | |

City of Litchfield, Illinois
MANAGEMENT’S DISCUSSION & ANALYSIS – Unaudited

The City’s total expenses increased by \$266,934 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>2021</u> | <u>2020</u> |
| General government | \$ 353,053 | \$ 245,126 |
| Public safety | 200,879 | 200,017 |
| Highways and streets | 113,000 | 105,906 |
| Culture | 101,922 | 73,155 |
| | <u>\$ 768,854</u> | <u>\$ 624,204</u> |

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

BUSINESS-TYPE ACTIVITIES

| Expenditures by category | Percent | <u>2021</u> | | <u>2020</u> | |
|------------------------------|---------|---------------------|---------|---------------------|---------|
| | | Amount | Percent | Amount | Percent |
| Salaries, wages and benefits | 21.7% | \$ 863,147 | 23.6% | \$ 953,601 | |
| Contracted services | 16.2% | 647,962 | 15.2% | 611,809 | |
| Utilities | 4.5% | 179,080 | 5.5% | 220,682 | |
| Repairs and maintenance | 9.4% | 374,181 | 5.7% | 231,023 | |
| Materials and supplies | 7.2% | 288,298 | 7.3% | 293,674 | |
| Depreciation | 33.3% | 1,328,246 | 32.8% | 1,322,045 | |
| Interest expense | 4.7% | 187,242 | 5.8% | 233,383 | |
| Miscellaneous | 3.0% | 121,523 | 4.1% | 166,229 | |
| Total expenditures | 100% | <u>\$ 3,989,679</u> | 100% | <u>\$ 4,032,446</u> | |

Business-type activities expenses decreased by approximately \$42,767.

FUNDS FINANCIAL ANALYSIS

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

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.

City of Litchfield, Illinois
MANAGEMENT’S DISCUSSION & ANALYSIS – Unaudited

As of April 30, 2021, the City’s governmental funds reported combined ending fund balances of \$10,829,870 an increase of \$3,755,057 in comparison with the prior year. Of the total amount, \$307,064 is nonspendable, \$6,993,474 is restricted by external restrictions for specific purposes, and \$499,900 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 \$3,069,372. 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, 2021 represents 38% of total general fund expenditures. The fund balance of the City’s General Fund increased \$920,520 during the current fiscal year.

At the end of the current fiscal year, the TIF #1 fund had a fund balance of \$1,582,079, which represents 15% of the total governmental fund balances. The fund balance of the TIF #1 fund balance decreased \$327,116 during the current fiscal year.

The Long-Term Economic Development Fund had \$677,030 of grant revenue, which is approximately 25% of all governmental grant revenue during the fiscal year.

The West-Side Expansion Debt Service had minimal activity during the fiscal year and consisted of principal and interest payments on debt.

At the end of the current fiscal year, the Other Governmental funds had a fund balance of \$1,219,196, which represents approximately 11% of the total governmental fund balances. The fund balance of the Other Governmental fund balance decreased \$13,271 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 \$4,302,811, an increase of \$1,457,405

TRANSFERS

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

CAPITAL ASSETS

The City’s investment in capital assets for its governmental and business-type activities as of April 30, 2021 amounts to \$42,124,681, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure.

City of Litchfield, Illinois
MANAGEMENT’S DISCUSSION & ANALYSIS – Unaudited

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

- West Side expansion project
- Eagle Ridge subdivision project
- Water shed implementation
- Southside ditch project
- HVAC units
- IL avenue improvements
- Dock expansion
- Radio systems for police, fire, and EMS
- Streetscape improvements

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

CURRENT AND LONG-TERM DEBT AND COMPENSATED ABSENCES

Totals are summarized below.

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | April 30, 2021 | April 30, 2020 | April 30, 2021 | April 30, 2020 | April 30, 2021 | April 30, 2020 |
| Bonds payable | \$ 7,876,314 | \$ 2,550,000 | \$ - | \$ - | \$ 7,876,314 | \$ 2,550,000 |
| Notes payable | 157,471 | 207,917 | 8,141,808 | 9,331,598 | 8,299,279 | 9,539,515 |
| Compensated absences | 175,893 | 96,600 | 19,622 | 8,550 | 195,515 | 105,150 |
| Total debt and compensated absences | \$ 8,209,678 | \$ 2,854,517 | \$ 8,161,430 | \$ 9,340,148 | \$ 16,371,108 | \$ 12,194,665 |

Additional information related to long-term debt can be located in Note H 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.

City of Litchfield, Illinois
STATEMENT OF NET POSITION
April 30, 2021

| | Primary Government | | |
|---|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and investments | \$ 9,247,809 | \$ 4,203,545 | \$ 13,451,354 |
| Receivables, net of allowance for uncollectibles | 98,584 | 512,986 | 611,570 |
| Property taxes receivable | 2,880,835 | - | 2,880,835 |
| Intergovernmental receivable | 1,214,666 | - | 1,214,666 |
| Notes receivable | 79,282 | - | 79,282 |
| Prepaid items | 307,064 | 77,378 | 384,442 |
| Total current assets | 13,828,240 | 4,793,909 | 18,622,149 |
| Noncurrent assets | | | |
| Notes receivable | 427,637 | - | 427,637 |
| Capital assets not being depreciated | | | |
| Land | 3,811,496 | 598,744 | 4,410,240 |
| Construction in progress | 2,227,845 | - | 2,227,845 |
| Capital assets net of accumulated depreciation | | | |
| Buildings | 2,286,019 | - | 2,286,019 |
| Plant and equipment | 2,149,160 | 17,858,781 | 20,007,941 |
| Infrastructure | 13,192,636 | - | 13,192,636 |
| Total noncurrent assets | 24,094,793 | 18,457,525 | 42,552,318 |
| Total assets | \$ 37,923,033 | \$ 23,251,434 | \$ 61,174,467 |
| Deferred outflows of resources | | | |
| Deferred amounts related to pensions | 4,209,295 | - | 4,209,295 |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
STATEMENT OF NET POSITION
April 30, 2021

| | Primary Government | | |
|--|----------------------------|-----------------------------|---------------|
| | Governmental Activities | Business-Type Activities | Total |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | \$ 397,586 | \$ 65,990 | \$ 463,576 |
| Accrued liabilities | 127,584 | 27,189 | 154,773 |
| Customer deposits | 20,000 | 198,423 | 218,423 |
| Accrued interest payable | 42,131 | 61,770 | 103,901 |
| Current maturities | | | |
| Notes payable | 244,975 | 92,334 | 337,309 |
| Bonds payable | 362,989 | - | 362,989 |
| Illinois EPA Revolving Fund | - | 1,179,215 | 1,179,215 |
| Total current liabilities | 1,195,265 | 1,624,921 | 2,820,186 |
| Noncurrent liabilities | | | |
| Compensated absences | 175,893 | 19,622 | 195,515 |
| Notes payable, less current maturities | 1,878,496 | 250,269 | 2,128,765 |
| Bonds payable, less current maturities | 5,547,325 | - | 5,547,325 |
| Illinois EPA Revolving Fund, less current maturities | - | 6,619,990 | 6,619,990 |
| Net pension liability | 11,775,375 | - | 11,775,375 |
| Total noncurrent liabilities | 19,377,089 | 6,889,881 | 26,266,970 |
| Total liabilities | 20,572,354 | 8,514,802 | 29,087,156 |
| Deferred inflows of resources | | | |
| Deferred amounts related to pensions | 1,095,138 | - | 1,095,138 |
| NET POSITION | | | |
| Net investment in capital assets | 15,790,842 | 10,433,821 | 26,224,663 |
| Restricted for | | | |
| Public safety | 190,611 | - | 190,611 |
| Highways and streets | 630,160 | - | 630,160 |
| Economic development | 7,236,308 | - | 7,236,308 |
| Debt service | 129,970 | - | 129,970 |
| Culture | 138,421 | - | 138,421 |
| Unrestricted | (3,651,476) | 4,302,811 | 651,335 |
| Total net position | \$ 20,464,836 | \$ 14,736,632 | \$ 35,201,468 |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
BALANCE SHEET – GOVERNMENTAL FUNDS
April 30, 2021

| | General Fund | Tax Increment Financing Fund #1 | Long-Term Economic Development Fund | West Side Expansion Project Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--|--|---|---------------------------------|---------------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 2,643,103 | \$ 1,596,308 | \$ 3,683,592 | \$ 146,486 | \$ 1,178,320 | \$ 9,247,809 |
| Hotel/motel taxes receivable | - | - | - | - | - | - |
| Receivables for ambulance services, net | - | - | - | - | 98,584 | 98,584 |
| Property taxes receivable | 1,532,325 | 1,107,137 | - | - | 241,373 | 2,880,835 |
| Due from other funds | 282,395 | - | - | - | 47,290 | 329,685 |
| Intergovernmental receivable | 1,115,589 | - | - | - | 99,077 | 1,214,666 |
| Notes receivable | - | - | 396,548 | - | 110,371 | 506,919 |
| Prepaid items | 262,992 | - | - | - | 44,072 | 307,064 |
| Total assets | <u>\$ 5,836,404</u> | <u>\$ 2,703,445</u> | <u>\$ 4,080,140</u> | <u>\$ 146,486</u> | <u>\$ 1,819,087</u> | <u>\$ 14,585,562</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 329,260 | \$ 14,229 | \$ 2,488 | \$ - | \$ 51,609 | \$ 397,586 |
| Accrued liabilities | 103,072 | - | - | - | 24,512 | 127,584 |
| Customer deposits | 20,000 | - | - | - | - | 20,000 |
| Due to other funds | - | - | 47,290 | - | 282,395 | 329,685 |
| Total liabilities | <u>452,332</u> | <u>14,229</u> | <u>49,778</u> | <u>-</u> | <u>358,516</u> | <u>874,855</u> |
| Deferred inflows of resources | | | | | | |
| Property taxes | 1,532,325 | 1,107,137 | - | - | 241,375 | 2,880,837 |
| Fund balances | | | | | | |
| Nonspendable | 262,992 | - | - | - | 44,072 | 307,064 |
| Restricted | | | | | | |
| Public safety | - | - | - | - | 5,301 | 5,301 |
| Highways and streets | - | - | - | - | 630,160 | 630,160 |
| Economic development | - | 1,582,079 | 4,030,362 | - | 460,665 | 6,073,106 |
| Culture | 138,421 | - | - | - | - | 138,421 |
| Debt service | - | - | - | 146,486 | - | 146,486 |
| Committed | | | | | | |
| Equipment replacement | 380,962 | - | - | - | - | 380,962 |
| Assigned | | | | | | |
| Emergency services | - | - | - | - | 118,938 | 118,938 |
| Unassigned | 3,069,372 | - | - | - | (39,940) | 3,029,432 |
| Total fund balances | <u>3,851,747</u> | <u>1,582,079</u> | <u>4,030,362</u> | <u>146,486</u> | <u>1,219,196</u> | <u>10,829,870</u> |
| Total liabilities and fund balance | <u>\$ 5,836,404</u> | <u>\$ 2,703,445</u> | <u>\$ 4,080,140</u> | <u>\$ 146,486</u> | <u>\$ 1,819,087</u> | <u>\$ 14,585,562</u> |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
April 30, 2021

| | | |
|--|------------------|----------------------|
| Fund balances for governmental funds | | \$ 10,829,870 |
| 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 | 15,420,481 | |
| Buildings, structures, and equipment, net | <u>4,435,179</u> | 23,667,156 |
| Pension-related deferred inflows of resources (net difference between expected and actual experience and changes in assumptions) are not reported in the funds. | | |
| | | (1,095,138) |
| 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. | | |
| | | 4,209,295 |
| Property taxes not available in this period and deferred in the funds. | | |
| | | 2,880,837 |
| Certain liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Interest payable | (42,131) | |
| Net pension liability | (11,775,375) | |
| Notes payable | (2,123,471) | |
| Bonds payable | (5,910,314) | |
| Compensated absences | <u>(175,893)</u> | (20,027,184) |
| Net position of governmental activities | | <u>\$ 20,464,836</u> |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended April 30, 2021

| | General Fund | Tax Increment Financing Fund #1 | Long-Term Economic Development Fund | West Side Expansion Project Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--|--|---|---------------------------------|---------------------------------|
| REVENUES | | | | | | |
| Property taxes | \$ 1,571,193 | \$ 1,159,756 | \$ - | \$ - | \$ 237,169 | \$ 2,968,118 |
| Charges for services | 445,470 | - | - | - | 562,410 | 1,007,880 |
| Fines and costs | 56,539 | - | - | - | - | 56,539 |
| Other taxes | 5,691,814 | - | - | - | 380,261 | 6,072,075 |
| Licenses and permits | 241,951 | - | - | - | - | 241,951 |
| Grants and donations | 862,074 | - | 677,030 | - | 1,183,377 | 2,722,481 |
| Investment earnings | 42,580 | 13,024 | 22,951 | 1,354 | 12,653 | 92,562 |
| Miscellaneous | 159,413 | - | 53,513 | - | 15,700 | 228,626 |
| Total revenues | 9,071,034 | 1,172,780 | 753,494 | 1,354 | 2,391,570 | 13,390,232 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| General government | 1,103,821 | - | - | - | - | 1,103,821 |
| Public safety | 2,995,595 | - | - | - | 1,009,955 | 4,005,550 |
| Highways and streets | 915,511 | - | - | - | 15,074 | 930,585 |
| Economic development | 204,016 | 664,374 | 38,067 | - | 8,016 | 914,473 |
| Culture and recreation | 474,878 | - | - | - | 149,973 | 624,851 |
| Debt service | | | | | | |
| Principal | 50,446 | - | - | 89,686 | - | 140,132 |
| Interest | 24,286 | - | - | 111,884 | - | 136,170 |
| Capital outlay | 2,227,587 | 835,522 | 2,033,013 | - | 1,302,894 | 6,399,016 |
| Total expenditures | 7,996,140 | 1,499,896 | 2,071,080 | 201,570 | 2,485,912 | 14,254,598 |
| Excess (deficiency) of revenues over expenditures before other financing sources (uses) | 1,074,894 | (327,116) | (1,317,586) | (200,216) | (94,342) | (864,366) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of capital assets | 13,423 | - | - | - | - | 13,423 |
| Proceeds from borrowings | 1,466,000 | - | 3,950,000 | - | - | 5,416,000 |
| Transfers in | 3,136,555 | - | 772,726 | 240,445 | 371,000 | 4,520,726 |
| Transfers out | (4,770,352) | - | (270,445) | - | (289,929) | (5,330,726) |
| Total other financing sources (uses) | (154,374) | - | 4,452,281 | 240,445 | 81,071 | 4,619,423 |
| NET CHANGE IN FUND BALANCES | 920,520 | (327,116) | 3,134,695 | 40,229 | (13,271) | 3,755,057 |
| Fund balances at May 1, 2020 | 2,931,227 | 1,909,195 | 895,667 | 106,257 | 1,232,467 | 7,074,813 |
| Fund balances at April 30, 2021 | \$ 3,851,747 | \$ 1,582,079 | \$ 4,030,362 | \$ 146,486 | \$ 1,219,196 | \$ 10,829,870 |

The accompanying notes are an integral part of this statement.

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, 2021

Net change in fund balances for total governmental funds \$ 3,755,057

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 | 5,798,863 | |
| Depreciation expense | (768,854) | 5,030,009 |
| | | |

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.

(83,472)

Principal payments of loans and notes payable

140,132

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 interest payable | (42,131) | |
| Change in compensated absences | (79,293) | |
| Pension benefits | (809,166) | |
| Bond proceeds | (5,416,000) | (6,346,590) |
| | | |

Change in net position of governmental activities

\$ 2,495,136

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
April 30, 2021

| | Enterprise Funds | | |
|--|-------------------------|------------------|---------------|
| | Waterworks Fund | Sewerage Fund | Total |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 2,243,367 | \$ 1,960,178 | \$ 4,203,545 |
| Receivables (net of allowance for uncollectibles) | 283,342 | 229,644 | 512,986 |
| Prepaid items | 45,440 | 31,938 | 77,378 |
| Total current assets | 2,572,149 | 2,221,760 | 4,793,909 |
| Noncurrent assets | | | |
| Capital assets | | | |
| Land | 576,244 | 22,500 | 598,744 |
| Plant and equipment | 23,102,541 | 20,855,136 | 43,957,677 |
| Less accumulated depreciation | (10,515,804) | (15,583,092) | (26,098,896) |
| Total capital assets (net of accumulated depreciation) | 13,162,981 | 5,294,544 | 18,457,525 |
| Total assets | 15,735,130 | 7,516,304 | 23,251,434 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 38,569 | 27,421 | 65,990 |
| Accrued liabilities | 18,055 | 9,134 | 27,189 |
| Customer deposits payable | 198,423 | - | 198,423 |
| Accrued interest | 53,740 | 8,030 | 61,770 |
| Note payable for pension withdrawal | 25,084 | 13,507 | 38,591 |
| Note payable for sewer flusher | - | 53,743 | 53,743 |
| Illinois EPA Water Revolving Fund | 777,336 | 401,879 | 1,179,215 |
| Total current liabilities | 1,111,207 | 513,714 | 1,624,921 |
| Noncurrent liabilities | | | |
| Compensated absences | 19,622 | - | 19,622 |
| Note payable for pension withdrawal | 51,684 | 27,829 | 79,513 |
| Note payable for sewer flusher | - | 170,756 | 170,756 |
| Illinois EPA Water Revolving Fund | 6,619,990 | - | 6,619,990 |
| Total noncurrent liabilities | 6,691,296 | 198,585 | 6,889,881 |
| Total liabilities | 7,802,503 | 712,299 | 8,514,802 |
| NET POSITION | | | |
| Net investment in capital assets | 5,765,655 | 4,668,166 | 10,433,821 |
| Unrestricted | 2,166,972 | 2,135,839 | 4,302,811 |
| Total net position | \$ 7,932,627 | \$ 6,804,005 | \$ 14,736,632 |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
Year Ended April 30, 2021

| | Enterprise Funds | | |
|--|-------------------------|--------------|---------------|
| | Waterworks Fund | Sewerage | Total |
| OPERATING REVENUES | | | |
| Charges for service | \$ 2,405,837 | \$ 1,932,299 | \$ 4,338,136 |
| Miscellaneous | 13,537 | 2,762 | 16,299 |
| Total operating revenue | 2,419,374 | 1,935,061 | 4,354,435 |
| OPERATING EXPENSES | | | |
| Salaries, wages and benefits | 575,399 | 287,748 | 863,147 |
| Contracted services | 22,898 | 625,064 | 647,962 |
| Utilities | 102,461 | 76,619 | 179,080 |
| Repairs and maintenance | 145,907 | 228,274 | 374,181 |
| Materials and supplies | 277,326 | 10,972 | 288,298 |
| Insurance | 71,050 | 50,563 | 121,613 |
| Depreciation | 771,774 | 556,472 | 1,328,246 |
| Miscellaneous operating expenses | (90) | - | (90) |
| Total operating expenses | 1,966,725 | 1,835,712 | 3,802,437 |
| Operating income | 452,649 | 99,349 | 551,998 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Investment earnings | 16,085 | 14,900 | 30,985 |
| Grants | - | 440,689 | 440,689 |
| Interest expense | (165,259) | (21,983) | (187,242) |
| Total non-operating expenses | (149,174) | 433,606 | 284,432 |
| Net income before transfers | 303,475 | 532,955 | 836,430 |
| Transfers in | 2,791,088 | 340,464 | 3,131,552 |
| Transfers out | (2,291,088) | (30,464) | (2,321,552) |
| Total transfers | 500,000 | 310,000 | 810,000 |
| CHANGE IN NET POSITION | 803,475 | 842,955 | 1,646,430 |
| Net position at May 1, 2020 | 7,129,152 | 5,961,050 | 13,090,202 |
| Net position at April 30, 2021 | \$ 7,932,627 | \$ 6,804,005 | \$ 14,736,632 |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
Year Ended April 30, 2021

| | Enterprise Funds | | |
|---|-------------------------|---------------------|---------------------|
| | Waterworks Fund | Sewerage Fund | Total |
| Cash Flows From Operating Activities | | | |
| Receipts from customers | \$ 2,384,986 | \$ 1,916,564 | \$ 4,301,550 |
| Payment to suppliers | (695,907) | (996,522) | (1,692,429) |
| Payment to employees | (560,652) | (285,568) | (846,220) |
| Net cash provided by operating activities | 1,128,427 | 634,474 | 1,762,901 |
| Cash Flows From Noncapital Financing Activities | | | |
| Net transfers in - other funds | 500,000 | 310,000 | 810,000 |
| Cash Flows From Capital and Related Financing Activities | | | |
| Capital grants | - | 440,689 | 440,689 |
| Acquisition and construction of capital assets | (28,634) | (613,385) | (642,019) |
| Principal paid on notes and capital debt | (732,460) | (457,330) | (1,189,790) |
| Interest paid on notes and capital debt | (171,224) | (26,793) | (198,017) |
| Net cash used in capital and related financial activities | (932,318) | (656,819) | (1,589,137) |
| Cash Flows From Investing Activities | | | |
| Interest received | 16,085 | 14,900 | 30,985 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 712,194 | 302,555 | 1,014,749 |
| Cash and cash equivalents at May 1, 2020 | 1,531,173 | 1,657,623 | 3,188,796 |
| Cash and cash equivalents at April 30, 2021 | \$ 2,243,367 | \$ 1,960,178 | \$ 4,203,545 |
| Reconciliation of operating income (loss) to net cash | | | |
| provided by operating activities | | | |
| Operating income | \$ 452,649 | \$ 99,349 | \$ 551,998 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | |
| Depreciation | 771,774 | 556,472 | 1,328,246 |
| Change in assets and liabilities | | | |
| Accounts receivables | (18,196) | (18,497) | (36,693) |
| Prepaid expenses | (2,549) | (1,759) | (4,308) |
| Customer deposits | (16,192) | - | (16,192) |
| Accounts payable | (73,806) | (3,271) | (77,077) |
| Accrued liabilities | 3,675 | 2,180 | 5,855 |
| Compensated absences | 11,072 | - | 11,072 |
| Total adjustments | 675,778 | 535,125 | 1,210,903 |
| Net cash provided by operating activities | \$ 1,128,427 | \$ 634,474 | \$ 1,762,901 |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS –
PENSION TRUST FUND
April 30, 2021

ASSETS

| | |
|------------------------------|------------|
| Cash and equivalents | \$ 675,654 |
| Certificates of deposit | 195,176 |
| Receivables | |
| Due from other governments | 170,749 |
| Interest receivable | 55,951 |
| | <hr/> |
| Total receivables | 226,700 |
| | <hr/> |
| Investments | |
| U.S. Treasury securities | 3,437,770 |
| U.S. Agency securities | 487,733 |
| Equity mutual funds | 6,341,462 |
| Foreign bonds and debentures | 138,972 |
| Corporate bonds | 2,924,101 |
| | <hr/> |
| Total investments | 13,330,038 |
| | <hr/> |
| Total assets | 14,427,568 |

LIABILITIES

| | |
|--------------------------|--------|
| Due to other governments | 30,617 |
| | <hr/> |

NET POSITION

| | |
|---------------------------------|---------------|
| Restricted for pension benefits | \$ 14,396,951 |
| | <hr/> <hr/> |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS –
PENSION TRUST FUND
Year Ended April 30, 2021

ADDITIONS

| | | |
|---|----|------------------|
| Contributions | | |
| Employer | \$ | 161,112 |
| Plan members | | <u>880,958</u> |
| Total contributions | | 1,042,070 |
| Investment income | | |
| Interest and dividends | | 298,707 |
| Net appreciation in fair value of investments | | 2,059,456 |
| Investment expense | | <u>(32,151)</u> |
| Net investment income | | <u>2,326,012</u> |
| Total additions | | 3,368,082 |

DEDUCTIONS

| | | |
|-------------------------|--|------------------|
| Benefits | | 1,012,062 |
| Administration expenses | | <u>37,251</u> |
| Total deductions | | <u>1,049,313</u> |

Net increase in plan net position

2,318,769

NET POSITION RESTRICTED FOR PENSION BENEFITS

| | | |
|----------------|----|--------------------------|
| May 1, 2020 | | <u>12,078,182</u> |
| April 30, 2021 | \$ | <u><u>14,396,951</u></u> |

The accompanying notes are an integral part of this statement.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE A | 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 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.

The Financial Reporting Entity

The financial statements of the City consist only of the funds of the City. The City has no financial accountability for any other governmental entity, since no other entities are considered to be controlled or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective Board. In addition, the City is not aware of any entity which would exercise such oversight which would result in the City being considered a component unit of the entity.

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. 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.

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.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

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.

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, grants and charges for services 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.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

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.

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, 2021. 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 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.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

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.

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 \$138,421 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 - \$1,972,376 restricted in accordance with City Council ordinances and Illinois State Statutes.

Long-Term Economic Development Fund - \$4,464,189 restricted by grant and debt agreements for major economic development projects.

Motor Fuel Tax Fund - \$630,160 restricted in accordance Illinois State Statutes for expenditures related to street maintenance, repairs, and supplies.

West Side Expansion Project Debt Service - \$146,486 restricted in accordance with the debt agreement for debt service.

Foreign Fire Tax Insurance Fund - \$5,301 restricted in accordance Illinois State Statutes for expenditures related to fire equipment and supplies.

Grant Fund - \$70,368 restricted by grant agreements for economic development.

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.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

The City reports committed fund balances of \$380,962 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 - \$107,624 assigned for ambulance services.

Civil Defense Fund - \$1,751 assigned for public safety supplies and services.

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

City of Litchfield, Illinois
NOTES TO 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. Interfund transfers are reported as other financing sources/uses in the fund financial statements.

Estimates

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

NOTE B | 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 C | 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 investments". The deposits and investments of the 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).

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

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, 2021, 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.

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, 2021:

| Investment Type | Fair Market Value | Less Than 1 year | 1-5 years | 6-10 years | 10+ years | Percent of Total Investments |
|-----------------------------------|---------------------|-------------------|---------------------|-------------------|---------------------|------------------------------|
| Police Pension Fund | | | | | | |
| U.S. Treasury and agencies | \$ 1,973,307 | \$ 120,464 | \$ 1,016,674 | \$ 316,755 | \$ 519,414 | 27.97% |
| Corporate bonds | 1,737,336 | 95,983 | 560,687 | 334,298 | 746,368 | 24.62% |
| Foreign bonds and debentures | 88,543 | - | 27,390 | 61,153 | - | 1.25% |
| Total | \$ 3,799,186 | \$ 216,447 | \$ 1,604,751 | \$ 712,206 | \$ 1,265,782 | |
| Firefighters' Pension Fund | | | | | | |
| U.S. Treasury and agencies | \$ 1,952,196 | \$ 181,607 | \$ 866,427 | \$ 179,895 | \$ 724,267 | 31.11% |
| Corporate bonds | 1,186,765 | 81,018 | 509,880 | 160,641 | 435,226 | 18.91% |
| Foreign bonds and debentures | 50,429 | - | 50,429 | - | - | 0.80% |
| Total | \$ 3,189,390 | \$ 262,625 | \$ 1,426,736 | \$ 340,536 | \$ 1,159,493 | |

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 FINANCIAL STATEMENTS

| Police Pension | |
|---------------------|---------------------|
| Credit rating level | Fair value |
| AAA | \$ 2,056,240 |
| AA+ | 23,274 |
| AA- | 128,501 |
| A+ | 36,098 |
| A | 357,758 |
| A- | 112,025 |
| BBB+ | 265,017 |
| BBB | 401,078 |
| BBB- | 294,795 |
| NR | 124,400 |
| | <u>\$ 3,799,186</u> |

| Fire Pension | |
|---------------------|---------------------|
| Credit rating level | Fair value |
| AAA | \$ 1,757,020 |
| AA+ | 81,017 |
| AA- | 41,792 |
| A+ | 210,206 |
| A | 11,023 |
| A- | 312,072 |
| BBB+ | 209,172 |
| BBB | 157,739 |
| BBB- | 103,726 |
| NR | 305,623 |
| | <u>\$ 3,189,390</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 FINANCIAL STATEMENTS

NOTE D | 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 30th.

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 in the governmental fund financial statements and in the year levied in the government-wide financial statements.

NOTE E | 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:

| | Transfers In | Transfers Out |
|---------------------------------------|---------------------|---------------------|
| General Fund | \$ 3,136,555 | \$ 4,770,352 |
| Long-term Economic Development Fund | 772,726 | 270,445 |
| West Side Expansion Debt Service Fund | 240,445 | - |
| Waterworks Fund | 2,791,088 | 2,291,088 |
| Sewerage Fund | 340,464 | 30,464 |
| Nonmajor Funds | 371,000 | 289,929 |
| | <u>\$ 7,652,278</u> | <u>\$ 7,652,278</u> |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE F | 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, 2021 the total amount outstanding in both programs was \$506,919.

\$79,282 or 16% of these receivables are scheduled to be collected in the next year. After meeting the terms for loan reduction, certain business loans were reduced by \$60,248 in the year ended April 30, 2021. Management believes the receivables to be fully collectible, and therefore, no allowance for loss was recognized in the year ended April 30, 2021.

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 2022. The following is a summary of accounts receivable.

| | Billed | Unbilled | Total | Allowance for Doubtful Accounts | Net Total |
|----------------------------|------------|------------|------------|---------------------------------------|--------------|
| Governmental activities: | | | | | |
| Ambulance Fund | \$ 197,168 | \$ - | \$ 197,168 | \$ (98,584) | \$ 98,584 |
| Business- type activities: | | | | | |
| Waterworks Fund | \$ 256,976 | \$ 88,504 | \$ 345,480 | \$ (62,138) | \$ 283,342 |
| Sewerage Fund | 213,628 | 75,429 | 289,057 | (59,413) | 229,644 |
| | \$ 470,604 | \$ 163,933 | \$ 634,537 | \$ (121,551) | \$ 512,986 |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE G | CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2021, was as follows:

| | Balance | | | Balance |
|---|----------------------|----------------------|---------------------|----------------------|
| | May 1, 2020 | Additions | Deletions | April 30, 2021 |
| Governmental Activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 3,811,496 | \$ - | \$ - | \$ 3,811,496 |
| Work in progress | 5,687,824 | 2,227,845 | 5,687,824 | 2,227,845 |
| | <u>9,499,320</u> | <u>2,227,845</u> | <u>5,687,824</u> | <u>6,039,341</u> |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 3,578,763 | 424,046 | - | 4,002,809 |
| Machinery and equipment | 6,173,534 | 663,665 | 86,987 | 6,750,212 |
| Infrastructure | 10,096,130 | 8,171,131 | - | 18,267,261 |
| Total capital assets being depreciated | <u>19,848,427</u> | <u>9,258,842</u> | <u>86,987</u> | <u>29,020,282</u> |
| Less accumulated depreciation for | | | | |
| Buildings and improvements | 1,568,288 | 148,502 | - | 1,716,790 |
| Machinery and equipment | 4,311,078 | 376,961 | 86,987 | 4,601,052 |
| Infrastructure | 4,831,234 | 243,391 | - | 5,074,625 |
| Total accumulated depreciation | <u>10,710,600</u> | <u>768,854</u> | <u>86,987</u> | <u>11,392,467</u> |
| Total capital assets being depreciated, net | <u>9,137,827</u> | <u>8,489,988</u> | <u>-</u> | <u>17,627,815</u> |
| Governmental activities capital assets, net | <u>\$ 18,637,147</u> | <u>\$ 10,717,833</u> | <u>\$ 5,687,824</u> | <u>\$ 23,667,156</u> |
| Waterworks Fund | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 576,244 | \$ - | \$ - | \$ 576,244 |
| Capital assets, being depreciated | | | | |
| Plant and equipment | 23,073,907 | 28,634 | - | 23,102,541 |
| Less accumulated depreciation for | | | | |
| Plant and equipment | <u>9,744,030</u> | <u>771,774</u> | <u>-</u> | <u>10,515,804</u> |
| Total capital assets being depreciated, net | <u>13,329,877</u> | <u>(743,140)</u> | <u>-</u> | <u>12,586,737</u> |
| Waterworks Fund capital assets, net | <u>\$ 13,906,121</u> | <u>\$ (743,140)</u> | <u>\$ -</u> | <u>\$ 13,162,981</u> |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2021

| | Balance May 1, 2020 | Additions | Deletions | Balance April 30, 2021 |
|--|-------------------------|----------------------|-----------|---------------------------|
| Sewerage Fund | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 22,500 | \$ - | \$ - | \$ 22,500 |
| Capital assets, being depreciated | | | | |
| Plant and equipment | 20,241,751 | 613,385 | - | 20,855,136 |
| Less accumulated depreciation for Plant and equipment | <u>15,026,620</u> | <u>556,472</u> | - | <u>15,583,092</u> |
| Total capital assets being depreciated, net | <u>5,215,131</u> | <u>56,913</u> | - | <u>5,272,044</u> |
| Sewerage capital assets, net | <u>\$ 5,237,631</u> | <u>\$ 56,913</u> | \$ - | <u>\$ 5,294,544</u> |

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

| | |
|---|---------------------|
| Governmental activities | |
| General government | \$ 353,053 |
| Public safety | 200,879 |
| Highways and streets | 113,000 |
| Culture and recreation | <u>101,922</u> |
| Total depreciation expense-governmental activities | <u>\$ 768,854</u> |
| Business-type activities | |
| Waterworks Fund | \$ 771,774 |
| Sewerage Fund | <u>556,472</u> |
| Total depreciation expense-business-type activities | <u>\$ 1,328,246</u> |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2021

NOTE H | LONG-TERM DEBT

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

| | Balance | | | Balance | Current |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | May 1, 2020 | Additions | Reductions | | |
| Governmental Activities | | | | | |
| Note payable for pension withdrawal | \$ 207,917 | \$ - | \$ 50,446 | \$ 157,471 | \$ 51,454 |
| General Obligation Bonds - Alternative Revenue Source | 2,050,000 | 3,950,000 | 89,686 | 5,910,314 | 362,989 |
| Note payable for lake subdivision project | 500,000 | 1,466,000 | - | 1,966,000 | 193,521 |
| Compensated absences | 96,600 | 79,293 | - | 175,893 | - |
| Total governmental activities | \$ 2,854,517 | \$ 5,495,293 | \$ 140,132 | \$ 8,209,678 | \$ 607,964 |
| Business-Type Activities | | | | | |
| Waterworks Fund | | | | | |
| IL EPA Revolving Loan funds | \$ 8,105,194 | \$ - | \$ 707,868 | \$ 7,397,326 | \$ 777,336 |
| Note payable for pension withdrawal | 101,360 | - | 24,592 | 76,768 | 25,084 |
| Compensated absences | 8,550 | 11,072 | - | 19,622 | - |
| | 8,215,104 | 11,072 | 732,460 | 7,493,716 | 802,420 |
| Sewerage Fund | | | | | |
| IL EPA Revolving Loan funds | 793,761 | - | 391,882 | 401,879 | 401,879 |
| Note payable for sewer flusher | 276,705 | - | 52,206 | 224,499 | 53,743 |
| Note payable for pension withdrawal | 54,578 | - | 13,242 | 41,336 | 13,507 |
| | 1,125,044 | - | 457,330 | 667,714 | 469,129 |
| Total business-type activities | \$ 9,340,148 | \$ 11,072 | \$ 1,189,790 | \$ 8,161,430 | \$ 1,271,549 |

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 25th, 2016; repayment period of 8 years; final payment due February 25th, 2024; interest at 2.00%; principal and interest of \$95,557 payable each February 25th; 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, 2021 was \$157,471.

The City drew \$3,950,000 on a \$6,000,000 bond issue for the West Side expansion project during the year ended April 30, 2021, which increased the total indebtedness on this project to \$6,000,000. As of April 30, 2021, 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 principal and interest of \$134,070 are payable beginning September 27, 2020. The interest rate is 3.00%, and the maturity date is June 27, 2035.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2021

The City drew \$1,466,000 on a note payable from Litchfield National Bank for a lake subdivision project during the year ended April 30, 2021. The maximum amount available on the note is \$1,966,000. Interest on the note is 3.00%. Annual principal and interest payments of \$252,501 are due beginning December 1, 2021. The note matures on December 1, 2029.

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

| | Governmental Funds | |
|-----------|---------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 607,964 | \$ 237,781 |
| 2023 | 625,813 | 219,162 |
| 2024 | 643,786 | 200,400 |
| 2025 | 608,494 | 180,286 |
| 2026 | 575,394 | 217,345 |
| 2027-2031 | 2,887,479 | 848,305 |
| 2032-2036 | 2,084,855 | 318,705 |
| | <u>\$ 8,033,785</u> | <u>\$ 2,221,984</u> |

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 \$61,124 payable each November 11th and May 11th; to be paid from Waterworks Fund revenues. The outstanding balance at April 30, 2021 was \$1,514,274.

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 10th and July 10th; to be paid from Waterworks Fund revenues. The outstanding balance at April 30, 2021 was \$5,883,052.

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 6th and December 12th; to be paid from the Sewerage Fund revenues. The outstanding balance at April 30, 2021 was \$401,879.

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 payable each February 25th; to be paid from Waterworks Fund revenues. The balance at April 30, 2021 was \$76,768.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS
April 30, 2021

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 25th; to be paid from Waterworks Fund revenues. The balance at April 30, 2021 was \$41,336.

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 18th; to be paid from Sewerage Fund revenues. The balance at April 30, 2021 was \$224,499.

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

| | Business-Type Activities | | | |
|-----------|--------------------------|-------------------|-------------------|------------------|
| | Waterworks Fund | | Sewage Fund | |
| | Principal | Interest | Principal | Interest |
| 2022 | \$ 854,078 | \$ 171,852 | \$ 469,129 | \$ 14,994 |
| 2023 | 821,159 | 143,650 | 69,078 | 5,508 |
| 2024 | 840,355 | 124,454 | 70,957 | 3,629 |
| 2025 | 833,391 | 104,799 | 58,550 | 1,703 |
| 2026 | 852,989 | 85,200 | - | - |
| 2027-2031 | 2,913,269 | 145,794 | - | - |
| 2032-2034 | 358,853 | 7,891 | - | - |
| | <u>\$ 7,474,094</u> | <u>\$ 783,640</u> | <u>\$ 667,714</u> | <u>\$ 25,834</u> |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

The following is the City’s legal debt margin:

| | | |
|--|------------------|----------------------|
| Assessed Valuation, 2019 Levy | | <u>\$ 95,191,444</u> |
| Debt Limit, 8.625% of Assessed Valuation | | \$ 8,210,262 |
| Total Debt | | |
| Notes payable for pension withdrawal | 275,575 | |
| Bonds payable for West Side expansion | 5,910,314 | |
| Bonds payable for lake subdivision project | 1,966,000 | |
| Note payable for sewer flusher | 224,499 | |
| Water IL EPA Debt | 7,397,326 | |
| Sewer IL EPA Debt | <u>401,879</u> | |
| Total Debt | 16,175,593 | |
| Less: | | |
| Water and sewer debt | 8,023,704 | |
| Otherwise exempt from above limitations | <u>5,910,314</u> | |
| Total exempt from limitations | 13,934,018 | |
| Total debt subject to limitations | | <u>2,241,575</u> |
| Available Debt Margin | | <u>\$ 5,968,687</u> |

NOTE I | 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.

Benefits Provided

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

City of Litchfield, Illinois
NOTES TO 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, 2020, the employer annual required contribution rate was 5.46%. 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, 2020 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, 2020. The Total Pension Liability used to calculate the Net pension Liability was determined at that date.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

The Actuarially Determined Contribution is calculated using a December 31, 2020 valuation date. The following assumptions were used to determine the Actuarially Determined Contribution for 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. 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, 2020 | \$ 1,881,781 | \$ 781,174 | \$ 1,100,607 |
| Service cost | 169,466 | - | 169,466 |
| Interest on total pension liability | 141,702 | - | 141,702 |
| Differences between expected and actual experience of the total pension liability | 201,612 | - | 201,612 |
| Changes of assumptions | (34,336) | - | (34,336) |
| Benefit payments, including refunds of employee contributions | (23,994) | (23,994) | - |
| Contributions - employer | - | 96,802 | (96,802) |
| Contributions - employee | - | 135,680 | (135,680) |
| Net investment income | - | 86,520 | (86,520) |
| Administrative expense | - | - | - |
| Other (net transfer) | - | (16,328) | 16,328 |
| Net changes | 454,450 | 278,680 | 175,770 |
| Reporting period ending April 30, 2021 | \$ 2,336,231 | \$ 1,059,854 | \$ 1,276,377 |

City of Litchfield, Illinois
NOTES TO 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 | \$ 1,575,152 | \$ 1,276,377 | \$ 1,040,648 |

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

For the year ended April 30, 2021, the City recognized pension expense of \$457,647. At April 30, 2021, 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 | \$ 1,368,116 | \$ 958 |
| Net difference between projected and actual earnings on pension plan investments | 16,048 | 18,335 |
| Changes of assumptions | 89 | 30,009 |
| Contributions subsequent to the measurement date | 57,133 | - |
| Total | <u>\$ 1,441,386</u> | <u>\$ 49,302</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, 2021. 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 |
|--------------------------|--|
| 2022 | \$ 329,432 |
| 2023 | 329,434 |
| 2024 | 329,338 |
| 2025 | 284,876 |
| 2026 | 21,081 |
| Thereafter | 40,790 |
| | <u>\$ 1,334,951</u> |

City of Litchfield, Illinois
NOTES TO 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 benefits

Plan membership as of May 1, 2020 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>12</u> |
| Total | <u><u>28</u></u> |

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

The Plan provides retirement benefits as well as death and disability benefits. Employees hired prior to January 1, 2011 attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years, but less than 20 years of credited service, may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary of the date of retirement if the officer is 55 years of age, by 3% of the originally granted pension and 3% compounded annually thereafter.

Employees hired after January 1, 2011, attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Officer salary for pension purposes is capped at \$106,800, plus the lesser of one-half the annual change in CPI or 3% compounded. The annual benefit shall be increased by 2.5% of such salary for each additional year over 20 years up to a maximum of 75% of such salary. Employees that have attained the age of 50 with at least 10 years of service may retire, but their pension is reduced by one-half percent per year for each year the employee is under age 55. The monthly pension shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Non-compounding increases occur annually, each January thereafter. The increase is the lesser of 3% or one-half the change in CPI for the proceeding calendar year.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

Contributions and Funding Policy

Covered employees are required by State statutes to contribute 9.91% of their base salary to the plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. By the year 2040, the City’s contributions must accumulate to the point where the past service cost for the Plan is at least 90% funded.

Net Pension Liability

The Total Pension Liability was determined by an actuarial valuation as of May 1, 2020 and rolled to April 30, 2021 using the following actuarial methods and assumptions:

| | |
|---------------------------------|--|
| Actuarial cost method | Entry age normal |
| Inflation | 2.50% |
| Interest rate | 6.00% |
| Investment rate of return | 6.00% |
| Mortality rate – active lives | PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2020. 10% of active deaths are assumed to be in the line of duty. |
| Mortality rate – inactive lives | PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2020. |
| Mortality rate – beneficiaries | PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2020. |
| Mortality rate – disabled lives | PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2020. |
| Disability rate | 60% of the disabilities are assumed to be in the line of duty. This is based on a 2017 experience study performed by the Illinois Department of Insurance. |
| Cost-of-living adjustment | Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement. |
| Marital status | 80% of members are assumed to be married. |
| Spouses age | Males are assumed to be three years older than females. |
| Salary increase | See table below. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance. |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

| <u>Salary Scale</u> | |
|---------------------|-------------|
| <u>Service</u> | <u>Rate</u> |
| 0 | 11.00% |
| 1 | 10.75% |
| 2 | 8.75% |
| 3 | 8.50% |
| 4 | 7.00% |
| 5 | 6.25% |
| 6 | 5.25% |
| 7 | 4.25% |
| 8-16 | 4.00% |
| 17-32 | 3.75% |
| 32+ | 3.50% |

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class. For 2021, the inflation rate assumption of the investment advisor was 2.40%. 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 geometric real rates of return for each major asset class included in the Plan’s asset allocation as of April 30, 2021 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 | 45.00% | 4.10% |
| Fixed Income | 55.00% | -0.30% |

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 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, 2020 | \$ 11,733,255 | \$ 5,984,156 | \$ 5,749,099 |
| Service cost | 233,030 | - | 233,030 |
| Interest on total pension liability | 702,529 | - | 702,529 |
| Changes of benefit terms | 5,177 | - | 5,177 |
| Differences between expected and actual experience of the total pension liability | 201,224 | - | 201,224 |
| Changes of assumptions | - | - | - |
| Benefit payments, including refunds of employee contributions | (514,945) | (514,945) | - |
| Contributions - employer | - | 469,260 | (469,260) |
| Contributions - employee | - | 81,231 | (81,231) |
| Net investment income | - | 183,546 | (183,546) |
| Administrative expense | - | (12,186) | 12,186 |
| Net changes | 627,015 | 206,906 | 420,109 |
| Reporting period ending April 30, 2021 | \$ 12,360,270 | \$ 6,191,062 | \$ 6,169,208 |

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 | \$ 8,152,964 | \$ 6,169,208 | \$ 4,576,621 |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

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

For the year ended April 30, 2021, the City recognized a pension expense of \$691,513. At April 30, 2021, 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 | \$ 199,816 | \$ 511,534 |
| Net difference between projected and actual earnings on pension plan investments | 189,047 | - |
| Changes of assumptions | 455,894 | 101,268 |
| Contributions subsequent to the measurement date | 501,378 | - |
| Total | <u>\$ 1,346,135</u> | <u>\$ 612,802</u> |

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table has been recognized as a reduction in the net pension liability for the year ending April 30, 2021. 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 |
|-----------------------|--|
| 2022 | \$ 110,761 |
| 2023 | 47,180 |
| 2024 | 19,025 |
| 2025 | 54,989 |
| 2026 | - |
| | <u>\$ 231,955</u> |

Payable to Plan

The City reported a payable of \$159,258 to the Police Pension Fund as of April 30, 2021.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

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, 2020 consisted of the following:

| | |
|--|------------------|
| Retirees and beneficiaries currently receiving benefits | 12 |
| Inactive plan members entitled to but not yet receiving benefits | - |
| Active plan members | <u>13</u> |
| Total | <u><u>25</u></u> |

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

The Plan provides retirement benefits as well as death and disability benefits. For persons who first become firefighters prior to January 1, 2011, covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the monthly salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years, but less than 20 years, of credited service may retire at or after age 60 and receive a reduced benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Employees hired after January 1, 2011, attaining the age of 55 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the average salary for the last 8 years of service, up to a maximum average salary of \$106,800 adjusted for inflation. The annual benefit shall be increased by 2.5% of such salary for each additional year over 20 years up to a maximum of 75% of such salary. Employees with at least 10 years, but less than 20 years, of credited service may retire at or after age 60 and receive a reduced benefit. Employees that have attained the age of 50 with at least 10 years of service may retire, but their pension is reduced by one-half percent per year for each year the employee is under age 55. The monthly pension shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 60 years, by the lesser of 1/12 of 3% of the original pension times the number of months the employee has been retired since age 60 (up to a maximum of 15%) or a factor of the CPI-U. Dependents receive a pension of 2/3 of the member’s pension at date of death with an annual increase under the same formula as the retired employee.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

Contributions and Funding Policy

Covered employees are required by State statutes to contribute 9.455% of their base salary to the Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required by State statutes to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary. By the year 2040, the City's contributions must accumulate to the point where the past service cost for the Plan is at least 90% funded.

Net Pension Liability

The Total Pension Liability was determined by an actuarial valuation as of May 1, 2020 updated to April 30, 2021 using the following actuarial assumptions:

| | |
|---------------------------------|--|
| Actuarial cost method | Entry age normal |
| Inflation | 2.50% |
| Interest rate | 6.00% |
| Investment rate of return | 6.00% |
| Mortality rate – active lives | PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019. 20% of active deaths are assumed to be in the line of duty. |
| Mortality rate – inactive lives | PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2019. |
| Mortality rate – beneficiaries | PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2019. |
| Mortality rate – disabled lives | PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2019. |
| Disability rate | 80% of the disabilities are assumed to be in the line of duty. This is based on a 2017 experience study performed by the Illinois Department of Insurance. |
| Cost-of-living adjustment | Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement. |
| Salary increase | See table below. This is based on a 2017 experience study performed for the State of Illinois Department of Insurance. |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

| | <u>Salary Scale</u> |
|-------|---------------------|
| | <u>Service Rate</u> |
| 0 | 12.50% |
| 1 | 12.00% |
| 2 | 10.00% |
| 3 | 8.50% |
| 4 | 7.50% |
| 5 | 6.00% |
| 6 | 4.50% |
| 7-26 | 4.00% |
| 27-30 | 3.75% |
| 31+ | 3.50% |

| | |
|----------------|---|
| Marital status | 80% of members are assumed to be married. |
| Spouses age | Males are assumed to be three years older than females. |

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. For 2021, the inflation rate assumption of the investment advisor was 2.40%. 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 geometric real rates of return for each major asset class included in the Plan's asset allocation as of April 30, 2021 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 | 45.00% | 4.10% |
| Fixed Income | 55.00% | -0.30% |

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 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, 2020 | \$ 9,413,437 | \$ 5,769,475 | \$ 3,643,962 |
| Service cost | 293,564 | - | 293,564 |
| Interest on total pension liability | 568,960 | - | 568,960 |
| Changes of benefit terms | 22,724 | - | 22,724 |
| Differences between expected and actual experience of the total pension liability | 366,896 | - | 366,896 |
| Changes of assumptions | - | - | - |
| Benefit payments, including refunds of employee contributions | (448,672) | (448,672) | - |
| Contributions - employer | - | 322,071 | (322,071) |
| Contributions - employee | - | 76,241 | (76,241) |
| Net investment income | - | 199,687 | (199,687) |
| Contributions - unallocated | - | - | - |
| Administrative expense | - | (31,683) | 31,683 |
| Adjustment to beginning of year | - | - | - |
| Net changes | 803,472 | 117,644 | 685,828 |
| Reporting period ending April 30, 2021 | \$ 10,216,909 | \$ 5,887,119 | \$ 4,329,790 |

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 | \$ 5,980,609 | \$ 4,329,790 | \$ 3,003,663 |

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

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

For the year ended April 30, 2021, the City recognized a Pension Expense of \$675,423. At April 30, 2021, 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 | \$ 421,677 | \$ 246,074 |
| Net difference between projected and actual earnings on pension plan investments | 153,850 | - |
| Changes of assumptions | 466,667 | 186,960 |
| Contributions subsequent to the measurement date | 379,580 | - |
| Total | <u>\$ 1,421,774</u> | <u>\$ 433,034</u> |

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table has been recognized as a reduction in the net pension liability for the year ending April 30, 2021. 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 of Resources |
|-----------------------|--|
| 2022 | \$ 98,306 |
| 2023 | 101,831 |
| 2024 | 94,715 |
| 2025 | 85,406 |
| 2026 | 50,463 |
| Thereafter | 178,439 |
| | <u>\$ 609,160</u> |

Amounts Receivable From/ Payable to Plan

The City reported a receivable of \$30,617 to the Firefighters' Pension Fund as of April 30, 2021. The City also reported a payable of \$11,491 to the Firefighters Pension Fund as of April 30, 2021.

City of Litchfield, Illinois
NOTES TO FINANCIAL STATEMENTS

NOTE J | 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, 2021.

NOTE K | 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 FINANCIAL STATEMENTS

NOTE L | 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 \$4,372 and sales tax of \$69,235, and redirected hotel/motel taxes of \$8,505.

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 M | CONTINGENCIES

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
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - CASH BASIS - UNAUDITED
Year Ended April 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|---------------|---|
| REVENUES | | | | |
| Property taxes | \$ 1,578,250 | \$ 1,578,250 | \$ 1,571,193 | \$ (7,057) |
| Charges for services | 509,900 | 509,900 | 445,470 | (64,430) |
| Fines and costs | 71,325 | 71,325 | 56,539 | (14,786) |
| Other taxes | 5,589,483 | 5,589,483 | 5,357,159 | (232,324) |
| Licenses and permits | 340,580 | 340,580 | 241,951 | (98,629) |
| Grants and donations | 100,000 | 100,000 | 862,074 | 762,074 |
| Investment earnings | 42,310 | 42,310 | 42,580 | 270 |
| Miscellaneous | 164,650 | 164,650 | 159,413 | (5,237) |
| Total revenues | 8,396,498 | 8,396,498 | 8,736,379 | 339,881 |
| EXPENDITURES | | | | |
| General government | 1,093,595 | 1,129,595 | 1,103,821 | 25,774 |
| Public safety | 2,907,230 | 3,052,930 | 2,888,357 | 164,573 |
| Highways and streets | 936,115 | 976,115 | 915,511 | 60,604 |
| Economic development | 185,708 | 225,708 | 204,016 | 21,692 |
| Culture and recreation | 528,769 | 528,769 | 474,878 | 53,891 |
| Capital outlay | 1,418,059 | 2,675,059 | 2,227,587 | 447,472 |
| Debt service | | | | |
| Principal | 284,747 | 284,747 | 50,446 | 234,301 |
| Interest | - | - | 24,286 | (24,286) |
| Total expenditures | 7,354,223 | 8,872,923 | 7,888,902 | 984,021 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of capital assets | 515,000 | 515,000 | 13,423 | (501,577) |
| Proceeds from borrowings | 225,000 | 225,000 | 1,466,000 | 1,241,000 |
| Transfers in | 3,219,831 | 3,219,831 | 3,136,555 | (83,276) |
| Transfers out | (4,799,052) | (4,919,052) | (4,770,352) | 148,700 |
| Total other financing sources (uses) | (839,221) | (959,221) | (154,374) | 804,847 |
| Net change in fund balances | 203,054 | (1,435,646) | 693,103 | \$ 2,128,749 |
| Fund balance at May 1, 2020 | 1,950,000 | 1,950,000 | 1,950,000 | |
| Fund balance at April 30, 2021 | \$ 2,153,054 | \$ 514,354 | 2,643,103 | |
| Adjustments to reconcile GAAP and budgetary basis statement: | | | | |
| Intergovernmental receivables | | | 1,115,589 | |
| Other receivables | | | 282,395 | |
| Prepaid items | | | 262,992 | |
| Accounts payable and customer deposits | | | (349,260) | |
| Accrued liabilities | | | (103,072) | |
| GAAP basis fund balance | | | \$ 3,851,747 | |

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, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Property taxes | \$ 1,090,000 | \$ 1,090,000 | \$ 1,159,756 | \$ 69,756 |
| Investment earnings | 26,500 | 26,500 | 13,024 | (13,476) |
| Total revenues | 1,116,500 | 1,116,500 | 1,172,780 | 56,280 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic development | 775,000 | 775,000 | 660,965 | 114,035 |
| Capital outlay | 1,415,000 | 1,404,180 | 835,522 | 568,658 |
| Total expenditures | 2,190,000 | 2,179,180 | 1,496,487 | 682,693 |
| Excess (deficiency) of revenues over expenditures | (1,073,500) | (1,062,680) | (323,707) | 738,973 |
| Fund balance at May 1, 2020 | 1,920,015 | 1,920,015 | 1,920,015 | - |
| Fund balance at April 30, 2021 | <u>\$ 846,515</u> | <u>\$ 857,335</u> | 1,596,308 | <u>\$ 738,973</u> |
| Adjustments to reconcile GAAP and budgetary basis statement: | | | | |
| Accounts payable | | | <u>(14,229)</u> | |
| GAAP basis fund balance | | | <u>\$ 1,582,079</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, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Grants and donations | \$ 688,664 | \$ 688,664 | \$ 677,030 | \$ (11,634) |
| Investment earnings | 98,794 | 98,794 | 22,951 | (75,843) |
| Miscellaneous | 93,750 | 93,750 | 150,709 | 56,959 |
| Total revenues | <u>881,208</u> | <u>881,208</u> | <u>850,690</u> | <u>(30,518)</u> |
| EXPENDITURES | | | | |
| Economic development | 332,369 | 332,369 | 275,879 | 56,490 |
| Capital outlays | 2,423,699 | 2,423,699 | 2,033,013 | 390,686 |
| Total expenditures | <u>2,756,068</u> | <u>2,756,068</u> | <u>2,308,892</u> | <u>447,176</u> |
| Excess (Deficiency) of Revenues over expenditures | (1,874,860) | (1,874,860) | (1,458,202) | 416,658 |
| Other financing sources (uses) | | | | |
| Proceeds from borrowings | 818,087 | 818,087 | 3,950,000 | 3,131,913 |
| Transfers in | 772,726 | 772,726 | 772,726 | - |
| Transfers out | (270,445) | (270,445) | (270,445) | - |
| Total other financing sources (uses) | <u>1,320,368</u> | <u>1,320,368</u> | <u>4,452,281</u> | <u>3,131,913</u> |
| NET CHANGE IN FUND BALANCE | (554,492) | (554,492) | 2,994,079 | 3,548,571 |
| Fund balances at May 1, 2020 | <u>689,513</u> | <u>689,513</u> | <u>689,513</u> | <u>-</u> |
| Fund balances at April 30, 2021 | <u>\$ 135,021</u> | <u>\$ 135,021</u> | <u>3,683,592</u> | <u>\$ 3,548,571</u> |
| Adjustments to reconcile GAAP and budgetary basis statement: | | | | |
| Receivables | | | 396,548 | |
| Accounts payable and accrued liabilities | | | <u>(49,778)</u> | |
| GAAP basis fund balance | | | <u>\$ 4,030,362</u> | |

City of Litchfield, Illinois
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Year Ended April 30, 2021

NOTE A | 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, 2021. Supplemental appropriations in the General Fund totaled \$1,518,700.
- 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 governmental 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, 2021

| Measurement date | <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> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Total pension liability | | | | | | |
| Service cost | \$ 233,030 | \$ 265,157 | \$ 309,870 | \$ 293,024 | \$ 267,307 | \$ 247,350 |
| Interest | 702,529 | 682,446 | 666,926 | 627,675 | 576,822 | 551,115 |
| Changes of benefit terms | 5,177 | - | - | - | - | - |
| Difference between expected and actual experience | 201,224 | (688,465) | (73,039) | 116,508 | (96,236) | - |
| Changes of assumptions | - | 565,479 | (202,536) | - | 473,435 | - |
| Benefit payments and refunds | (514,945) | (400,611) | (395,068) | (404,685) | (394,307) | (385,638) |
| Net change in total pension liability | 627,015 | 424,006 | 306,153 | 632,522 | 827,021 | 412,827 |
| Total pension liability - beginning | 11,733,255 | 11,309,249 | 11,003,096 | 10,370,574 | 9,543,553 | 9,130,726 |
| Total pension liability - ending (a) | <u>\$ 12,360,270</u> | <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 | \$ 469,260 | \$ 497,167 | \$ 460,747 | \$ 422,407 | \$ 393,788 | \$ 368,978 |
| Employee contributions | 81,231 | 82,205 | 81,399 | 80,428 | 79,911 | 75,398 |
| Net investment income | 183,546 | 287,030 | 268,097 | 284,621 | (56,926) | 242,793 |
| Benefit payments and refunds | (514,945) | (400,611) | (395,068) | (404,685) | (394,307) | (385,638) |
| Administrative expense | (12,186) | (12,963) | (13,343) | (14,737) | (13,916) | (25,620) |
| Net change in plan fiduciary net position | 206,906 | 452,828 | 401,832 | 368,034 | 8,550 | 275,911 |
| Plan fiduciary net position - beginning | 5,984,156 | 5,531,328 | 5,129,496 | 4,761,462 | 4,752,912 | 4,477,001 |
| Plan fiduciary net position - ending (b) | <u>\$ 6,191,062</u> | <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>\$ 6,169,208</u> | <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 | 50.09% | 51.00% | 48.91% | 46.62% | 45.91% | 49.80% |
| Covered valuation payroll | \$ 819,687 | \$ 829,516 | \$ 821,382 | \$ 811,584 | \$ 806,367 | \$ 728,728 |
| Net pension liability as a percentage of covered valuation payroll | 752.63% | 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, 2021

| | <u>4/30/2021</u> | <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 | \$ 413,306 | \$ 452,585 | \$ 437,119 | \$ 458,839 | \$ 425,024 | \$ 384,706 | \$ 355,545 |
| Contributions in relation to the actuarially determined contributions | 501,378 | 469,260 | 497,167 | 460,747 | 422,407 | 393,788 | 368,978 |
| Contribution deficiency (excess) | <u>\$ (88,072)</u> | <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 | \$ 853,058 | \$ 819,687 | \$ 829,519 | \$ 821,382 | \$ 811,584 | \$ 806,367 | \$ 728,728 |
| Contributions as a percentage of covered employee payroll | 58.77% | 57.25% | 59.93% | 56.09% | 52.05% | 48.83% | 50.63% |

Notes to Schedule

Valuation Date: 5/1/2020
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: 6.25%
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, 2021

| Measurement date | <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> |
|--|------------------|------------------|------------------|------------------|------------------|
| Total pension liability | | | | | |
| Service cost | \$ 293,564 | \$ 277,972 | \$ 331,901 | \$ 325,562 | \$ 296,296 |
| Interest | 568,960 | 517,485 | 520,022 | 489,504 | 459,329 |
| Changes of benefit terms | 22,724 | - | - | - | - |
| Difference between expected and actual experience | 366,896 | 83,449 | (160,608) | 55,161 | (312,755) |
| Changes of assumptions | - | 389,709 | (280,442) | - | 368,013 |
| Benefit payments and refunds | (448,672) | (403,912) | (394,530) | (341,362) | (333,082) |
| Net change in total pension liability | 803,472 | 864,703 | 16,343 | 528,865 | 477,801 |
| Total pension liability - beginning | 9,413,437 | 8,548,734 | 8,532,391 | 8,003,526 | 7,525,725 |
| Total pension liability - ending (a) | \$ 10,216,909 | \$ 9,413,437 | \$ 8,548,734 | \$ 8,532,391 | \$ 8,003,526 |
| Plan fiduciary net position | | | | | |
| Employer contributions | \$ 322,071 | \$ 318,668 | \$ 334,374 | \$ 254,032 | \$ 308,235 |
| Employee contributions | 76,241 | 75,294 | 78,163 | 81,287 | 79,054 |
| Net investment income | 199,687 | 283,890 | 279,581 | 314,791 | (99,451) |
| Benefit payments and refunds | (448,672) | (403,912) | (394,530) | (341,362) | (333,082) |
| Administrative expense | (31,683) | (33,307) | (24,899) | (16,761) | (21,513) |
| Other | - | (1) | (1) | - | 27,089 |
| Net change in plan fiduciary net position | 117,644 | 240,632 | 272,688 | 291,987 | (39,668) |
| Plan fiduciary net position - beginning | 5,769,475 | 5,528,843 | 5,256,155 | 4,964,168 | 5,003,836 |
| Plan fiduciary net position - ending (b) | \$ 5,887,119 | \$ 5,769,475 | \$ 5,528,843 | \$ 5,256,155 | \$ 4,964,168 |
| Employer's net pension liability - ending (a) - (b) | \$ 4,329,790 | \$ 3,643,962 | \$ 3,019,891 | \$ 3,276,236 | \$ 3,039,358 |
| Plan fiduciary net position as a percentage of total pension liability | 57.62% | 61.29% | 64.67% | 61.60% | 62.02% |
| Covered valuation payroll | \$ 806,356 | \$ 796,341 | \$ 826,684 | \$ 859,725 | \$ 836,108 |
| Net pension liability as a percentage of covered valuation payroll | 536.96% | 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, 2021

| | <u>4/30/2021</u> | <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 | \$ 366,282 | \$ 341,085 | \$ 299,664 | \$ 294,102 | \$ 308,442 | \$ 231,354 | \$ 282,058 |
| Contributions in relation to the actuarially determined contributions | 379,580 | 322,071 | 318,668 | 334,374 | 254,032 | 308,235 | 316,244 |
| Contribution deficiency (excess) | <u>\$ (13,298)</u> | <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 | \$ 809,878 | \$ 806,356 | \$ 796,341 | \$ 826,684 | \$ 859,725 | \$ 836,108 | \$ 740,983 |
| Contributions as a percentage of covered employee payroll | 46.87% | 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: 6.25%
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, 2021

| Measurement date | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> |
|--|---------------------|---------------------|-------------------|
| Total pension liability | | | |
| Service cost | \$ 169,466 | \$ 75,731 | \$ 6,509 |
| Interest | 141,702 | 2,776 | 244 |
| Difference between expected and actual experience | 201,612 | 1,807,538 | (1,813) |
| Changes of assumptions | (34,336) | - | 170 |
| Benefit payments and refunds | (23,994) | (9,374) | - |
| Net change in total pension liability | <u>454,450</u> | <u>1,876,671</u> | <u>5,110</u> |
| Total pension liability - beginning | <u>1,881,781</u> | <u>5,110</u> | <u>-</u> |
| Total pension liability - ending (a) | <u>\$ 2,336,231</u> | <u>\$ 1,881,781</u> | <u>\$ 5,110</u> |
| Plan fiduciary net position | | | |
| Employer contributions | \$ 96,802 | \$ 257,513 | \$ 9,938 |
| Employee contributions | 135,680 | 525,559 | 2,973 |
| Net investment income | 86,520 | 2,244 | - |
| Benefit payments and refunds | (23,994) | (9,374) | - |
| Other | (16,328) | (7,079) | (600) |
| Net change in plan fiduciary net position | <u>278,680</u> | <u>768,863</u> | <u>12,311</u> |
| Plan fiduciary net position - beginning | <u>781,174</u> | <u>12,311</u> | <u>-</u> |
| Plan fiduciary net position - ending (b) | <u>\$ 1,059,854</u> | <u>\$ 781,174</u> | <u>\$ 12,311</u> |
| Employer's net pension liability - ending (a) - (b) | <u>\$ 1,276,377</u> | <u>\$ 1,100,607</u> | <u>\$ (7,201)</u> |
| Plan fiduciary net position as a percentage of total pension liability | 45.37% | 41.51% | 240.92% |
| Covered valuation payroll | \$ 1,772,941 | \$ 1,712,180 | \$ 66,074 |
| Net pension liability as a percentage of covered valuation payroll | 71.99% | 64.28% | -10.90% |

Note to Schedule

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, 2021

| | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> |
|---|-------------------|---------------------|-------------------|
| Actuarially determined contribution | \$ 96,803 | \$ - | \$ - |
| Contributions in relation to the actuarially determined contributions | 96,803 | 257,513 | 9,938 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (257,513)</u> | <u>\$ (9,938)</u> |
| Covered employee payroll | \$ 1,772,941 | \$ 1,712,180 | \$ 66,074 |
| Contributions as a percentage of covered employee payroll | 5.46% | 15.04% | 15.04% |

Notes to Schedule

Valuation Date: 12/31/2018
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): 23-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 27 years and four others were financed over 28 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 2019, so prior year information is not available. Additional years will be displayed as they become available.

City of Litchfield, Illinois
SCHEDULE OF NONMAJOR GOVERNMENTAL FUNDS
April 30, 2021

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. It's 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, 2021

| | Ambulance Fund | Motor Fuel Tax Fund | Tax Increment Financing Fund #2 | Tax Increment Financing Fund #3 | Tourism Fund |
|---|---------------------------|--------------------------------|--|--|---------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 58,305 | \$ 531,083 | \$ 222,857 | \$ 167,442 | \$ 32,124 |
| Receivables for services | 98,584 | - | - | - | - |
| Receivables for property taxes | 185,310 | - | 33,355 | 22,708 | - |
| Notes receivable | - | - | - | - | - |
| Intergovernmental receivable | - | 99,077 | - | - | - |
| Prepaid items | 41,581 | - | - | - | 2,491 |
| Due from other funds | - | - | - | - | - |
| Total assets | <u>\$ 383,780</u> | <u>\$ 630,160</u> | <u>\$ 256,212</u> | <u>\$ 190,150</u> | <u>\$ 34,615</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 17,692 | \$ - | \$ - | \$ - | 33,917 |
| Accrued liabilities | 22,010 | - | - | - | 2,502 |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>39,702</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>36,419</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes | <u>185,310</u> | <u>-</u> | <u>33,357</u> | <u>22,708</u> | <u>-</u> |
| FUND BALANCES | | | | | |
| Nonspendable | 41,581 | - | - | - | 2,491 |
| Restricted | | | | | |
| Public safety | - | - | - | - | - |
| Highways and streets | - | 630,160 | - | - | - |
| Economic development | - | - | 222,855 | 167,442 | - |
| Assigned: | | | | | |
| Emergency services and public safety | 117,187 | - | - | - | - |
| Economic development | - | - | - | - | - |
| Unassigned: | - | - | - | - | (4,295) |
| Total fund balances | <u>158,768</u> | <u>630,160</u> | <u>222,855</u> | <u>167,442</u> | <u>(1,804)</u> |
| Total liabilities and fund balance | <u>\$ 383,780</u> | <u>\$ 630,160</u> | <u>\$ 256,212</u> | <u>\$ 190,150</u> | <u>\$ 34,615</u> |

City of Litchfield, Illinois
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
April 30, 2021

| | City Loan Fund | Civil Defense Fund | Grant Fund | Foreign Fire Tax Insurance Fund | Total |
|---|---------------------------|-------------------------------|-------------------|--|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 89,089 | \$ 1,751 | \$ 70,368 | \$ 5,301 | \$ 1,178,320 |
| Receivables for services | - | - | - | - | 98,584 |
| Receivables for property taxes | - | - | - | - | 241,373 |
| Notes receivable | 110,371 | - | - | - | 110,371 |
| Intergovernmental receivable | - | - | - | - | 99,077 |
| Prepaid items | - | - | - | - | 44,072 |
| Due from other funds | 47,290 | - | - | - | 47,290 |
| Total assets | <u>\$ 246,750</u> | <u>\$ 1,751</u> | <u>\$ 70,368</u> | <u>\$ 5,301</u> | <u>\$ 1,819,087</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 51,609 |
| Accrued liabilities | - | - | - | - | 24,512 |
| Due to other funds | 282,395 | - | - | - | 282,395 |
| Total liabilities | <u>282,395</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>358,516</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes | - | - | - | - | 241,375 |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | - | 44,072 |
| Restricted | | | | | |
| Public safety | - | - | - | 5,301 | 5,301 |
| Highways and streets | - | - | - | - | 630,160 |
| Economic development | - | - | 70,368 | - | 460,665 |
| Assigned: | | | | | |
| Emergency services and public safety | - | 1,751 | - | - | 118,938 |
| Economic development | - | - | - | - | - |
| Unassigned: | (35,645) | - | - | - | (39,940) |
| Total fund balances | <u>(35,645)</u> | <u>1,751</u> | <u>70,368</u> | <u>5,301</u> | <u>1,219,196</u> |
| Total liabilities and fund balance | <u>\$ 246,750</u> | <u>\$ 1,751</u> | <u>\$ 70,368</u> | <u>\$ 5,301</u> | <u>\$ 1,819,087</u> |

City of Litchfield, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2021

| | Ambulance Fund | Motor Fuel Tax Fund | Tax Increment Financing Fund #2 | Tax Increment Financing Fund #3 | Tourism Fund |
|--|---------------------------|--------------------------------|--|--|-------------------------|
| REVENUES | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 180,544 | \$ - | \$ 32,368 | \$ 22,708 | \$ - |
| Hotel/motel taxes | - | - | - | - | 131,816 |
| Motor fuel taxes | - | 248,445 | - | - | - |
| Other | - | - | - | - | - |
| Charges for services | 562,410 | - | - | - | - |
| Grants | - | 228,654 | - | - | 29,246 |
| Investment earnings | 211 | 3,176 | 1,601 | 1,132 | 1,674 |
| Miscellaneous | - | - | - | - | 15,700 |
| Total revenues | 743,165 | 480,275 | 33,969 | 23,840 | 178,436 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | - | - | - | - | - |
| Public safety | 1,006,828 | - | - | - | - |
| Highways and streets | - | 15,074 | - | - | - |
| Economic development | - | - | 6,183 | 1,833 | - |
| Culture | - | - | - | - | 149,973 |
| Capital outlay | 3,083 | 219,326 | - | - | 132,480 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Total expenditures | 1,009,911 | 234,400 | 6,183 | 1,833 | 282,453 |
| Excess (deficiency) of revenues over expenditures | (266,746) | 245,875 | 27,786 | 22,007 | (104,017) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 340,000 | - | - | - | - |
| Transfers out | (7,500) | - | - | - | (85,000) |
| Total other financing sources (uses) | 332,500 | - | - | - | (85,000) |
| NET CHANGE IN FUND BALANCES | 65,754 | 245,875 | 27,786 | 22,007 | (189,017) |
| Fund balances at May 1, 2020 - as restated | 93,014 | 384,285 | 195,069 | 145,435 | 187,213 |
| Fund balances at April 30, 2021 | \$ 158,768 | \$ 630,160 | \$ 222,855 | \$ 167,442 | \$ (1,804) |

City of Litchfield, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2021

| REVENUES | City Loan Fund | Civil Defense Fund | Grant Fund | Foreign Fire Tax Insurance Fund | Total |
|--|---------------------------|-------------------------------|-------------------|--|------------------|
| Taxes | | | | | |
| Property taxes | \$ - | \$ 1,549 | \$ - | \$ - | \$ 237,169 |
| Hotel/motel taxes | - | - | - | - | 131,816 |
| Motor fuel taxes | - | - | - | - | 248,445 |
| Other | - | - | - | - | - |
| Charges for services | - | - | - | - | 562,410 |
| Grants | - | - | 925,477 | - | 1,183,377 |
| Investment earnings | 4,846 | 13 | - | - | 12,653 |
| Miscellaneous | - | - | - | - | 15,700 |
| Total revenues | 4,846 | 1,562 | 925,477 | - | 2,391,570 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | 1,838 | - | 1,289 | 1,009,955 |
| Highways and streets | - | - | - | - | 15,074 |
| Economic development | - | - | - | - | 8,016 |
| Culture | - | - | - | - | 149,973 |
| Capital outlay | - | - | 941,718 | 6,287 | 1,302,894 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Total expenditures | - | 1,838 | 941,718 | 7,576 | 2,485,912 |
| Excess (deficiency) of revenues over expenditures | 4,846 | (276) | (16,241) | (7,576) | (94,342) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 30,000 | 1,000 | - | - | 371,000 |
| Transfers out | (197,429) | - | - | - | (289,929) |
| Total other financing sources (uses) | (167,429) | 1,000 | - | - | 81,071 |
| NET CHANGE IN FUND BALANCES | (162,583) | 724 | (16,241) | (7,576) | (13,271) |
| Fund balances at May 1, 2019 - as restated | 126,938 | 1,027 | 86,609 | 12,877 | 1,232,467 |
| Fund balances at April 30, 2020 | \$ (35,645) | \$ 1,751 | \$ 70,368 | \$ 5,301 | \$ 1,219,196 |

City of Litchfield, Illinois
SCHEDULE OF FIDUCIARY FUNDS
April 30, 2021

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
April 30, 2021

| | Police Pension Trust Fund | Firefighters Pension Trust Fund | Total |
|---------------------------------|--|--|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 168,796 | \$ 506,858 | \$ 675,654 |
| Certificates of deposit | - | 195,176 | 195,176 |
| Interest receivable | 29,243 | 26,708 | 55,951 |
| Due from other governments | 159,258 | 11,491 | 170,749 |
| Investments, at fair value | | | |
| U.S. Treasury securities | 1,704,360 | 1,733,410 | 3,437,770 |
| U.S. Agency securities | 268,947 | 218,786 | 487,733 |
| Equity mutual funds | 3,256,584 | 3,084,878 | 6,341,462 |
| Foreign bonds and debentures | 88,543 | 50,429 | 138,972 |
| Corporate bonds | 1,737,336 | 1,186,765 | 2,924,101 |
| Total investments at fair value | <u>7,055,770</u> | <u>6,274,268</u> | <u>13,330,038</u> |
| Total assets | 7,413,067 | 7,014,501 | 14,427,568 |
| LIABILITIES | | | |
| Due to other governments | - | 30,617 | 30,617 |
| NET POSITION | | | |
| Restricted for pension benefits | <u>\$ 7,413,067</u> | <u>\$ 6,983,884</u> | <u>\$ 14,396,951</u> |

City of Litchfield, Illinois
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
Year Ended April 30, 2021

| | Police Pension Trust Funds | Firefighters Pension Trust Funds | Total |
|---|---|---|---------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 84,538 | \$ 76,574 | \$ 161,112 |
| Plan members | 501,378 | 379,580 | 880,958 |
| Total contributions | 585,916 | 456,154 | 1,042,070 |
| Investment income | | | |
| Interest and dividends | 148,927 | 149,780 | 298,707 |
| Net appreciation in fair value of investments | 1,058,882 | 1,000,574 | 2,059,456 |
| Investment expense | (16,409) | (15,742) | (32,151) |
| Net investment income | 1,191,400 | 1,134,612 | 2,326,012 |
| Total additions | 1,777,316 | 1,590,766 | 3,368,082 |
| DEDUCTIONS | | | |
| Benefits | 541,748 | 470,314 | 1,012,062 |
| Administration expenses | 13,564 | 23,687 | 37,251 |
| Total deductions | 555,312 | 494,001 | 1,049,313 |
| NET INCREASE IN PLAN NET POSITION | 1,222,004 | 1,096,765 | 2,318,769 |
| Net Position at May 1, 2020 | 6,191,063 | 5,887,119 | 12,078,182 |
| Net Position at April 30, 2021 | \$ 7,413,067 | \$ 6,983,884 | \$ 14,396,951 |

City of Litchfield
SCHEDULE OF ASSESSED VALUATION, TAX RATES, EXTENSIONS AND COLLECTIONS – UNAUDITED
Year ended April 30, 2021

| Levy Year | <u>2020</u> | | <u>2019</u> | | <u>2018</u> | | <u>2017</u> | | <u>2016</u> | |
|---------------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|--------------|---------------|
| Assessed Valuation | \$95,191,444 | | \$91,797,754 | | \$91,198,622 | | \$87,646,158 | | \$85,673,529 | |
| | Tax Rate | Tax Extension | Tax Rate | Tax Extension | Tax Rate | Tax Extension | Tax Rate | Tax Extension | Tax Rate | Tax Extension |
| Corporate | 0.18509 | \$ 176,190 | 0.18426 | \$ 169,147 | 0.21051 | \$ 191,982 | 0.19117 | \$ 167,553 | 0.18694 | \$ 160,158 |
| Fire Protection | 0.10622 | 101,112 | 0.11015 | 101,115 | 0.10977 | 100,109 | 0.11090 | 97,200 | 0.11014 | 94,361 |
| Fire Pension | 0.38479 | 366,287 | 0.37157 | 341,093 | 0.32859 | 299,670 | 0.33556 | 294,105 | 0.36003 | 308,450 |
| Police Protection | 0.10622 | 101,112 | 0.11015 | 101,115 | 0.10977 | 100,109 | 0.11090 | 97,200 | 0.11014 | 94,361 |
| Police Pension | 0.43419 | 413,312 | 0.49303 | 452,590 | 0.47931 | 437,124 | 0.52352 | 458,845 | 0.49610 | 425,026 |
| Audit | 0.01503 | 14,307 | 0.01558 | 14,302 | 0.01553 | 14,163 | 0.01569 | 13,752 | 0.01558 | 13,348 |
| Liability Insurance | 0.11726 | 111,621 | 0.12159 | 111,617 | 0.13719 | 125,115 | 0.12819 | 112,354 | 0.14998 | 128,493 |
| Civil Defense | 0.00163 | 1,551 | 0.00169 | 1,551 | 0.00171 | 1,560 | 0.00177 | 1,551 | 0.00181 | 1,551 |
| Social Security | 0.08886 | 84,587 | 0.09215 | 84,592 | 0.09183 | 83,748 | 0.09277 | 81,309 | 0.09214 | 78,940 |
| Workmens Comp | 0.17044 | 162,244 | 0.16907 | 155,202 | 0.17935 | 163,565 | 0.17011 | 149,095 | 0.14629 | 125,332 |
| TIF #1 | 0.00000 | 1,107,137 | 0.00000 | 1,194,911 | 0.00000 | 1,097,229 | 0.00000 | 1,132,512 | 0.00000 | 1,052,622 |
| TIF #2 | 0.00000 | 33,362 | 0.00000 | 33,555 | 0.00000 | 30,758 | 0.00000 | 36,043 | 0.00000 | 20,109 |
| TIF #3 | 0.00000 | 25,670 | 0.00000 | 22,708 | 0.00000 | 21,980 | 0.00000 | 20,656 | 0.00000 | 17,550 |
| Ambulance | 0.12775 | 185,013 | 0.13064 | 181,010 | 0.13318 | 181,000 | 0.13889 | 181,010 | 0.14357 | 181,005 |
| | 1.73748 | \$ 2,883,505 | 1.79988 | \$ 2,964,508 | 1.79674 | \$ 2,848,111 | 1.81947 | \$ 2,843,184 | 1.81272 | \$ 2,701,306 |

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 \$42,307, \$48,265, \$45,898, \$45,486, and \$44,165 for the levy years 2020, 2019, 2018, 2017, and 2016, respectively.