

**CITY OF FARMER CITY, ILLINOIS**

**Annual Financial Report**

**For the Fiscal Year Ended April 30, 2020**

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# STRIEGEL KNOBLOCH & COMPANY, L.L.C.

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## **Independent Auditor's Report**

The Honorable Mayor and Board of Councilmen  
City of Farmer City, Illinois

We were engaged to audit the financial statements of the City of Farmer City, Illinois ("City"), which comprise financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information as of and for the year ended April 30, 2020, which collectively comprise the City's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the City. Due to the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **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

### **Auditor's 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. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

### **Basis for Disclaimer of Opinion**

We were unable to obtain sufficient appropriate evidence regarding the balance of cash, stated as \$6,428,065 in the Statement of Net Position at April 30, 2020. We were unable to satisfy ourselves by other auditing procedures concerning the material difference between the balance reported by the financial institutions and the City's accounting system, including reconciling items.

## **Basis for Disclaimer of Opinion – Continued**

During our testing of accounts payable, additional issues arose related to: a) audit adjustments made in the prior year, not accurately recorded; b) healthcare reimbursements for a prior employee being incorrectly recorded as an offset to payables as well as in the wrong fund; c) checks that had been properly voided with the financial institution, but incorrectly handled in the accounting system; and d) utility revenue incorrectly recorded as an offset to general fund payables. These misstatements caused material errors in the balances of accounts payable, cash, and certain expenses as reported in the City's unadjusted accounting system.

We were unable to obtain sufficient appropriate evidence regarding the balance of utility charges for services, reported as \$3,186,30 in the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds at April 30, 2020. The City could not generate a report from their utility billing system that agreed to the balance of proprietary charges for services reported in the City's unadjusted accounting records, nor could a reconciliation thereof be presented.

Finally, a considerable number of audit entries were necessary to reclassify activity that had been recorded in either the incorrect account, incorrect fund, or lacked the offsetting transfer required by fund accounting.

As a result of these matters, we were unable to determine whether the above issues are isolated or pervade the accounting records. Moreover, we cannot be certain whether any additional adjustments may be necessary to correctly state the City's basic financial statements in accordance with Generally Accepted Accounting Procedure (U.S. GAAP) at April 30, 2020.

## **Disclaimer of Opinion**

Due to the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Illinois Municipal Retirement Fund – Schedule of Changes in the City's Net Position Liability and Related Ratios on page 41; the Illinois Municipal Retirement Fund – Schedule of Employer Contributions on page 42; and budgetary comparison information on pages 44 through 50 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

*Other Information*

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

The combining and individual nonmajor fund financial 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Striegel Knobloch & Company LLC*

Bloomington, Illinois  
December 7, 2020

## **BASIC FINANCIAL STATEMENTS**

**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Net Position**

**April 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and investments (Notes 1 and 2)	\$ 4,360,300	\$ 2,067,765	\$ 6,428,065
Receivables, net (Note 1):			
Property taxes (Note 5)	822,727	23,088	845,815
Intergovernmental (Note 11)	99,519	-	99,519
Accounts	2,037	169,053	171,090
Prepaid expenses	36,062	45,532	81,594
Internal balances	(1,700,000)	1,700,000	-
Capital assets, net of accumulated depreciation (Notes 1 and 3)	3,389,387	5,143,119	8,532,506
 Total assets	 <u>7,010,032</u>	 <u>9,148,557</u>	 <u>16,158,589</u>
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension obligations (Note 7)	258,948	196,852	455,800
 Total assets and deferred outflows of resources	 <u>\$ 7,268,980</u>	 <u>\$ 9,345,409</u>	 <u>\$ 16,614,389</u>
<b>Liabilities</b>			
Accounts payable	\$ 81,406	\$ 121,878	\$ 203,284
Accrued expenses	67,663	46,075	113,738
Meter deposits	-	32,277	32,277
Accrued interest	31,024	37,778	68,802
Bonds payable (Note 4):			
Due within one year	160,000	130,000	290,000
Due in more than one year	1,875,000	2,630,000	4,505,000
Unamortized bond			
Premiums and discounts	-	53,999	53,999
IMRF pension liability	538,404	408,317	946,721
 Total liabilities	 <u>2,753,497</u>	 <u>3,460,324</u>	 <u>6,213,821</u>
<b>Deferred Inflows of Resources</b>			
Deferred property tax (Note 5)	822,727	23,088	845,815
Deferred inflows related to pension obligations (Note 7)	325,922	247,644	573,566
 Total deferred inflows of resources	 <u>1,148,649</u>	 <u>270,732</u>	 <u>1,419,381</u>

- Continued -



**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Net Position – Continued**

**April 30, 2020**

	Governmental Activities	Business-Type Activities	Total
<b>Net Position</b>			
Invested in capital assets, net of related debt (Note 1)	1,354,387	2,383,119	3,737,506
Restricted for (Note 1):			
Tax increment financing district II	-	-	-
Tax increment financing district III	831,843	-	831,843
Capital projects	214,671	-	214,671
Motor fuel tax	73,778	-	73,778
Hotel-Motel tax	19,465	-	19,465
Business district tax	108,147	-	108,147
ESDA	4,580	-	4,580
Audit	53,464	-	53,464
Social security	113,353	-	113,353
Working cash	-	-	-
Insurance	451,025	-	451,025
School crossing guard	9,467	-	9,467
Library	43,655	-	43,655
Unrestricted (Note 1)	88,999	3,231,234	3,320,233
 Total net position	 3,366,834	 5,614,353	 8,981,187
 Total liabilities, deferred inflows of resources, and net position	 \$ 7,268,980	 \$ 9,345,409	 \$ 16,614,389

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Activities**

**For the Year Ended April 30, 2020**

	Program Revenues					Net (Expenses), Revenues, and Changes in Net Assets		Total
	Expenses	Fees, Licenses, and Permits	Fines	User Charges	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental activities:</b>								
General government	\$ 767,834	\$ 5,145	\$ -	\$ 402,000	\$ 20,000	\$ (340,689)	\$ -	\$ (340,689)
Public safety	541,894	-	31,419	8,077	-	(502,398)	-	(502,398)
Public works	1,285,959	-	-	-	-	(1,285,959)	-	(1,285,959)
Streets and alleys	272,617	-	-	-	-	(272,617)	-	(272,617)
Recreation	143,166	3,942	13,742	25,549	24,717	(75,216)	-	(75,216)
Interest on long-term debt	65,841	-	-	-	-	(65,841)	-	(65,841)
Changes in pension obligations	51,563	-	-	-	-	(51,563)	-	(51,563)
<b>Total governmental activities</b>	<b>3,128,874</b>	<b>9,087</b>	<b>45,161</b>	<b>435,626</b>	<b>44,717</b>	<b>(2,594,283)</b>	<b>-</b>	<b>(2,594,283)</b>
<b>Business-type activities:</b>								
Electric	2,666,695	-	31,529	2,374,892	-	-	(260,274)	(260,274)
Water	491,130	-	5,549	386,059	-	-	(99,522)	(99,522)
Sewer	536,340	-	5,297	358,210	-	-	(172,833)	(172,833)
Garbage	141,210	-	-	136,063	-	-	(5,147)	(5,147)
<b>Total business-type activities</b>	<b>3,835,375</b>	<b>-</b>	<b>42,375</b>	<b>3,255,224</b>	<b>-</b>	<b>-</b>	<b>(537,776)</b>	<b>(537,776)</b>
<b>Total primary government</b>	<b>\$ 6,964,249</b>	<b>\$ 9,087</b>	<b>\$ 87,536</b>	<b>\$ 3,690,850</b>	<b>\$ 44,717</b>	<b>\$ (2,594,283)</b>	<b>\$ (537,776)</b>	<b>\$ (3,132,059)</b>

General revenues:

Taxes:			
Property taxes	779,898	21,418	801,316
Income tax	200,357	-	200,357
Motor fuel tax	75,169	-	75,169
Replacement tax	23,372	-	23,372
Sales tax	183,358	-	183,358
Excise tax	16,192	-	16,192
Use tax	71,281	-	71,281
Video gaming tax	42,196	-	42,196
Cannabis tax	504	-	504
Business district tax	96,154	-	96,154
Hotel-Motel taxes	11,831	-	11,831
Miscellaneous income	31,279	38,093	69,372
Unrestricted investment earnings	30,274	23,092	53,366
Interfund transfers	331,782	(331,782)	-
<b>Total general revenues</b>	<b>1,893,647</b>	<b>(249,179)</b>	<b>1,644,468</b>
Change in net position	(700,636)	(786,955)	(1,487,591)
Net Position – beginning	4,067,470	6,401,308	10,468,778
<b>Net Position – ending</b>	<b>\$ 3,366,834</b>	<b>\$ 5,614,353</b>	<b>\$ 8,981,187</b>

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Balance Sheet – Governmental Funds**

**April 30, 2020**

	General Fund	Tax Increment Financing Fund II	Tax Increment Financing Fund III	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and equivalents (Notes 1 and 2)	\$ 1,087,836	\$ 376,631	\$ 31,965	\$ 1,939,646	\$ 924,222	\$ 4,360,300
Receivables, net:						
Property taxes (Note 5)	103,899	375,205	37,403	-	306,220	822,727
Intergovernmental (Note 11)	81,196	-	-	-	18,323	99,519
Other	50	-	-	-	1,987	2,037
Prepaid expenses	233	-	-	-	35,829	36,062
Due from other funds (Note 6)	-	25,905	825,783	-	-	851,688
	<u>\$ 1,273,214</u>	<u>\$ 777,741</u>	<u>\$ 895,151</u>	<u>\$ 1,939,646</u>	<u>\$ 1,286,581</u>	<u>\$ 6,172,333</u>
<b>Liabilities</b>						
Accounts payable	\$ 43,655	\$ 7,625	\$ -	\$ 24,975	\$ 5,151	\$ 81,406
Accrued expenses	54,074	-	-	-	13,589	67,663
Due to other funds (Note 6)	-	825,783	25,905	1,700,000	-	2,551,688
	<u>97,729</u>	<u>833,408</u>	<u>25,905</u>	<u>1,724,975</u>	<u>18,740</u>	<u>2,700,757</u>
<b>Deferred Inflows of Resources</b>						
Deferred property tax (Note 5)	103,899	375,205	37,403	-	306,220	822,727
<b>Fund Balance</b>						
Nonspendable	233	-	-	-	35,829	36,062
Restricted for:						
Tax increment financing district II	-	-	-	-	-	-
Tax increment financing district III	-	-	831,843	-	-	831,843
Capital projects	-	-	-	214,671	-	214,671
Motor fuel tax	-	-	-	-	73,778	73,778
Hotel-Motel tax	-	-	-	-	19,465	19,465
Business district tax	-	-	-	-	108,147	108,147
ESDA	-	-	-	-	4,580	4,580
Audit	-	-	-	-	53,464	53,464
Social security	-	-	-	-	113,353	113,353
Working cash	-	-	-	-	-	-
Insurance	-	-	-	-	451,025	451,025
School crossing guard	-	-	-	-	9,467	9,467
Library	-	-	-	-	43,655	43,655
Committed:						
Public safety	-	-	-	-	18,797	18,797
Unassigned	1,071,353	(430,872)	-	-	30,061	670,542
	<u>1,071,586</u>	<u>(430,872)</u>	<u>831,843</u>	<u>214,671</u>	<u>961,621</u>	<u>2,648,849</u>
Total fund balance	<u>1,071,586</u>	<u>(430,872)</u>	<u>831,843</u>	<u>214,671</u>	<u>961,621</u>	<u>2,648,849</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,273,214</u>	<u>\$ 777,741</u>	<u>\$ 895,151</u>	<u>\$ 1,939,646</u>	<u>\$ 1,286,581</u>	<u>\$ 6,172,333</u>

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Reconciliation of Balance Sheet – Governmental Funds**  
**to the Statement of Net Position**

**April 30, 2020**

Fund balance of governmental funds	\$ 2,648,849
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$7,891,253 net of accumulated depreciation of \$4,501,866 are not current financial resources and, therefore, are not reported in the governmental fund.	3,389,387
Net pension obligations are not reported in the fund financial statement because they are not due and payable, but they are presented in the statement of net position.	(605,378)
Long-term liabilities are not payable with current financial resources and are not reported in the governmental funds.	
Bonds payable	(2,035,000)
Accrued interest	<u>(31,024)</u>
Net position of governmental activities	<u>\$ 3,366,834</u>

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance – Governmental Funds**

**For the Year Ended April 30, 2020**

	General Fund	Tax Increment Financing Fund II	Tax Increment Financing Fund III	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property taxes	\$ 112,576	\$ 353,169	\$ 19,529	\$ -	\$ 294,624	\$ 779,898
Income tax	200,357	-	-	-	-	200,357
Motor fuel tax	-	-	-	-	75,169	75,169
Replacement tax	23,372	-	-	-	-	23,372
Sales tax	183,358	-	-	-	-	183,358
Excise tax	16,192	-	-	-	-	16,192
Use tax	71,281	-	-	-	-	71,281
Video gaming tax	42,196	-	-	-	-	42,196
Cannabis tax	504	-	-	-	-	504
Other taxes	-	-	-	-	107,985	107,985
Donations	20,000	-	-	-	24,717	44,717
Fines, fees, permits and licenses	85,394	-	-	-	13,742	99,136
Interest income	20,795	954	362	995	7,168	30,274
Miscellaneous	10,334	-	3,900	-	5,783	20,017
Office charges	402,000	-	-	-	-	402,000
<b>Total revenues</b>	<b>1,188,359</b>	<b>354,123</b>	<b>23,791</b>	<b>995</b>	<b>529,188</b>	<b>2,096,456</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	394,742	-	-	-	229,677	624,419
Public safety	507,391	-	-	-	7,300	514,691
Public works	-	1,188,065	5	48,176	49,388	1,285,634
Streets and alleys	213,195	-	-	-	11,382	224,577
Recreation	76,774	-	-	-	63,539	140,313
<b>Debt service:</b>						
Principal	-	100,000	-	-	-	100,000
Interest	-	34,817	-	-	-	34,817
Capital outlay	41,819	437,590	959,871	189,208	131,564	1,760,052
<b>Total expenditures</b>	<b>1,233,921</b>	<b>1,760,472</b>	<b>959,876</b>	<b>237,384</b>	<b>492,850</b>	<b>4,684,503</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(45,562)</b>	<b>(1,406,349)</b>	<b>(936,085)</b>	<b>(236,389)</b>	<b>36,338</b>	<b>(2,588,047)</b>
<b>Other financing sources (uses):</b>						
Bond proceeds	-	179,083	1,854,013	-	-	2,033,096
Bond issuance costs	-	(2,916)	(30,180)	-	-	(33,096)
Transfers in (Note 6)	65,012	-	-	1,380,000	21,625	1,466,637
Transfers out (Note 6)	(39,439)	(2,000)	(30,000)	(1,004,416)	(59,000)	(1,134,855)
<b>Total other financing sources (uses)</b>	<b>25,573</b>	<b>174,167</b>	<b>1,793,833</b>	<b>375,584</b>	<b>(37,375)</b>	<b>2,331,782</b>
<b>Net change in fund balance</b>	<b>(19,989)</b>	<b>(1,232,182)</b>	<b>857,748</b>	<b>139,195</b>	<b>(1,037)</b>	<b>(256,265)</b>
<b>Fund balance, beginning of year, as restated (Note 9)</b>	<b>1,091,575</b>	<b>801,310</b>	<b>(25,905)</b>	<b>75,476</b>	<b>962,658</b>	<b>2,905,114</b>
<b>Fund balance, end of year</b>	<b>\$ 1,071,586</b>	<b>\$ (430,872)</b>	<b>\$ 831,843</b>	<b>\$ 214,671</b>	<b>\$ 961,621</b>	<b>\$ 2,648,849</b>

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances – Governmental Funds to the Statement of Activities**

**For the Year Ended April 30, 2020**

Net change in fund balance – total governmental funds	\$ (256,265)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the Statement of Activities and depreciated over their estimated economic lives; depreciation (\$291,836) for the year is less than capital outlays (\$1,760,052) reported in the governmental funds.	1,468,216
Repayment of loan principal is an expenditure in the fund financial statements; however, the repayment reduces long-term liabilities in the Statement of Net Position	100,000
Net change in pension obligation is not recognized in the fund financial statements since it does not use current financial resources.	(51,563)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as as expenditures in the fund financial statements:	
Accrued interest	(31,024)
Loan proceeds are reported as an other financing sources in this fund financial statement because they are a source of current financial resources; however, this is an increase to long-term liabilities in the statement of net position.	<u>(1,930,000)</u>
Change in net position of governmental activities	<u>\$ (700,636)</u>

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Net Position – Proprietary Funds**

**April 30, 2020**

	Electric Light Plant and System Fund	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Assets</b>					
Current assets:					
Cash and equivalents (Notes 1 and 2)	\$ 982,028	\$ 951,920	\$ 133,817	\$ -	\$ 2,067,765
Property taxes receivable (Note 5)	-	-	23,088	-	23,088
Accounts receivable, net	100,053	17,847	39,100	12,053	169,053
Prepaid expenses	32,344	6,976	6,212	-	45,532
Due from other funds (Note 6)	-	850,000	850,000	-	1,700,000
<b>Total current assets</b>	<b>1,114,425</b>	<b>1,826,743</b>	<b>1,052,217</b>	<b>12,053</b>	<b>4,005,438</b>
Capital assets (Note 3):					
Land	-	40,000	-	-	40,000
Buildings	119,494	422,619	3,300,000	-	3,842,113
Systems & Infrastructure	9,129,675	1,970,936	2,633,623	-	13,734,234
Equipment	182,566	795,448	245,726	-	1,223,740
Accumulated depreciation	(6,332,741)	(2,375,707)	(4,988,521)	-	(13,696,969)
<b>Total capital assets</b>	<b>3,098,994</b>	<b>853,296</b>	<b>1,190,828</b>	<b>-</b>	<b>5,143,118</b>
<b>Total assets</b>	<b>4,213,419</b>	<b>2,680,039</b>	<b>2,243,045</b>	<b>12,053</b>	<b>9,148,556</b>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pension obligations (Note 7)					
	136,595	50,024	10,233	-	196,852
<b>Total assets and deferred outflows of resources</b>	<b>\$ 4,350,014</b>	<b>\$ 2,730,063</b>	<b>\$ 2,253,278</b>	<b>\$ 12,053</b>	<b>\$ 9,345,408</b>

- Continued -

**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Net Position – Proprietary Funds – Continued**

**April 30, 2020**

	Electric Light Plant and System Fund	Water Fund	Sewer Fund	Garbage Fund	Total
<b>Liabilities</b>					
Current liabilities:					
Meter deposits	\$ -	\$ 32,277	\$ -	\$ -	\$ 32,277
Accounts payable	83,625	8,192	9,664	20,397	121,878
Bonds payable, current (Note 4)	80,000	25,000	25,000	-	130,000
Accrued expenses	31,101	14,291	683	-	46,075
Accrued interest	13,596	12,091	12,091	-	37,778
<b>Total current liabilities</b>	<b>208,322</b>	<b>91,851</b>	<b>47,438</b>	<b>20,397</b>	<b>368,008</b>
Noncurrent liabilities					
Unamortized bond premiums	-	39,223	39,223	-	78,446
Unamortized bond discounts	(24,447)	-	-	-	(24,447)
IMRF pension liability	284,008	103,034	21,275	-	408,317
Bonds payable less current maturities (Note 4)	1,030,000	800,000	800,000	-	2,630,000
<b>Total noncurrent liabilities</b>	<b>1,289,561</b>	<b>942,257</b>	<b>860,498</b>	<b>-</b>	<b>3,092,316</b>
<b>Total liabilities</b>	<b>1,497,883</b>	<b>1,034,108</b>	<b>907,936</b>	<b>20,397</b>	<b>3,460,324</b>
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to:					
Property tax (Note 5)	-	-	23,088	-	23,088
Pension obligations (Note 7)	171,924	62,841	12,879	-	247,644
<b>Total deferred inflows of resources</b>	<b>171,924</b>	<b>62,841</b>	<b>35,967</b>	<b>-</b>	<b>270,732</b>
<b>Net Position</b>					
Invested in capital assets, net of related debt	1,988,994	28,296	365,828	-	2,383,118
Unrestricted	691,213	1,604,818	943,547	(8,344)	3,231,234
<b>Total net position</b>	<b>2,680,207</b>	<b>1,633,114</b>	<b>1,309,375</b>	<b>(8,344)</b>	<b>5,614,352</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 4,350,014</b>	<b>\$ 2,730,063</b>	<b>\$ 2,253,278</b>	<b>\$ 12,053</b>	<b>\$ 9,345,408</b>

The accompanying notes are an integral part of this statement.



**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Revenues, Expenses and Changes in**  
**Fund Net Position – Proprietary Funds**

**For the Year Ended April 30, 2020**

	Electric Light Plant and System Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Operating revenues:					
Charges for services	\$ 2,307,969	\$ 385,059	\$ 357,210	\$ 136,063	\$ 3,186,301
Other	121,003	7,932	20,455	-	149,390
Total operating revenues	<u>2,428,972</u>	<u>392,991</u>	<u>377,665</u>	<u>136,063</u>	<u>3,335,691</u>
Operating expenses:					
Personnel services	484,893	210,443	34,123	-	729,459
Operations and contractual services	1,872,887	110,476	186,874	141,210	2,311,447
Materials and supplies	40,907	46,199	163,452	-	250,558
Bad debt expense	25,798	5,347	5,358	-	36,503
Depreciation	207,014	79,936	107,804	-	394,754
Total operating expenses	<u>2,631,499</u>	<u>452,401</u>	<u>497,611</u>	<u>141,210</u>	<u>3,722,721</u>
Operating income (loss)	<u>(202,527)</u>	<u>(59,410)</u>	<u>(119,946)</u>	<u>(5,147)</u>	<u>(387,030)</u>
Non-operating revenues (expenses):					
Sewer chlorination levy	-	-	21,418	-	21,418
Debt service	-	(15,041)	(15,041)	-	(30,082)
Interest revenue	17,814	5,164	114	-	23,092
Interest expense	(35,196)	(23,688)	(23,688)	-	(82,572)
Total non-operating revenues (expenses)	<u>(17,382)</u>	<u>(33,565)</u>	<u>(17,197)</u>	<u>-</u>	<u>(68,144)</u>
Net income (loss) before other financing sources (uses)	<u>(219,909)</u>	<u>(92,975)</u>	<u>(137,143)</u>	<u>(5,147)</u>	<u>(455,174)</u>
Other financing sources (uses):					
Transfers in (Note 6)	179,015	384,021	544,684	-	1,107,720
Transfers out (Note 6)	(1,403,839)	(35,663)	-	-	(1,439,502)
Total other financing sources (uses)	<u>(1,224,824)</u>	<u>348,358</u>	<u>544,684</u>	<u>-</u>	<u>(331,782)</u>
Change in net position	(1,444,733)	255,383	407,541	(5,147)	(786,956)
Net position, beginning of year	<u>4,124,940</u>	<u>1,377,731</u>	<u>901,834</u>	<u>(3,197)</u>	<u>6,401,308</u>
Net position, end of year	<u>\$ 2,680,207</u>	<u>\$ 1,633,114</u>	<u>\$ 1,309,375</u>	<u>\$ (8,344)</u>	<u>\$ 5,614,352</u>

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Statement of Cash Flows – Proprietary Funds**

**For the Year Ended April 30, 2020**

	Electric Light Plant and System Fund	Water Fund	Sewer Fund	Garbage Fund	Total
Cash flows from (used in) operating activities:					
Cash received from customers	\$ 2,448,290	\$ 425,534	\$ 370,403	\$ 134,600	\$ 3,378,827
Cash payments to employees for services	(469,777)	(200,317)	(35,665)	-	(705,759)
Cash payments to suppliers for goods and services	(1,829,203)	(149,996)	(343,403)	(134,600)	(2,457,202)
Net cash provided by (used in) operating activities	149,310	75,221	(8,665)	-	215,866
Cash flows from (used in) non-capital financing activities:					
Transfers (to) from other funds	(1,224,824)	348,358	544,684	-	(331,782)
Proceeds from sewer chlorination levy	-	-	21,418	-	21,418
Net cash provided by (used in) non-capital financing activities	(1,224,824)	348,358	566,102	-	(310,364)
Cash flows from (used in) capital and related financing activities:					
Purchase of capital assets	(634,820)	(381,539)	(474,476)	-	(1,490,835)
Principal paid on revenue bonds	(75,000)	-	-	-	(75,000)
Interest paid on revenue bonds	(36,819)	(12,414)	(12,414)	-	(61,647)
Net cash provided by (used in) capital and related financing activities	(746,639)	(393,953)	(486,890)	-	(1,627,482)
Cash flows from (used in) investing activities:					
Interest from investments	17,814	5,164	114	-	23,092
Net cash provided by (used in) investing activities	17,814	5,164	114	-	23,092
Net increase (decrease) in cash and equivalents	(1,804,339)	34,790	70,661	-	(1,698,888)
Cash equivalents, unrestricted, beginning of year	2,786,367	917,130	63,156	-	3,766,653
Cash and equivalents, unrestricted, end of year	\$ 982,028	\$ 951,920	\$ 133,817	\$ -	\$ 2,067,765
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (202,527)	\$ (59,410)	\$ (119,946)	\$ (5,147)	\$ (381,883)
Adjustments:					
Depreciation	207,014	79,936	107,804	-	394,754
Expenses related to pension obligations	22,196	11,219	(306)	-	33,109
Change in assets and liabilities:					
(Increase) decrease in:					
Restricted cash	-	34,260	-	-	34,260
Accounts receivable	45,116	3,837	(1,904)	(1,463)	47,049
Prepaid expenses	2,136	(501)	(172)	-	1,463
(Decrease) increase in:					
Accounts payable	82,455	7,180	7,095	6,610	96,730
Accrued expenses	(7,080)	(1,093)	(1,236)	-	(9,409)
Meter deposits	-	(207)	-	-	(207)
Net cash provided by (used in) operating activities	\$ 149,310	\$ 75,221	\$ (8,665)	\$ -	\$ 215,866

The accompanying notes are an integral part of this statement.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements**

**April 30, 2020**

**Note 1 – Summary of Significant Accounting Policies:**

Reporting Entity

The City of Farmer City (the “City”) is a municipal corporation governed by an elected Mayor and City Council. The accompanying financial statements present the operations of the primary government.

In evaluating how to define the government for financial reporting purposes, the City has considered all potential component units. Generally accepted accounting principles require that the financial statements present component units for which the City is considered to be financially accountable. The City has determined that it is not financially accountable for any component units and, therefore, no component units have been made a part of this statement.

Government-Wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges for fees, licenses and permits, 2) fines, 3) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function, and 4) operating grants and contributions. Taxes and other revenue sources not properly included among program revenues are reported 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to claims and judgments are recorded only when payment is due.

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

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The funds are grouped into two fund types and five generic funds as described below:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

*General Fund* – This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

*Special Revenue Funds* – These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

*Debt Service Funds* – These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than that payable from enterprise funds.

*Capital Projects Fund* – This fund is established to account for major capital expenditures not financed by enterprise funds.

The City reports the following major governmental funds:

*General Fund* – The principal operating fund of the City, which is used to account for all activities not included in other specified funds.

*Tax Increment Financing Fund II* – Accounts for all revenues and expenditures related to the City's second TIF District redevelopment project.

*Tax Increment Financing Fund III (Farmer City Forward)* – Accounts for all revenues and expenditures related to the City's third TIF District III, also known as the Farmer City Forward TIF.

*Capital Projects Fund* – Accounts for all revenues and expenditures related to the City's Capital Projects.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Proprietary Fund Types

These funds account for operations that are organized to be self-supported through user charges. The funds included in this category are the Enterprise funds.

*Enterprise Funds* – These funds are established to account for operations that are financed and conducted in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

*Electric Light Plant and System Fund* – Accounts for activities related to the operation of the City’s electric system and related services provided to citizens.

*Water Fund* – Accounts for activities related to the operation of the City’s water system and related services provided to citizens.

*Sewer Fund* – Accounts for activities related to the operation of the City’s sewer system and related services provided to citizens.

*Garbage Fund* – Accounts for activities related to refuse pickup and disposal in the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Electric Light Plant and Systems, Water, Sewer, and Garbage Funds are charges to customers for sales and services. Operating expenses for enterprise 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, and Net Position or Equity

Deposits and Investments

The City’s cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Public Funds Investment Act of the State of Illinois allows municipalities to invest in the following:

U.S. Treasury obligations; Direct obligations of any bank as defined by the Illinois Banking Act; Certain corporate short-term obligations; Certain public agencies; Public Treasurers’ Investment Pool; and certain money market mutual funds

Investments are reported at cost.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Assets, Liabilities, and Net Position or Equity – Continued

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are either due to/from other funds or advances to/from other funds. Other outstanding balances between funds are reported as due to/from other funds. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets

Capital assets consisting of property, plant, equipment, and infrastructure assets are reported in either the governmental or business-type activities columns in the government-wide financial statements.

All capital assets and intangible assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their fair market value on the date donated.

Depreciation of all exhaustible capital assets and intangible assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation and amortization are reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Electric light plant and system	20 – 30 years
Waterworks and sewerage system	20 – 30 years
Infrastructure	20 years
Machinery and equipment	5 – 10 years
Furniture and office equipment	5 – 10 years

Infrastructure assets include roads, bridges, curbs and gutters, streets and sidewalks, and drainage systems. The City has elected to report only those infrastructure fixed assets that were acquired or constructed after April 30, 2005.

Compensated Absences

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued when incurred. Only the current portion of such amounts would be accrued in governmental funds. The long-term portion of such amounts is reported in the government-wide and proprietary fund financial statements. At April 30, 2020, the City was obligated for \$49,030 of accumulated vacation pay.

Restricted Assets

Throughout the fiscal year, certain assets of the Water Fund and Tax Increment Financing Fund II are restricted as to use by various parties. For the fiscal year ended April 30, 2020, the City had \$0 in restricted asset balances.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Assets, Liabilities, and Net Position or Equity – Continued

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types 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.

Fund Equity

The City has implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory, prepaid expenses, long-term receivables) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City establishes (modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment. Assigned fund balances are established by the City through the same process as intended for specific purposes (such as the purchase or construction of capital assets, debt service, or for other purposes).

Net Position

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition or improvement of those assets.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Assets, Liabilities, and Net Position or Equity – Continued

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted to have been depleted before unrestricted is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Budgets and Budgetary Accounting

The City is under the appropriations method as described in the Illinois Compiled Statutes. The Annual Appropriations Ordinance passed by the City is the legally binding document which restricts the City's maximum expenditure of funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.



**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 2 – Deposits and Investments:**

The City maintains a cash pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the financial statement as “cash and equivalents.” The City’s cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. In addition, investments are separately held by several of the City’s funds. The investments are governed by an investment policy.

The carrying amount of the City’s deposits and investments with financial institutions was \$6,428,065, and the bank balance was \$6,485,811, at April 30, 2020. The institutions’ balances are categorized as follows:

<u>Demand deposits</u>		
Amount insured by FDIC	\$	353,427
Uninsured and collateralized with securities held by the pledging financial institution but not in the name of the City		<u>2,378,199</u>
Total demand deposits		<u>2,731,626</u>
<u>Time deposits</u>		
Amount insured by FDIC		609,778
Uninsured and collateralized with securities held by the pledging financial institution but not in the name of the City		<u>3,144,407</u>
Total time deposits		<u>3,754,185</u>
Total institutions’ balances	\$	<u>6,485,811</u>
Total balance uninsured and uncollateralized	\$	<u>          -</u>

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned to it. As of April 30, 2020, \$5,522,606 of the City’s bank balance of \$6,485,811 was exposed to custodial credit risk.

The following securities were pledged as collateral for the City’s deposits in excess of the maximum depository insurance:

<u>Security</u>	<u>CUSIP</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Fair Value</u>
FN AL2740	3138EKBJ3	3.00%	07/01/2027	2,403,980
FNR 2013-52MG	3136AEJ32	1.25%	06/25/2043	637,702
FNM 16010 MA	3136AQ6J4	1.50%	10/25/2044	2,252,750
Other Securities – The Illinois Funds				1,361,763
Other Securities – Fisher National				<u>434,116</u>
				<u>\$ 7,090,311</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 3 – Capital Assets:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 104,390	\$ -	\$ -	\$ 104,390
Work in process	<u>-</u>	<u>189,208</u>	<u>-</u>	<u>189,208</u>
 Total capital assets not being depreciated	 <u>104,390</u>	 <u>189,208</u>	 <u>-</u>	 <u>293,598</u>
Capital assets being depreciated:				
Buildings	1,344,617	3,150	-	1,347,767
Equipment	1,374,806	84,568	-	1,459,374
Infrastructure	3,307,388	1,364,669	-	4,672,057
Land improvements	<u>-</u>	<u>118,457</u>	<u>-</u>	<u>118,457</u>
 Total capital assets being depreciated	 <u>6,026,811</u>	 <u>1,570,844</u>	 <u>-</u>	 <u>7,597,655</u>
Less accumulated depreciation for:				
Building	(1,256,654)	(6,043)	-	(1,262,697)
Equipment	(1,203,519)	(45,833)	-	(1,249,352)
Infrastructure	(1,749,857)	(237,986)	-	(1,987,843)
Land improvements	<u>-</u>	<u>(1,974)</u>	<u>-</u>	<u>(1,974)</u>
 Total accumulated depreciation	 <u>(4,210,030)</u>	 <u>(291,836)</u>	 <u>-</u>	 <u>(4,501,866)</u>
 Total capital assets being depreciated, net	 <u>1,816,781</u>	 <u>1,279,008</u>	 <u>-</u>	 <u>3,095,789</u>
 Governmental activities capital assets, net	 <u>\$ 1,921,171</u>	 <u>\$ 1,468,216</u>	 <u>\$ -</u>	 <u>\$ 3,389,387</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 3 – Capital Assets – Continued:**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Total capital assets not being depreciated	40,000	-	-	40,000
Capital assets being depreciated:				
Buildings and systems	14,811,717	102,869	-	14,914,586
Infrastructure	1,290,651	1,371,111	-	2,661,762
Equipment	1,206,885	16,855	-	1,223,740
Total capital assets being depreciated	17,309,253	1,490,835	-	18,800,088
Less accumulated depreciation for:				
Buildings and systems	(12,037,993)	(243,316)	-	(12,281,309)
Infrastructure	(260,133)	(112,343)	-	(372,476)
Equipment	(1,004,089)	(39,095)	-	(1,043,184)
Total accumulated depreciation	(13,302,215)	(394,754)	-	(13,696,968)
Total capital assets being depreciated, net	4,007,038	1,096,081	-	5,103,119
Business-type activities capital assets, net	\$ 4,047,038	\$ 1,096,081	\$ -	\$ 5,143,119

Depreciation expense was charged to functions/programs of the primary government in the following manner:

Governmental activities:	
General government	\$ 143,415
Public safety	27,203
Public works	70,325
Streets and alleys	48,040
Recreation	2,853
Total depreciation expense – governmental activities	\$ 291,836
Business-type activities:	
Electric light plant and system	\$ 207,014
Water	107,804
Sewer	79,936
Total depreciation expense – business-type activities	\$ 394,754

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 4 – Long-Term Debt:**

Governmental Activities

Series 2007 General Obligation Bonds

The ordinance authorizing the issuance of \$1,000,000 General Obligation Bonds, Series 2007, provides for the creation and continuance of separate accounts designated as the Proceeds Account, Debt Service Account, Depreciation Account, and the Surplus Account. Other than the Debt Service Account, no funds or accounts have been or are expected to be established. The Debt Service Account shall be funded as follows:

There shall be paid into the Debt Service Account on the last business day next preceding the first business day of each month, after the required payment has been determined, a fractional amount (not less than 1/6) of the interest becoming due on the next succeeding interest payment date on all outstanding Certificates authorized to be issued under the terms of this ordinance, and there shall be paid into the Debt Service Account on the first business day of each month not less than a fractional amount of the principal (not less than 1/12) and/or interest (not less than 1/6) becoming due on the next succeeding principal maturity or due date and/or interest due date of all of the Certificates issued under the terms of this ordinance until there shall have been accumulated in the Debt Service Account on or before the day preceding such current due date or maturity date of interest or principal, or both, an amount sufficient to pay such principal or interest, or both, of all Certificates heretofore issued or issued hereunder and including, as applicable, the maturing principal or interest, or both.

Remaining liabilities under the Series 2007 bond issue at April 30, 2020, were as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due for Year Payable Semi-Annually</u>	<u>Total Amount Due in Fiscal Year</u>
2021	5.15%	\$ 105,000	\$ 5,405	\$ 110,405

Alternate Revenue Bonds – Series 2019B

During the fiscal year ended April 30, 2020, the City issued \$1,930,000 of General Obligation Bonds (Alternative Revenue Source), Series 2019B. Proceeds of this issue were used for improvements within the TIF II and TIF III (Farmer City Forward) Districts. Repayment commenced December 1, 2019 with regular payments due December 1<sup>st</sup> and June 1<sup>st</sup> annually and a final payment due December 1, 2043.

Remaining liabilities under the Series 2019B Alternate Revenue Bond at April 30, 2020 were as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due for Year Payable Semi-Annually</u>	<u>Total Amount Due in Fiscal Year</u>
2021	1.80%	\$ 55,000	\$ 69,050	\$ 124,050
2022	1.80%	55,000	68,060	123,060
2023	1.80%	60,000	67,070	127,070
2024	2.20%	60,000	65,990	125,990
2025	2.20%	60,000	64,670	124,670
2026 to 2030	2.20 to 4.00%	325,000	299,380	624,380
2031 to 2035	4.00%	390,000	233,200	623,200
2036 to 2040	4.00%	475,000	148,200	623,200
2041 to 2044	4.00%	450,000	46,000	496,000
		<u>\$ 1,930,000</u>	<u>\$ 1,061,620</u>	<u>\$ 2,991,620</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 4 – Long-Term Debt - Continued:**

Business-Type Activities

Alternate Revenue Bonds – Series 2011

During the fiscal year ended April 30, 2012, the City issued \$1,500,000 of General Obligation Bonds (Alternate Revenue Source), Series 2011. Proceeds of this issue were used for improvements to the Electrical System.

During the fiscal year ended April 30, 2018, the City authorized an advance refunding of the Series 2011 General Obligation Bond (Alternate Revenue Source), by issuing \$1,300,000 of General Obligation Bonds (Alternate Revenue Source), Series 2017. \$1,070,000 of the proceeds of this issue were used to pay off the callable portion of the original Series 2011 issue.

This bond was repaid in full during the current fiscal year. There are no remaining liabilities under the Series 2011 Alternate Revenue Bond at April 30, 2020.

Alternate Revenue Bonds – Series 2017

During the fiscal year ended April 30, 2018, the City issued \$1,300,000 of General Obligation Bonds (Alternative Revenue Source), Series 2017. Proceeds of this issue were used to pay down the callable portion of the Series 2011 bond issue.

Remaining liabilities under the Series 2017 Alternate Revenue Bond at April 30, 2020 were as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due for Year Payable Semi-Annually</u>	<u>Total Amount Due in Fiscal Year</u>
2021	2.25%	80,000	32,630	112,630
2022	2.25%	85,000	30,830	115,830
2023	2.25%	85,000	28,918	113,918
2024	2.50%	85,000	27,005	112,005
2025	2.50%	90,000	24,880	114,880
2026	2.50%	90,000	22,630	112,630
2027	2.80%	95,000	20,380	115,380
2028	2.80%	95,000	17,720	112,720
2029	2.80%	95,000	15,060	110,060
2030	4.00%	100,000	12,400	112,400
2031	4.00%	105,000	8,400	113,400
2032	4.00%	105,000	4,200	109,200
		<u>\$ 1,110,000</u>	<u>\$ 245,053</u>	<u>\$ 1,355,053</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

April 30, 2020

**Note 4 – Long-Term Debt - Continued:**

Business-Type Activities – Continued

Alternate Revenue Bonds – Series 2019A

During the fiscal year ended April 30, 2020, the City issued \$1,650,000 of General Obligation Bonds (Alternative Revenue Source, Series 2019A. Proceeds of this issue were used to support major infrastructure improvements in the Water and Sewer Funds. Repayment commenced December 1, 2019 with regular payments due December 1<sup>st</sup> and June 1<sup>st</sup> annually and a final payment due December 1, 2043.

Remaining liabilities under the Series 2019A Alternate Revenue Bond at April 30, 2020 were as follows:

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Due</u>	<u>Interest Due for Year Payable Semi-Annually</u>	<u>Total Amount Due in Fiscal Year</u>
2021	1.90%	\$ 50,000	\$ 58,038	\$ 108,038
2022	1.90%	50,000	57,087	107,087
2023	1.90%	50,000	56,138	106,138
2024	1.90%	50,000	55,187	105,187
2025	2.25%	50,000	54,238	104,238
2026 to 2030	2.25 to 4.00%	280,000	252,225	532,225
2031 to 2035	4.00%	330,000	198,600	528,600
2036 to 2040	4.00%	405,000	126,600	531,600
2041 to 2044	4.00%	<u>385,000</u>	<u>39,200</u>	<u>424,200</u>
		<u>\$ 1,650,000</u>	<u>\$ 897,313</u>	<u>\$ 2,547,313</u>

Changes in general long-term liability activity for the year ended April 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General Obligation:					
Series 2007	\$ 205,000	\$ -	\$ 100,000	\$ 105,000	\$ 105,000
Alternate Revenue:					
Series 2019B	<u>-</u>	<u>1,930,000</u>	<u>-</u>	<u>1,930,000</u>	<u>55,000</u>
	<u>205,000</u>	<u>1,930,000</u>	<u>100,000</u>	<u>2,035,000</u>	<u>160,000</u>
<u>Business-Type Activities</u>					
Alternate Revenue:					
Series 2011	\$ 65,000	\$ -	\$ 65,000	\$ -	\$ -
Series 2017	1,120,000	-	10,000	1,110,000	80,000
Series 2019A	<u>-</u>	<u>1,650,000</u>	<u>-</u>	<u>1,650,000</u>	<u>50,000</u>
Total	<u>1,185,000</u>	<u>1,650,000</u>	<u>75,000</u>	<u>2,760,000</u>	<u>130,000</u>
	<u>\$ 1,390,000</u>	<u>\$ 3,580,000</u>	<u>\$ 175,000</u>	<u>\$ 4,795,000</u>	<u>\$ 290,000</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 5 – Property Taxes:**

The City’s tax levy ordinance related to the taxes collected in 2019 was adopted December 2018. Property taxes are assessed and attached as an enforceable lien on property as of January 1 of each year. Taxes normally are collected between May 1 and September 1 (the last day of payment without penalty or interest) of the following year. The DeWitt County Treasurer is responsible for collecting and disbursing the tax monies to the City.

In accordance with generally accepted accounting principles, property taxes are recognized as revenue in the budgetary year for which they are levied. Property taxes receivable are recorded as deferred revenue since they are budgeted to pay next year’s expenses.

Property taxes receivable as of April 30, 2020, consist of the following:

	2019 Tax Levy Year
General Fund	\$ 103,899
Tax Increment Financing Fund II	375,205
Tax Increment Financing Fund III	37,403
Non-Major Governmental Funds	306,220
Proprietary Funds	23,088
Total	\$ 845,815

**Note 6 – Interfund Loans and Transfers:**

Individual fund interfund loans at April 30, 2020, were as follows:

	Receivable From	Payable To
<u>Tax Increment Financing (TIF) II Fund:</u>		
Tax Increment Financing (TIF) III	\$ 25,905	\$ 825,783
<u>Tax Increment Financing (TIF) III Fund:</u>		
Tax Increment Financing (TIF) II	\$ 825,783	\$ 25,905
<u>Capital Projects Fund:</u>		
Water	-	850,000
Sewer	-	850,000
	\$ -	\$ 1,700,000
<u>Water Fund:</u>		
Capital Projects	\$ 850,000	\$ -
<u>Sewer Fund:</u>		
Capital Projects	\$ 850,000	\$ -

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

April 30, 2020

**Note 6 – Interfund Loans and Transfers – Continued:**

Interfund transfers consist of the following transactions:

	Transfer From	Transfer To
<u>General Fund:</u>		
Tax Increment Financing (TIF) II	2,000	-
Motor Fuel Tax	-	21,625
Electric	54,012	17,814
DUI	9,000	-
	\$ 65,012	\$ 39,439
<u>Tax Increment Financing (TIF) II Fund:</u>		
General	\$ -	\$ 2,000
<u>Tax Increment Financing (TIF) III Fund:</u>		
Capital Projects	\$ -	\$ 30,000
<u>Capital Projects Fund:</u>		
Tax Increment Financing (TIF) III	30,000	-
Business District	50,000	-
Electric	1,300,000	161,201
Water	-	371,608
Sewer	-	471,608
	\$ 1,380,000	\$ 1,004,416
<u>Motor Fuel Tax Fund:</u>		
General	\$ 21,625	\$ -
<u>Business District Fund:</u>		
Capital Projects	\$ -	\$ 50,000
<u>DUI Fund:</u>		
General	\$ -	\$ 9,000
<u>Water Fund:</u>		
Sewer	-	35,663
Capital Projects	371,608	-
Electric	12,413	-
	\$ 384,021	\$ 35,663
<u>Sewer Fund:</u>		
Capital Projects	496,608	-
Electric	12,413	-
Water	35,663	-
	\$ 544,684	\$ -
<u>Electric Fund:</u>		
Water	-	12,413
Sewer	-	37,414
Capital Projects	161,201	1,300,000
General	17,814	54,012
	\$ 179,015	\$ 1,403,839



**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 6 – Interfund Loans and Transfers – Continued:**

Origin of Interfund Balances

During the course of normal operations, the City has various transactions between funds including expenditures and transfers of resources, primarily to provide services. The interfund receivables/payables owed to the various funds reflect advances made and received that are still outstanding as of April 30, 2020. All interfund balances are expected to be repaid in a future fiscal year.

Transfers are used to provide resources from unrestricted funds revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 7 – Defined Benefit Pension Plan:**

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 affiliated with the Illinois Municipal Retirement Fund ("IMRF"), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained at [www.imrf.org](http://www.imrf.org).

Plan Description

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier of IMRF's Regular Plan. IMRF assigns a benefit tier to a member when they are enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member participated in IMRF before January 1, 2011, they participate in the *Regular Tier 1*. If the member participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of qualifying service credit. Participating members 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  $1\frac{2}{3}\%$  of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter to a maximum of 75% of their final rate of earnings. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at age 62 (with reduced benefits) or after age 67 (with full benefits) with ten years of service, or age 62 with 35 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to  $1\frac{2}{3}\%$  of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earning for each year of credited services up to 15 years and 2% for each year thereafter to a maximum of 75% of their final rate of earnings. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age of 67, by the lesser of 3% of the original pension amount or  $\frac{1}{2}$  of the increase in the Consumer Price Index of the original pension amount.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 7 – Defined Benefit Pension Plan - Continued:**

Plan Membership

At December 31, 2019, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	27
Inactive, non-retired members	13
Active members	<u>22</u>
Total	<u><u>62</u></u>

Contributions

As set by statute, City regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual required contribution rate for calendar year 2019 was 14.69%. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability / (Asset)

The net pension liability / (asset) was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability / (asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability / (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions

Total pension liabilities for the Regular plan were determined by actuarial valuations performed as of December 31, 2019, using the following actuarial methods and assumptions:

	<u>Regular Plan</u>
Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
 Actuarial assumptions:	
Investment rate of return	7.25%
Inflation	2.50%
Salary increase	3.35% to 14.25%, including inflation

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 7 – Defined Benefit Pension Plan - Continued:**

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 Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projections scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Morality 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-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Return 12/31/19	Projected Returns/Risk	
			One Year Arithmetic	Ten Year Geometric
Equities	37%	29.23%	7.05%	5.75%
International equities	18%	23.76%	8.10%	6.50%
Fixed income	28%	9.50%	3.70%	3.25%
Real estate	9%	9.78%	6.35%	5.20%
Alternatives	7%			
Private equity		N/A	11.30%	7.60%
Hedge funds		N/A	N/A	N/A
Commodities		N/A	4.65%	3.60%
Cash equivalents	1%	3.59%	1.85%	1.85%

Discount Rate

The discount rate used to measure the December 31, 2019 total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2018, measurement date was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rate equal to the differences between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.25% was blended with the index rate of 2.75% for tax-exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2019, to arrive at a discount rate of 7.25% used to determine the total pension liability. The year ending December 31, 2119, is the last year in the 2020 to 2119 projection period for which projected benefit payments are fully funded.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 7 – Defined Benefit Pension Plan - Continued:**

Discount Rate Sensitivity

The following is a sensitivity analysis of the net position liability / (asset) to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.25% as well as what the net position liability / (asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 6,998,299	\$ 6,268,111	\$ 5,655,078
Plan fiduciary net position	<u>5,321,389</u>	<u>5,321,389</u>	<u>5,321,389</u>
Net position liability / (asset)	<u>\$ 1,676,910</u>	<u>\$ 946,722</u>	<u>\$ 333,689</u>

Change in Net Pension Liability / (Asset)

The City's change in net position liability / (asset) for the calendar year ended December 31, 2019, was as follows:

	<u>Increase / (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability/(Asset) (a) - (b)</u>
Balance at December 31, 2018	\$ 6,039,557	\$ 4,564,459	\$ 1,475,098
Service cost	104,933	-	104,933
Interest on total pension liability	430,563	-	430,563
Differences between expected and actual experience of the total pension liability	(506)	-	(506)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(306,436)	(306,436)	-
Contributions – employer	-	152,903	(152,903)
Contributions – employee	-	46,839	(46,839)
Net investment income	-	847,715	(847,715)
Other (Net Transfer)	<u>-</u>	<u>15,909</u>	<u>(15,909)</u>
Balance at December 31, 2019	<u>\$ 6,268,111</u>	<u>\$ 5,321,389</u>	<u>\$ 946,722</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 7 – Defined Benefit Pension Plan - Continued:**

Pension Expense and Deferred Inflows/Outflows of Resources

For the year ended December 31, 2019, the City recognized pension expense of \$169,728 for the Regular Plan. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 48,399	\$ 340
Changes in assumptions	52,292	15,364
Net difference between projected and actual earnings on pension plan investments	<u>354,640</u>	<u>557,392</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>455,331</u>	<u>573,096</u>
Pension plan contributions made subsequent To the measurement date	<u>53,322</u>	<u>-</u>
Total deferred amounts related to pension	<u>\$ 508,653</u>	<u>\$ 573,096</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 position liabilities / (asset) for the year ending December 31, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ 29,007
2021	(55,698)
2022	12,941
2023	(104,015)
2024	-
Thereafter	<u>-</u>
Total	<u>\$ (117,765)</u>

**Note 8 – Risk Management:**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the State of Illinois to form the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for its member municipalities.

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 8 – Risk Management – Continued:**

The City pays an annual premium to IMLRMA for its general insurance coverage which includes workers' compensation, comprehensive general liability, inland marine, automobile physical damage, and property loss. Each area of coverage is subject to limitations that would be comparable to commercial insurance coverage. The agreement for formation of the IMLRMA provides that IMLRMA will be self-sustaining through member contributions and will reinsure through commercial companies for claims in excess of \$15 million for each insured event. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**Note 9 – Restatement of Net Position:**

During the year ended April 30, 2020, it was discovered that errors had been made in recording certain amounts related to the closing of the Working Cash Fund in the prior year. The transfer of cash from the Working Cash Fund to the Capital Projects Fund during that fiscal year was incorrectly recorded as an interfund loan.

The following financial statement items were affected by this correction at April 30, 2019:

	As Previously Stated	As Restated	Effect of Correction
<i>Combining Balance Sheet – Non-Major Governmental Funds</i>			
Working Cash Fund:			
Due from other funds	\$ 101,549	\$ -	\$ 101,549
Fund balance	101,549	-	(101,549)
Capital Projects Fund:			
Due to other funds	\$ 101,549	\$ -	\$ (101,549)
Fund balance	(26,073)	75,476	101,549

**Note 10 – Deficit Fund Balances:**

There were no deficits related to the primary government not visible in the basic financial statements.

**Note 11 – Intergovernmental Receivables:**

Intergovernmental taxes receivable as of April 30, 2020, consist of the following:

Income tax – General Fund	\$ 33,258
Replacement tax – General Fund	2,641
Sales tax – General Fund	24,124
Excise tax – General Fund	2,578
Use tax – General Fund	11,505
Video gaming tax – General Fund	6,920
Cannabis tax – General Fund	170
Motor fuel tax – Motor Fuel Tax Fund	6,041
Business district tax – Business District Tax Fund	12,282
Total	\$ 99,519

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Financial Statements - Continued**

**April 30, 2020**

**Note 12 – Subsequent Events:**

On March 9, 2020, the Governor of Illinois declared all Counties in the State disaster areas in response to the outbreak of COVID-19 (Gubernatorial Disaster Proclamation). This disaster proclamation includes a stay at home order, temporary closing of non-essential businesses, and social distancing requirements. At this point, the extent to which COVID-19 may impact the City's financial condition or results of operations is uncertain.

Except for the events described in the preceding paragraph, no other events have occurred subsequent to April 30, 2020, that are required to be disclosed in these financial statements. This evaluation was made as of December 7, 2020, the date these financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF FARMER CITY, ILLINOIS**  
**Illinois Municipal Retirement Fund**  
**Schedule of Changes in the City's Net Pension Liability and Related Ratios**

**Last 10 Calendar Years**

	2019	2018	2017	2016	2015
<b>Total pension liability:</b>					
Service cost	\$ 104,933	\$ 99,756	\$ 101,415	\$ 102,665	\$ 100,734
Interest on the total pension liability	430,563	407,218	393,962	363,424	342,811
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience on the total pension liability	(506)	121,648	70,887	133,614	(5,279)
Changes in assumptions	-	154,434	(151,093)	(24,681)	-
Benefit payments, including refunds of employee contributions	<u>(306,436)</u>	<u>(246,388)</u>	<u>(228,791)</u>	<u>(157,624)</u>	<u>(168,232)</u>
Net change in total pension liability	228,554	536,668	186,380	417,398	270,034
Total pension liability - beginning	<u>6,039,557</u>	<u>5,502,889</u>	<u>5,316,509</u>	<u>4,899,111</u>	<u>4,629,077</u>
Total pension liability - ending (a)	<u><u>\$ 6,268,111</u></u>	<u><u>\$ 6,039,557</u></u>	<u><u>\$ 5,502,889</u></u>	<u><u>\$ 5,316,509</u></u>	<u><u>\$ 4,899,111</u></u>
<b>Plan fiduciary net position:</b>					
Employer contributions	\$ 152,903	\$ 194,628	\$ 147,314	\$ 139,281	\$ 133,376
Employee contributions	46,839	43,195	42,177	42,859	39,590
Net investment income	847,715	(230,954)	654,289	262,995	19,137
Benefit payments, including refunds of member contributions	(306,436)	(246,388)	(228,791)	(157,624)	(168,232)
Other (net transfer)	<u>15,909</u>	<u>162,695</u>	<u>(12,682)</u>	<u>15,304</u>	<u>(112,719)</u>
Net change in plan fiduciary net position	756,930	(76,824)	602,307	302,815	(88,848)
Plan fiduciary net position - beginning	<u>4,564,459</u>	<u>4,641,283</u>	<u>4,038,976</u>	<u>3,736,161</u>	<u>3,825,009</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,321,389</u></u>	<u><u>\$ 4,564,459</u></u>	<u><u>\$ 4,641,283</u></u>	<u><u>\$ 4,038,976</u></u>	<u><u>\$ 3,736,161</u></u>
Employer's net pension liability (a) - (b)	<u><u>\$ 946,722</u></u>	<u><u>\$ 1,475,098</u></u>	<u><u>\$ 861,606</u></u>	<u><u>\$ 1,277,533</u></u>	<u><u>\$ 1,162,950</u></u>
Plan fiduciary net position as a percentage of the total pension liability	84.90%	75.58%	84.34%	75.97%	76.26%
Covered-employee payroll	1,040,868	959,900	937,264	938,554	879,782
Employer's net pension liability as a percentage of covered-employee payroll	90.96%	153.67%	91.93%	136.12%	132.19%

**Note to schedule:**

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

**CITY OF FARMER CITY, ILLINOIS**  
**Illinois Municipal Retirement Fund**  
**Schedule of Employer Contributions**

**Last 10 Calendar Years**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a percentage of Covered Valuation Payroll
2015	133,375	133,376	(1)	879,782	15.16%
2016	139,281	139,281	-	938,554	14.84%
2017	140,402	147,314	(6,912)	937,261	15.72%
2018	156,464	194,628	(38,164)	959,900	20.28%
2019	152,904 *	152,903	1	1,040,868	14.69%

\* Estimated based on contribution rate of 14.69% and covered valuation payroll of \$1,040,868.

**Note to schedule:**

The City implemented GASB Statement No. 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available.

**CITY OF FARMER CITY, ILLINOIS**  
**Illinois Municipal Retirement Fund**  
**Summary of Actuarial Methods and Assumptions**

Valuation date

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24-year closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset valuation method	5-Year Smoothed Market, 20% Corridor
Wage growth	3.25%
Inflation	2.50%
Salary increases	3.35% to 14.25% including inflation
Investment rate of return	7.50%
Retirement age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, fully generational projections scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.  For disabled retirees, fully generational projections scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Morality Table apply the same adjustment that were applied for non-disabled lives.  For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other information	There were no benefit changes during the year.

**CITY OF FARMER CITY, ILLINOIS**  
**Budgetary Comparison Schedule – General Fund – Unaudited**

**For the Year Ended April 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over / (Under)
	Original	Final		
<b>Receipts</b>				
Property tax	\$ 110,000	\$ 110,000	\$ 112,576	\$ 2,576
Income tax	195,000	195,000	179,935	(15,065)
Replacement tax	14,500	14,500	25,215	10,715
Sales tax	228,000	228,000	177,506	(50,494)
Excise tax	19,000	19,000	15,952	(3,048)
Use tax	55,000	55,000	72,275	17,275
Video gaming tax	46,000	46,000	45,308	(692)
Cannabis tax	-	-	674	674
Donations	-	-	20,000	20,000
Fines, fees, permits and licenses	83,450	83,450	85,394	1,944
Interest	12,000	12,000	20,795	8,795
Miscellaneous	11,226	11,226	10,567	(659)
Office charges	400,000	400,000	402,000	2,000
Total receipts	<u>1,174,176</u>	<u>1,174,176</u>	<u>1,168,197</u>	<u>(5,979)</u>
<b>Disbursements</b>				
General government	388,243	388,243	357,423	(30,820)
Public safety	475,726	475,726	507,391	31,665
Streets and alleys	290,163	290,163	213,195	(76,968)
Recreation	77,000	77,000	76,774	(226)
Capital outlay	4,600	4,600	41,819	37,219
Total disbursements	<u>1,235,732</u>	<u>1,235,732</u>	<u>1,196,602</u>	<u>(39,130)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(61,556)</u>	<u>(61,556)</u>	<u>(28,405)</u>	<u>33,151</u>
<b>Other financing sources (uses):</b>				
Transfer in	62,000	62,000	65,012	3,012
Transfer out	-	-	(39,439)	(39,439)
Total other financing sources (uses)	<u>62,000</u>	<u>62,000</u>	<u>25,573</u>	<u>(36,427)</u>
Net change in fund balance	<u>\$ 444</u>	<u>\$ 444</u>	<u>(2,832)</u>	<u>\$ (3,276)</u>
Fund balance (budgetary basis) – beginning of year, restated			<u>1,090,668</u>	
Fund balance (budgetary basis) – end of year			<u>\$ 1,087,836</u>	

**CITY OF FARMER CITY, ILLINOIS**  
**Reconciliation of Budgetary Basis Cash Receipts and Cash Disbursements**  
**to GAAP Revenues and Expenses – General Fund**

**For the Year Ended April 30, 2020**

Total cash receipts sources for general fund activities	\$ 1,168,197
Differences – Budget to GAAP:	
Receivables are not recorded as budgetary cash receipts or other sources, but are revenue for financial reporting purposes:	
Intergovernmental tax receivable	20,395
Prepaid expenses	<u>(233)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 1,188,359</u>
Total cash disbursements for general fund activities	\$ 1,196,602
Differences – Budget to GAAP:	
Accruals are not recorded as budgetary cash disbursements or other financing uses, but are expenses for financial reporting purposes:	
Accounts payable	36,030
Accrued expenses	<u>1,289</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 1,233,921</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Budgetary Comparison Schedule – TIF II Fund – Unaudited**

**For the Year Ended April 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Over / (Under)
	Original	Final		
<b>Receipts</b>				
Property tax	\$ 345,000	\$ 345,000	\$ 353,169	\$ 8,169
Interest	1,000	1,000	954	(46)
Total receipts	<u>346,000</u>	<u>346,000</u>	<u>354,123</u>	<u>8,123</u>
<b>Disbursements</b>				
Public works	101,150	101,150	1,319,073	1,217,923
Capital outlay	1,650,000	1,650,000	437,590	(1,212,410)
Debt service - principal	100,000	100,000	100,000	-
Debt service - interest	34,090	34,090	34,817	727
Total disbursements	<u>1,885,240</u>	<u>1,885,240</u>	<u>1,891,480</u>	<u>6,240</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,539,240)</u>	<u>(1,539,240)</u>	<u>(1,537,357)</u>	<u>1,883</u>
<b>Other financing sources (uses):</b>				
Bond proceeds & issuance costs	1,000,000	1,000,000	1,001,950	1,950
Transfers in	-	-	-	-
Transfers out	(2,000)	(2,000)	(2,000)	-
Total other financing sources (uses)	<u>998,000</u>	<u>998,000</u>	<u>999,950</u>	<u>1,950</u>
Net change in fund balance	<u>\$ (541,240)</u>	<u>\$ (541,240)</u>	(537,407)	<u>\$ 3,833</u>
Fund balance (budgetary basis) – beginning of year			<u>914,038</u>	
Fund balance (budgetary basis) – end of year			<u>\$ 376,631</u>	

**CITY OF FARMER CITY, ILLINOIS**  
**Reconciliation of Budgetary Basis Cash Receipts and Cash Disbursements**  
**to GAAP Revenues and Expenses – TIF II Fund**

**For the Year Ended April 30, 2020**

*There were no differences between budgetary basis cash receipts to GAAP revenues.*

Total cash disbursements for TIF II activities	\$ 1,891,480
Differences – Budget to GAAP:	
Accruals are not recorded as budgetary cash disbursements or other financing uses, but are expenses for financial reporting purposes:	
Accounts payable	<u>(131,008)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 1,760,472</u></u>

**CITY OF FARMER CITY, ILLINOIS**  
**Budgetary Comparison Schedule – TIF III Fund – Unaudited**

**For the Year Ended April 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)*	Variance with Final Budget Over / (Under)
	Original	Final		
<b>Receipts</b>				
Property taxes	\$ -	\$ -	\$ 19,529	\$ 19,529
Interest	-	-	362	362
Miscellaneous	-	-	3,900	3,900
Total receipts	<u>-</u>	<u>-</u>	<u>23,791</u>	<u>23,791</u>
<b>Disbursements</b>				
Public works	-	-	5	5
Capital outlay	1,000,000	1,000,000	959,871	(40,129)
Debt service - interest	23,530	23,530	-	(23,530)
Total disbursements	<u>1,023,530</u>	<u>1,023,530</u>	<u>959,876</u>	<u>(63,654)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,023,530)</u>	<u>(1,023,530)</u>	<u>(936,085)</u>	<u>87,445</u>
<b>Other financing sources (uses):</b>				
Bond proceeds & issuance costs	1,000,000	1,000,000	998,050	(1,950)
Transfers out	-	-	(30,000)	(30,000)
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>968,050</u>	<u>(31,950)</u>
Net change in fund balance	<u>\$ (23,530)</u>	<u>\$ (23,530)</u>	31,965	<u>\$ 55,495</u>
Fund balance (budgetary basis) – beginning of year			<u>-</u>	
Fund balance (budgetary basis) – end of year			<u>\$ 31,965</u>	

\*There were no differences between budgetary basis cash receipts and disbursement and GAAP revenues and expenses.



**CITY OF FARMER CITY, ILLINOIS**  
**Budgetary Comparison Schedule – Capital Projects Fund – Unaudited**

**For the Year Ended April 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)*	Variance with Final Budget Over / (Under)
	Original	Final		
<b>Receipts</b>				
Intergovernmental taxes	\$ 20,000	\$ 20,000	\$ -	\$ (20,000)
Interest	100	100	995	895
Total receipts	<u>20,100</u>	<u>20,100</u>	<u>995</u>	<u>(19,105)</u>
<b>Disbursements</b>				
Public works	195,000	195,000	48,176	(146,824)
Capital outlay	<u>3,170,000</u>	<u>3,170,000</u>	<u>189,208</u>	<u>(2,980,792)</u>
Total disbursements	<u>3,365,000</u>	<u>3,365,000</u>	<u>237,384</u>	<u>(3,127,616)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(3,344,900)</u>	<u>(3,344,900)</u>	<u>(236,389)</u>	<u>3,108,511</u>
<b>Other financing sources (uses):</b>				
Bond proceeds & issuance costs	2,000,000	2,000,000	1,700,000	(300,000)
Transfers in	1,300,000	1,300,000	1,380,000	80,000
Transfers out	<u>-</u>	<u>-</u>	<u>(1,004,416)</u>	<u>(1,004,416)</u>
Total other financing sources (uses)	<u>3,300,000</u>	<u>3,300,000</u>	<u>2,075,584</u>	<u>(1,224,416)</u>
Net change in fund balance	<u>\$ (44,900)</u>	<u>\$ (44,900)</u>	1,839,195	<u>\$ 1,884,095</u>
Fund balance (budgetary basis) – beginning of year			<u>100,451</u>	
Fund balance (budgetary basis) – end of year			<u>\$ 1,939,646</u>	

\*There were no differences between budgetary basis cash receipts and disbursements and GAAP revenues and expenses.

**CITY OF FARMER CITY, ILLINOIS**  
**Reconciliation of Budgetary Basis Fund Balance**  
**to GAAP Basis Fund Balance**

**For the Year Ended April 30, 2020**

	<u>General Fund</u>	<u>Tax Increment Financing Fund II</u>	<u>Tax Increment Financing Fund III</u>	<u>Capital Projects Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Fund balance - Budgetary basis	\$ 1,087,836	\$ 376,631	\$ 31,965	1,939,646	924,222	\$ 4,360,300
Add back:						
Intergovernmental receivables	81,196	-	-	-	18,323	99,519
Other receivables	50	-	-	-	1,987	2,037
Prepaid expenses	233	-	-	-	35,829	36,062
Due from other funds	-	25,905	825,783	-	-	851,688
Less:						
Accounts payable	(43,655)	(7,625)	-	(24,975)	(5,151)	(81,406)
Accrued expenses	(54,074)	-	-	-	(13,589)	(67,663)
Due from other funds	-	(825,783)	(25,905)	(1,700,000)	-	(2,551,688)
Fund balance - GAAP basis	<u>\$ 1,071,586</u>	<u>\$ (430,872)</u>	<u>\$ 831,843</u>	<u>\$ 214,671</u>	<u>\$ 961,621</u>	<u>\$ 2,648,849</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Notes to Required Supplementary Information**

**April 30, 2020**

**Note 1 – Budget Policy and Practice:**

The City operates under an Annual Appropriation Ordinance that sets a limit on what may be spent during the fiscal year. The City staff also develops an annual budget in greater detail than the appropriation ordinance. This budget is based on the City’s goals of what programs are to be funded, capital projects and purchases desired, levels of taxation, types and amounts of user fees, estimates of state revenues, historical operating expenses and desired cash reserves and fund balance. The appropriation is based on the budget. The appropriation ordinance must be adopted by majority vote of the City Council before the end of the first quarter of the fiscal year. The City staff uses this budget to guide operations during the fiscal year.

All budgets are adopted on the cash basis of accounting, which is an accounting framework other than those generally accepted in the United States of America (U.S. GAAP). The budgetary cash basis reports revenues (receipts) upon receipt of cash and expenditures (disbursements) when cash is paid. Certain operating transfers between funds are budgeted as receipts or disbursements.

**Note 2 – Expenditures in Excess of Budget:**

The following major funds had disbursements in excess of budgeted amounts during the fiscal year:

<u>Fund</u>	<u>Amount</u>
Tax Increment Financing Fund II	\$ 6,240

**Note 3 – Restatement of Fund Balance**

Beginning fund balance, budgetary basis, has been restated to conform to the budgetary basis of accounting at April 30, 2019, for the following funds:

<u>General Fund</u>	
As previously stated	\$ 1,050,344
As restated	<u>1,090,668</u>
Change	<u>\$ 40,324</u>

## **OTHER SCHEDULES**

**CITY OF FARMER CITY, ILLINOIS**  
**Combining Balance Sheet – Non-Major Governmental Funds**

**April 30, 2020**

	Library Fund	ESDA Fund	Social Security Fund	School Crossing Guard Fund	Illinois Municipal Retirement Fund	Audit Fund	Motor Fuel Tax
<b>Assets</b>							
Cash and equivalents (Notes 1 and 2)	\$ 44,519	\$ 4,580	\$ 117,471	\$ 9,467	\$ 38,668	\$ 53,464	\$ 68,188
Property tax receivable (Note 5)	34,633	586	52,518	4,618	136,798	23,190	-
Intergovernmental tax receivable	-	-	-	-	-	-	6,041
Accounts receivable, net	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 79,152</u></b>	<b><u>\$ 5,166</u></b>	<b><u>\$ 169,989</u></b>	<b><u>\$ 14,085</u></b>	<b><u>\$ 175,466</u></b>	<b><u>\$ 76,654</u></b>	<b><u>\$ 74,229</u></b>
<b>Liabilities</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451
Accrued expenses	864	-	4,118	-	8,607	-	-
<b>Total current liabilities</b>	<b><u>864</u></b>	<b><u>-</u></b>	<b><u>4,118</u></b>	<b><u>-</u></b>	<b><u>8,607</u></b>	<b><u>-</u></b>	<b><u>451</u></b>
<b>Deferred inflows of resources</b>							
Deferred inflows related to property tax receivable	34,633	586	52,518	4,618	136,798	23,190	-
<b>Fund Balance</b>							
Nonspendable	-	-	-	-	-	-	-
Restricted for:							
Motor Fuel Tax	-	-	-	-	-	-	73,778
Hotel-Motel Tax	-	-	-	-	-	-	-
Business District Tax	-	-	-	-	-	-	-
ESDA	-	4,580	-	-	-	-	-
Audit	-	-	-	-	-	53,464	-
Social Security	-	-	113,353	-	-	-	-
Working Cash	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Tax Increment Financing III	-	-	-	-	-	-	-
School Crossing Guard	-	-	-	9,467	-	-	-
Library	43,655	-	-	-	-	-	-
Committed:							
Public safety	-	-	-	-	-	-	-
Unassigned	-	-	-	-	30,061	-	-
<b>Total fund balance</b>	<b><u>43,655</u></b>	<b><u>4,580</u></b>	<b><u>113,353</u></b>	<b><u>9,467</u></b>	<b><u>30,061</u></b>	<b><u>53,464</u></b>	<b><u>73,778</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 79,152</u></b>	<b><u>\$ 5,166</u></b>	<b><u>\$ 169,989</u></b>	<b><u>\$ 14,085</u></b>	<b><u>\$ 175,466</u></b>	<b><u>\$ 76,654</u></b>	<b><u>\$ 74,229</u></b>

**CITY OF FARMER CITY, ILLINOIS**  
**Combining Balance Sheet – Non-Major Governmental Funds – Continued**

**April 30, 2020**

	Hotel- Motel Tax Fund	Business District Tax Fund	Working Cash Fund	Insurance Fund	DUI Fund	Total Non-Major Governmental Funds
<b>Assets</b>						
Cash and equivalents (Notes 1 and 2)	\$ 17,478	\$ 100,565	\$ -	\$ 451,025	\$ 18,797	\$ 924,222
Property tax receivable (Note 5)	-	-	-	53,877	-	306,220
Intergovernmental tax receivable	-	12,282	-	-	-	18,323
Accounts receivable, net	1,987	-	-	-	-	1,987
Prepaid expenses	-	-	-	35,829	-	35,829
	<u>19,465</u>	<u>112,847</u>	<u>-</u>	<u>540,731</u>	<u>18,797</u>	<u>1,286,581</u>
Total assets	<u>\$ 19,465</u>	<u>\$ 112,847</u>	<u>\$ -</u>	<u>\$ 540,731</u>	<u>\$ 18,797</u>	<u>\$ 1,286,581</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ 4,700	\$ -	\$ -	\$ -	\$ 5,151
Accrued expenses	-	-	-	-	-	13,589
	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,740</u>
Total current liabilities	<u>-</u>	<u>4,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,740</u>
<b>Deferred inflows of resources</b>						
Deferred inflows related to property tax receivable	-	-	-	53,877	-	306,220
	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,877</u>	<u>-</u>	<u>306,220</u>
<b>Fund balance</b>						
Nonspendable	-	-	-	35,829	-	35,829
Restricted for:						
Motor Fuel Tax	-	-	-	-	-	73,778
Hotel-Motel Tax	19,465	-	-	-	-	19,465
Business District Tax	-	108,147	-	-	-	108,147
ESDA	-	-	-	-	-	4,580
Audit	-	-	-	-	-	53,464
Social Security	-	-	-	-	-	113,353
Working Cash	-	-	-	-	-	-
Insurance	-	-	-	451,025	-	451,025
School Crossing Guard	-	-	-	-	-	9,467
Library	-	-	-	-	-	43,655
Committed:						
Public safety	-	-	-	-	18,797	18,797
Unassigned	-	-	-	-	-	30,061
	<u>19,465</u>	<u>108,147</u>	<u>-</u>	<u>486,854</u>	<u>18,797</u>	<u>961,621</u>
Total fund balance	<u>19,465</u>	<u>108,147</u>	<u>-</u>	<u>486,854</u>	<u>18,797</u>	<u>961,621</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 19,465</u>	<u>\$ 112,847</u>	<u>\$ -</u>	<u>\$ 540,731</u>	<u>\$ 18,797</u>	<u>\$ 1,286,581</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance – Non-Major Governmental Funds**

**For the Year Ended April 30, 2020**

	Library Fund	ESDA Fund	Social Security Fund	School Crossing Guard Fund	Illinois Municipal Retirement Fund	Audit Fund	Motor Fuel Tax
<b>Revenues:</b>							
Property Taxes	\$ 32,125	\$ 537	\$ 48,015	\$ 4,286	\$ 117,785	\$ 21,203	-
Motor fuel tax	-	-	-	-	-	-	75,169
Other taxes	-	-	-	-	-	-	-
Donations and grants	24,717	-	-	-	-	-	-
Fines, fees, permits and licenses	3,942	-	-	-	-	-	-
Other income	5,783	-	-	-	-	-	-
Interest	22	4	147	13	62	61	2,205
Total revenue	<u>66,589</u>	<u>541</u>	<u>48,162</u>	<u>4,299</u>	<u>117,847</u>	<u>21,264</u>	<u>77,374</u>
<b>Current expenditures:</b>							
General government	-	-	54,935	-	102,139	13,900	-
Public safety	-	-	-	7,300	-	-	-
Public works	-	-	-	-	-	-	-
Streets and alleys	-	-	-	-	-	-	11,382
Recreation	63,539	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>63,539</u>	<u>-</u>	<u>54,935</u>	<u>7,300</u>	<u>102,139</u>	<u>13,900</u>	<u>11,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,050</u>	<u>541</u>	<u>(6,773)</u>	<u>(3,001)</u>	<u>15,708</u>	<u>7,364</u>	<u>65,992</u>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	21,625
Transfers out	-	-	-	-	-	-	-
Total financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,625</u>
Net change in fund balance	3,050	541	(6,773)	(3,001)	15,708	7,364	87,617
Fund balance, beginning of year	<u>40,605</u>	<u>4,039</u>	<u>120,126</u>	<u>12,468</u>	<u>14,353</u>	<u>46,100</u>	<u>(13,839)</u>
Fund balance, end of year	<u>\$ 43,655</u>	<u>\$ 4,580</u>	<u>\$ 113,353</u>	<u>\$ 9,467</u>	<u>\$ 30,061</u>	<u>\$ 53,464</u>	<u>\$ 73,778</u>

**CITY OF FARMER CITY, ILLINOIS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance – Non-Major Governmental Funds - Continued**

**For the Year Ended April 30, 2020**

	Hotel- Motel Tax Fund	Business District Tax	Working Cash Fund	Insurance Fund	DUI Fund	Total Non-Major Governmental Funds
<b>Revenues:</b>						
Property Taxes	\$ -	\$ -	-	\$ 70,673	\$ -	\$ 294,624
Motor fuel tax	-	-	-	-	-	75,169
Other taxes	11,831	96,154	-	-	-	107,985
Donations and grants	-	-	-	-	-	24,717
Fines, fees, permits and licenses	-	-	-	-	9,800	13,742
Other income	-	-	-	-	-	5,783
Interest	60	4,064	-	511	19	7,168
Total revenue	<u>11,891</u>	<u>100,218</u>	<u>-</u>	<u>71,184</u>	<u>9,819</u>	<u>529,188</u>
<b>Current expenditures:</b>						
General government	-	-	-	58,703	-	229,677
Public safety	-	-	-	-	-	7,300
Public works	12,645	36,743	-	-	-	49,388
Streets and alleys	-	-	-	-	-	11,382
Recreation	-	-	-	-	-	63,539
Capital outlay	-	118,457	-	-	13,107	131,564
Total expenditures	<u>12,645</u>	<u>155,200</u>	<u>-</u>	<u>58,703</u>	<u>13,107</u>	<u>492,850</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(754)</u>	<u>(54,982)</u>	<u>-</u>	<u>12,481</u>	<u>(3,288)</u>	<u>36,338</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	21,625
Transfers out	-	(50,000)	-	-	(9,000)	(59,000)
Total financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>(9,000)</u>	<u>(37,375)</u>
Net change in fund balance	(754)	(104,982)	-	12,481	(12,288)	(1,037)
Fund balance, beginning of year, restated	<u>20,219</u>	<u>213,129</u>	<u>-</u>	<u>474,373</u>	<u>31,085</u>	<u>962,658</u>
Fund balance, end of year	<u>\$ 19,465</u>	<u>\$ 108,147</u>	<u>\$ -</u>	<u>\$ 486,854</u>	<u>\$ 18,797</u>	<u>\$ 961,621</u>



**SUPPLEMENTAL STATISTICAL SECTION**

**CITY OF FARMER CITY, ILLINOIS**  
**Schedule of Assessed Valuation, Property Tax Rates, and Tax Extensions – Unaudited**

April 30, 2020

	Tax Years			
	2019	2018	2017	2016
Rate Setting Assessed Valuation	\$ 23,088,713	\$ 22,767,021	\$ 22,407,555	\$ 22,014,240
Increment Valuation (for TIF)	\$ 4,242,919	\$ 3,672,749	\$ 3,442,240	\$ 3,112,937
Tax Rates:				
General				
Corporate	0.25000	0.23549	0.25000	0.25000
Police Protection	0.07500	0.07065	0.07500	0.07500
Streets and Bridges	0.00000	0.00000	0.00000	0.00000
Parks	0.07500	0.07065	0.07500	0.07500
Street Lighting	0.05000	0.04710	0.05000	0.05000
Total General	0.45000	0.42389	0.45000	0.45000
Sewer	0.10000	0.09420	0.10000	0.10000
Lease Purchase	0.00000	0.00000	0.00000	0.03340
Social Security and Illinois				
Municipal Retirement Fund	0.81995	0.72926	0.73500	0.59370
Library	0.15000	0.14130	0.15000	0.15000
Civil Defense	0.00254	0.00236	0.00280	0.00290
Bond and Interest	0.00000	0.00000	0.00000	0.00000
Liability Insurance	0.23335	0.31085	0.46130	0.49200
School Crossing Guard	0.02000	0.01885	0.02000	0.02000
Audit	0.10044	0.09326	0.07050	0.06260
Working Cash	0.00000	0.00000	0.00000	0.00260
Total	1.87628	1.81397	1.98960	1.90720
Tax Extensions:				
General				
Corporate	\$ 57,722	\$ 53,614	\$ 56,019	\$ 55,755
Police Protection	17,317	16,085	16,806	16,726
Parks	17,317	16,085	16,806	16,726
Street Lighting	11,544	10,723	11,204	11,151
Total General	103,900	96,507	100,835	100,358
Sewer	23,089	21,447	22,407	22,302
Lease Purchase	-	-	-	7,449
Social Security and Illinois				
Municipal Retirement Fund	189,316	166,031	164,693	132,415
Library	34,633	32,170	33,611	33,453
Civil Defense	586	537	634	653
Liability Insurance	53,878	70,771	103,373	109,730
School Crossing Guard	4,618	4,292	4,482	4,460
Audit	23,190	21,233	15,793	13,963
Working Cash	-	-	-	582
Total	\$ 433,210	\$ 412,988	\$ 445,828	\$ 425,365

**CITY OF FARMER CITY, ILLINOIS**  
**Schedule of Property Tax Collections – Unaudited**

**April 30, 2020**

	Tax Years			
	2018	2017	2016	2015
Tax Collections (including Roads & Bridges and Mobile Home Privilege Tax):				
General:				
Corporate	53,541	\$ 56,106	\$ 54,881	\$ 55,557
Police Protection	16,062	16,832	16,464	16,668
Parks	16,062	16,832	16,464	16,668
Roads & Bridges	15,113	18,481	18,111	18,337
Street Lighting	10,708	11,221	10,976	11,112
Total General	111,486	119,472	116,896	118,342
Sewer	21,417	22,442	21,952	22,222
Lease Purchase	-	-	7,332	7,778
Social Security and Illinois Municipal Retirement Fund	165,800	164,949	130,339	117,781
Library	32,125	33,664	32,929	33,334
Civil Defense	537	635	643	544
Liability Insurance	70,673	103,534	108,009	107,010
School Crossing Guard	4,286	4,489	4,390	4,446
Audit	21,203	15,818	13,744	13,334
Tax Increment Financing Fund II	353,169	347,671	330,764	326,276
Tax Increment Financing Fund III	19,530	-	-	-
Working Cash	-	-	573	555
Total Tax Collected	800,226	812,674	767,571	751,622
Less: Non-levied taxes included above:				
Tax Increment Financing Fund II	353,169	347,671	330,764	326,276
Tax Increment Financing Fund III	19,530	-	-	-
Roads & Bridges	15,113	18,481	18,111	18,337
Total non-levied taxes	387,812	366,152	348,875	344,613
Net Levied Tax Collected	\$ 412,414	\$ 446,522	\$ 418,696	\$ 407,009
Percentage of Extension Collected	99.86%	100.16%	98.43%	99.90%

**CITY OF FARMER CITY, ILLINOIS**  
**Schedule of Legal Debt Margin – Unaudited**

**April 30, 2020**

Total Assessed Valuation - 2018 Tax year	<u><u>\$ 23,088,713</u></u>
Statutory Debt Limitation (8.625% of Assessed Valuation)	<u><u>\$ 1,991,401</u></u>
Less: Total Applicable Debt:	
General Obligation Bonds - Series 2007	<u>105,000</u>
Legal Debt Margin	<u><u>\$ 1,886,401</u></u>