

**CITY OF ANNA, ILLINOIS**  
**ANNUAL FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**For the Year Ended April 30, 2020**



## CONTENTS

|   | <u>Page</u> |
|---|-------------|
| Management's Discussion and Analysis  | i-vii       |
| Independent Auditor's Report  | 1-2         |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 3-4         |

### BASIC FINANCIAL STATEMENTS

|   |       |
|---|-------|
| Government-Wide Financial Statements:   |       |
| Statement of Net Position - Modified Cash Basis   | 5     |
| Statement of Activities and Changes in Net Position - Modified Cash Basis   | 6     |
| Fund Financial Statements:  |       |
| Balance Sheet - Modified Cash Basis - Governmental Funds  | 7     |
| Reconciliation of Balance Sheet - Modified Cash Basis to the<br>Statement of Net Assets - Modified Cash Basis   | 8     |
| Statement of Revenues, Expenditures, and Changes in Fund Balances -<br>Modified Cash Basis - Governmental Funds   | 9     |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Modified Cash Basis to the Statement of Activities - Modified Cash Basis | 10    |
| Statement of Net Position - Modified Cash Basis - Proprietary Funds   | 11    |
| Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds<br>Modified Cash Basis - Proprietary Funds   | 12    |
| Statement of Cash Flows - Modified Cash Basis - Proprietary Funds   | 13    |
| Statement of Net Position - Fiduciary Funds   | 14    |
| Statement of Changes in Net Position - Fiduciary Funds  | 15    |
| Notes to Financial Statements   | 16-54 |

### OTHER INFORMATION

|   |       |
|---|-------|
| Budgetary Comparison Schedules - Modified Cash Basis - Governmental Funds | 55-64 |
|---|-------|

### COMPLIANCE SECTION

|  |       |
|--|-------|
| Schedule of Findings and Responses       | 65-67 |
| Summary Schedule of Prior Audit Findings | 68    |
| Corrective Action Plan                   | 69-70 |

[Illegible text]

**City of Anna, Illinois**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2020 and 2019**

The City of Anna, Illinois is presenting the following discussion and analysis to provide an overall review of the City's financial activities for the fiscal year ended April 30, 2020 and 2019. The City's financial performance is discussed within the context of the accompanying financial statements and notes to the financial statements in order to enhance the understanding of readers.

**Financial Highlights**

- \* The assets of the City exceeded liabilities at the close of the fiscal year ended April 30, 2020 by \$ 17,678,241. Of this amount, \$ 5,167,787 is considered unrestricted. The unrestricted net position of the City's governmental activities were \$ 2,859,236 and may be used to meet the government's ongoing obligations to citizens and creditors. The unrestricted net position of the City's business-type activities were \$ 2,308,551 and may be used to meet the ongoing obligations of the City's utility activities.
- \* The City's total net position increased by \$ 634,272 or 3.72% in the fiscal year ended April 30, 2020. The net position of governmental activities increased by \$ 396,141 or 5.13% from the prior fiscal year. The net position of business-type activities increased \$ 238,131 or 2.56% from the prior fiscal year.
- \* The total cost of all City services for the fiscal year ended April 30, 2020 was \$ 6,421,083, \$ 3,075,868 or 47.90% of which was for governmental services, and \$ 3,345,215 or 52.10% of which was for business-type activities.
- \* A total of \$ 570,433 or 18.55% of governmental services were financed by program revenue, with \$ 191,582 or 6.23% financed by grants and the remaining 75.22% being financed by general revenues. Sales and Use tax revenue represented the single largest source of general revenue, providing 66.74% of expense.
- \* The City's investment in capital assets increased \$ 149,801 during the year as a result of additional operating equipment purchases. Funding for the investments were provided by reserves.
- \* The City's total bonded debt and loans decreased by \$ 51,914 or 6.95% during the year as a result of scheduled payments on existing revenue bonds.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: Government-wide Financial Statements; Fund Financial Statements; and Notes to the Financial Statements. This report also includes other information in addition to the basic financial statements.

**Government-wide Financial Statements**

These statements are designed to provide an overview of the City's finances, in a manner similar to a private sector business. Both statements report separately the functions and activities into governmental activities, that are principally supported by taxes and intergovernmental revenues, and business-type activities that are intended to recover all or a significant portion of costs through user fees or charges. The governmental activities of the City include; general government; public safety; transportation and public works; social services; and community and economic development. The business-type activities of the City include three enterprise activities; water utility, sewer utility and gas utility system.

The Statement of Net Position - Modified Cash Basis presents the assets and liabilities of all non-fiduciary activities of the City.

The Statement of Activities - Modified Cash Basis presents information showing how the government's direct expenses by function are offset by direct program revenues, grants and contributions, with the net expense remaining to be offset by general revenues and transfers.

**City of Anna, Illinois**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2020 and 2019**

**Overview of the Financial Statements (concluded)**

**Government-wide Financial Statements (concluded)**

The Government-wide financial statements of the governmental funds and proprietary funds are presented using the modified cash basis of accounting. Under the modified cash basis of accounting, assets, liabilities, net position, revenues, and expenses are recognized when they result from cash transactions with provisions for internal balances, capital assets, depreciation, and debt. Under the modified cash basis of accounting, certain assets and the related revenues, and certain liabilities and the related expenses are not recorded in these statements.

**Fund Financial Statements**

These statements report the City's operations in more detail and focus primarily on the specific activities. The funds of the City are divided into two categories; governmental funds and proprietary funds. The fiduciary funds are presented separately.

**Governmental Funds**

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. A fund is considered major if it is the primary operating fund or it meets the criteria that the total assets, liabilities, revenues, or expenses are at least 10% of the corresponding total for that fund type, or are at least 5% of the corresponding total of all fund types.

Governmental fund financial statements are presented on the modified cash basis of accounting, with provisions for the recognition of internal balances and notes receivable. Capital assets and long term liabilities are not presented in the governmental fund financial statements. Under the modified cash basis of accounting, certain assets and the related revenues, and certain liabilities and the related expenses are not recorded in these statements.

**Proprietary Funds**

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and gas utility activities.

Proprietary fund financial statements are presented on the modified cash basis of accounting, with provisions for the recognition of internal balances, capital assets, depreciation, and debt. Under the modified cash basis of accounting, certain assets and the related revenues, and certain liabilities and the related expenses are not recorded in these financial statements.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources are not available to support the functions and activities of the City.

Fiduciary Fund Financial Statements are presented on the modified cash basis of accounting, with provisions for the recognition of investments at fair value.

**Notes to Financial Statements**

The Notes to the Financial Statements: provide additional information that is essential to an understanding of the data provided in the City's financial statements.

**Other Information**

Combining fund financial statements provide detailed information about each of the City's nonmajor funds which are presented in aggregate on the government-wide and fund financial statements. The combining fund financial statements are presented on the modified cash basis of accounting. This section also includes budgetary comparison schedules for the governmental funds required to have a budget.

**City of Anna, Illinois**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2020 and 2019**

**Financial Analysis - Statement of Net Position - Modified Cash Basis**

The assets of the City exceeded its liabilities at the close of the fiscal year ended April 30, 2020 by \$ 17,068,965. Of this amount, \$ 4,159,297 is considered unrestricted. The unrestricted net position of the City's governmental activities were \$ 2,372,649. The unrestricted net position of the City's business-type activities were \$ 1,786,648.

The City's total net position increased by \$ 181,288 or 1.07% in the fiscal year ended April 30, 2020. The net position of governmental activities increased by \$ 48,528 or .63% from the prior fiscal year. The net position of business-type activities increased \$ 132,760 or 1.44% from the prior fiscal year.

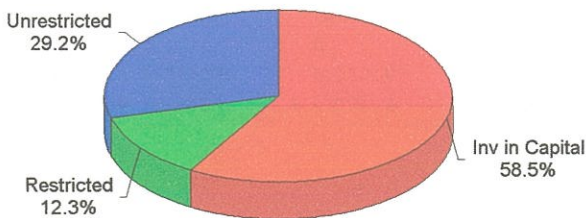
A summary of the City's government-wide Statement of Net Position - Modified Cash Basis follows:

**Condensed Statement of Net Position - Modified Cash Basis**

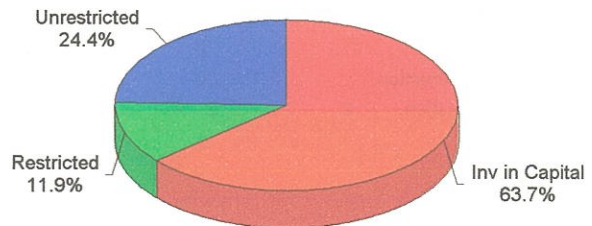
|                           | Governmental Activities |                     | Business-Type Activities |                     | Total                |                      |
|---------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                           | 2020                    | 2019                | 2020                     | 2019                | 2020                 | 2019                 |
| <b>ASSETS</b>             |                         |                     |                          |                     |                      |                      |
| Current Assets            | \$ 3,720,246            | \$ 3,071,386        | \$ 3,701,952             | \$ 3,206,008        | \$ 7,422,198         | \$ 6,277,394         |
| Noncurrent Assets         | 0                       | 0                   | 27,214                   | 29,917              | 27,214               | 29,917               |
| Capital Assets            | 4,404,785               | 4,657,504           | 6,684,804                | 6,999,173           | 11,089,589           | 11,656,677           |
| Other Assets              | 0                       | 0                   | 0                        | 0                   | 0                    | 0                    |
| <b>Total Assets</b>       | <b>8,125,031</b>        | <b>7,728,890</b>    | <b>10,413,970</b>        | <b>10,235,098</b>   | <b>18,539,001</b>    | <b>17,963,988</b>    |
| <b>LIABILITIES</b>        |                         |                     |                          |                     |                      |                      |
| Current Liabilities       | 0                       | 0                   | 113,647                  | 120,992             | 113,647              | 120,992              |
| Noncurrent Liabilities    | 0                       | 0                   | 0                        | 0                   | 0                    | 0                    |
| Current Debt              | 0                       | 0                   | 52,660                   | 51,914              | 52,660               | 51,914               |
| Noncurrent Debt           | 0                       | 0                   | 694,453                  | 747,113             | 694,453              | 747,113              |
| <b>Total Liabilities</b>  | <b>0</b>                | <b>0</b>            | <b>860,760</b>           | <b>920,019</b>      | <b>860,760</b>       | <b>920,019</b>       |
| <b>NET POSITION</b>       |                         |                     |                          |                     |                      |                      |
| Invested in Capital       |                         |                     |                          |                     |                      |                      |
| Assets net of debt        | 4,404,785               | 4,657,504           | 5,937,691                | 6,200,146           | 10,342,476           | 10,857,650           |
| Restricted                | 861,010                 | 698,737             | 1,306,968                | 1,328,285           | 2,167,978            | 2,027,022            |
| Unrestricted              | 2,859,236               | 2,372,649           | 2,308,551                | 1,786,648           | 5,167,787            | 4,159,297            |
| <b>Total Net Position</b> | <b>\$ 8,125,031</b>     | <b>\$ 7,728,890</b> | <b>\$ 9,553,210</b>      | <b>\$ 9,315,079</b> | <b>\$ 17,678,241</b> | <b>\$ 17,043,969</b> |

The following are graphical representations of total net position by category for the fiscal years ended April 30, 2020 and April 30, 2019:

City of Anna, Illinois - Net Assets  
April 30, 2020



City of Anna, Illinois - Net Assets  
April 30, 2019



**City of Anna, Illinois**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2020 and 2019**

**Financial Analysis - Statement of Net Activities - Modified Cash Basis**

The City's total revenues increased by \$ 292,391 over the prior fiscal year due to increases in grants, sales tax, motor fuel taxes. Grant revenues increased \$ 128,941, sales tax revenues increased \$ 63,461, motor fuel taxes increased \$ 47,480, property taxes increased \$ 24,049, other taxes increased \$ 17,444, and investment income increased \$ 9,618.

Total expenses decreased \$ 184,989, due mainly to decrease in commodity purchase cost, and the reduction of motor fuel tax expenditures. Other decreases were attributed to reductions in professional fees.

A summary of the City's government-wide Statement of Activities - Modified Cash Basis follows:

**Condensed Statement of Activities and Changes in Net Position - Modified Cash Basis**

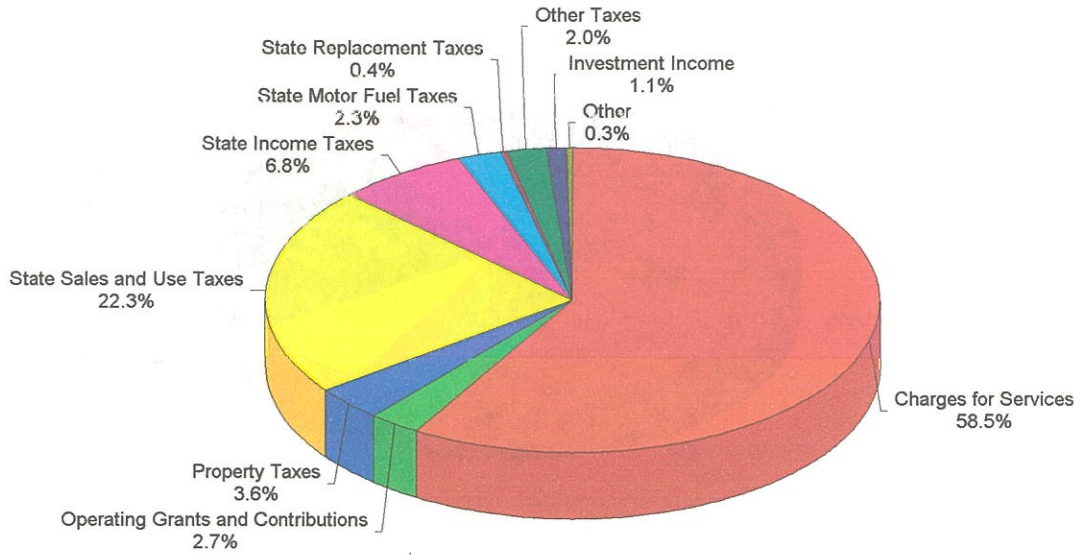
|                        | Governmental Activities |              | Business Type Activities |              | Total         |               |
|------------------------|-------------------------|--------------|--------------------------|--------------|---------------|---------------|
|                        | 2020                    | 2019         | 2020                     | 2019         | 2020          | 2019          |
| <b>REVENUES</b>        |                         |              |                          |              |               |               |
| Program Revenues       |                         |              |                          |              |               |               |
| Charges for Services   | \$ 570,433              | \$ 569,725   | \$ 3,557,047             | \$ 3,560,615 | \$ 4,127,480  | \$ 4,130,340  |
| Oper. Grants           | 191,582                 | 62,641       | 0                        | 0            | 191,582       | 62,641        |
| Capital Grants         | 0                       | 0            | 0                        | 0            | 0             | 0             |
| General Revenues       |                         |              |                          |              |               |               |
| Property Taxes         | 255,450                 | 231,401      | 0                        | 0            | 255,450       | 231,401       |
| State Sales/Use Taxes  | 1,571,345               | 1,507,884    | 0                        | 0            | 1,571,345     | 1,507,884     |
| State Income Taxes     | 481,444                 | 468,988      | 0                        | 0            | 481,444       | 468,988       |
| State Motor Fuel Taxes | 160,575                 | 113,095      | 0                        | 0            | 160,575       | 113,095       |
| State Replace Taxes    | 25,330                  | 23,701       | 0                        | 0            | 25,330        | 23,701        |
| Other Taxes            | 142,443                 | 124,999      | 0                        | 0            | 142,443       | 124,999       |
| Investment Income      | 54,434                  | 50,221       | 22,656                   | 17,251       | 77,090        | 67,472        |
| Other                  | 18,973                  | 29,544       | 3,643                    | 2,299        | 22,616        | 31,843        |
| Total Revenues         | 3,472,009               | 3,182,199    | 3,583,346                | 3,580,165    | 7,055,355     | 6,762,364     |
| <b>EXPENSES</b>        |                         |              |                          |              |               |               |
| General Government     | 632,033                 | 716,013      | 0                        | 0            | 632,033       | 716,013       |
| Public Safety          | 1,119,982               | 1,062,175    | 0                        | 0            | 1,119,982     | 1,062,175     |
| Transport/Public Works | 459,173                 | 592,949      | 0                        | 0            | 459,173       | 592,949       |
| Social Services        | 471,426                 | 488,721      | 0                        | 0            | 471,426       | 488,721       |
| Culture/Recreation     | 201,672                 | 214,267      | 0                        | 0            | 201,672       | 214,267       |
| Economic Development   | 191,582                 | 59,546       | 0                        | 0            | 191,582       | 59,546        |
| Debt Service           | 0                       | 0            | 0                        | 0            | 0             | 0             |
| Water                  | 0                       | 0            | 1,264,883                | 1,259,577    | 1,264,883     | 1,259,577     |
| Sewer                  | 0                       | 0            | 714,355                  | 799,383      | 714,355       | 799,383       |
| Gas                    | 0                       | 0            | 1,365,977                | 1,413,441    | 1,365,977     | 1,413,441     |
| Total Expenses         | 3,075,868               | 3,133,671    | 3,345,215                | 3,472,401    | 6,421,083     | 6,606,072     |
| Change in Net Position | 396,141                 | 48,528       | 238,131                  | 107,764      | 634,272       | 156,292       |
| Transfers              | 0                       | 0            | 0                        | 0            | 0             | 0             |
| Beginning Net Position | 7,728,890               | 7,680,362    | 9,315,079                | 9,207,315    | 17,043,969    | 16,887,677    |
| Ending Net Position    | \$ 8,125,031            | \$ 7,728,890 | \$ 9,553,210             | \$ 9,315,079 | \$ 17,678,241 | \$ 17,043,969 |



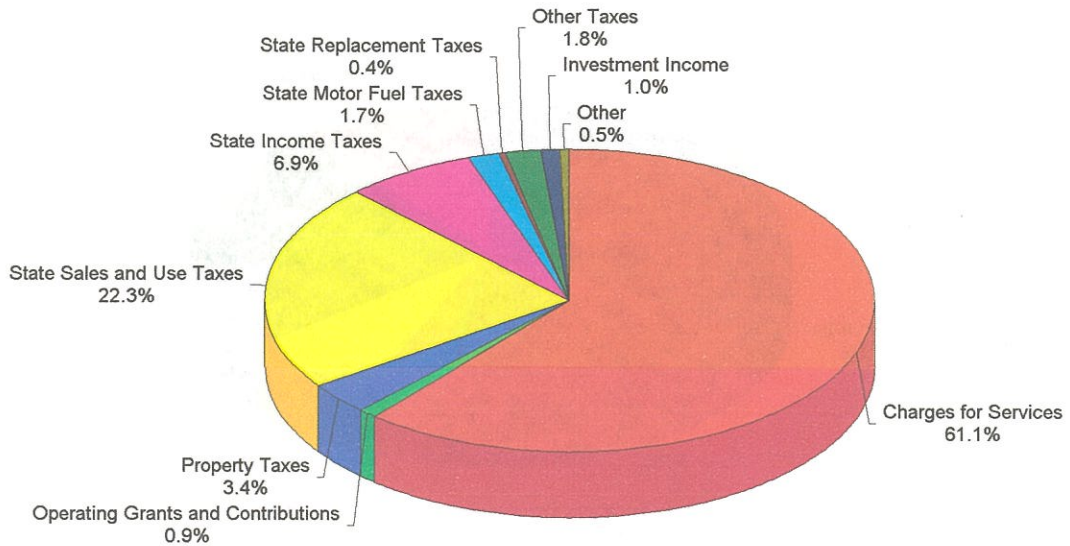
**City of Anna, Illinois**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2020 and 2019**

The following are graphical representations of revenues by type/source for the fiscal years ended April 30, 2020 and April 31, 2019:

City of Anna, Illinois - Revenue by Type  
 Fiscal Year Ended April 30, 2020



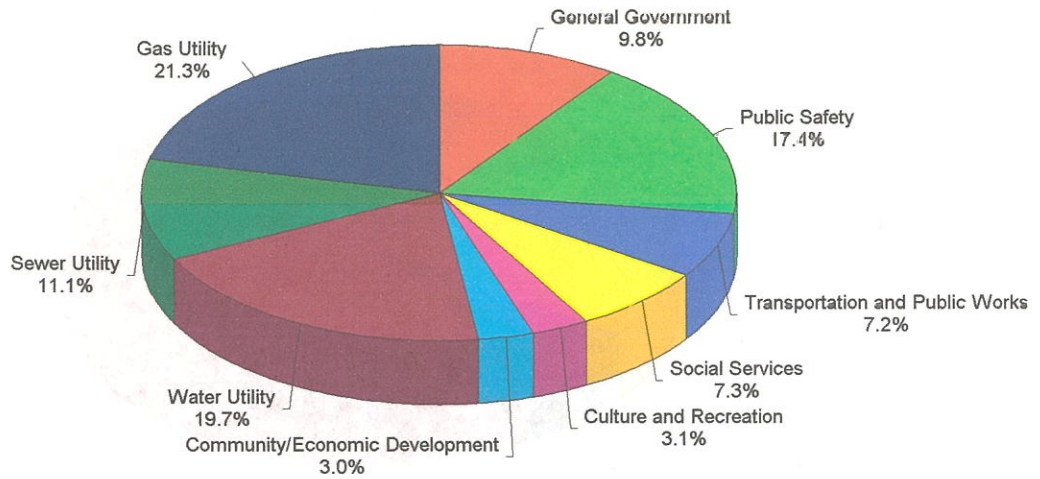
City of Anna, Illinois - Revenue by Type  
 Fiscal Year Ended April 30, 2019



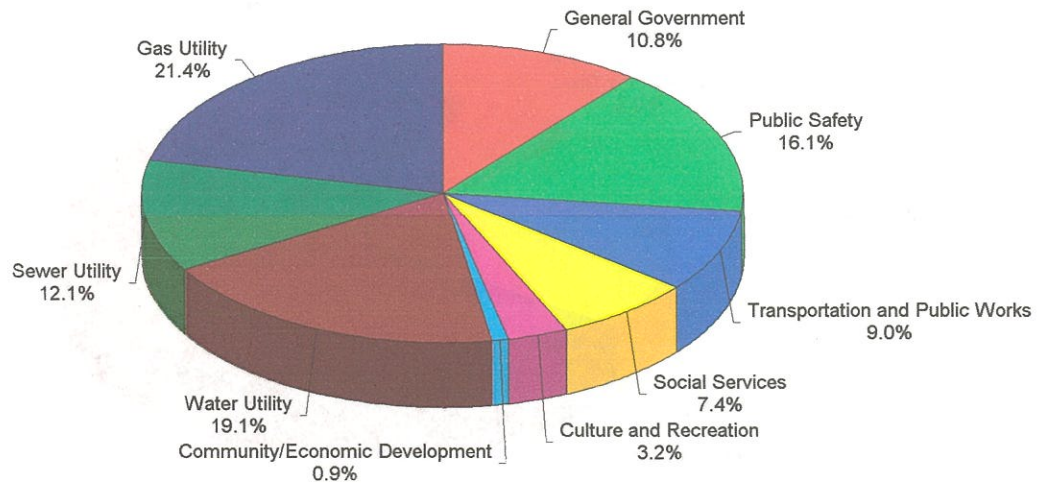
**City of Anna, Illinois**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2020 and 2019**

The following are graphical representations of expenses by program/function for the fiscal years ended April 30, 2020 and April 31, 2019:

City of Anna, Illinois - Expense by Function  
 Fiscal Year Ended April 30, 2020



City of Anna, Illinois - Expense by Function  
 Fiscal Year Ended April 30, 2019



**City of Anna, Illinois**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**April 30, 2020 and 2019**

**Capital Expenditures**

The City expended a total of \$ 149,801 for capital expenditures during the year. This investment consisted of \$ 149,801 for operating equipment.

**Capital Assets**

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Land & Right of Way                          | \$ 1,326,477      | \$ 1,326,477      |
| Plant & Dist. System                         | 13,445,711        | 13,445,711        |
| Building                                     | 4,885,300         | 4,885,300         |
| Other Equipment                              | 4,620,509         | 4,470,708         |
| Construction in Progress                     | 0                 | 0                 |
| Less: Accumulated Depreciation               | (13,188,408)      | (12,471,519)      |
| <br>Total Capital Assets net of depreciation | <br>\$ 11,089,589 | <br>\$ 11,656,677 |

The following significant changes occurred during the fiscal year ended April 30, 2019:

- \* Vehicle and equipment purchases

**Long Term Debt**

|                          | 2020           | 2019           |
|--------------------------|----------------|----------------|
| IEPA Loan - Water        | \$ 609,999     | \$ 652,956     |
| IEPA Loan - Sewer        | 137,113        | 146,070        |
| <br>Total Long Term Debt | <br>\$ 747,112 | <br>\$ 799,026 |

The following significant changes occurred during the fiscal year ended April 30, 2020:

- \* None - normal Debt reduction

Additional information can be found in Note V to the financial statements.

**Economic Factors**

The City strives to maintain awareness of local economic conditions. The City is continually upgrading the infrastructure, and promotes the industrial park with the desire to attract potential businesses which will provide job creation and stimulate business activity in the local economy.

**Future Budget Issues**

The City reviews its financial results monthly and annually in order to develop realistic and workable operating budgets. In addition to the operating budgets, the City also prepares long term budgets for capital expenditures to plan for future capital asset acquisition and maintenance costs as well as the means of financing them.

**Contact Information**

This report is designed to provide readers with a general overview of the City's finances and to demonstrate the City's accountability for the funds received. Anyone with questions regarding this report or desiring additional information, may contact: City of Anna, 103 Market Street, Anna, Illinois 62906, or by phone at (619)833-8528.



**BEUSSINK, HICKAM & KOCHER, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**139 West Vienna St. – P.O. Box 556**  
**Anna, Illinois 62906**  
**(618)833-2721, (618)833-7059, Fax (618)833-7077**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and City Council  
City of Anna, Illinois

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Anna, Illinois, as of April 30, 2020, and the respective changes in modified cash basis financial position, and, where applicable, the modified cash basis cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note I.

**Basis of Accounting**

We draw attention to Note I of the financial statements, which describes the basis of accounting. The City of Anna, Illinois prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

**Other Matters**

*Other Information*

The management’s discussion and analysis on pages i-vii, and budgetary comparison information on pages 55-64, are presented for purposes of additional analysis. Such information is the responsibility of management and has been derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the other information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2022, on our consideration of the City of Anna, Illinois’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Anna, Illinois ’s internal control over financial reporting and compliance.



Anna, Illinois  
May 20, 2022

**BEUSSINK, HICKAM & KOCHER, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
139 West Vienna St. – P.O. Box 556  
Anna, Illinois 62906  
(618)833-2721, (618)833-7059, Fax (618)833-7077

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and City Council  
City of Anna, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the City of Anna, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Anna, Illinois 's basic financial statements and have issued our report thereon dated May 20, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Anna, Illinois 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Anna, Illinois 's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Anna, Illinois 's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as findings 2020-01, 2020-02, 2020-03, and 2020-04 that we consider to be material weaknesses.

**Compliance and Other Matters**

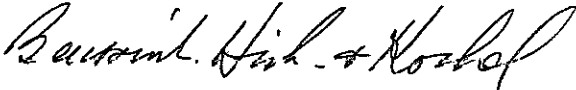
As part of obtaining reasonable assurance about whether the City of Anna, Illinois 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, and are described in the accompanying schedule of findings and responses as findings 2020-01, and 2020-02.

**Response to Findings**

The City of Anna, Illinois 's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Anna, Illinois 's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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



Anna, Illinois  
May 20, 2022



**BASIC FINANCIAL STATEMENTS**

**City of Anna, Illinois**  
**STATEMENT OF NET POSITION**  
**MODIFIED CASH BASIS**  
**April 30, 2020**

|                                 | Primary Government         |                             |                      |
|---------------------------------|----------------------------|-----------------------------|----------------------|
|                                 | Governmental<br>Activities | Business Type<br>Activities | Total                |
| <b>ASSETS</b>                   |                            |                             |                      |
| <b>Current Assets</b>           |                            |                             |                      |
| Cash and Cash Equivalents       | \$ 1,401,676               | \$ 2,281,952                | \$ 3,683,628         |
| Certificates of Deposit         | 2,280,000                  | 1,420,000                   | 3,700,000            |
| Receivables:                    |                            |                             |                      |
| Accounts Receivable - net       | 0                          | 0                           | 0                    |
| Taxes Receivable - net          | 0                          | 0                           | 0                    |
| Interfund                       | 0                          | 0                           | 0                    |
| Accrued Interest                | 0                          | 0                           | 0                    |
| Notes Receivable                | 38,570                     | 0                           | 38,570               |
| Inventory                       | 0                          | 0                           | 0                    |
| Prepaid Items                   | 0                          | 0                           | 0                    |
| <b>Total Current Assets</b>     | <b>3,720,246</b>           | <b>3,701,952</b>            | <b>7,422,198</b>     |
| <b>Non-Current Assets</b>       |                            |                             |                      |
| <b>Restricted:</b>              |                            |                             |                      |
| Cash and Cash Equivalents       | 0                          | 27,214                      | 27,214               |
| Certificates of Deposit         | 0                          | 0                           | 0                    |
| <b>Total Restricted Assets</b>  | <b>0</b>                   | <b>27,214</b>               | <b>27,214</b>        |
| <b>Capital Assets:</b>          |                            |                             |                      |
| Land and Right-of-way           | 1,326,477                  | 0                           | 1,326,477            |
| Plant and Distribution System   | 0                          | 13,445,711                  | 13,445,711           |
| Buildings and Improvements      | 4,456,679                  | 428,621                     | 4,885,300            |
| Equipment                       | 3,447,983                  | 1,172,526                   | 4,620,509            |
| Less Accumulated Depreciation   | (4,826,354)                | (8,362,054)                 | (13,188,408)         |
| Construction in Progress        | 0                          | 0                           | 0                    |
| <b>Total Capital Assets</b>     | <b>4,404,785</b>           | <b>6,684,804</b>            | <b>11,089,589</b>    |
| <b>Other Assets:</b>            |                            |                             |                      |
| Escrow                          | 0                          | 0                           | 0                    |
| Other                           | 0                          | 0                           | 0                    |
| <b>Total Other Assets</b>       | <b>0</b>                   | <b>0</b>                    | <b>0</b>             |
| <b>Total Non-Current Assets</b> | <b>4,404,785</b>           | <b>6,712,018</b>            | <b>11,116,803</b>    |
| <b>Total Assets</b>             | <b>\$ 8,125,031</b>        | <b>\$ 10,413,970</b>        | <b>\$ 18,539,001</b> |

(Continued)

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business Type<br>Activities | Total                |
| <b>LIABILITIES</b>                                |                            |                             |                      |
| Current Liabilities                               |                            |                             |                      |
| Payable from Current Assets:                      |                            |                             |                      |
| Accounts Payable                                  | \$ 0                       | \$ 0                        | \$ 0                 |
| Accrued Payroll and Related Items                 | 0                          | 0                           | 0                    |
| Interfund   | 0                          | 0                           | 0                    |
| Customer Deposits                                 | 0                          | 113,647                     | 113,647              |
| Accrued Interest                                  | 0                          | 0                           | 0                    |
| Bonds/Loans Payable - Current Portion             | 0                          | 0                           | 0                    |
| Total Payable from Current Assets:                | <u>0</u>                   | <u>113,647</u>              | <u>113,647</u>       |
| Payable from Restricted Assets:                   |                            |                             |                      |
| Accounts Payable                                  | 0                          | 0                           | 0                    |
| Bonds/Loans Payable - Current Portion             | 0                          | 52,660                      | 52,660               |
| Accrued Interest Payable                          | 0                          | 0                           | 0                    |
| Total Payable from Restricted Assets              | <u>0</u>                   | <u>52,660</u>               | <u>52,660</u>        |
| Total Current Liabilities                         | <u>0</u>                   | <u>166,307</u>              | <u>166,307</u>       |
| Non-Current Liabilities                           |                            |                             |                      |
| Bonds Payable                                     | 0                          | 694,453                     | 694,453              |
| Other Liabilities                                 | 0                          | 0                           | 0                    |
| Accrued Compensated Absences                      | 0                          | 0                           | 0                    |
| Total Non-Current Liabilities                     | <u>0</u>                   | <u>694,453</u>              | <u>694,453</u>       |
| Total Liabilities                                 | <u>\$ 0</u>                | <u>\$ 860,760</u>           | <u>\$ 860,760</u>    |
| <b>NET POSITION</b>                               |                            |                             |                      |
| Investment in Capital Assets, net of related debt | \$ 4,404,785               | \$ 5,937,691                | \$ 10,342,476        |
| Restricted for:                                   |                            |                             |                      |
| Future Expenditures                               | 301,222                    | 0                           | 301,222              |
| Designated Projects/Programs                      | 559,788                    | 1,279,754                   | 1,839,542            |
| Debt Service                                      | 0                          | 27,214                      | 27,214               |
| Unrestricted                                      | <u>2,859,236</u>           | <u>2,308,551</u>            | <u>5,167,787</u>     |
| Total Net Position                                | <u>\$ 8,125,031</u>        | <u>\$ 9,553,210</u>         | <u>\$ 17,678,241</u> |

The Notes to Financial Statements are an integral part of this statement.

**City of Anna, Illinois**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION**  
**MODIFIED CASH BASIS**  
**For the Year Ended April 30, 2020**

| Functions/Programs                          | Expenses            | Program Revenues     |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                       |
|---|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
|   |                     | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                           | Business Type Activities | Total                 |
| <b>Primary Government:</b>                  |                     |                      |                                    |                                  |   |                          |                       |
| <b>Governmental Activities:</b>             |                     |                      |                                    |                                  |   |                          |                       |
| General Government                          | \$ 632,033          | \$ 80,064            | \$ 0                               | \$ 0                             | \$ (551,969)                                      |                          | \$ (551,969)          |
| Public Safety                               | 1,119,982           | 40,965               | 0                                  | 0                                | (1,079,017)                                       |                          | (1,079,017)           |
| Transportation and Public Works             | 459,173             | 0                    | 0                                  | 0                                | (459,173)   |                          | (459,173)             |
| Social Services                             | 471,426             | 435,409              | 0                                  | 0                                | (36,017)  |                          | (36,017)              |
| Culture and Recreation                      | 201,672             | 13,995               | 0                                  | 0                                | (187,677)   |                          | (187,677)             |
| Community/Economic Development              | 191,582             | 0                    | 191,582                            | 0                                | 0   |                          | 0                     |
| Debt Service                                | 0                   | 0                    | 0                                  | 0                                | 0   |                          | 0                     |
| <b>Total Governmental Activities</b>        | <b>\$ 3,075,868</b> | <b>\$ 570,433</b>    | <b>\$ 191,582</b>                  | <b>\$ 0</b>                      | <b>\$ (2,313,853)</b>                             |                          | <b>\$ (2,313,853)</b> |
| <b>Business Type Activities:</b>            |                     |                      |                                    |                                  |   |                          |                       |
| Water Utility                               | \$ 1,264,883        | \$ 1,288,743         | \$ 0                               | \$ 0                             |   | \$ 23,860                | \$ 23,860             |
| Sewer Utility                               | 714,355             | 707,119              | 0                                  | 0                                |   | (7,236)                  | (7,236)               |
| Gas Utility                                 | 1,365,977           | 1,561,185            | 0                                  | 0                                |   | 195,208                  | 195,208               |
| <b>Total Business Type Activities</b>       | <b>3,345,215</b>    | <b>3,557,047</b>     | <b>0</b>                           | <b>0</b>                         |   | <b>211,832</b>           | <b>211,832</b>        |
| <b>Total Primary Government</b>             | <b>\$ 6,421,083</b> | <b>\$ 4,127,480</b>  | <b>\$ 191,582</b>                  | <b>\$ 0</b>                      | <b>\$ (2,313,853)</b>                             | <b>\$ 211,832</b>        | <b>\$ (2,102,021)</b> |
| <b>General Revenues</b>                     |                     |                      |                                    |                                  |   |                          |                       |
| Property Taxes                              |                     |                      |                                    |                                  | 255,450   | 0                        | 255,450               |
| State Replacement Taxes                     |                     |                      |                                    |                                  | 25,330  | 0                        | 25,330                |
| State Sales and Use Taxes                   |                     |                      |                                    |                                  | 1,571,345   | 0                        | 1,571,345             |
| State Income Taxes                          |                     |                      |                                    |                                  | 481,444   | 0                        | 481,444               |
| State Motor Fuel Taxes                      |                     |                      |                                    |                                  | 160,575   | 0                        | 160,575               |
| Other Taxes                                 |                     |                      |                                    |                                  | 142,443   | 0                        | 142,443               |
| Investment Income                           |                     |                      |                                    |                                  | 54,434  | 22,656                   | 77,090                |
| Other                                       |                     |                      |                                    |                                  | 18,973  | 3,643                    | 22,616                |
| Transfers                                   |                     |                      |                                    |                                  | 0   | 0                        | 0                     |
| <b>Total General Revenues and Transfers</b> |                     |                      |                                    |                                  | <b>\$ 2,709,994</b>                               | <b>\$ 26,299</b>         | <b>\$ 2,736,293</b>   |
| <b>Change in Net Position</b>               |                     |                      |                                    |                                  | <b>\$ 396,141</b>                                 | <b>\$ 238,131</b>        | <b>\$ 634,272</b>     |
| Net Position, beginning of year             |                     |                      |                                    |                                  | 7,728,890   | 9,315,079                | 17,043,969            |
| Prior Period Adjustments                    |                     |                      |                                    |                                  | 0   | 0                        | 0                     |
| <b>Net Position, end of year</b>            |                     |                      |                                    |                                  | <b>\$ 8,125,031</b>                               | <b>\$ 9,553,210</b>      | <b>\$ 17,678,241</b>  |

The Notes to Financial Statements are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

City of Anna, Illinois  
**BALANCE SHEET**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
April 30, 2020

|  | PUBLIC SAFETY       |                  |                  | TRANSPORTATION   |                   | SOCIAL SERVICES  |                  | PARK AND RECREATION | COMMUNITY DEVELOPMENT | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|------------------|------------------|------------------|-------------------|------------------|------------------|---------------------|-----------------------|--------------------------|
|  | GENERAL             | POLICE DEPT      | FIRE DEPT        | STREETS DEPT     | MOTOR FUEL TAX    | SANITATION       | CEMETERY         |                     |                       |                          |
| <b>ASSETS</b>                              |                     |                  |                  |                  |                   |                  |                  |                     |                       |                          |
| Cash and Cash Equivalents                  | \$ 891,097          | \$ 79,855        | \$ 17,423        | \$ 31,625        | \$ 258,812        | \$ 60,774        | \$ 10,002        | \$ 52,088           | \$ 0                  | \$ 1,401,676             |
| Certificates of Deposit                    | 2,280,000           | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 2,280,000                |
| Accounts Receivable - net                  | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Taxes Receivable - net                     | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Interfund                                  | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Other Receivables                          | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Accrued Interest                           | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Notes Receivable                           | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 38,570                | 38,570                   |
| Inventory                                  | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Prepaid Expense                            | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| <b>Total Assets</b>                        | <b>\$ 3,171,097</b> | <b>\$ 79,855</b> | <b>\$ 17,423</b> | <b>\$ 31,625</b> | <b>\$ 258,812</b> | <b>\$ 60,774</b> | <b>\$ 10,002</b> | <b>\$ 52,088</b>    | <b>\$ 38,570</b>      | <b>\$ 3,720,246</b>      |
| <b>LIABILITIES</b>                         |                     |                  |                  |                  |                   |                  |                  |                     |                       |                          |
| Accounts Payable                           | \$ 0                | \$ 0             | \$ 0             | \$ 0             | \$ 0              | \$ 0             | \$ 0             | \$ 0                | \$ 0                  | \$ 0                     |
| Accrued Payroll and Related Items          | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Interfund                                  | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Customer Deposits                          | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Accrued Interest                           | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| <b>Total Liabilities</b>                   | <b>\$ 0</b>         | <b>\$ 0</b>      | <b>\$ 0</b>      | <b>\$ 0</b>      | <b>\$ 0</b>       | <b>\$ 0</b>      | <b>\$ 0</b>      | <b>\$ 0</b>         | <b>\$ 0</b>           | <b>\$ 0</b>              |
| <b>FUND BALANCE</b>                        |                     |                  |                  |                  |                   |                  |                  |                     |                       |                          |
| Fund Balance - Non Spendable               | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 38,570                | 38,570                   |
| Fund Balance - Restricted                  | 3,840               | 0                | 0                | 0                | 258,812           | 0                | 0                | 0                   | 0                     | 262,652                  |
| Fund Balance - Committed                   | 308,021             | 79,855           | 17,423           | 31,625           | 0                 | 60,774           | 10,002           | 52,088              | 0                     | 559,788                  |
| Fund Balance - Assigned                    | 0                   | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 0                        |
| Fund Balance - Unassigned                  | 2,859,236           | 0                | 0                | 0                | 0                 | 0                | 0                | 0                   | 0                     | 2,859,236                |
| <b>Total Fund Balance</b>                  | <b>3,171,097</b>    | <b>79,855</b>    | <b>17,423</b>    | <b>31,625</b>    | <b>258,812</b>    | <b>60,774</b>    | <b>10,002</b>    | <b>52,088</b>       | <b>38,570</b>         | <b>3,720,246</b>         |
| <b>Total Liabilities, and Fund Balance</b> | <b>\$ 3,171,097</b> | <b>\$ 79,855</b> | <b>\$ 17,423</b> | <b>\$ 31,625</b> | <b>\$ 258,812</b> | <b>\$ 60,774</b> | <b>\$ 10,002</b> | <b>\$ 52,088</b>    | <b>\$ 38,570</b>      | <b>\$ 3,720,246</b>      |

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Illinois  
**RECONCILIATION OF FUND BALANCES TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
 April 30, 2020

**Total Fund Balances for Governmental Funds** \$ 3,720,246

Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds  
 These assets consist of

|                               |              |           |
|-------------------------------|--------------|-----------|
| Land and Right-of-way         | \$ 1,326,477 |           |
| Plant and Distribution System | 0            |           |
| Buildings and Improvements    | 4,456,679    |           |
| Equipment                     | 3,447,983    |           |
| Less Accumulated Depreciation | *****        |           |
| Construction in Progress      | 0            |           |
| Total Capital Assets          | 0            | 4,404,785 |

Sales taxes and property taxes will be collected after year-end, but are not available to pay for the current period's expenditures, and therefore are reported as deferred inflows in the funds 0

Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds  
 These liabilities consist of:

|                              |      |   |
|------------------------------|------|---|
| Bonds/Notes/Loans Payable    | \$ 0 |   |
| Accrued Interest             | 0    |   |
| Accrued Compensated Absences | 0    |   |
| Total Long-Term Liabilities  | 0    | 0 |

**Total Net Position of Governmental Activities** \$ 8,125,031

The Notes to Financial Statements are an integral part of this statement.

City of Anna, Illinois  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
April 30, 2020

|  | PUBLIC SAFETY       |                   | TRANSPORTATION    |                   | SOCIAL SERVICES   |                   | PARK AND RECREATION | COMMUNITY DEVELOPMENT | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|--------------------------|
|  | GENERAL             | POLICE DEPT       | FIRE DEPT         | STREETS DEPT      | MOTOR FUEL TAX    | SANITATION        |                     |                       |                          |
| <b>REVENUES</b>                          |                     |                   |                   |                   |                   |                   |                     |                       |                          |
| Property Taxes                           | \$ 203,341          | \$ 0              | \$ 20,359         | \$ 31,750         | \$ 0              | \$ 0              | \$ 0                | \$ 0                  | \$ 255,450               |
| Replacement Tax                          | 0                   | 0                 | 0                 | 25,330            | 0                 | 0                 | 0                   | 0                     | 25,330                   |
| Sales and Use Tax                        | 158,817             | 629,405           | 217,300           | 352,909           | 0                 | 0                 | 69,071              | 143,843               | 1,571,345                |
| Income Tax                               | 93,717              | 172,767           | 59,647            | 96,870            | 0                 | 0                 | 18,960              | 39,483                | 481,444                  |
| Motor Fuel Tax                           | 0                   | 0                 | 0                 | 0                 | 160,575           | 0                 | 0                   | 0                     | 160,575                  |
| Other Taxes                              | 142,443             | 0                 | 0                 | 0                 | 0                 | 0                 | 0                   | 0                     | 142,443                  |
| Grants                                   | 0                   | 0                 | 0                 | 0                 | 0                 | 0                 | 0                   | 191,582               | 191,582                  |
| License & Permits                        | 73,634              | 0                 | 0                 | 0                 | 0                 | 500               | 0                   | 0                     | 74,134                   |
| Fines                                    | 6,430               | 36,965            | 0                 | 0                 | 0                 | 0                 | 0                   | 0                     | 43,395                   |
| Service Fees                             | 0                   | 0                 | 4,000             | 0                 | 0                 | 400,750           | 25,150              | 13,995                | 452,004                  |
| Interest                                 | 53,322              | 86                | 26                | 71                | 495               | 91                | 17                  | 84                    | 54,434                   |
| Other Revenues                           | 6,392               | 2,324             | 0                 | 250               | 0                 | 5,146             | 0                   | 4,861                 | 18,973                   |
| <b>Total Revenues</b>                    | <b>\$ 738,096</b>   | <b>\$ 841,547</b> | <b>\$ 301,332</b> | <b>\$ 507,180</b> | <b>\$ 161,070</b> | <b>\$ 415,496</b> | <b>\$ 113,198</b>   | <b>\$ 202,266</b>     | <b>\$ 3,472,009</b>      |
| <b>EXPENDITURES</b>                      |                     |                   |                   |                   |                   |                   |                     |                       |                          |
| Salaries                                 | \$ 200,794          | \$ 462,366        | \$ 106,102        | \$ 224,053        | \$ 0              | \$ 0              | \$ 62,045           | \$ 77,555             | \$ 1,132,915             |
| Payroll Taxes & Fringes                  | 133,232             | 170,955           | 102,448           | 112,001           | 0                 | 0                 | 23,632              | 23,869                | 566,137                  |
| Purchased Services                       | 152,006             | 71,218            | 34,967            | 68,704            | 3,320             | 362,161           | 8,082               | 45,155                | 937,195                  |
| Supplies                                 | 16,500              | 30,320            | 11,830            | 31,068            | 0                 | 2,874             | 4,457               | 27,631                | 124,680                  |
| Other                                    | 2,732               | 250               | 350               | 0                 | 0                 | 500               | 0                   | 150                   | 3,982                    |
| Capital Outlays                          | 0                   | 18,990            | 0                 | 34,250            | 0                 | 0                 | 5,000               | 0                     | 58,240                   |
| <b>Total Expenditures</b>                | <b>\$ 505,264</b>   | <b>\$ 754,099</b> | <b>\$ 255,697</b> | <b>\$ 470,076</b> | <b>\$ 3,320</b>   | <b>\$ 365,535</b> | <b>\$ 103,216</b>   | <b>\$ 174,360</b>     | <b>\$ 2,823,749</b>      |
| <b>REVENUE OVER (UNDER) EXPENDITURES</b> | <b>\$ 232,832</b>   | <b>\$ 87,448</b>  | <b>\$ 45,635</b>  | <b>\$ 37,104</b>  | <b>\$ 157,750</b> | <b>\$ 49,961</b>  | <b>\$ 9,982</b>     | <b>\$ 27,906</b>      | <b>\$ 648,860</b>        |
| <b>OTHER SOURCES(USES)</b>               |                     |                   |                   |                   |                   |                   |                     |                       |                          |
| Transfers                                | 309,753             | (67,540)          | (50,664)          | (77,187)          | 0                 | (49,870)          | (9,661)             | (31,594)              | (23,237)                 |
| <b>Net Change in Fund Balance</b>        | <b>542,585</b>      | <b>19,908</b>     | <b>(5,029)</b>    | <b>(40,083)</b>   | <b>157,750</b>    | <b>91</b>         | <b>321</b>          | <b>(3,688)</b>        | <b>(22,995)</b>          |
| Fund Balance, beginning                  | 2,628,512           | 59,947            | 22,452            | 71,708            | 101,062           | 60,683            | 9,681               | 55,776                | 3,071,386                |
| <b>Fund Balance, ending</b>              | <b>\$ 3,171,097</b> | <b>\$ 79,855</b>  | <b>\$ 17,423</b>  | <b>\$ 31,625</b>  | <b>\$ 258,812</b> | <b>\$ 60,774</b>  | <b>\$ 10,002</b>    | <b>\$ 52,088</b>      | <b>\$ 3,720,246</b>      |

The Notes to Financial Statements are an integral part of this statement.



City of Anna, Illinois  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
GOVERNMENTAL FUNDS**  
April 30, 2020

|  |                          |
|--|--------------------------|
| <b>Net Change in Fund Balances for Governmental Funds</b>  | <b>\$ 648,860</b>        |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p>  |                          |
| <p>Governmental funds report capital outlays as expenditures, and in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:</p> |                          |
| Capital outlay   | 58,240                   |
| Depreciation   | (310,959)                |
| <p>Revenues are recorded in the statement of activities when earned, they are not reported in the funds until collected or collectible within 60 days of year-end</p>              |                          |
|  | 0                        |
| <p>Payment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities</p>  |                          |
|  | 0                        |
| <p>Increase in accumulated compensated absences are recorded when earned in the statement of activities</p>  |                          |
|  | 0                        |
| <b>Change in Net Position of Governmental Funds</b>  | <b><u>\$ 396,141</u></b> |

The Notes to Financial Statements are an integral part of this statement.

**City of Anna, Illinois**  
**STATEMENT OF NET POSITION**  
**MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**April 30, 2020**

| <b>ASSETS</b>                        | BUSINESS TYPE ACTIVITIES |                     |                     | TOTAL                |
|--------------------------------------|--------------------------|---------------------|---------------------|----------------------|
|                                      | WATER<br>UTILITY         | SEWER<br>UTILITY    | GAS<br>UTILITY      |                      |
| <b>Current Assets:</b>               |                          |                     |                     |                      |
| Cash and Equivalents                 | \$ 572,672               | \$ 608,380          | \$ 1,100,900        | \$ 2,281,952         |
| Certificates of Deposit              | 200,000                  | 570,000             | 650,000             | 1,420,000            |
| Receivables:                         |                          |                     |                     |                      |
| Accounts Receivable - net            | 0                        | 0                   | 0                   | 0                    |
| Taxes Receivable - net               | 0                        | 0                   | 0                   | 0                    |
| Interfund                            | 0                        | 0                   | 0                   | 0                    |
| Accrued Interest                     | 0                        | 0                   | 0                   | 0                    |
| Notes Receivable                     | 0                        | 0                   | 0                   | 0                    |
| Inventory                            | 0                        | 0                   | 0                   | 0                    |
| Prepaid Expenses                     | 0                        | 0                   | 0                   | 0                    |
| <b>Total Current Assets</b>          | <b>772,672</b>           | <b>1,178,380</b>    | <b>1,750,900</b>    | <b>3,701,952</b>     |
| <b>Non-Current Assets</b>            |                          |                     |                     |                      |
| <b>Restricted:</b>                   |                          |                     |                     |                      |
| Cash and Cash Equivalents:           |                          |                     |                     |                      |
| Bond and Interest Sinking            | 13,017                   | 14,197              | 0                   | 27,214               |
| Bond and Interest Reserve            | 0                        | 0                   | 0                   | 0                    |
| Replacement/Improvement/Depreciation | 0                        | 0                   | 0                   | 0                    |
| Construction/Grant Funds             | 0                        | 0                   | 0                   | 0                    |
| Surplus Account                      | 0                        | 0                   | 0                   | 0                    |
| <b>Total Restricted Assets</b>       | <b>13,017</b>            | <b>14,197</b>       | <b>0</b>            | <b>27,214</b>        |
| <b>Capital Assets:</b>               |                          |                     |                     |                      |
| Land and Right-of-way                | 0                        | 0                   | 0                   | 0                    |
| Plant and Distribution System        | 3,929,003                | 6,886,129           | 2,630,579           | 13,445,711           |
| Buildings and Improvements           | 169,159                  | 0                   | 259,462             | 428,621              |
| Equipment                            | 337,437                  | 344,004             | 491,085             | 1,172,526            |
| Less Accumulated Depreciation        | (2,212,603)              | (3,888,679)         | (2,260,772)         | (8,362,054)          |
| Construction in Progress             | 0                        | 0                   | 0                   | 0                    |
| <b>Total Capital Assets</b>          | <b>2,222,996</b>         | <b>3,341,454</b>    | <b>1,120,354</b>    | <b>6,684,804</b>     |
| <b>Other Assets:</b>                 |                          |                     |                     |                      |
| Unamortized Bond Issue Cost          | 0                        | 0                   | 0                   | 0                    |
| Unamortized Bond Discount            | 0                        | 0                   | 0                   | 0                    |
| Escrow                               | 0                        | 0                   | 0                   | 0                    |
| <b>Total Other Assets</b>            | <b>0</b>                 | <b>0</b>            | <b>0</b>            | <b>0</b>             |
| <b>Total Non-Current Assets</b>      | <b>2,236,013</b>         | <b>3,355,651</b>    | <b>1,120,354</b>    | <b>6,712,018</b>     |
| <b>Total Assets</b>                  | <b>\$ 3,008,685</b>      | <b>\$ 4,534,031</b> | <b>\$ 2,871,254</b> | <b>\$ 10,413,970</b> |

(Continued)

|   | BUSINESS TYPE ACTIVITIES |                     |                     | TOTAL               |
|---|--------------------------|---------------------|---------------------|---------------------|
|   | WATER<br>UTILITY         | SEWER<br>UTILITY    | GAS<br>UTILITY      |                     |
| <b>LIABILITIES</b>                              |                          |                     |                     |                     |
| Current Liabilities:                            |                          |                     |                     |                     |
| Payable from Current Assets:                    |                          |                     |                     |                     |
| Accounts Payable                                | \$ 0                     | \$ 0                | \$ 0                | \$ 0                |
| Accrued Payroll and Related Items               | 0                        | 0                   | 0                   | 0                   |
| Interfund                                       | 0                        | 0                   | 0                   | 0                   |
| Customer Deposits                               | 40,240                   | 0                   | 73,407              | 113,647             |
| Accrued Interest                                | 0                        | 0                   | 0                   | 0                   |
| <b>Total Payable from Current Assets</b>        | <b>40,240</b>            | <b>0</b>            | <b>73,407</b>       | <b>113,647</b>      |
| Payable from Restricted Assets:                 |                          |                     |                     |                     |
| Accounts Payable                                | 0                        | 0                   | 0                   | 0                   |
| Current Portion of Revenue Bonds                | 43,496                   | 9,164               | 0                   | 52,660              |
| Accrued Interest                                | 0                        | 0                   | 0                   | 0                   |
| <b>Total Payable from Restricted Assets</b>     | <b>43,496</b>            | <b>9,164</b>        | <b>0</b>            | <b>52,660</b>       |
| <b>Total Current Liabilities</b>                | <b>83,736</b>            | <b>9,164</b>        | <b>73,407</b>       | <b>166,307</b>      |
| Non-Current Liabilities:                        |                          |                     |                     |                     |
| Revenue Bonds                                   | 566,504                  | 127,949             | 0                   | 694,453             |
| Accrued Compensated Absences                    | 0                        | 0                   | 0                   | 0                   |
| <b>Total Non-Current Liabilities</b>            | <b>566,504</b>           | <b>127,949</b>      | <b>0</b>            | <b>694,453</b>      |
| <b>Total Liabilities</b>                        | <b>\$ 650,240</b>        | <b>\$ 137,113</b>   | <b>\$ 73,407</b>    | <b>\$ 860,760</b>   |
| <b>NET POSITION</b>                             |                          |                     |                     |                     |
| Invested in Capital Assets, net of related debt | 1,612,996                | 3,204,341           | 1,120,354           | 5,937,691           |
| Restricted for:                                 |                          |                     |                     |                     |
| Future Expenditures                             | 0                        | 0                   | 0                   | 0                   |
| Designated Projects/Programs                    | 441,905                  | 259,016             | 578,833             | 1,279,754           |
| Debt Service                                    | 13,017                   | 14,197              | 0                   | 27,214              |
| Unrestricted                                    | 290,527                  | 919,364             | 1,098,660           | 2,308,551           |
| <b>Total Net Position</b>                       | <b>\$ 2,358,445</b>      | <b>\$ 4,396,918</b> | <b>\$ 2,797,847</b> | <b>\$ 9,553,210</b> |

The Notes to Financial Statements are an integral part of this statement.

**City of Anna, Illinois**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**For the Year Ended April 30, 2020**

|   | BUSINESS TYPE ACTIVITIES |                  |                | TOTAL        |
|---|--------------------------|------------------|----------------|--------------|
|   | WATER<br>UTILITY         | SEWER<br>UTILITY | GAS<br>UTILITY |              |
| <b>OPERATING REVENUES</b>                             |                          |                  |                |              |
| Charges and Fees                                      | \$ 1,288,743             | \$ 707,119       | \$ 1,561,185   | \$ 3,557,047 |
| <b>COST OF SALES</b>                                  |                          |                  |                |              |
| Commodity Purchases                                   | 754,261                  | 2,032            | 702,305        | 1,458,598    |
| Commodity Tax   | 0                        | 0                | 46,038         | 46,038       |
| Total Cost of Sales                                   | 754,261                  | 2,032            | 748,343        | 1,504,636    |
| Gross Profit  | \$ 534,482               | \$ 705,087       | \$ 812,842     | \$ 2,052,411 |
| <b>OPERATING EXPENSES</b>                             |                          |                  |                |              |
| Salaries  | \$ 184,152               | \$ 160,057       | \$ 241,768     | \$ 585,977   |
| Payroll Taxes and Fringes                             | 106,554                  | 109,694          | 122,368        | 338,616      |
| Purchased Services                                    | 68,126                   | 202,197          | 98,195         | 368,518      |
| Supplies  | 37,926                   | 27,138           | 64,329         | 129,393      |
| Administration and Facility                           | 0                        | 0                | 0              | 0            |
| Depreciation  | 105,571                  | 209,711          | 90,648         | 405,930      |
| Other Expense   | 265                      | 225              | 326            | 816          |
| Total Operating Expense                               | \$ 502,594               | \$ 709,022       | \$ 617,634     | \$ 1,829,250 |
| Operating Income (Loss)                               | \$ 31,888                | \$ (3,935)       | \$ 195,208     | \$ 223,161   |
| <b>NON-OPERATING REVENUE(EXPENSE)</b>                 |                          |                  |                |              |
| Interest Income                                       | 2,145                    | 10,890           | 9,621          | 22,656       |
| Interest Expense & Loan Cost                          | (8,028)                  | (3,301)          | 0              | (11,329)     |
| Loan forgiveness                                      | 0                        | 0                | 0              | 0            |
| Early Retirement Incentive                            | 0                        | 0                | 0              | 0            |
| Other Income  | 1,120                    | 939              | 1,584          | 3,643        |
| Non-Operating Revenue(Expense)                        | (4,763)                  | 8,528            | 11,205         | 14,970       |
| <b>NET INCOME (LOSS) before capital contributions</b> | \$ 27,125                | \$ 4,593         | \$ 206,413     | \$ 238,131   |
| Capital Grants  | 0                        | 0                | 0              | 0            |
|   | 27,125                   | 4,593            | 206,413        | 238,131      |
| Net Position, beginning of year                       | 2,331,320                | 4,392,325        | 2,591,434      | 9,315,079    |
| Net Position, end of year                             | \$ 2,358,445             | \$ 4,396,918     | \$ 2,797,847   | \$ 9,553,210 |

The Notes to Financial Statements are an integral part of this statement.

**City of Anna, Illinois**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**For the Year Ended April 30, 2020**  
**Increase (Decrease) in Cash and Cash Equivalents**

|  | BUSINESS TYPE ACTIVITIES |                     |                     | TOTAL               |
|--|--------------------------|---------------------|---------------------|---------------------|
|  | WATER<br>UTILITY         | SEWER<br>UTILITY    | GAS<br>UTILITY      |                     |
| <b>Cash Flows - Operating Activities:</b>                                      |                          |                     |                     |                     |
| Cash received from customers   | \$ 1,286,018             | \$ 707,119          | \$ 1,556,565        | \$ 3,549,702        |
| Cash payments for goods & services   | (860,578)                | (231,592)           | (911,193)           | (2,003,363)         |
| Cash payments to employees   | (290,706)                | (269,751)           | (364,136)           | (924,593)           |
| Net cash provided(used) by operating   | <u>134,734</u>           | <u>205,776</u>      | <u>281,236</u>      | <u>621,746</u>      |
| <b>Cash Flows - Noncapital Activities:</b>                                     |                          |                     |                     |                     |
| Operating grants and Retirement incentive                                      | \$ 0                     | \$ 0                | \$ 0                | \$ 0                |
| Transfers to other funds   | 0                        | 0                   | 0                   | 0                   |
| Other Income   | 1,120                    | 939                 | 1,584               | 3,643               |
| Net cash provided(used) - noncapital   | <u>1,120</u>             | <u>939</u>          | <u>1,584</u>        | <u>3,643</u>        |
| <b>Cash Flows - Capital Activities:</b>  |                          |                     |                     |                     |
| Acquisition & construction of assets   | \$ (15,302)              | \$ (60,957)         | \$ (15,303)         | \$ (91,562)         |
| Debt proceeds  | 0                        | 0                   | 0                   | 0                   |
| Principal paid on bonds  | (42,957)                 | (8,957)             | 0                   | (51,914)            |
| Interest paid on bonds   | (8,028)                  | (3,301)             | 1                   | (11,328)            |
| Bond escrow returned   | 0                        | 0                   | 0                   | 0                   |
| Net cash provided(used) - capital  | <u>(66,287)</u>          | <u>(73,215)</u>     | <u>(15,302)</u>     | <u>(154,804)</u>    |
| <b>Cash Flows - Investment Activities:</b>                                     |                          |                     |                     |                     |
| Interest on investments  | \$ 2,145                 | \$ 10,890           | \$ 9,621            | \$ 22,656           |
| Proceeds(Purchase) of investments  | 0                        | 0                   | 0                   | 0                   |
| Net cash provided(used) - investments  | <u>2,145</u>             | <u>10,890</u>       | <u>9,621</u>        | <u>22,656</u>       |
| Net increase(decrease) in cash & equiv   | <u>\$ 71,712</u>         | <u>\$ 144,390</u>   | <u>\$ 277,139</u>   | <u>\$ 493,241</u>   |
| Cash & cash equivalents, beginning   | 713,977                  | 1,048,187           | 1,473,761           | 3,235,925           |
| Cash & cash equivalents, ending  | <u>\$ 785,689</u>        | <u>\$ 1,192,577</u> | <u>\$ 1,750,900</u> | <u>\$ 3,729,166</u> |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating:</b>   |                          |                     |                     |                     |
| Operating Income (Loss)  | \$ 31,888                | \$ (3,935)          | \$ 195,208          | \$ 223,161          |
| Adjustments to reconcile oper income to net cash provided (used) by operating: |                          |                     |                     |                     |
| Depreciation   | 105,571                  | 209,711             | 90,648              | 405,930             |
| Changes in assets and liabilities:   |                          |                     |                     |                     |
| (Incr)Decr in accounts receivable  | 0                        | 0                   | 0                   | 0                   |
| (Incr)Decr in prepaid expenses   | 0                        | 0                   | 0                   | 0                   |
| Incr(Decr) in accounts payable   | 0                        | 0                   | 0                   | 0                   |
| Incr(Decr) in accrued payroll and related                                      | 0                        | 0                   | 0                   | 0                   |
| Incr(Decr) in customer deposits  | (2,725)                  | 0                   | (4,620)             | (7,345)             |
| Total adjustments  | <u>102,846</u>           | <u>209,711</u>      | <u>86,028</u>       | <u>398,585</u>      |
| Net cash provided (used) by operating  | <u>\$ 134,734</u>        | <u>\$ 205,776</u>   | <u>\$ 281,236</u>   | <u>\$ 621,746</u>   |

The Notes to Financial Statements are an integral part of this statement.

**City of Anna, Illinois**  
**STATEMENT OF NET POSITION**  
**MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**April 30, 2020**

|  | PENSION TRUST FUNDS |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | POLICE<br>PENSION   | FIRE<br>PENSION     | TOTAL               |
| <b>ASSETS</b>  |                     |                     |                     |
| Cash and Cash Equivalents:                             |                     |                     |                     |
| Cash   | \$ 475,823          | \$ 328,601          | \$ 804,424          |
| Certificates of Deposit                                | 0                   | 0                   | 0                   |
| Total Cash and Cash Equivalents                        | <u>475,823</u>      | <u>328,601</u>      | <u>804,424</u>      |
| Receivables:   |                     |                     |                     |
| Taxes Receivable                                       | 0                   | 0                   | 0                   |
| Employee Contributions                                 | 0                   | 0                   | 0                   |
| Accrued Interest                                       | 0                   | 0                   | 0                   |
| Total Receivables                                      | <u>0</u>            | <u>0</u>            | <u>0</u>            |
| Investments, at fair value (Note III-B)                |                     |                     |                     |
| Certificates of Deposit                                | 1,416,598           | 925,000             | 2,341,598           |
| Illinois Funds   | 0                   | 0                   | 0                   |
| Bonds/Deposit Notes                                    | 0                   | 0                   | 0                   |
| U.S. Treasury Obligations                              | 0                   | 0                   | 0                   |
| Government Backed Securities                           | 137,510             | 33,784              | 171,294             |
| Annuity Contracts                                      | 0                   | 0                   | 0                   |
| Mutual Funds   | 502,949             | 400,192             | 903,141             |
| Total Investments                                      | <u>2,057,057</u>    | <u>1,358,976</u>    | <u>3,416,033</u>    |
| Total Assets   | <u>\$ 2,532,880</u> | <u>\$ 1,687,577</u> | <u>\$ 4,220,457</u> |
| <b>LIABILITIES</b>                                     |                     |                     |                     |
| Accounts Payable                                       | \$ 0                | \$ 0                | \$ 0                |
| Refunds Payable  | 0                   | 0                   | 0                   |
| Payroll Withholding                                    | 11,718              | 6,750               | 18,468              |
| Total Liabilities                                      | <u>11,718</u>       | <u>6,750</u>        | <u>18,468</u>       |
| <b>Net Position Held in Trust for Pension Benefits</b> | <u>\$ 2,521,162</u> | <u>\$ 1,680,827</u> | <u>\$ 4,201,989</u> |

The Notes to Financial Statements are an integral part of this statement.

**City of Anna, Illinois**  
**STATEMENT OF CHANGES IN NET POSITION**  
**MODIFIED CASH BASIS**  
**FIDUCIARY FUNDS**  
**For the Year Ended April 30, 2020**

|  | PENSION TRUST FUNDS |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | POLICE<br>PENSION   | FIRE<br>PENSION     | TOTAL               |
| <b>ADDITIONS</b>                                       |                     |                     |                     |
| Contributions:   |                     |                     |                     |
| Property Taxes   | \$ 195,086          | \$ 97,408           | \$ 292,494          |
| Employee Contributions                                 | 39,943              | 4,721               | 44,664              |
| City Contributions                                     | 35,004              | 85,008              | 120,012             |
| <b>Total Contributions</b>                             | <b>270,033</b>      | <b>187,137</b>      | <b>457,170</b>      |
| Investment Income:                                     |                     |                     |                     |
| Interest and Dividends                                 | 74,747              | 52,615              | 127,362             |
| Net Gain (Loss) on Investments                         | (37,483)            | (29,187)            | (66,670)            |
| Investment Management Fees                             | 0                   | 0                   | 0                   |
| <b>Net Investment Income</b>                           | <b>37,264</b>       | <b>23,428</b>       | <b>60,692</b>       |
| <b>Total Additions</b>                                 | <b>\$ 307,297</b>   | <b>\$ 210,565</b>   | <b>\$ 517,862</b>   |
| <b>DEDUCTIONS</b>                                      |                     |                     |                     |
| Direct Benefit Payments                                | 280,610             | 213,997             | 494,607             |
| Legal Fees   | 2,952               | 0                   | 2,952               |
| Accounting & Audit Fees                                | 4,400               | 3,900               | 8,300               |
| Other  | 1,052               | 893                 | 1,945               |
| Refunds & Transfers                                    | 0                   | 0                   | 0                   |
| <b>Total Deductions</b>                                | <b>\$ 289,014</b>   | <b>\$ 218,790</b>   | <b>\$ 507,804</b>   |
| <b>Change in Net Position</b>                          | <b>\$ 18,283</b>    | <b>\$ (8,225)</b>   | <b>\$ 10,058</b>    |
| Prior Period Adjustment, Change in Accounting Method   | 0                   | 0                   | 0                   |
| <b>Net Position Held in Trust for Pension Benefits</b> |                     |                     |                     |
| Beginning of year                                      | 2,502,879           | 1,689,052           | 4,191,931           |
| End of year  | <u>\$ 2,521,162</u> | <u>\$ 1,680,827</u> | <u>\$ 4,201,989</u> |

The Notes to Financial Statements are an integral part of this statement.

[Illegible text]



**NOTES TO FINANCIAL STATEMENTS**

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS**  
**April 30, 2020**

**Note 1 - Summary of Significant Accounting Policies**

The City of Anna, Illinois was incorporated under the laws of the State of Illinois. The City is governed by an elected Mayor and City Council and provides the following services: General - Administration, Public Safety - Police and Fire, Transportation/Public Works - Streets and Motor Fuel Tax, Social Services - Sanitation and Cemetery, Parks/Recreation - Park and Pool, Community Development, and Public Utilities - Water, Sewer, and Gas.

The financial statements of the City are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, and are generally followed to the extent they are applicable to the modified cash basis of accounting, and those standards do not contradict guidance of the Governmental Accounting Standards Board

**A. The Reporting Entity**

The accompanying financial statements present the activities of the City and its component units, legally separate organizations for which the City is financially accountable or integrated. The following component units provide services or benefits exclusively to the City or its employees and are therefore blended and reported as if they were part of the City: Police Pension Fund, and Firefighters Pension Fund.

The following entities are excluded from the reporting entity of the City because the potential component units have separate elected or appointed boards and the City does not have the ability to exercise influence or control over operations, approve budgets, or provide funding: Anna-Jonesboro High School District #81, and Anna Community Consolidated School District #37. Audited financial statements are available from the organizations. The following entities are excluded from the reporting entity since the City's accountability is limited to making appointments to the governing board; Anna-Jonesboro Water Commission. Audited financial statements are available from the organization.

**B. Basis of Presentation**

Financial information of the City is presented as follows:

**1. Management's Discussion and Analysis**

Management's Discussion and Analysis introduces the basic financial statements and provides an overview of the City's financial activities.

**2. Government-wide Financial Statements**

Government-wide financial statements include a Statement of Net Position - Modified Cash Basis, and Statement of Activities and Changes in Net Position - Modified Cash Basis. These statements report all non-fiduciary activities of the City. For the most part, the effect of any interfund activity has been removed from these statements. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those which are clearly identifiable to a specific function. Program revenues include; (a) charges, fees, or fines to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, (b) grants and contributions that are restricted to providing the operational or capital requirements of a particular function or program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note I - Summary of Significant Accounting Policies**

**B. Basis of Presentation (continued)**

**3. Fund Financial Statements**

Governmental Fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental proprietary, and fiduciary; are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund or it meets the criteria that the total assets, liabilities, revenues, or or expenses of the individual fund are at least 10% of the corresponding total for that fund type, or at least 5% of the corresponding total of all funds combined. All remaining governmental funds are aggregated and reported in a separate column.

Governmental Funds

Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The difference between fund assets and liabilities is reported as fund balance. The City reports the following types of governmental funds:

General Fund

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

Special Revenue Funds

These funds are established to account for specific revenue sources that have legal restrictions to expenditures for specific purposes. For reporting purposes, blended component units are considered special revenue funds.

Governmental fund financial statements include a Balance Sheet - Modified Cash Basis, and a Statement of Revenues, Expenditures and Changes in Fund Balance - Modified Cash Basis presenting a column for all major funds and a column for non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

The City reports the following major governmental funds:

General Fund

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

|                              |                                   |                            |
|------------------------------|-----------------------------------|----------------------------|
| Public Safety:               | <u>Police Fund</u>                | <u>Fire Fund</u>           |
| Transportation/Public Works: | <u>Street Fund</u>                | <u>Motor Fuel Tax Fund</u> |
| Social Services:             | <u>Sanitation Fund</u>            | <u>Cemetery Fund</u>       |
| Parks and Recreation:        | <u>Park/Pool Fund</u>             |                            |
| Community Development:       | <u>Community Development Fund</u> |                            |

Proprietary Funds

Proprietary fund reporting focuses on the determination of income, changes in net position, and cash flows. The difference between fund assets and liabilities is reported as net position. The City reports the following types of proprietary funds:

Enterprise Funds

Enterprise funds are operated in a manner similar to a private business enterprise 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.

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note I - Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (concluded)**

**3. Fund Financial Statements (concluded)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues result from non-exchange transactions or ancillary activities.

Proprietary financial statements include a Statement of Net Position - Modified Cash Basis, a Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis, and a Statement of Cash Flows - Modified Cash Basis, presenting a column for all major funds and a column for any non-major funds aggregated.

The City reports the following major proprietary funds:

Water Utility Fund

This fund accounts for the activities of the water distribution system.

Sewer Utility Fund

This fund accounts for the activities of the sewage treatment facilities.

Gas Utility Fund

This fund accounts for the activities of the gas distribution system.

Fiduciary Funds

Fiduciary fund reporting focuses on the determination of income, and changes in net position. The difference between fund assets and liabilities is reported as net position held in trust. The City reports the following types of fiduciary funds:

Pension Trust Funds

These funds account for the activities of the Police and Firefighter Pension Funds which accumulate resources for the defined benefit pension payments to qualified retirees and their survivors. This fund is excluded from the City's government-wide financial statements.

**4. Notes to the Financial Statements**

Provide additional information essential to an understanding of the data in the financial statements.

**5. Other Information**

Other information presented for additional analysis with the financial statements.

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation**

The Government-wide financial statements and Fund financial statements of the governmental funds, proprietary funds and fiduciary funds are presented using the modified cash basis of accounting. Under the modified cash basis of accounting, assets, liabilities, net position, revenues, and expenses are recognized when they result from a cash transaction, with a provision for the recognition of notes receivable, capital assets, depreciation and debt. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note I - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Basis of Presentation (concluded)**

Under the modified cash basis of accounting, certain assets and the related revenues (such as accounts receivable for goods or services provided but not yet collected) and certain liabilities and the related expenses (such as accounts payable for goods or services received but not yet paid) are not recorded in these financial statements.

Under generally accepted accounting principles, the government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements would be presented on the accrual basis of accounting and the governmental funds would be presented on the modified accrual basis of accounting

**D. Deposits and Investments**

The City pools the cash of its various funds in order to facilitate cash management. Cash applicable to a particular fund is readily identifiable. The balance maintained in pooled accounts is sufficient to meet current operating requirements. Note III.

Investments are stated at cost, except for pension trust fund investments which are carried at fair value. Gains or losses on the sale of investments are recognized upon realization. The City has adopted a written investment and cash management policy.

**E. Due to and from Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Note IV.

**F. Inventories**

The City does not maintain inventories that would be material to the financial statements and expenses items as they are purchased.

**G. Restricted Assets**

Certain restricted cash and investments are held to satisfy bonded debt covenants, and for the acquisition and construction of capital assets.

**H. Capital Assets**

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are recognized as assets with a cost of \$ 2,500 or more and having an estimated useful life of 3 years or more. Infrastructure assets acquired or substantially improved prior to May 1, 2004 are not recorded as assets. The cost of normal maintenance and repairs that do not meet the minimum capitalization amounts, do not add to asset value, or extend life are expensed. Note V.

All capital assets are reported at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are reported at their estimated fair value on the date donated. Capital outlay costs for constructed assets are capitalized during construction. Exhaustible capital assets in service are depreciated using the straight line method over the following estimated useful lives:

|                               | Years |
|-------------------------------|-------|
| Plant and Distribution System | 10-50 |
| Building and Improvements     | 20-40 |
| Equipment                     | 5-7   |
| Other Depreciable Assets      | 10-40 |

In the government-wide and proprietary fund financial statements of net position, capital assets used and acquired are accounted for and presented as assets. In the fund financial statements, capital assets are accounted for as capital outlay expenditures when acquired.

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note I - Summary of Significant Accounting Policies (continued)**

**I. Impairment of Capital Assets**

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The City has considered significant events or changes in circumstances affecting capital assets to determine whether an impairment of a capital asset has occurred. The City has determined that no such events or circumstances were encountered during the year ended April 30, 2020.

**J. Accumulated Absences**

City employees are entitled to certain compensated absences based on their length of employment. With the exception of sick time, compensated absences do not vest or accumulate and are recorded as expenditures when paid.

**K. Post-employment Benefits**

The City has established a voluntary retiree health insurance program effective May 1, 2009 to provide continuing health insurance coverage to eligible employees through its regular health insurance provider. The City does not currently provide any other post employment benefits.

**L. Lease Commitments**

The City does not currently have any material lease commitments.

**M. Deferred Compensation Plan**

The City offers employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Plan, is available to all permanent City employees and permits a portion of salary to be deferred until future years. The deferred compensation is not available to employees until termination, retirement, death, or financial hardship. It is the opinion of the City's management, that the City has no liability for losses under the plan, but does have a duty of due care that would be required of an ordinary prudent investor.

**N. Long-term Obligations**

Long-term debt is reported as a liability in the applicable governmental and enterprise funds in the government wide financial statements. Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. Long-term debt payable is reported net of applicable costs. Any bond or debt issuance costs are reported as expenses when paid. Note VI.

**O. Net Position and Fund Equity**

**1. Government-wide and Proprietary Fund Financial Statements**

Net position represent the difference between total assets and total liabilities, and are classified as: invested in capital assets, net of related debt; restricted; and unrestricted. Note VIII.

**a. Net Position Invested in Capital Assets, net of related debt**

Consist of capital assets less accumulated depreciation and net of outstanding balances of any debts used to finance those assets, such as bonds, capital leases, and notes.

**b. Restricted Net Position**

Assets that may be used to finance specific types of transactions. These restrictions may be established by debt covenants, grantors, laws, or regulations.

**c. Unrestricted Net Position**

Assets that do not meet the definition of either net position invested in capital assets net of related debt, or restricted net position.

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note I - Summary of Significant Accounting Policies (concluded)**

**O. Net Position and Fund Equity (concluded)**

**2. Governmental Fund Financial Statements**

Fund balances are composed of five major classifications: Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. A detailed classification of these amounts is provided in Note VIII.

**a. Nonspendable Fund Balance**

This classification includes amounts that cannot be spent because they are (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items not expected to be converted to cash, for example, inventories and prepaid amounts.

**b. Restricted Fund Balance**

This classification includes amounts that are subject to outside restrictions or constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. This category would include items such as unexpended state and federal grant revenues, and unexpended tax levies.

**c. Committed Fund Balance**

This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority. The amounts committed cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action used to previously commit the amounts. This classification would also include contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

**d. Assigned Fund Balance**

This classification includes amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by the governing body (City Council), or a committee (finance or budget), or an official (Manager, Budget Officer), which the governing body has delegated the authority to assign amounts to be used for specific purposes.

**e. Unassigned Fund Balance**

This classification is the residual classification for amounts that have not been restricted, committed, or assigned for specific purposes within the general funds.

Unless specifically identified, expenditures reduce restricted balances first, then committed balances, then assigned balances, and lastly unassigned balances. Expenditures for specifically identified purposes will reduce the specific classification of fund balances that is identified.

**P. Statement of Cash Flows**

For the purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased to be cash equivalents.

**Q. Revenues**

The City considers operating revenues in the enterprise funds as all charges to customers, non-operating revenues include investment earnings, and other revenues not directly resulting from customer charges.

**R. Estimates**

Preparation of financial statements in conformity with an other comprehensive basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could vary from those estimates.

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note II - Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

The budget for all fund types is prepared on the accrual basis of accounting which is the same basis used in financial reporting. This allows for compatibility between the budget and actual amounts. This is an acceptable method in accordance with Chapter 24, Section 8-2, Paragraph 9.3 of the Illinois Revised Statutes. The budget was passed on March 19, 2019.

For each fund, total fund expenditures may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year. The City follows these procedures in establishing the budget:

1. Prior to May 1, the Budget Officer submits to the City Council a proposed operating budget for the fiscal year.
2. The proposed budget is made available for public inspection and comments for at least ten days prior to adoption.
3. Prior to May 1, the budget is legally adopted by resolution.
4. The budget is employed as a management control device during the year.
5. The City Council may make transfers between the various items in any fund not exceeding in aggregate 10% of the total of such fund as set forth in the budget.
6. The City Council may amend the budget by the same procedures required of its original adoption. The original budget was not amended.

**B. Budget Comparison**

Summary of actual expenditures compared to budget amounts are as follows:

|                            | Budget     | Actual     | Variance with<br>Budget |
|----------------------------|------------|------------|-------------------------|
| General Fund               | \$ 590,820 | \$ 505,264 | \$ 85,556               |
| Police Fund                | 804,705    | 754,099    | 50,606                  |
| Fire Fund                  | 281,324    | 255,697    | 25,627                  |
| Street Fund                | 581,415    | 470,076    | 111,339                 |
| Motor Fuel Tax Fund        | 168,000    | 3,320      | 164,680                 |
| Sanitation Fund            | 439,895    | 365,535    | 74,360                  |
| Cemetery Fund              | 113,886    | 103,216    | 10,670                  |
| Park & Pool Fund           | 190,864    | 174,360    | 16,504                  |
| Community Development Fund | 191,582    | 191,582    | 0                       |

Expenditures for the following funds exceeded the budget and appropriation amounts:

None

A detailed comparison statement of the actual revenues and expenditures with the budget, including budget variances, is included in the other information section.



**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note III - Deposits and Investments**

**A. Deposits**

It is the policy of the City to require that deposits in excess of FDIC insurable limits be secured by eligible collateral instruments acceptable under the Illinois Public Funds Investment Act. The City's deposits are categorized into three levels of custodial risk:

- Category 1 Insured by the FDIC, or registered with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the City's name.

A comparison of the carrying value and bank balances at April 30, 2020 are shown below. The difference between the carrying value and bank balance is due to outstanding checks and/or deposits in transit.

Primary Government

|                         | Category            |             |                   | Carrying Value      | Bank Balance        |
|-------------------------|---------------------|-------------|-------------------|---------------------|---------------------|
|                         | 1                   | 2           | 3                 |                     |                     |
| Petty Cash              | \$ 280              | \$ 0        | \$ 0              | \$ 280              | \$ 0                |
| Deposit Accounts        | 3,331,622           | 0           | 378,940           | 3,710,562           | 3,794,157           |
| Certificates of Deposit | 3,700,000           | 0           | 0                 | 3,700,000           | 3,700,000           |
| <b>Total</b>            | <b>\$ 7,031,902</b> | <b>\$ 0</b> | <b>\$ 378,940</b> | <b>\$ 7,410,842</b> | <b>\$ 7,494,157</b> |

Reconciliation to Government-Wide Statement of Net Position

|                                      |                     |
|--------------------------------------|---------------------|
| Cash and Cash Equivalents            | \$ 3,683,628        |
| Certificates of Deposit              | 3,700,000           |
| Restricted Cash and Cash Equivalents | 27,214              |
| Restricted Certificates of Deposit   | 0                   |
| <b>Total</b>                         | <b>\$ 7,410,842</b> |

Fiduciary Funds

| Pension Trust Funds | Category          |             |             | Carrying Value    | Bank Balance      |
|---------------------|-------------------|-------------|-------------|-------------------|-------------------|
|                     | 1                 | 2           | 3           |                   |                   |
| Petty Cash          | \$ 0              | \$ 0        | \$ 0        | \$ 0              | \$ 0              |
| Deposit Accounts    | 804,424           | 0           | 0           | 804,424           | 775,557           |
| Cert of Deposit     | 0                 | 0           | 0           | 0                 | 0                 |
| <b>Total</b>        | <b>\$ 804,424</b> | <b>\$ 0</b> | <b>\$ 0</b> | <b>\$ 804,424</b> | <b>\$ 775,557</b> |

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note III - Deposits and Investments (continued)**

**B. Investments**

The City is allowed to invest as authorized by the Illinois State Statutes. In general, the City may invest in the following items: interest bearing direct obligations of the United States of America; interest bearing obligations fully insured by the United States of America; interest bearing bonds, notes, debentures or other similar obligations of agencies of the United States of America; interest bearing savings accounts or certificates of deposit issued by federally chartered banks or savings and loan associations, by State of Illinois chartered banks or savings and loan associations, and in credit unions, insured by agencies or instrumentalities of the federal government, interest bearing bonds of the State of Illinois; pooled interest bearing accounts managed by the Illinois Public Treasurers Investment Pool; interest bearing bonds of any county, township, or municipal corporation of the State of Illinois; money market mutual funds managed by certain registered investment companies; general accounts of life insurance companies authorized to transact business in Illinois; and with limitations, certain mutual funds, certain corporate bonds, and certain repurchase agreements.

A comparison of investment carrying value and fair value at April 30, 2020 are shown below. The carrying amount of marketable securities was adjusted to quoted fair value at April 30, 2020. Investments are categorized to give an indication of the level or risk assumed by the entity into three levels of custodial risk.

- Category 1 Insured by the FDIC, or registered with securities held by the Fund or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counter party's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent, but not in the City's name.

Primary Government

|                            | Category            |             |             | Amortized<br>Cost   | Fair<br>Value       |
|----------------------------|---------------------|-------------|-------------|---------------------|---------------------|
|                            | 1                   | 2           | 3           |                     |                     |
| Certificates of Deposit    | \$ 3,700,000        | \$ 0        | \$ 0        | \$ 3,700,000        | \$ 3,700,000        |
| U.S. Government Securities | 0                   | 0           | 0           | 0                   | 0                   |
| Govt Backed Securities     | 0                   | 0           | 0           | 0                   | 0                   |
| <b>Total</b>               | <b>\$ 3,700,000</b> | <b>\$ 0</b> | <b>\$ 0</b> | <b>\$ 3,700,000</b> | <b>\$ 3,700,000</b> |

Investments not subject to categorization

|                          |                     |                     |
|--------------------------|---------------------|---------------------|
| Illinois Funds           | \$ 0                | \$ 0                |
| Fixed Income Securities  | 0                   | 0                   |
| Equity Securities        | 0                   | 0                   |
| <b>Total</b>             | <b>\$ 0</b>         | <b>\$ 0</b>         |
| <b>Total Investments</b> | <b>\$ 3,700,000</b> | <b>\$ 3,700,000</b> |

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risks associated with certain securities, there is a likelihood that changes in the values of the investments will occur that could materially affect the amounts reported. Due to the type of entity investments, interest rate risk is not considered to be significant at April 30, 2020.

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note III - Deposits and Investments (continued)**

**B. Investments (concluded)**

Reconciliation to Government-Wide Statement of Net Position

|                            |              |
|----------------------------|--------------|
| Certificates of Deposit    | \$ 3,700,000 |
| U.S. Government Securities | 0            |
| Govt Backed Securities     | 0            |
| Illinois Funds             | 0            |
| Fixed Income Securities    | 0            |
| Equity Securities          | 0            |

|       |                     |
|-------|---------------------|
| Total | <u>\$ 3,700,000</u> |
|-------|---------------------|

Fiduciary Funds

Pension Trust Funds

|                      | Category            |             |             | Amortized<br>Cost   | Fair<br>Value       |
|----------------------|---------------------|-------------|-------------|---------------------|---------------------|
|                      | 1                   | 2           | 3           |                     |                     |
| Cert of Deposit      | \$ 2,341,598        | \$ 0        | \$ 0        | \$ 2,341,598        | \$ 2,341,598        |
| U.S. Govt Securities | 0                   | 0           | 0           | 0                   | 0                   |
| Govt Backed Sec      | 152,483             | 0           | 0           | 152,483             | 171,294             |
| Total                | <u>\$ 2,494,081</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,494,081</u> | <u>\$ 2,512,892</u> |

Investments not subject to categorization

|                         |         |         |
|-------------------------|---------|---------|
| Illinois Funds          | \$ 0    | \$ 0    |
| Fixed Income Securities | 0       | 0       |
| Equity Securities       | 914,028 | 903,141 |

|       |                   |                   |
|-------|-------------------|-------------------|
| Total | <u>\$ 914,028</u> | <u>\$ 903,141</u> |
|-------|-------------------|-------------------|

|                   |                     |                     |
|-------------------|---------------------|---------------------|
| Total Investments | <u>\$ 3,408,109</u> | <u>\$ 3,416,033</u> |
|-------------------|---------------------|---------------------|

Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risks associated with certain securities, there is a likelihood that changes in the values of the investments will occur that could materially affect the amounts reported. Due to the type of City investments, interest rate risk is not considered to be significant at April 30, 2020.

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note III - Deposits and Investments (continued)**

**C. Fair Value**

Fair value is the price that would be received to sell an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to determine fair value should maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1            Quoted prices for identical assets or liabilities in active markets.
- Level 2            Inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include; quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads; market corroborated inputs.
- Level 3            Unobservable inputs for an asset or liability.

The following valuation methods and inputs are used for assets and liabilities measured at fair value on a recurring basis and recognized in the financial statements.

Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing service and pricing models, the inputs of which are market based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy; however, no Level 3 securities exist at April 30, 2020.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accounting principles. The following are the assets and liabilities recognized in the financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy as of April 30, 2020:

Primary Government

| <u>Investment Category</u> | Level 1<br>Inputs | Level 2<br>Inputs   | Level 3<br>Inputs | Fair<br>Value       |
|----------------------------|-------------------|---------------------|-------------------|---------------------|
| Certificates of Deposit    | \$ 0              | \$ 3,700,000        | \$ 0              | \$ 3,700,000        |
| U.S. Government Securities | 0                 | 0                   | 0                 | 0                   |
| Govt Backed Securities     | 0                 | 0                   | 0                 | 0                   |
| Illinois Funds             | 0                 | 0                   | 0                 | 0                   |
| Fixed Income Securities    | 0                 | 0                   | 0                 | 0                   |
| Equity Securities          | 0                 | 0                   | 0                 | 0                   |
| <b>Total</b>               | <b>\$ 0</b>       | <b>\$ 3,700,000</b> | <b>\$ 0</b>       | <b>\$ 3,700,000</b> |

City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note III - Deposits and Investments (concluded)**

**C. Fair Value (concluded)**

Fiduciary Funds

Pension Trust Funds

| <u>Investment Category</u> | Level 1<br>Inputs | Level 2<br>Inputs | Level 3<br>Inputs | Fair<br>Value    |
|----------------------------|-------------------|-------------------|-------------------|------------------|
| Certificates of Deposit    | \$ 0              | \$ 2,341,598      | \$ 0              | \$ 2,341,598     |
| U.S. Government Securities | 0                 | 0                 | 0                 | 0                |
| Govt Backed Securities     | 0                 | 171,284           | 0                 | 171,284          |
| Illinois Funds             | 0                 | 0                 | 0                 | 0                |
| Fixed Income Securities    | 0                 | 0                 | 0                 | 0                |
| Equity Securities          | 903,141           | 0                 | 0                 | 903,141          |
| <br>Total                  | <br>\$ 903,141    | <br>\$ 2,512,892  | <br>\$ 0          | <br>\$ 3,416,033 |

City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note IV - Due to/from Other Funds**

As of April 30, 2020, interfund receivables and payables that resulted from various transactions were as follows:

|                     | Due to | Due from |
|---------------------|--------|----------|
| Governmental Funds: |        |          |
| General Fund        | \$ 0   | \$ 0     |
| Police Fund         | 0      | 0        |
| Fire Fund           | 0      | 0        |
| Street Fund         | 0      | 0        |
| Sanitation Fund     | 0      | 0        |
| Cemetery Fund       | 0      | 0        |
| Park and Pool Fund  | 0      | 0        |
| Proprietary Funds:  |        |          |
| Water Utility Fund  | 0      | 0        |
| Sewer Utility Fund  | 0      | 0        |
| Gas Utility Fund    | 0      | 0        |
| Fiduciary Funds:    |        |          |
| Police Pension Fund | 0      | 0        |
| Fire Pension Fund   | 0      | 0        |
|                     | 0      | 0        |
| Total               | \$ 0   | \$ 0     |

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note V - Changes in Capital Assets**

A summary of changes in capital assets and depreciation is as follows:

**A. Governmental Funds**

|   | Balance<br>4/30/2019 | Additions/<br>Adjustments | Deletions/<br>Adjustments | Balance<br>4/30/2020 |
|---|----------------------|---------------------------|---------------------------|----------------------|
| Land & Right of Way                             | \$ 1,326,477         | \$ 0                      | \$ 0                      | \$ 1,326,477         |
| Plant & Distribution System                     |                      |                           |                           |                      |
| Buildings & Improvements                        | 4,456,679            | 0                         | 0                         | 4,456,679            |
| Equipment                                       | 3,389,743            | 58,240                    | 0                         | 3,447,983            |
| Construction in Progress                        | 0                    | 0                         | 0                         | 0                    |
| <b>Total Cost</b>                               | <b>9,172,899</b>     | <b>58,240</b>             | <b>0</b>                  | <b>9,231,139</b>     |
| Less: Accumulated Depreciation                  |                      |                           |                           |                      |
| Plant & Distribution System                     | 0                    | 0                         | 0                         | 0                    |
| Buildings & Improvements                        | (2,105,680)          | (134,117)                 | 0                         | (2,239,797)          |
| Equipment                                       | (2,409,715)          | (176,842)                 | 0                         | (2,586,557)          |
| <b>Total Accumulated Depreciation</b>           | <b>(4,515,395)</b>   | <b>(310,959)</b>          | <b>0</b>                  | <b>(4,826,354)</b>   |
| <b>Total Capital Assets net of depreciation</b> | <b>\$ 4,657,504</b>  | <b>\$ (252,719)</b>       | <b>\$ 0</b>               | <b>\$ 4,404,785</b>  |

Depreciation was charged to the governmental activity functions as follows:

|                                 |                   |
|---------------------------------|-------------------|
| General Government              | \$ 126,769        |
| Public Safety                   | 129,176           |
| Transportation and Public Works | 20,027            |
| Social Services                 | 7,675             |
| Culture and Recreation          | 27,312            |
| Community/Economic Development  | 0                 |
|                                 | <u>\$ 310,959</u> |

**B. Proprietary Funds**

**1. Water Utility**

|   | Balance<br>4/30/2019 | Additions/<br>Adjustments | Deletions/<br>Adjustments | Balance<br>4/30/2020 |
|---|----------------------|---------------------------|---------------------------|----------------------|
| Land & Right of Way                             | \$ 0                 | \$ 0                      | \$ 0                      | \$ 0                 |
| Plant & Distribution System                     | 3,929,003            | 0                         | 0                         | 3,929,003            |
| Buildings & Improvements                        | 169,159              | 0                         | 0                         | 169,159              |
| Equipment                                       | 322,135              | 15,302                    | 0                         | 337,437              |
| Construction in Progress                        | 0                    | 0                         | 0                         | 0                    |
| <b>Total Cost</b>                               | <b>4,420,297</b>     | <b>15,302</b>             | <b>0</b>                  | <b>4,435,599</b>     |
| Less: Accumulated Depreciation                  |                      |                           |                           |                      |
| Plant & Distribution System                     | (1,765,341)          | (93,478)                  | 0                         | (1,858,819)          |
| Buildings & Improvements                        | (62,651)             | (4,532)                   | 0                         | (67,183)             |
| Equipment                                       | (279,040)            | (7,561)                   | 0                         | (286,601)            |
| <b>Total Accumulated Depreciation</b>           | <b>(2,107,032)</b>   | <b>(105,571)</b>          | <b>0</b>                  | <b>(2,212,603)</b>   |
| <b>Total Capital Assets net of depreciation</b> | <b>\$ 2,313,265</b>  | <b>\$ (90,269)</b>        | <b>\$ 0</b>               | <b>\$ 2,222,996</b>  |

City of Anna, Illinois  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 April 30, 2020

**Note V - Changes in Capital Assets (concluded)**

**B. Proprietary Funds (concluded)**

**2. Sewer Utility**

|   | Balance<br>4/30/2019 | Additions/<br>Adjustments | Deletions/<br>Adjustments | Balance<br>4/30/2020 |
|---|----------------------|---------------------------|---------------------------|----------------------|
| Land & Right of Way                             | \$ 0                 | \$ 0                      | \$ 0                      | \$ 0                 |
| Plant & Distribution System                     | 6,886,129            | 0                         | 0                         | 6,886,129            |
| Buildings & Improvements                        | 0                    | 0                         | 0                         | 0                    |
| Equipment                                       | 283,047              | 60,957                    | 0                         | 344,004              |
| Construction in Progress                        | 0                    | 0                         | 0                         | 0                    |
| <b>Total Cost</b>                               | <b>7,169,176</b>     | <b>60,957</b>             | <b>0</b>                  | <b>7,230,133</b>     |
| <b>Less: Accumulated Depreciation</b>           |                      |                           |                           |                      |
| Plant & Distribution System                     | (3,463,034)          | (189,852)                 | 0                         | (3,652,886)          |
| Buildings & Improvements                        | 0                    | 0                         | 0                         | 0                    |
| Equipment                                       | (215,934)            | (19,859)                  | 0                         | (235,793)            |
| <b>Total Accumulated Depreciation</b>           | <b>(3,678,968)</b>   | <b>(209,711)</b>          | <b>0</b>                  | <b>(3,888,679)</b>   |
| <b>Total Capital Assets net of depreciation</b> | <b>\$ 3,490,208</b>  | <b>\$ (148,754)</b>       | <b>\$ 0</b>               | <b>\$ 3,341,454</b>  |

**3. Gas Utility**

|   | Balance<br>4/30/2019 | Additions/<br>Adjustments | Deletions/<br>Adjustments | Balance<br>4/30/2020 |
|---|----------------------|---------------------------|---------------------------|----------------------|
| Land & Right of Way                             | \$ 0                 | \$ 0                      | \$ 0                      | \$ 0                 |
| Plant & Distribution System                     | 2,630,579            | 0                         | 0                         | 2,630,579            |
| Buildings & Improvements                        | 259,462              | 0                         | 0                         | 259,462              |
| Equipment                                       | 475,783              | 15,302                    | 0                         | 491,085              |
| Construction in Progress                        | 0                    | 0                         | 0                         | 0                    |
| <b>Total Cost</b>                               | <b>3,365,824</b>     | <b>15,302</b>             | <b>0</b>                  | <b>3,381,126</b>     |
| <b>Less: Accumulated Depreciation</b>           |                      |                           |                           |                      |
| Plant & Distribution System                     | (1,671,170)          | (74,269)                  | 0                         | (1,745,439)          |
| Buildings & Improvements                        | (90,674)             | (6,624)                   | 0                         | (97,298)             |
| Equipment                                       | (408,280)            | (9,755)                   | 0                         | (418,035)            |
| <b>Total Accumulated Depreciation</b>           | <b>(2,170,124)</b>   | <b>(90,648)</b>           | <b>0</b>                  | <b>(2,260,772)</b>   |
| <b>Total Capital Assets net of depreciation</b> | <b>\$ 1,195,700</b>  | <b>\$ (75,346)</b>        | <b>\$ 0</b>               | <b>\$ 1,120,354</b>  |



City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note VI - Long-term Obligations**

**A. General Long-Term Debt**

The City is subject to the Municipal Finance Law of Illinois which limits the amount of debt that may be incurred (excluding revenue bonds). The limitation is 8.625 percent of the assessed valuation.

|  |                      |
|--|----------------------|
| Assessed Valuation - 2019 levy year                  | \$ <u>53,311,211</u> |
| Legal Debt Limitation - 8.625% of assessed valuation | 4,598,092            |
| Outstanding Debt                                     | <u>0</u>             |
| Legal Debt Margin                                    | \$ <u>4,598,092</u>  |

**1. Changes in Long-Term Debt**

A summary of changes in long term debt for the year ended April 30, 2020:

|      | Balance<br>4/30/2019 | Increase<br>(Decrease) | Balance<br>4/30/2020 | Current<br>Portion |
|------|----------------------|------------------------|----------------------|--------------------|
| None | \$ 0                 | \$ 0                   | \$ 0                 | 0                  |
|      | <u>\$ 0</u>          | <u>\$ 0</u>            | <u>\$ 0</u>          | <u>0</u>           |

**2. Installment Contracts**

None

\$ 0

Total Long-Term Debt

\$ 0

**3. Debt Service Requirements**

The annual requirements to amortize all debt outstanding at April 30, 2020, including interest, to maturity, are estimated as follows:

None

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note VI - Long-term Obligations (continued)**

**B. Water Fund**

**1. Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended April 30, 2020:

|                   | Balance<br>4/30/2019 | Issued      | (Retired)          | Balance<br>4/30/2020 | Current<br>Portion |
|-------------------|----------------------|-------------|--------------------|----------------------|--------------------|
| IEPA Loan - Water | \$ 652,956           | \$ 0        | \$ (42,957)        | \$ 609,999           | \$ 43,495          |
|                   | <u>\$ 652,956</u>    | <u>\$ 0</u> | <u>\$ (42,957)</u> | <u>\$ 609,999</u>    | <u>\$ 43,495</u>   |

**2. Bonds and Loans Payable**

Bonds and Loans payable at April 30, 2020 consisted of the following:

IEPA Drinking Water Revolving Fund Loan:

Loan dated September 27, 2011 for \$ 1,179,885 less loan forgiveness of \$ 300,000, due in semi-annual installments of \$ 25,492 beginning on February 1, 2014 through February 1, 2033, with interest at 1.25%.

609,999

Total Long-Term Debt \$ 609,999

**3. Debt Service Requirements**

The annual requirements to amortize all debt outstanding at April 30, 2020, including interest, to maturity, are estimated as follows:

| April 30,  | Principal         | Interest         | Total             |
|------------|-------------------|------------------|-------------------|
| 2020       | \$ 0              | \$ 0             | \$ 0              |
| 2021       | 43,495            | 7,490            | 50,985            |
| 2022       | 44,041            | 6,944            | 50,985            |
| 2023       | 44,593            | 6,392            | 50,985            |
| 2024       | 45,152            | 5,833            | 50,985            |
| 2025       | 45,718            | 5,267            | 50,985            |
| 2026       | 46,292            | 4,693            | 50,985            |
| 2027       | 46,872            | 4,113            | 50,985            |
| 2028       | 47,460            | 3,525            | 50,985            |
| 2029       | 48,055            | 2,930            | 50,985            |
| 2030       | 48,657            | 2,328            | 50,985            |
| 2031       | 49,268            | 1,717            | 50,985            |
| 2032       | 49,885            | 1,100            | 50,985            |
| 2033       | 50,511            | 474              | 50,985            |
| Thereafter | 0                 | 0                | 0                 |
| Totals     | <u>\$ 609,999</u> | <u>\$ 52,806</u> | <u>\$ 662,805</u> |

City of Anna, Illinois  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 April 30, 2020

**Note VI - Long-term Obligations (continued)**

**B. Sewer Fund**

**1. Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended April 30, 2020:

|                   | Balance<br>4/30/2019 | Issued      | (Retired)         | Balance<br>4/30/2020 | Current<br>Portion |
|-------------------|----------------------|-------------|-------------------|----------------------|--------------------|
| IEPA Loan - Sewer | \$ 146,070           | \$ 0        | \$ (8,957)        | \$ 137,113           | \$ 9,164           |
|                   | <u>\$ 146,070</u>    | <u>\$ 0</u> | <u>\$ (8,957)</u> | <u>\$ 137,113</u>    | <u>\$ 9,164</u>    |

**2. Bonds and Loans Payable**

Bonds and Loans payable at April 30, 2020 consisted of the following.

IEPA Clean Water Revolving Fund Loan:

Loan dated July 25, 2012 for \$ 380,959 less loan forgiveness of  
 \$ 189,599, due in semi-annual installments of \$ 6,129 beginning on  
 November 30, 2013 through November 30, 2032, with interest at 2.295%. 137,113

Total Long-Term Debt \$ 137,113

**3. Debt Service Requirements**

The annual requirements to amortize all debt outstanding at April 30, 2020, including interest, to maturity, are estimated as follows:

| April 30,  | Principal         | Interest         | Total             |
|------------|-------------------|------------------|-------------------|
| 2020       | \$ 0              | \$ 0             | \$ 0              |
| 2021       | 9,164             | 3,094            | 12,258            |
| 2022       | 9,376             | 2,883            | 12,259            |
| 2023       | 9,592             | 2,667            | 12,259            |
| 2024       | 9,813             | 2,445            | 12,258            |
| 2025       | 10,040            | 2,219            | 12,259            |
| 2026       | 10,272            | 1,987            | 12,259            |
| 2027       | 10,509            | 1,750            | 12,259            |
| 2028       | 10,751            | 1,507            | 12,258            |
| 2029       | 11,000            | 1,259            | 12,259            |
| 2030       | 11,253            | 1,005            | 12,258            |
| 2031       | 11,513            | 745              | 12,258            |
| 2032       | 11,779            | 480              | 12,259            |
| 2033       | 12,051            | 208              | 12,259            |
| Thereafter | <u>0</u>          | <u>0</u>         | <u>0</u>          |
| Totals     | <u>\$ 137,113</u> | <u>\$ 22,249</u> | <u>\$ 159,362</u> |

City of Anna, Illinois  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 April 30, 2020

**Note VI - Long-term Obligations (concluded)**

**C. Gas Fund**

**1. Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended April 30, 2020:

|      | Balance<br>4/30/2019 | Issued      | (Retired)   | Balance<br>4/30/2020 | Current<br>Portion |
|------|----------------------|-------------|-------------|----------------------|--------------------|
| None | \$ 0                 | \$ 0        | \$ 0        | \$ 0                 | \$ 0               |
|      | <u>0</u>             | <u>0</u>    | <u>0</u>    | <u>0</u>             | <u>0</u>           |
|      | <u>\$ 0</u>          | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u>          | <u>\$ 0</u>        |

**2. Bonds Payable**

Bonds payable at April 30, 2020 consisted of the following.

None

|                      |             |
|----------------------|-------------|
|                      | 0           |
| Total Long-Term Debt | <u>\$ 0</u> |

**3. Debt Service Requirements**

The annual requirements to amortize bonded debt outstanding at April 30, 2020, including interest, to maturity, are as follows:

|      | April 30,  | Principal   | Interest    | Total       |
|------|------------|-------------|-------------|-------------|
| None |            | \$ 0        | \$ 0        | \$ 0        |
|      |            | 0           | 0           | 0           |
|      | Thereafter | <u>0</u>    | <u>0</u>    | <u>0</u>    |
|      | Totals     | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note VII - Property Taxes**

The City's property tax is levied each year on all taxable real property located within the City on or before the last Tuesday in December. The 2019 levy was passed by the City Council on December 17, 2019. Property taxes attach as an enforceable lien on property on January 1 and are payable in two installments. The City receives significant distributions of tax receipts approximately one month after these due dates. Tax receipts recorded in these financial statements are from the 2018 and prior levies. The following are the tax rate limits permitted by statute and by local referendum and the actual rates levied per \$100 of assessed valuation. The City received the final payment of the 2018 levy in the next fiscal year. The City is subject to the Property Tax Extension Limitation Law (PTELL) effective January 1, 1997.

|                              | Max Rate  | TAX YEAR      |               |               |
|------------------------------|-----------|---------------|---------------|---------------|
|                              |           | 2017          | 2018          | 2019          |
| Equalized Assessed Valuation |           | \$ 53,529,588 | \$ 52,708,463 | \$ 53,311,211 |
| <b>RATE (per \$ 100)</b>     |           |               |               |               |
| General                      | 0.29400   | 0.11555       | 0.11604       | 0.11762       |
| Tort                         | Unlimited | 0.09908       | 0.09812       | 0.09942       |
| Fire Protection              | 0.09000   | 0.03671       | 0.03703       | 0.03752       |
| Garbage Collection           | Unlimited | 0.00000       | 0.00000       | 0.00000       |
| Park and Recreation          | 0.07500   | 0.00000       | 0.00000       | 0.00000       |
| Social Security              | Unlimited | 0.15596       | 0.15550       | 0.15757       |
| Police Pension               | Unlimited | 0.34860       | 0.37022       | 0.38885       |
| Fire Pension                 | Unlimited | 0.16880       | 0.18512       | 0.19696       |
| Totals                       |           | 0.92470       | 0.96203       | 0.99794       |
| <b>EXTENSIONS</b>            |           |               |               |               |
| General                      |           | \$ 61,853     | \$ 61,163     | \$ 62,705     |
| Tort                         |           | 53,037        | 51,717        | 53,002        |
| Fire Protection              |           | 19,651        | 19,518        | 20,002        |
| Garbage Collection           |           | 0             | 0             | 0             |
| Park and Recreation          |           | 0             | 0             | 0             |
| Social Security              |           | 83,485        | 81,962        | 84,002        |
| Police Pension               |           | 186,604       | 195,137       | 207,301       |
| Fire Pension                 |           | 90,358        | 97,574        | 105,002       |
| Totals                       |           | \$ 494,988    | \$ 507,071    | \$ 532,014    |
| <b>COLLECTIONS</b>           |           |               |               |               |
| General                      |           | \$ 61,321     | \$ 60,873     | NOT YET       |
| Tort                         |           | 52,580        | 51,472        | COLLECTED     |
| Fire Protection              |           | 19,481        | 19,426        |               |
| Garbage Collection           |           | 0             | 0             |               |
| Park and Recreation          |           | 0             | 0             |               |
| Social Security              |           | 82,765        | 81,572        |               |
| Police Pension               |           | 184,996       | 194,211       |               |
| Fire Pension                 |           | 89,579        | 97,111        |               |
| Totals                       |           | \$ 490,722    | \$ 504,665    |               |
| Road and Bridge              |           | \$ 29,971     | \$ 30,017     |               |
| Percentage collected         |           | 99.14%        | 99.53%        |               |

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note VIII - Net Position - Government-wide Statement**

A summary of net position by classification as of April 31, 2020, is as follows:

**A. Capital Assets, Net of Related Debt**

**1. Governmental Funds**

|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| Capital Assets   | \$ 9,231,139        | \$ 9,172,899        |
| Accumulated Depreciation                                 | (4,826,354)         | (4,515,395)         |
| Total Capital Assets                                     | <u>4,404,785</u>    | <u>4,657,504</u>    |
| Less: Capital Related Debt                               |                     |                     |
| Current Portion of Capital Related Long-term Debt        | 0                   | 0                   |
| Long-term Portion of Capital Related Long-term Debt      | 0                   | 0                   |
| Unamortized Discount and Premium                         | 0                   | 0                   |
| Total Capital Related Debt                               | <u>0</u>            | <u>0</u>            |
| Total Capital Assets, Net of Related Debt - Governmental | <u>\$ 4,404,785</u> | <u>\$ 4,657,504</u> |

**2. Proprietary Funds**

|   |                     |                     |
|---|---------------------|---------------------|
| Capital Assets  | \$ 15,046,858       | \$ 14,955,297       |
| Accumulated Depreciation                                | (8,362,054)         | (7,956,124)         |
| Total Capital Assets                                    | <u>6,684,804</u>    | <u>6,999,173</u>    |
| Less: Capital Related Debt                              |                     |                     |
| Current Portion of Capital Related Long-term Debt       | 52,660              | 51,914              |
| Long-term Portion of Capital Related Long-term Debt     | 694,453             | 747,113             |
| Unamortized Discount and Premium                        | 0                   | 0                   |
| Total Capital Related Debt                              | <u>747,113</u>      | <u>799,027</u>      |
| Total Capital Assets, Net of Related Debt - Proprietary | <u>\$ 5,937,691</u> | <u>\$ 6,200,146</u> |

|   |                      |                      |
|---|----------------------|----------------------|
| Total Capital Assets, Net of Related Debt | <u>\$ 10,342,476</u> | <u>\$ 10,857,650</u> |
|---|----------------------|----------------------|

**B. Restricted Net Position**

**1. Governmental Funds**

|  |                   |                   |
|--|-------------------|-------------------|
| Restricted Cash and Investments              |                   |                   |
| Future Expenditures                          | \$ 301,222        | \$ 166,467        |
| Capital Projects                             | 559,788           | 532,270           |
| Debt Service                                 | 0                 | 0                 |
| Total Restricted Net Position - Governmental | <u>\$ 861,010</u> | <u>\$ 698,737</u> |

**2. Proprietary Funds**

|   |                     |                     |
|---|---------------------|---------------------|
| Restricted Cash and Investments             |                     |                     |
| Future Expenditures                         | \$ 0                | \$ 0                |
| Capital Projects                            | 1,279,754           | 1,298,368           |
| Debt Service                                | 27,214              | 29,917              |
| Total Restricted Net Position - Proprietary | <u>\$ 1,306,968</u> | <u>\$ 1,328,285</u> |

|                               |                     |                     |
|-------------------------------|---------------------|---------------------|
| Total Restricted Net Position | <u>\$ 2,167,978</u> | <u>\$ 2,027,022</u> |
|-------------------------------|---------------------|---------------------|

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note VIII - Net Position - Government-wide Statement (continued)**

**C. Unrestricted Net Position**

**1. Governmental Funds**

|  | 2020         | 2019         |
|--|--------------|--------------|
| Total Net Position                             | \$ 8,125,031 | \$ 7,728,890 |
| Less:  |              |              |
| Capital Assets, Net of Related Debt            | (4,404,785)  | (4,657,504)  |
| Restricted Assets                              | (861,010)    | (698,737)    |
| Total Unrestricted Net Position - Governmental | \$ 2,859,236 | \$ 2,372,649 |

**2. Proprietary Funds**

|   |              |              |
|---|--------------|--------------|
| Total Net Position                          | \$ 9,553,210 | \$ 9,315,079 |
| Less:                                       |              |              |
| Capital Assets, Net of Related Debt         | (5,937,091)  | (6,200,146)  |
| Restricted Assets                           | (1,306,968)  | (1,328,285)  |
| Total Unrestricted Net Assets - Proprietary | \$ 2,308,551 | \$ 1,786,648 |

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Total Unrestricted Net Position | \$ 5,167,787 | \$ 4,159,297 |
|---------------------------------|--------------|--------------|

**D. Restricted Net Position - Governmental Funds**

**1. Restricted for Future Use**

Restricted funds maintained in accordance with terms of grant agreements for cost sharing are restricted in use. Restricted fund balance contains the following at April 30, 2020:

|                                    | Required | Actual   |
|------------------------------------|----------|----------|
| General Fund - Special Assessments | \$ 3,840 | \$ 3,840 |
|                                    | 0        | 0        |
|                                    | 0        | 0        |
| Total Restricted for Future Use    | \$ 3,840 | \$ 3,840 |

**2. Restricted for Debt Service**

Restricted funds maintained in accordance with terms of the bond ordinance are restricted in use. Restricted retained earnings contains the following at April 30, 2020:

|                                   | Required | Actual |
|-----------------------------------|----------|--------|
| None                              | \$ 0     | \$ 0   |
|                                   | 0        | 0      |
|                                   | 0        | 0      |
| Total Restricted for Debt Service | \$ 0     | \$ 0   |

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note VIII - Net Position - Government-wide Statement (continued)**

**D. Restricted Net Position - Governmental Funds (concluded)**

**3. Designated for Capital Projects**

Designated funds maintained in accordance the City's capital funding policy and amounts designated for other commitments of capital projects are as follows, at April 30, 2020:

|                                     | Capital<br>Projects | Capital<br>Building | Capital<br>Equipment | Total             |
|-------------------------------------|---------------------|---------------------|----------------------|-------------------|
| General Fund                        | \$ 0                | \$ 11,668           | \$ 24,245            | \$ 35,913         |
| Police Fund                         | 0                   | 42,505              | 37,349               | 79,854            |
| Fire Fund                           | 0                   | 14,829              | 2,594                | 17,423            |
| Park & Recreation Fund              | 0                   | 0                   | 52,088               | 52,088            |
| Sanitation Fund                     | 0                   | 14,634              | 46,141               | 60,775            |
| Cemetery Fund                       | 0                   | 0                   | 10,002               | 10,002            |
| Street Fund                         | 0                   | 18,535              | 13,090               | 31,625            |
| <b>Total Designated for Capital</b> | <b>\$ 0</b>         | <b>\$ 102,171</b>   | <b>\$ 185,509</b>    | <b>\$ 287,680</b> |

**4. Designated for Early Retirement Incentive**

Designated funds maintained in accordance the City's early retirement incentive program are as follows, at April 30, 2020:

|  | Total               |
|--|---------------------|
| General Fund   | \$ (203,502)        |
| Police Fund  | 0                   |
| Fire Fund  | 0                   |
| Park & Recreation Fund                                 | 0                   |
| Sanitation Fund  | 0                   |
| Cemetery Fund  | 0                   |
| Street Fund  | 0                   |
| <b>Total Designated for Early Retirement Incentive</b> | <b>\$ (203,502)</b> |

**5. Designated for Retiree Health Insurance**

Designated funds maintained in accordance the City's retiree health insurance program are as follows, at April 30, 2020:

|  | Total             |
|--|-------------------|
| General Fund   | \$ 475,611        |
| Police Fund  | 0                 |
| Fire Fund  | 0                 |
| Park & Recreation Fund                               | 0                 |
| Sanitation Fund                                      | 0                 |
| Cemetery Fund  | 0                 |
| Street Fund  | 0                 |
| <b>Total Designated for Retiree Health Insurance</b> | <b>\$ 475,611</b> |



City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note VIII - Net Assets - Government-wide Statement (continued)**

**E. Restricted Net Position - Proprietary Funds**

**1. Restricted for Future Use**

Restricted funds maintained in accordance with terms of grant agreements for cost sharing are restricted in use. Restricted net position contains the following at April 30, 2020:

|                                 | Required | Actual |
|---------------------------------|----------|--------|
| None                            | \$ 0     | \$ 0   |
|                                 | 0        | 0      |
|                                 | 0        | 0      |
| Total Restricted for Future Use | \$ 0     | \$ 0   |

**2. Restricted for Debt Service**

Restricted funds maintained in accordance with terms of the bond ordinance are restricted in use. Restricted net position contains the following at April 30, 2020:

|                                     | Required  | Actual    |
|-------------------------------------|-----------|-----------|
| <b><u>Water and Sewer Funds</u></b> |           |           |
| Bond and Interest                   | \$ 17,897 | \$ 27,214 |
| Bond and Interest Reserve           | 0         | 0         |
| Replacement and Improvement         | 0         | 0         |
| Construction/Grant Funds            | 0         | 0         |
| Bond Surplus                        | 0         | 0         |
|                                     | \$ 17,897 | \$ 27,214 |
| <br><b><u>Gas Fund</u></b>          |           |           |
| Bond and Interest                   | \$ 0      | \$ 0      |
| Bond and Interest Reserve           | 0         | 0         |
| Replacement and Improvement         | 0         | 0         |
| Construction/Grant Funds            | 0         | 0         |
| Surplus                             | 0         | 0         |
|                                     | \$ 0      | \$ 0      |
| Total Restricted for Debt Service   | \$ 17,897 | \$ 27,214 |

**3. Designated for Capital Projects**

Designated funds maintained in accordance the City's capital funding policy and amounts designated for other commitments of general long-term debt and other projects are as follows, at April 30, 2020:

|                    | Capital<br>Projects | Capital<br>Building | Capital<br>Equipment | Total      |
|--------------------|---------------------|---------------------|----------------------|------------|
| Water Utility Fund | \$ 0                | \$ 15,945           | \$ 40,472            | \$ 56,417  |
| Sewer Utility Fund | 0                   | 29,680              | 10,820               | 40,500     |
| Gas Utility Fund   | 0                   | 14,714              | 53,637               | 68,351     |
|                    | \$ 0                | \$ 60,339           | \$ 104,929           | \$ 165,268 |

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note VIII - Net Position - Government-wide Statement (concluded)**

**E. Restricted Net Position - Proprietary Funds (concluded)**

**4. Designated for Early Retirement Incentive**

Designated funds maintained in accordance the City's early retirement incentive program are as follows, at April 30, 2020:

|   | Total      |
|---|------------|
| Water Utility Fund                              | \$ 175,853 |
| Sewer Utility Fund                              | 36,015     |
| Gas Utility Fund                                | 175,853    |
| Total Designated for Early Retirement Incentive | \$ 387,721 |

**5. Designated for Retiree Health Insurance**

Designated funds maintained in accordance the City's retiree health insurance program are as follows, at April 30, 2020:

|   | Total      |
|---|------------|
| Water Utility Fund                            | \$ 209,634 |
| Sewer Utility Fund                            | 182,502    |
| Gas Utility Fund                              | 334,630    |
| Total Designated for Retiree Health Insurance | \$ 726,766 |

**Note IX - Fund Balance - Governmental Fund Statements**

|                        | Nonspendable | Restricted | Committed  | Assigned | Unassigned   |
|------------------------|--------------|------------|------------|----------|--------------|
| General Fund           | \$ 0         | \$ 3,840   | \$ 308,021 | \$ 0     | \$ 2,859,236 |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Tax Levies             | 0            | 0          | 0          | 0        | 0            |
| Police Fund            | 0            | 0          | 79,855     | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Fire Fund              | 0            | 0          | 17,423     | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Tax Levies             | 0            | 0          | 0          | 0        | 0            |
| Street Fund            | 0            | 0          | 31,625     | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Tax Levies             | 0            | 0          | 0          | 0        | 0            |
| Motor Fuel Tax Fund    | 0            | 258,812    | 0          | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Sanitation Fund        | 0            | 0          | 60,774     | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Cemetery Fund          | 0            | 0          | 10,002     | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Park & Recreation Fund | 0            | 0          | 52,088     | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
| Tax Levies             | 0            | 0          | 0          | 0        | 0            |
| Community Development  | 38,570       | 0          | 0          | 0        | 0            |
| Grants                 | 0            | 0          | 0          | 0        | 0            |
|                        | \$ 38,570    | \$ 262,652 | \$ 559,788 | \$ 0     | \$ 2,859,236 |
| Total                  |              |            |            | \$       | 3,720,246    |

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note X - Retirement Plans**

The City participates in three retirements systems: The Illinois Municipal Retirement Fund (IMRF), the Downstate Firefighters Pension Fund, and the Downstate Police Pension Fund. IMRF is a multiple-employer defined benefit public pension plan administered by the IMRF Board of Trustees, the Downstate Firefighter and Police Pension Funds are single-employer defined benefit plans administered by a local Board of Trustees. The Illinois Pension Code outlines the benefit provisions of the plans, and amendments to the plans can be made only by legislative action with the Governor's approval. The aggregate cash basis pension expense recognized by the City for the year ended April 30, 2019 was as follows:

|                         |    |            |
|-------------------------|----|------------|
| Primary Government IMRF | \$ | 129,032    |
| Fiduciary Funds         |    |            |
| Firefighters Pension    |    | 218,790    |
| Police Pension          |    | 289,014    |
|                         |    | \$ 636,836 |

**A. Illinois Municipal Retirement System**

**Plan Description**

The employer'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 employer's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

**Benefits Provided**

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

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

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of: 3% of the original pension amount, or 1/2 of the increase in the Consumer Price Index of the original pension amount.

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note X - Retirement Plans (continued)**

**A. Illinois Municipal Retirement System (continued)**

**Employees Covered by Benefit Terms**

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

|   |    |
|---|----|
| Retirees and Beneficiaries currently receiving benefits           | 38 |
| Inactive plan members entitled to, but not yet receiving benefits | 13 |
| Active plan members   | 21 |
| Total   | 72 |

**Funding Policy/Contributions**

As set by statute, employer regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual required contribution rate for calendar year 2019 was 9.70 percent. The employer's annual required contribution rate for calendar year 2020 is 17.63 percent. For the year ended April 30, 2020, the employer contributed \$ 129,032 to the plan. The employer 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 benefits rate is set by statute.

**Net Pension Liability**

The employer's net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

|                           |   |
|---------------------------|---|
| Actuarial Cost Method     | Entry Age Normal  |
| Asset Valuation Method    | Market Value of Assets  |
| Inflation Rate            | 2.50%   |
| Salary Increases          | 3.35% to 14.25% including inflation   |
| Investment Rate of Return | 7.25%   |
| 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 to 2016.   |
| Mortality                 | For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. |
| Other Information:        |   |
| Notes                     | There were no benefit changes during the year.  |

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2019 Illinois Municipal Retirement Fund annual actuarial valuation report.

City of Anna, Illinois  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 April 30, 2020

**Note X - Retirement Plans (continued)**

**A. Illinois Municipal Retirement System (continued)**

**Actuarial Assumptions (concluded)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

| Asset Class           | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|-----------------------|----------------------|---|
| Domestic Equity       | 37.00%               | 6.75%                                     |
| International Equity  | 18.00%               | 6.50%                                     |
| Fixed Income          | 28.00%               | 3.25%                                     |
| Real Estate           | 9.00%                | 5.20%                                     |
| Alternate Investments | 7.00%                |   |
| Private Equity        |                      | 7.60%                                     |
| Hedge Funds           |                      | 0.00%                                     |
| Commodities           |                      | 3.60%                                     |
| Cash Equivalents      | 1.00%                | 1.85%                                     |
| Total                 | <u>100.00%</u>       |   |

**Single Discount Rate**

A Single Discount Rate of 6.25% was used to measure the total pension liability as of December 31, 2019. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

City of Anna, Illinois  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 April 30, 2020

**Note X - Retirement Plans (continued)**

**A. Illinois Municipal Retirement System (continued)**  
**Changes in the Net Pension Liability**

|   | Total<br>Pension<br>Liability<br>(A) | Plan<br>Fiduciary<br>Net Position<br>(B) | Net<br>Pension<br>Liability<br>(A)-(B) |
|---|--------------------------------------|--|--|
| Balances at December 31, 2018   | \$ 10,443,673                        | \$ 8,576,035                             | \$ 1,867,638                           |
| Changes for the year:   |                                      |  |  |
| Service Cost  | 99,876                               |  | 99,876                                 |
| Interest on the Total Pension Liability   | 738,275                              |  | 738,275                                |
| Changes of Benefit Terms  | 0                                    |  | 0                                      |
| Difference Between Expected and Actual<br>Experience of Total Pension Liability | (152,455)                            |  | (152,455)                              |
| Changes of Assumptions  | 0                                    |  | 0                                      |
| Contributions - Employer  |                                      | 95,966                                   | (95,966)                               |
| Contributions - Employee  |                                      | 44,520                                   | (44,520)                               |
| Net Investment Income   |                                      | 1,718,495                                | (1,718,495)                            |
| Benefit Payments, including Refunds<br>of Employee Contributions                | (621,002)                            | (621,002)                                | 0                                      |
| Other (Net Transfer)  | 0                                    | (193,575)                                | 193,575                                |
| Net Changes   | <u>64,694</u>                        | <u>1,044,404</u>                         | <u>(979,710)</u>                       |
| Balances at December 31, 2019   | <u>\$ 10,508,367</u>                 | <u>\$ 9,620,439</u>                      | <u>\$ 887,928</u>                      |

**Sensitivity of Net Pension Liability(Asset) to the Single Discount Rate Assumption**

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

|                               | 1% Decrease<br>6.25% | Current<br>Discount Rate<br>7.25% | 1% Increase<br>8.25% |
|-------------------------------|----------------------|-----------------------------------|----------------------|
| Net Pension Liability (Asset) | \$ 2,226,918         | \$ 887,928                        | \$ (207,957)         |

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

For the year ended December 31, 2019, the employer's pension plan expense of \$ 705,485. At December 31, 2019, the employer's deferred outflows of resources and deferred inflows of resources were composed of the following sources:

| Deferred Amounts Related to Pensions  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Amounts to be Recognized in Future Periods  |                                      |                                     |
| Differences between expected and actual experience                                  | \$ 650,576                           | \$ 121,324                          |
| Changes of assumptions  | 135,954                              | 44,423                              |
| Net difference between projected and actual earnings<br>on pension plan investments | 711,730                              | 1,216,982                           |
| Pension contributions subsequent to the measurement date                            | 0                                    | 0                                   |
| Total Deferred Amounts Related to Pensions  | <u>\$ 1,498,260</u>                  | <u>\$ 1,382,729</u>                 |

City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note X - Retirement Plans (continued)**

**A. Illinois Municipal Retirement System (concluded)**

**Pension Expense, Deferred Outflows of Resources, and Deferred Inflows  
 of Resources Related to Pensions (concluded)**

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

| Year Ended<br>December 31, | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|----------------------------|--------------------------------------|-------------------------------------|
| 2020                       | \$ 180,226                           | \$ 0                                |
| 2021                       | 154,900                              | 0                                   |
| 2022                       | 4,637                                | 0                                   |
| 2023                       | 0                                    | 224,232                             |
| 2024                       | 0                                    | 0                                   |
| Thereafter                 | 0                                    | 0                                   |
| Total                      | \$ 339,763                           | \$ 224,232                          |

City of Anna, Illinois  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 April 30, 2020

**Note X - Retirement Plans (continued)**

**B. Firefighters Pension Fund**

**Plan Description**

The Firefighters Pension Fund was established by ordinance of the City Council in 1981 in accordance with state law. The Fund is a single-employer defined benefit plan administered by a 5 member Board of Trustees of which two members are appointed by the mayor of the municipality, two members are elected by and from active participants of the fund and one member is elected by and from retired beneficiaries of the fund. State law authorizes the Board to perform all necessary functions to carry out the provisions of Article 4 of the Illinois Pension Code. Benefit and contribution provisions are established by state law and may be amended only by the Illinois State Legislature. At April 30, 2020, the Fund's membership was as follows:

Retirees and beneficiaries:

|   |   |
|---|---|
| Currently receiving benefits                    | 5 |
| Entitled to benefits but not yet receiving them | 1 |

Current members:

|           |   |
|-----------|---|
| Vested    | 0 |
| Nonvested | 0 |

|               |   |
|---------------|---|
| Total members | 6 |
|---------------|---|

**Basis of Accounting**

The financial statements are presented on the modified cash basis of accounting. Under the modified cash basis of accounting, assets, liabilities, net position, revenues, and expenses are recognized when they result from a cash transaction, with a provision for the recognition of notes receivable, capital assets, depreciation and debt. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Under the modified cash basis of accounting, certain assets and the related revenues (such as accounts receivable for taxes levied or interest accrued but not yet collected) and certain liabilities and the related expenses (such as accounts payable for goods or services received but not yet paid) are not recorded in these financial statements.

**Investments**

The Fund reports securities at fair value. Fixed income securities are reported at amortized cost, with adjustment to market value determined by using quoted market prices provided by independent pricing services. This valuation was performed as of April 30, 2020, and unrealized gains and losses were recognized as of this date.

**Property Taxes**

Property tax is levied each year on all taxable real property located within the City on or before the last Tuesday in December. The 2019 levy for the Firefighters Pension Fund is included in the levy passed by the City Council on December 17, 2019. Property taxes attach as an enforceable lien on the property January 1 and are payable in two installments. The amount estimated due from the the 2019 levy has not been recorded in these financial statements.



City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note X - Retirement Plans (continued)**

**B. Firefighters Pension Fund (continued)**

**Benefit Provisions**

Tier I - Membership started prior to January 1, 2011:

A firefighter age 50 or more with 20 or more years of creditable service who is no longer in service as a firefighter, shall receive a monthly pension of one-half the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary.

A firefighter who retires or separated from service having at least 10 but less than 20 years of creditable service, who is not entitled to receive a disability pension, and did not apply for a refund of contributions at separation from service shall receive a reduced monthly pension upon attainment of age 60 based on the monthly salary attached to rank in the fire service on the date of retirement or separation of service, according to the following years of service: for 10 years, 15% of salary; for 11 years, 17.6% of salary; for 12 years, 20.4% of salary; for 13 years, 23.4% of salary; for 14 years, 26.6% of salary; for 15 years, 30% of salary; for 16 years, 33.6% of salary; for 17 years, 37.4% of salary; for 18 years, 41.4% of salary; for 19 years, 45.6% of salary.

The monthly pension of a firefighter retired from service with 20 or more years of service after January 1, 1987, shall be increased annually, following the first anniversary of the date of retirement or upon the attainment of age 55, if it occurs after the first anniversary, by 3% of the originally granted monthly pension, and by an additional 3% in each January thereafter.

Tier II - Membership started on or after January 1, 2011:

A firefighter age 55 or more with 10 or more years of creditable service who is no longer in service as a firefighter, shall have the option to receive a monthly pension computed by multiplying 2.5% for each year of service by the final average salary. The pension of a firefighter retiring after attaining age 55 with 10 or more years of creditable service shall be reduced by one-half of 1% for each month under age 55. The maximum pension shall be 75% of final average salary.

Final average salary means the average monthly salary obtained by dividing the total salary during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period.

The monthly pension shall annually be increased by the lesser of (a) 3% of the current amount including all previous adjustments, or (b) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Members that terminate their participation may withdraw their contributions and forfeit future benefits.

**Funding**

The members are required to contribute 9.455 percent of their annual salary. The City is required to contribute the remaining amount necessary to fund the plan. This funding is provided by the City through the levy of a property tax. The annual real estate tax levy is based on actuarial computations performed by the Illinois Department of Financial and Professional Regulation. The amount of the tax rate is not restricted by statute. For the year ended April 30, 2020, payroll earnings of \$ 49,929 were reported to and covered by the Fund.

City of Anna, Illinois  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 April 30, 2020

**Note X - Retirement Plans (continued)**

**B. Firefighters Pension Fund (continued)**

**Funding Status and Funding Progress**

The unfunded accrued liability was computed as part of an actuarial valuation performed by the Illinois Department of Insurance as of April 30, 2019. The most recent actuarial valuation performed as of April 30, 2020, is not yet available. Significant actuarial methods and assumptions used in the valuation were as follows:

**Actuarial Methods**

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

**Actuarial Assumptions**

|  |   |
|--|---|
| Interest rate assumption - current fiscal year | 4.75%   |
| Interest rate assumption - prior fiscal year   | 5.00%   |
| Healthy mortality rates - Male                 | RP-2014 Healthy Annuitant , with Blue Collar Adjustment, Males  |
| Healthy mortality rates - Female               | RP-2014 Healthy Annuitant , with Blue Collar Adjustment, Females  |
| Disabled mortality rates - Male                | 115% of RP-2014 Healthy Annuitant, with Blue Collar Adjustment, Males                                       |
| Disabled mortality rates - Female              | 115% of RP-2014 Healthy Annuitant, with Blue Collar Adjustment, Females                                     |
| Decrements other than mortality                | Experience tables   |
| Rate of service-related deaths                 | 20.0%   |
| Rate of service-related disabilities           | 80.0%   |
| Salary increases                               | Service related table with rates grading from 12.5% to 3.5% at 31 years of service.                         |
| Payroll growth                                 | 3.50%   |
| Tier 2 cost-of-living adjustment               | 1.25%   |
| Marital assumptions                            | 80% of members are assumed to be married, male spouses are assumed to be 3 years older than female spouses. |

The actuarial assumptions used in determining the above amounts are based on experience for all Article 4 funds for the State of Illinois in aggregate, not that of each individual fund. The Department of Insurance has approved the actuarial assumptions. Contact the Department of Insurance for complete experience tables.

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, and completed years of service of each individual participant.

The fund specific information used in the production of the Actuarial Valuation Report was provided to the Illinois Department of Insurance by the pension fund board of trustees through the fund's annual statement

Additional critical information regarding actuarial assumptions and methods, and important actuarial disclosures are provided in the Actuarial Valuation Report Disclosures Document located on the following Illinois DOI website (<http://insurance.illinois.gov/Applications/Pension/FOIAReporting/FOIAPortal.aspx>).

City of Anna, Illinois  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
 April 30, 2020

**Note X - Retirement Plans (continued)**

**B. Firefighters Pension Fund (concluded)**

**Funding Status and Funding Progress (concluded)**

Total unfunded accrued liability applicable to the Fund's employees was \$ 2,657,094 at April 30, 2019, determined as follows:

|   |              |
|---|--------------|
| Reserves for annuities and benefits in force            | \$ 4,037,275 |
| Retirees and beneficiaries currently receiving benefits | 496,874      |
| and terminated employees not yet receiving benefits     | \$ 4,534,149 |
| Accrued liabilities for active members                  |              |
| Total accrued liability                                 | 1,877,055    |
| <br>  |              |
| Actuarial value of assets available for benefits        | \$ 2,657,094 |
| <br>  |              |
| Unfunded accrued liability                              | 41.40%       |
| <br>  |              |
| Funded ratio  |              |

**Annual Pension Costs and Net Pension Obligation**

The contribution requirements were computed as part of an actuarial valuation performed by the Illinois Department of Insurance as of April 30, 2019. The most recent actuarial valuation performed as of April 30, 2020, is not yet available.

The annual pension cost and net pension obligation for the year ended April 30, 2018, were as follows:

|   |           |
|---|-----------|
| Annual required contribution for normal costs                       | \$ 28,469 |
| Annual required contribution to amortize unfunded accrued liability | 118,010   |
| Interest on net pension obligation                                  | 6,958     |
| Adjustment to annual required contribution                          | 0         |
| <br>  |           |
| Annual Pension Cost   | 153,437   |
| Contributions made  | 189,546   |
| <br>  |           |
| Increase(Decrease) in net pension obligation                        | (36,109)  |
| Net pension obligation, beginning of year                           | 1,738     |
| <br>  |           |
| Net pension obligation, end of year                                 | \$ 0      |

**Trend Information**

Trend information gives an indication of the progress made accumulating sufficient assets to pay benefits due. For three years ended 2019, 2018, and 2017, respectively available assets were sufficient to fund 41.40, 41.49, and 42.79 percent of the pension benefit obligation. Unfunded pension benefit obligation represents 4502.94, 4525.58, and 4453.04 percent of the annual payroll for participating members covered for 2019, 2018, and 2017, respectively.

| Actuarial<br>Valuation<br>Date | Annual<br>Pension<br>Cost (APC) | %<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|--------------------------------|---------------------------------|----------------------------|------------------------------|
| 4/30/2019                      | \$ 153,437                      | 123.53%                    | \$ 0                         |
| 4/30/2018                      | 148,525                         | 98.83%                     | 1,738                        |
| 4/30/2017                      | 137,222                         | 101.79%                    | 0                            |

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note X - Retirement Plans (continued)**

**C. Police Pension Fund**

**Plan Description**

The Police Pension Fund was established by an ordinance of the City Council in 1980, in accordance with state law. The Fund is a single-employer defined benefit plan administered by a 5 member Board of Trustees of which two members are appointed by the mayor of the municipality, two members are elected by and from active participants of the fund and one member is elected by and from retired beneficiaries of the fund. State law authorizes the Board to perform all necessary functions to carry out the provisions of Article 3 of the Illinois Pension Code. Benefit and contribution provisions are established by state law and may be amended only by the Illinois State Legislature. At April 30, 2020 the Fund's membership was as follows:

|   |           |
|---|-----------|
| Retirees and beneficiaries:                     |           |
| Currently receiving benefits                    | 8         |
| Entitled to benefits but not yet receiving them | 0         |
| Current members:                                |           |
| Vested  | 3         |
| Nonvested                                       | 5         |
|   | <hr/>     |
| Total members                                   | <u>16</u> |

**Basis of Accounting**

The financial statements are presented on the modified cash basis of accounting. Under the modified cash basis of accounting, assets, liabilities, net position, revenues, and expenses are recognized when they result from a cash transaction, with a provision for the recognition of notes receivable, capital assets, depreciation and debt. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Under the modified cash basis of accounting, certain assets and the related revenues (such as accounts receivable for taxes levied or interest accrued but not yet collected) and certain liabilities and the related expenses (such as accounts payable for goods or services received but not yet paid) are not recorded in these financial statements.

**Investments**

The Fund reports securities at fair value. Fixed income securities are reported at amortized cost, with adjustment to market value determined by using quoted market prices provided by independent pricing services. This valuation was performed as of April 30, 2020, and unrealized gains and losses were recognized as of this date.

**Property Taxes**

Property tax is levied each year on all taxable real property located within the City on or before the last Tuesday in December. The 2019 levy for the Firefighters Pension Fund is included in the levy passed by the City Council on December 17, 2019. Property taxes attach as an enforceable lien on the property January 1 and are payable in two installments. The amount estimated due from the the 2019 levy has not been recorded in these financial statements.

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note X - Retirement Plans (continued)**

**C. Police Pension Fund (continued)**

**Benefit Provisions**

Tier I - Membership started prior to January 1, 2011:

A police officer age 50 or more with 20 or more years of creditable service, who is not a participant in a self-managed plan and who is no longer in service as a police officer, shall receive a monthly pension of one-half the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years of service through 30 years of service, to a maximum of 75% of such salary.

A police officer mandatorily retired from service due to age by operation of law, having at least 8 but less than 20 years of creditable service, shall receive a pension equal to 2.5% of the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater, for each year of creditable service. A police officer who retires or is separated from service having at least 8 years but less than 20 years of creditable service, who is not mandatorily retired due to age by operation of law, and who does not apply for a refund of contributions at separation from police service, shall receive a pension upon attaining age 60 equal to 2.5% of the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater, for each year of creditable service. The monthly pension of an officer shall be increased, upon either the first of the month following the first anniversary of the date of retirement, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement by 1/12 of 3% of the pension payable at the time of the increase for each full month elapsed since the pension began, and by an additional 3% of the pension payable at the time of increase in January each year thereafter.

Tier II - Membership started on or after January 1, 2011:

A police officer age 55 or more with 10 or more years of creditable service who is no longer in service as a police officer, shall have the option to receive a monthly pension computed by multiplying 2.5% for each year of service by the final average salary. The pension of a police officer retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by one-half of 1% for each month of age under age 55. The maximum pension shall be 75% of final average salary.

Final average salary means the average monthly salary obtained by dividing the total salary during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period.

The monthly pension shall annually be increased by the lesser of (a) 3% of the current amount including all previous adjustments, or (b) one-half the annual unadjusted percentage increase (but not less than zero) in the consumer price index-u for the 12 months ending with the September preceding each November 1, including all previous adjustments.

The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Members that terminate their participation may withdraw their contributions and forfeit future benefits.

**Funding**

The members are required to contribute 9.91 percent of their annual salary. The City is required to contribute the remaining amount necessary to fund the plan. This funding is provided by the City through the levy of a property tax. The annual real estate tax levy is based on actuarial computations performed by the Illinois Department of Financial and Professional Regulation. The amount of the tax rate is not restricted by statute. For the year ended April 30, 2020, payroll earnings of \$ 364,472 were reported to and covered by the Fund.

**City of Anna, Illinois**  
**NOTES TO FINANCIAL STATEMENTS - CONTINUED**  
**April 30, 2020**

**Note X - Retirement Plans (continued)**

**C. Police Pension Fund (continued)**

**Funding Status and Funding Progress**

The unfunded accrued liability was computed as part of an actuarial valuation performed by the Illinois Department of Insurance as of April 30, 2019. The most recent actuarial valuation performed as of April 30, 2020, is not yet available. Significant actuarial methods and assumptions used in the valuation were as follows:

**Actuarial Methods**

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

**Actuarial Assumptions**

|                                      |   |
|--------------------------------------|---|
| Interest rate                        | 5.75%   |
| Interest rate, prior fiscal year     | 5.0%  |
| Healthy mortality rates - Male       | RP-2014 Healthy Annuitant, with Blue Collar Adjustment, Males   |
| Healthy mortality rates - Female     | RP-2014 Healthy Annuitant, with Blue Collar Adjustment, Females   |
| Disabled mortality rates - Male      | 115% of RP-2014 Healthy Annuitant, with Blue Collar Adjustment, Males                                       |
| Disabled mortality rates - Female    | 115% of RP-2014 Healthy Annuitant, with Blue Collar Adjustment, Females                                     |
| Decrements other than mortality      | Experience tables   |
| Rate of service-related deaths       | 10.0%   |
| Rate of service-related disabilities | 60.0%   |
| Salary increases                     | Service related table with rates grading from 11% to 3.5% at 33 years of service.                           |
| Payroll growth                       | 3.50%   |
| Tier 2 cost-of-living adjustment     | 1.25%   |
| Marital assumptions                  | 80% of members are assumed to be married, male spouses are assumed to be 3 years older than female spouses. |

The actuarial assumptions used in determining the above amounts are based on experience for all Article 4 funds for the State of Illinois in aggregate, not that of each individual fund. The Department of Insurance has approved the actuarial assumptions. Contact the Department of Insurance for complete experience tables.

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, and completed years of service of each individual participant.

The fund specific information used in the production of the Actuarial Valuation Report was provided to the Illinois Department of Insurance by the pension fund board of trustees through the fund's annual statement .

Additional critical information regarding actuarial assumptions and methods, and important actuarial disclosures are provided in the Actuarial Valuation Report Disclosures Document located on the following Illinois DOI website (<http://insurance.illinois.gov/Applications/Pension/FOIAReporting/FOIAportal.aspx>).

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
April 30, 2020

**Note X - Retirement Plans (continued)**

**C. Police Pension Fund (concluded)**

**Funding Status and Funding Progress (concluded)**

Total unfunded accrued liability applicable to the Fund's employees was \$ 3,252,181 at April 30, 2019, determined as follows:

|   |                     |
|---|---------------------|
| Reserves for annuities and benefits in force            | \$ 4,301,869        |
| Retirees and beneficiaries currently receiving benefits | 1,799,378           |
| and terminated employees not yet receiving benefits     | <u>\$ 6,101,247</u> |
| Accrued liabilities for active members                  |                     |
| Total accrued liability                                 | 2,849,066           |
| <br>  |                     |
| Actuarial value of assets available for benefits        | <u>\$ 3,252,181</u> |
| <br>  |                     |
| Unfunded accrued liability                              | <u>46.70%</u>       |
| <br>  |                     |
| Funded ratio  |                     |

**Annual Pension Costs and Net Pension Obligation**

The contribution requirements were computed as part of an actuarial valuation performed by the Illinois Department of Insurance as of April 30, 2019. The most recent actuarial valuation performed as of April 30, 2020, is not yet available.

The annual pension cost and net pension obligation for the year ended April 30, 2019, were as follows:

|   |                  |
|---|------------------|
| Annual required contribution for normal costs                       | \$ 93,524        |
| Annual required contribution to amortize unfunded accrued liability | 154,684          |
| Interest on net pension obligation                                  | 14,272           |
| Adjustment to annual required contribution                          | <u>0</u>         |
| <br>  |                  |
| Annual Pension Cost   | 262,480          |
| Contributions made  | <u>241,378</u>   |
| <br>  |                  |
| Increase(Decrease) in net pension obligation                        | 21,102           |
| Net pension obligation, beginning of year                           | <u>3,852</u>     |
| <br>  |                  |
| Net pension obligation, end of year                                 | <u>\$ 62,399</u> |

**Trend Information**

Trend information gives an indication of the progress made accumulating sufficient assets to pay benefits due. For three years ended 2019, 2018, and 2017, respectively available assets were sufficient to fund 46.70, 51.22, and 44.72 percent of the pension benefit obligation. Unfunded pension benefit obligation represents 827.32, 630.10, and 862.60 percent of the annual payroll for participating members covered for 2019, 2018, and 2017, respectively.

| Actuarial<br>Valuation<br>Date | Annual<br>Pension<br>Cost (APC) | %<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|--------------------------------|---------------------------------|----------------------------|------------------------------|
| 4/30/2019                      | \$ 262,480                      | 91.96%                     | \$ 62,399                    |
| 4/30/2018                      | 227,232                         | 118.17%                    | 0                            |
| 4/30/2017                      | 262,182                         | 98.53%                     | 3,852                        |

City of Anna, Illinois  
NOTES TO FINANCIAL STATEMENTS - CONCLUDED  
April 30, 2020

**Note X - Retirement Plans (concluded)**

**D. Social Security**

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund, Firefighters Pension Fund or Police Pension Fund are considered "non-participating employees". These employees are covered under the Social Security system.

**Note XI - Risk Management**

Significant losses are covered by commercial insurance for all major categories: liability, property, and workers' compensation. During the year ended April 30, 2020, there were no significant reductions in coverage. Also there have been no settlement amounts which have exceeded insurance coverage in the past three fiscal years.

The City's insurance premiums for workers compensation and liability coverages are adjusted annually by audit, based on the actual levels of activity during the period of coverage. These premium audit adjustments are recorded in the year when paid or received. During the year ended April 30, 2020, the net audit adjustment, based on actual experience was \$ (2,923).

**Note XII - Commitments and Contingencies**

**A. Litigation**

The City's management and legal counsel assert that there are no material outstanding claims or litigation as of the report date.

**B. State and Federal Grants**

In the normal course of operations, the City receives grant funds from various State and Federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Note XIII - Subsequent Events**

The City has evaluated the effect of subsequent events through the date of this report, which is the date the financial statements were available to be issued. No subsequent events were identified that are essential to the understanding of these financial statements.



**OTHER INFORMATION**



**City of Anna, Illinois**  
**OTHER INFORMATION**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
**Year Ended April 30, 2020**

**Budgets and Budgetary Accounting**

The budget for all fund types is prepared on the modified cash basis of accounting which is the same basis used in financial reporting. This allows for compatibility between the budget and actual amounts. This is an acceptable method in accordance with Chapter 24, Section 8-2, Paragraph 9.3 of the Illinois Revised Statutes. The budget was passed on March 19, 2019.

For each fund, total fund expenditures may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year. The City follows these procedures in establishing the budget.

1. Prior to May 1, the Budget Officer submits to the City Council a proposed operating budget for the fiscal year.
2. The proposed budget is made available for public inspection and comments for at least ten days prior to adoption.
3. Prior to May 1, the budget is legally adopted by resolution.
4. The budget is employed as a management control device during the year.
5. The City Council may make transfers between the various items in any fund not exceeding in aggregate 10% of the total of such fund as set forth in the budget.
6. The City Council may amend the budget by the same procedures required of its original adoption. The original budget was not amended.

**City of Anna, Illinois**  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**Year Ended April 30, 2020**

|   | Original<br>Budget  | Final<br>Budget     | Actual              | Variance with<br>Budget |
|---|---------------------|---------------------|---------------------|-------------------------|
| <b>REVENUES</b>   |                     |                     |                     |                         |
| Property Taxes  | \$ 199,700          | \$ 199,700          | \$ 203,341          | \$ 3,641                |
| State Replacement Taxes   | 0                   | 0                   | 0                   | 0                       |
| State Sales and Use Taxes   | 143,273             | 143,273             | 158,817             | 15,544                  |
| State Income Taxes  | 35,924              | 35,924              | 93,717              | 57,793                  |
| State Motor Fuel Taxes  | 0                   | 0                   | 0                   | 0                       |
| Other Taxes   | 124,000             | 124,000             | 142,443             | 18,443                  |
| Grants  | 0                   | 0                   | 0                   | 0                       |
| Licenses and Permits  | 67,500              | 67,500              | 73,634              | 6,134                   |
| Fines   | 0                   | 0                   | 6,430               | 6,430                   |
| Service Fees  | 0                   | 0                   | 0                   | 0                       |
| Investment Income   | 43,725              | 43,725              | 53,322              | 9,597                   |
| Other Revenues  | 52,200              | 52,200              | 6,392               | (45,808)                |
| <b>Total Revenues</b>   | <b>\$ 666,322</b>   | <b>\$ 666,322</b>   | <b>\$ 738,096</b>   | <b>\$ 71,774</b>        |
| <b>EXPENDITURES</b>   |                     |                     |                     |                         |
| Salaries  | \$ 164,417          | \$ 164,417          | \$ 200,794          | \$ (36,377)             |
| Payroll Taxes & Fringes   | 107,303             | 107,303             | 133,232             | (25,929)                |
| Purchased Services  | 285,375             | 285,375             | 152,006             | 133,369                 |
| Supplies  | 13,725              | 13,725              | 16,500              | (2,775)                 |
| Other   | 6,000               | 6,000               | 2,732               | 3,268                   |
| Capital Outlay  | 14,000              | 14,000              | 0                   | 14,000                  |
| Debt Service  | 0                   | 0                   | 0                   | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 590,820</b>   | <b>\$ 590,820</b>   | <b>\$ 505,264</b>   | <b>\$ 85,556</b>        |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ 75,502</b>    | <b>\$ 75,502</b>    | <b>\$ 232,832</b>   | <b>\$ 157,330</b>       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                     |                         |
| Operating Transfers   | (135,000)           | 0                   | 309,753             | 309,753                 |
| Debt Proceeds   | 0                   | 0                   | 0                   | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>(135,000)</b>    | <b>0</b>            | <b>309,753</b>      | <b>309,753</b>          |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ (59,498)</b>  | <b>\$ 75,502</b>    | <b>\$ 542,585</b>   | <b>\$ 467,083</b>       |
| Fund Balance, beginning of year   | 2,628,512           | 2,628,512           | 2,628,512           |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ 2,569,014</b> | <b>\$ 2,704,014</b> | <b>\$ 3,171,097</b> | <b>\$ 467,083</b>       |

See accompanying Notes to Budgetary Comparison Schedules.

**City of Anna, Illinois**  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**POLICE FUND**  
**Year Ended April 30, 2020**

|   | Original<br>Budget | Final<br>Budget    | Actual            | Variance with<br>Budget |
|---|--------------------|--------------------|-------------------|-------------------------|
| <b>REVENUES</b>   |                    |                    |                   |                         |
| Property Taxes  | \$ 0               | \$ 0               | \$ 0              | \$ 0                    |
| State Replacement Taxes   | 0                  | 0                  | 0                 | 0                       |
| State Sales and Use Taxes   | 567,804            | 567,804            | 629,405           | 61,601                  |
| State Income Taxes  | 160,151            | 160,151            | 172,767           | 12,616                  |
| State Motor Fuel Taxes  | 0                  | 0                  | 0                 | 0                       |
| Other Taxes   | 0                  | 0                  | 0                 | 0                       |
| Grants  | 0                  | 0                  | 0                 | 0                       |
| Licenses and Permits  | 0                  | 0                  | 0                 | 0                       |
| Fines   | 40,000             | 40,000             | 36,965            | (3,035)                 |
| Service Fees  | 0                  | 0                  | 0                 | 0                       |
| Investment Income   | 0                  | 0                  | 86                | 86                      |
| Other Revenues  | 750                | 750                | 2,324             | 1,574                   |
| <b>Total Revenues</b>   | <b>\$ 768,705</b>  | <b>\$ 768,705</b>  | <b>\$ 841,547</b> | <b>\$ 72,842</b>        |
| <b>EXPENDITURES</b>   |                    |                    |                   |                         |
| Salaries  | \$ 453,193         | \$ 453,193         | \$ 462,366        | \$ (9,173)              |
| Payroll Taxes & Fringes   | 184,312            | 184,312            | 170,955           | 13,357                  |
| Purchased Services  | 84,150             | 84,150             | 71,218            | 12,932                  |
| Supplies  | 13,500             | 13,500             | 30,320            | (16,820)                |
| Other   | 250                | 250                | 250               | 0                       |
| Capital Outlay  | 69,300             | 69,300             | 18,990            | 50,310                  |
| Debt Service  | 0                  | 0                  | 0                 | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 804,705</b>  | <b>\$ 804,705</b>  | <b>\$ 754,099</b> | <b>\$ 50,606</b>        |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ (36,000)</b> | <b>\$ (36,000)</b> | <b>\$ 87,448</b>  | <b>\$ 123,448</b>       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                    |                   |                         |
| Operating Transfers   | 0                  | 0                  | (67,540)          | (67,540)                |
| Debt Proceeds   | 0                  | 0                  | 0                 | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>0</b>           | <b>0</b>           | <b>(67,540)</b>   | <b>(67,540)</b>         |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ (36,000)</b> | <b>\$ (36,000)</b> | <b>\$ 19,908</b>  | <b>\$ 55,908</b>        |
| Fund Balance, beginning of year   | 59,947             | 59,947             | 59,947            |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ 23,947</b>   | <b>\$ 23,947</b>   | <b>\$ 79,855</b>  | <b>\$ 55,908</b>        |

See accompanying Notes to Budgetary Comparison Schedules.

**City of Anna, Illinois**  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**FIRE FUND**  
**Year Ended April 30, 2020**

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Budget |
|---|--------------------|-------------------|-------------------|-------------------------|
| <b>REVENUES</b>   |                    |                   |                   |                         |
| Property Taxes  | \$ 20,000          | \$ 20,000         | \$ 20,359         | \$ 359                  |
| State Replacement Taxes   | 0                  | 0                 | 0                 | 0                       |
| State Sales and Use Taxes   | 196,032            | 196,032           | 217,300           | 21,268                  |
| State Income Taxes  | 55,292             | 55,292            | 59,647            | 4,355                   |
| State Motor Fuel Taxes  | 0                  | 0                 | 0                 | 0                       |
| Other Taxes   | 0                  | 0                 | 0                 | 0                       |
| Grants  | 0                  | 0                 | 0                 | 0                       |
| Licenses and Permits  | 0                  | 0                 | 0                 | 0                       |
| Fines   | 0                  | 0                 | 0                 | 0                       |
| Service Fees  | 2,500              | 2,500             | 4,000             | 1,500                   |
| Investment Income   | 0                  | 0                 | 26                | 26                      |
| Other Revenues  | 0                  | 0                 | 0                 | 0                       |
| <b>Total Revenues</b>   | <b>\$ 273,824</b>  | <b>\$ 273,824</b> | <b>\$ 301,332</b> | <b>\$ 27,508</b>        |
| <b>EXPENDITURES</b>   |                    |                   |                   |                         |
| Salaries  | \$ 107,704         | \$ 107,704        | \$ 106,102        | \$ 1,602                |
| Payroll Taxes & Fringes   | 109,165            | 109,165           | 102,448           | 6,717                   |
| Purchased Services  | 46,280             | 46,280            | 34,967            | 11,313                  |
| Supplies  | 10,425             | 10,425            | 11,830            | (1,405)                 |
| Other   | 250                | 250               | 350               | (100)                   |
| Capital Outlay  | 7,500              | 7,500             | 0                 | 7,500                   |
| Debt Service  | 0                  | 0                 | 0                 | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 281,324</b>  | <b>\$ 281,324</b> | <b>\$ 255,697</b> | <b>\$ 25,627</b>        |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ (7,500)</b>  | <b>\$ (7,500)</b> | <b>\$ 45,635</b>  | <b>\$ 53,135</b>        |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                   |                   |                         |
| Operating Transfers   | 0                  | 0                 | (50,664)          | (50,664)                |
| Debt Proceeds   | 0                  | 0                 | 0                 | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>0</b>           | <b>0</b>          | <b>(50,664)</b>   | <b>(50,664)</b>         |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ (7,500)</b>  | <b>\$ (7,500)</b> | <b>\$ (5,029)</b> | <b>\$ 2,471</b>         |
| Fund Balance, beginning of year   | 22,452             | 22,452            | 22,452            |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ 14,952</b>   | <b>\$ 14,952</b>  | <b>\$ 17,423</b>  | <b>\$ 2,471</b>         |

See accompanying Notes to Budgetary Comparison Schedules.

City of Anna, Illinois  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**STREET FUND**  
Year Ended April 30, 2020

|   | Original<br>Budget  | Final<br>Budget     | Actual             | Variance with<br>Budget |
|---|---------------------|---------------------|--------------------|-------------------------|
| <b>REVENUES</b>   |                     |                     |                    |                         |
| Property Taxes  | \$ 30,000           | \$ 30,000           | \$ 31,750          | \$ 1,750                |
| State Replacement Taxes   | 23,000              | 23,000              | 25,330             | 2,330                   |
| State Sales and Use Taxes   | 318,369             | 318,369             | 352,909            | 34,540                  |
| State Income Taxes  | 89,796              | 89,796              | 96,870             | 7,074                   |
| State Motor Fuel Taxes  | 0                   | 0                   | 0                  | 0                       |
| Other Taxes   | 0                   | 0                   | 0                  | 0                       |
| Grants  | 0                   | 0                   | 0                  | 0                       |
| Licenses and Permits  | 0                   | 0                   | 0                  | 0                       |
| Fines   | 0                   | 0                   | 0                  | 0                       |
| Service Fees  | 0                   | 0                   | 0                  | 0                       |
| Investment Income   | 0                   | 0                   | 71                 | 71                      |
| Other Revenues  | 250                 | 250                 | 250                | 0                       |
| <b>Total Revenues</b>   | <b>\$ 461,415</b>   | <b>\$ 461,415</b>   | <b>\$ 507,180</b>  | <b>\$ 45,765</b>        |
| <b>EXPENDITURES</b>   |                     |                     |                    |                         |
| Salaries  | \$ 273,086          | \$ 273,086          | \$ 224,053         | \$ 49,033               |
| Payroll Taxes & Fringes   | 116,849             | 116,849             | 112,001            | 4,848                   |
| Purchased Services  | 140,530             | 140,530             | 68,704             | 71,826                  |
| Supplies  | 30,950              | 30,950              | 31,068             | (118)                   |
| Other   | 0                   | 0                   | 0                  | 0                       |
| Capital Outlay  | 20,000              | 20,000              | 34,250             | (14,250)                |
| Debt Service  | 0                   | 0                   | 0                  | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 581,415</b>   | <b>\$ 581,415</b>   | <b>\$ 470,076</b>  | <b>\$ 111,339</b>       |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ (120,000)</b> | <b>\$ (120,000)</b> | <b>\$ 37,104</b>   | <b>\$ 157,104</b>       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                     |                     |                    |                         |
| Operating Transfers   | 0                   | 0                   | (77,187)           | (77,187)                |
| Debt Proceeds   | 0                   | 0                   | 0                  | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>0</b>            | <b>0</b>            | <b>(77,187)</b>    | <b>(77,187)</b>         |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ (120,000)</b> | <b>\$ (120,000)</b> | <b>\$ (40,083)</b> | <b>\$ 79,917</b>        |
| Fund Balance, beginning of year   | 71,708              | 71,708              | 71,708             |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ (48,292)</b>  | <b>\$ (48,292)</b>  | <b>\$ 31,625</b>   | <b>\$ 79,917</b>        |

See accompanying Notes to Budgetary Comparison Schedules.

**City of Anna, Illinois**  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**MOTOR FUEL TAX FUND**  
**Year Ended April 30, 2020**

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Budget |
|---|--------------------|-------------------|-------------------|-------------------------|
| <b>REVENUES</b>   |                    |                   |                   |                         |
| Property Taxes  | \$ 0               | \$ 0              | \$ 0              | \$ 0                    |
| State Replacement Taxes   | 0                  | 0                 | 0                 | 0                       |
| State Sales and Use Taxes   | 0                  | 0                 | 0                 | 0                       |
| State Income Taxes  | 0                  | 0                 | 0                 | 0                       |
| State Motor Fuel Taxes  | 167,750            | 167,750           | 160,575           | (7,175)                 |
| Other Taxes   | 0                  | 0                 | 0                 | 0                       |
| Grants  | 0                  | 0                 | 0                 | 0                       |
| Licenses and Permits  | 0                  | 0                 | 0                 | 0                       |
| Fines   | 0                  | 0                 | 0                 | 0                       |
| Service Fees  | 0                  | 0                 | 0                 | 0                       |
| Investment Income   | 250                | 250               | 495               | 245                     |
| Other Revenues  | 0                  | 0                 | 0                 | 0                       |
| <b>Total Revenues</b>   | <b>\$ 168,000</b>  | <b>\$ 168,000</b> | <b>\$ 161,070</b> | <b>\$ (6,930)</b>       |
| <b>EXPENDITURES</b>   |                    |                   |                   |                         |
| Salaries  | \$ 0               | \$ 0              | \$ 0              | \$ 0                    |
| Payroll Taxes & Fringes   | 0                  | 0                 | 0                 | 0                       |
| Purchased Services  | 168,000            | 168,000           | 3,320             | 164,680                 |
| Supplies  | 0                  | 0                 | 0                 | 0                       |
| Other   | 0                  | 0                 | 0                 | 0                       |
| Capital Outlay  | 0                  | 0                 | 0                 | 0                       |
| Debt Service  | 0                  | 0                 | 0                 | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 168,000</b>  | <b>\$ 168,000</b> | <b>\$ 3,320</b>   | <b>\$ 164,680</b>       |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ 0</b>        | <b>\$ 0</b>       | <b>\$ 157,750</b> | <b>\$ 157,750</b>       |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                   |                   |                         |
| Operating Transfers   | 0                  | 0                 | 0                 | 0                       |
| Debt Proceeds   | 0                  | 0                 | 0                 | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>0</b>           | <b>0</b>          | <b>0</b>          | <b>0</b>                |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ 0</b>        | <b>\$ 0</b>       | <b>\$ 157,750</b> | <b>\$ 157,750</b>       |
| Fund Balance, beginning of year   | 101,062            | 101,062           | 101,062           |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ 101,062</b>  | <b>\$ 101,062</b> | <b>\$ 258,812</b> | <b>\$ 157,750</b>       |

See accompanying Notes to Budgetary Comparison Schedules.



**City of Anna, Illinois**  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**SANITATION FUND**  
**Year Ended April 30, 2020**

|   | Original<br>Budget | Final<br>Budget    | Actual            | Variance with<br>Budget |
|---|--------------------|--------------------|-------------------|-------------------------|
| <b>REVENUES</b>   |                    |                    |                   |                         |
| Property Taxes  | \$ 0               | \$ 0               | \$ 0              | \$ 0                    |
| State Replacement Taxes   | 0                  | 0                  | 0                 | 0                       |
| State Sales and Use Taxes   | 0                  | 0                  | 0                 | 0                       |
| State Income Taxes  | 0                  | 0                  | 0                 | 0                       |
| State Motor Fuel Taxes  | 0                  | 0                  | 0                 | 0                       |
| Other Taxes   | 0                  | 0                  | 0                 | 0                       |
| Grants  | 0                  | 0                  | 0                 | 0                       |
| Licenses and Permits  | 500                | 500                | 500               | 0                       |
| Fines   | 0                  | 0                  | 0                 | 0                       |
| Service Fees  | 414,395            | 414,395            | 409,759           | (4,636)                 |
| Investment Income   | 0                  | 0                  | 91                | 91                      |
| Other Revenues  | 5,000              | 5,000              | 5,146             | 146                     |
| <b>Total Revenues</b>   | <b>\$ 419,895</b>  | <b>\$ 419,895</b>  | <b>\$ 415,496</b> | <b>\$ (4,399)</b>       |
| <b>EXPENDITURES</b>   |                    |                    |                   |                         |
| Salaries  | \$ 0               | \$ 0               | \$ 0              | \$ 0                    |
| Payroll Taxes & Fringes   | 0                  | 0                  | 0                 | 0                       |
| Purchased Services  | 408,270            | 408,270            | 362,161           | 46,109                  |
| Supplies  | 11,625             | 11,625             | 2,874             | 8,751                   |
| Other   | 0                  | 0                  | 500               | (500)                   |
| Capital Outlay  | 20,000             | 20,000             | 0                 | 20,000                  |
| Debt Service  | 0                  | 0                  | 0                 | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 439,895</b>  | <b>\$ 439,895</b>  | <b>\$ 365,535</b> | <b>\$ 74,360</b>        |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ (20,000)</b> | <b>\$ (20,000)</b> | <b>\$ 49,961</b>  | <b>\$ 69,961</b>        |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                    |                   |                         |
| Operating Transfers   | 0                  | 0                  | (49,870)          | (49,870)                |
| Debt Proceeds   | 0                  | 0                  | 0                 | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>0</b>           | <b>0</b>           | <b>(49,870)</b>   | <b>(49,870)</b>         |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ (20,000)</b> | <b>\$ (20,000)</b> | <b>\$ 91</b>      | <b>\$ 20,091</b>        |
| Fund Balance, beginning of year   | 60,683             | 60,683             | 60,683            |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ 40,683</b>   | <b>\$ 40,683</b>   | <b>\$ 60,774</b>  | <b>\$ 20,091</b>        |

See accompanying Notes to Budgetary Comparison Schedules.

**City of Anna, Illinois**  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**CEMETERY FUND**  
**Year Ended April 30, 2020**

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Budget |
|---|--------------------|-------------------|-------------------|-------------------------|
| <b>REVENUES</b>   |                    |                   |                   |                         |
| Property Taxes  | \$ 0               | \$ 0              | \$ 0              | \$ 0                    |
| State Replacement Taxes   | 0                  | 0                 | 0                 | 0                       |
| State Sales and Use Taxes   | 62,311             | 62,311            | 69,071            | 6,760                   |
| State Income Taxes  | 17,575             | 17,575            | 18,960            | 1,385                   |
| State Motor Fuel Taxes  | 0                  | 0                 | 0                 | 0                       |
| Other Taxes   | 0                  | 0                 | 0                 | 0                       |
| Grants  | 0                  | 0                 | 0                 | 0                       |
| Licenses and Permits  | 0                  | 0                 | 0                 | 0                       |
| Fines   | 0                  | 0                 | 0                 | 0                       |
| Service Fees  | 29,000             | 29,000            | 25,150            | (3,850)                 |
| Investment Income   | 0                  | 0                 | 17                | 17                      |
| Other Revenues  | 0                  | 0                 | 0                 | 0                       |
| <b>Total Revenues</b>   | <b>\$ 108,886</b>  | <b>\$ 108,886</b> | <b>\$ 113,198</b> | <b>\$ 4,312</b>         |
| <b>EXPENDITURES</b>   |                    |                   |                   |                         |
| Salaries  | \$ 64,226          | \$ 64,226         | \$ 62,045         | \$ 2,181                |
| Payroll Taxes & Fringes   | 25,027             | 25,027            | 23,632            | 1,395                   |
| Purchased Services  | 7,750              | 7,750             | 8,082             | (332)                   |
| Supplies  | 6,583              | 6,583             | 4,457             | 2,126                   |
| Other   | 0                  | 0                 | 0                 | 0                       |
| Capital Outlay  | 10,300             | 10,300            | 5,000             | 5,300                   |
| Debt Service  | 0                  | 0                 | 0                 | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 113,886</b>  | <b>\$ 113,886</b> | <b>\$ 103,216</b> | <b>\$ 10,670</b>        |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ (5,000)</b>  | <b>\$ (5,000)</b> | <b>\$ 9,982</b>   | <b>\$ 14,982</b>        |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                   |                   |                         |
| Operating Transfers   | 0                  | 0                 | (9,661)           | (9,661)                 |
| Debt Proceeds   | 0                  | 0                 | 0                 | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>0</b>           | <b>0</b>          | <b>(9,661)</b>    | <b>(9,661)</b>          |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ (5,000)</b>  | <b>\$ (5,000)</b> | <b>\$ 321</b>     | <b>\$ 5,321</b>         |
| Fund Balance, beginning of year   | 9,681              | 9,681             | 9,681             |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ 4,681</b>    | <b>\$ 4,681</b>   | <b>\$ 10,002</b>  | <b>\$ 5,321</b>         |

See accompanying Notes to Budgetary Comparison Schedules.

City of Anna, Illinois  
**OTHER INFORMATION**  
**BUDGETARY COMPARISON SCHEDULES - MODIFIED CASH BASIS**  
**PARK AND POOL FUND**  
**Year Ended April 30, 2020**

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance with<br>Budget |
|---|--------------------|-------------------|-------------------|-------------------------|
| <b>REVENUES</b>   |                    |                   |                   |                         |
| Property Taxes  | \$ 0               | \$ 0              | \$ 0              | \$ 0                    |
| State Replacement Taxes   | 0                  | 0                 | 0                 | 0                       |
| State Sales and Use Taxes   | 129,764            | 129,764           | 143,843           | 14,079                  |
| State Income Taxes  | 36,600             | 36,600            | 39,483            | 2,883                   |
| State Motor Fuel Taxes  | 0                  | 0                 | 0                 | 0                       |
| Other Taxes   | 0                  | 0                 | 0                 | 0                       |
| Grants  | 0                  | 0                 | 0                 | 0                       |
| Licenses and Permits  | 0                  | 0                 | 0                 | 0                       |
| Fines   | 0                  | 0                 | 0                 | 0                       |
| Service Fees  | 12,500             | 12,500            | 13,995            | 1,495                   |
| Investment Income   | 0                  | 0                 | 84                | 84                      |
| Other Revenues  | 4,500              | 4,500             | 4,861             | 361                     |
| <b>Total Revenues</b>   | <b>\$ 183,364</b>  | <b>\$ 183,364</b> | <b>\$ 202,266</b> | <b>\$ 18,902</b>        |
| <b>EXPENDITURES</b>   |                    |                   |                   |                         |
| Salaries  | \$ 84,071          | \$ 84,071         | \$ 77,555         | \$ 6,516                |
| Payroll Taxes & Fringes   | 26,378             | 26,378            | 23,869            | 2,509                   |
| Purchased Services  | 48,140             | 48,140            | 45,155            | 2,985                   |
| Supplies  | 24,775             | 24,775            | 27,631            | (2,856)                 |
| Other   | 0                  | 0                 | 150               | (150)                   |
| Capital Outlay  | 7,500              | 7,500             | 0                 | 7,500                   |
| Debt Service  | 0                  | 0                 | 0                 | 0                       |
| <b>Total Expenditures</b>   | <b>\$ 190,864</b>  | <b>\$ 190,864</b> | <b>\$ 174,360</b> | <b>\$ 16,504</b>        |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b>                                      | <b>\$ (7,500)</b>  | <b>\$ (7,500)</b> | <b>\$ 27,906</b>  | <b>\$ 35,406</b>        |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                    |                   |                   |                         |
| Operating Transfers   | 0                  | 0                 | (31,594)          | (31,594)                |
| Debt Proceeds   | 0                  | 0                 | 0                 | 0                       |
| <b>Net Other Financing Sources (Uses)</b>   | <b>0</b>           | <b>0</b>          | <b>(31,594)</b>   | <b>(31,594)</b>         |
| <b>Excess (Deficiency) of Revenues and<br/>Other Sources Over (Under)<br/>Expenditures and Other Uses</b> | <b>\$ (7,500)</b>  | <b>\$ (7,500)</b> | <b>\$ (3,688)</b> | <b>\$ 3,812</b>         |
| Fund Balance, beginning of year   | 55,776             | 55,776            | 55,776            |                         |
| <b>Fund Balance, end of year</b>  | <b>\$ 48,276</b>   | <b>\$ 48,276</b>  | <b>\$ 52,088</b>  | <b>\$ 3,812</b>         |

See accompanying Notes to Budgetary Comparison Schedules.

**City of Anna, Illinois**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**April 30, 2020**

**Finding 2020-03**

Criteria

Appropriate internal controls should provide that all bank accounts be reconciled in a timely manner and reviewed to ensure that all items are reported in the accounting system which enables the preparation of timely and accurate financial reports.

Condition

Bank reconciliations were not completed for the entire audit period, and the general ledger did not reflect all transactions of the audit period

Effect

The City was unable to produce timely and accurate financial reports.

Cause

Due to staffing issues, employee leave of absence, and COVID, the accounting functions were not completed in a timely manner.

Recommendation

Provide adequate staffing levels and Implement staff cross training of all accounting functions.  
Adhere to existing internal control policies.

Management Response

Management agrees with this finding, and all accounts of the fiscal year have been reconciled.

**Finding 2020-04**

Criteria

Good business practices dictate that all vendors should be paid in a reasonable time for goods and services provided.

Condition

Vendor payments were noted that were paid in excess of thirty days from the due date.

Effect

Expenditures were not recorded within the accounting system in a timely manner, within the proper accounting period, therefore preventing accurate financial reporting.

Cause

Due to staffing issues, employee leave of absence, and COVID, the accounting functions were not completed in a timely manner.

Recommendation

Provide adequate staffing levels and Implement staff cross training of all accounting functions, adhere to internal control policies on processing vendor payments.

Management Response

Management agrees with this finding, and vendor payments are being processed on a timely basis.

City of Anna, Illinois  
SCHEDULE OF FINDINGS AND RESPONSES  
April 30, 2020

**Finding 2020-05**

Criteria

Good business practices dictate that files of source documents be maintained in an orderly manner to permit proper substantiation of the accounting and reporting functions.

Condition

Source documents were not properly filed to permit timely observation and review.

Effect

Attributed to the untimely processing of accounting information and preparation of accurate financial reporting.

Cause

Due to staffing issues, employee leave of absence, and COVID, proper filing of accounting source documents were not completed in a timely manner.

Recommendation

Provide adequate staffing levels and implement staff cross training of all accounting functions, adhere to internal control policies on record keeping.

Management Response

Management agrees with this finding, and unfiled source documents are being filed in an orderly manner.

City of Anna, Illinois  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
April 30, 2020

Prior Audit Findings

None



**CORRECTIVE ACTION PLAN  
FY20 AUDIT RESPONSE**

**CONDITIONS:** The city's internal policy and procedures related to the following were violated and resulted in a finding in the FY20 Audit report:

**1) Finding 2020-01: Unfiled payroll tax reporting documents**

- a) 03/14/2021 the 2020 Q2, Q3, and Q4 941's were filed after the discovery that the reports were not previously filed
- b) 2021 Q1 941's were filed timely
- c) 2021 Q2 941's were filed timely
- d) Payroll Clerk was retrained on 941's
- e) Quarterly the payroll clerk gives the completed 941's to the city administrator for review
- f) The city administrator created a Google calendar reminder monthly to log in to MYTAX and see if everything looks good and is up-to-date for both withholding and unemployment.
- g) Weekly, the payroll clerk puts the IDOR and IRS paperwork in the city administrator's box for review and sign off
- h) Monthly, the payroll clerk puts the UI-3/40 paperwork in the city administrator's box for review and sign off
- i) 03/14/2021 the 2020 Q2, Q3 and Q4 UI-3/40's were filed
- j) 2021 Q1
  - i) 03/2021 monthly wage reports were caught up
  - ii) UI-3/40 was filed timely
- k) 2021 Q2 and newer
  - i) Month 1 wage reports were filed timely
  - ii) Month 2 wage reports were filed timely
  - iii) UI-3/40's were filed timely

**DATE OF COMPLETION: March 14, 2021**

**2) Finding 2020-02: Untimely Deposit of Revenue received from state sources**

- a) 04/13/2021 authorization of direct deposit forms were submitted to the Comptroller
- b) 04/19/2021 became effective and all payments are made via EFT

- c) May 2021, city administrator audited the Comptroller site. All paper checks had been cleared with the exception of two MFT checks. Submitted paperwork to void and reissued on 5/26/21 and deposited 6/7/21

**DATE OF COMPLETION: April 19, 2021**

**3) Finding 2020-03: Untimely reconciliation of bank statements**

- a) 04/12/2021 LOCIS training on how to do bank reconciliations within LOCIS, instead of externally
- b) All bank account information was entered into LOCIS and the bank recs can be performed within the system
- c) Accepting credit cards added a layer of complication and slowed down the reconciliation process dramatically
  - i) Scott Hickam came in May 2021 and tried to help reconcile the credit cards at month end.
    - (1) We discussed what other municipalities do for this issue.
    - (2) 06/03/2021 I discussed with LOCIS and Rick said they can't integrate
  - ii) 06/16/2021 I talked with Joe Helleny with CourtMoney about this. He showed us some reports that could help make this process a little better, he also said LOCIS has a module
  - iii) 07/01/2021 went live with the Credit Card Module in LOCIS.
- d) May 2022 went live with MICR checks and doing ALL checks through Accounts Payable. Eliminates the use of manual checks and JE's to record them. Will speed up the process and eliminate double work
- e) City administrator is cross trained on performing bank reconciliations
- f) In order to get caught up, the city administrator and city treasurer split the list of accounts and performed the bank reconciliations in tandem.
- g) City administrator will be the backup for bank reconciliations in any future circumstances where the need arises

**DATE OF COMPLETION: April 11, 2022 for FY20**

**4) Finding 2020-04 Untimely payment of vendors**

- a) 06/04/2021 payroll clerk was trained on AP cover sheets
- b) The AP process was updated to a weekly processing of invoices instead of 1x per month
- c) City administrator began opening all mail. Any invoices will be viewed and any carryover/outstanding balances have been looked into upon receiving.
- d) AP process updated and implemented which includes the following process:
  - i) City administrator opens the mail and views all statements/invoices/checks/etc
    - (1) Public Works, Fire Department or Police Department invoices will be stamped received MM/DD/YYYY and placed in the corresponding mailbox
      - (a) Managers will sign and code their invoices and return them to city hall
    - (2) Any general/city hall invoices will be coded by the city administrator



- ii) Weekly the city administrator will put a stack of coded and signed invoices in the payroll clerks box for processing
- iii) Payroll clerk will create the cover sheet and enter the invoices into LOCIS and stamp the sheets ENTERED MM/DD/YYYY
- iv) Monthly, the payroll clerk will finalize the list and register the invoices
- v) The city treasurer will review the list and check for any errors. The final list will then be created and submitted with the agenda packet for the 2<sup>nd</sup> meeting of the month for approval
- vi) Once the list is approved at the council meeting, the city treasurer will print the checks
- vii) The payroll clerk will send out the checks and file the corresponding bill packets in the vendor files each month

**DATE OF COMPLETION: MARCH 2021 payables**

**5) Finding 2020-05: Unfiled source documents**

- a) 05/23/2021 the payroll clerk moved to a FT position. This position will assist in the AP process and in the filing of source documents.
- b) To keep things more orderly, we've rearranged the way we keep our records in the file room.
  - i) Payroll files are confidential and access should be restricted. We've moved those file cabinets into the payroll clerk's office, which is locked each night
  - ii) Current fiscal year and previous fiscal year vendor files are now both kept filed in the filing cabinets. Previously the last year was moved to boxes after FYE.
- c) A PT General Clerk was hired in 05/2022 and can help with the filing. This position might be moved to FT/PT in 07/2022

**DATE OF COMPLETION: April 11, 2022**

**CONTACT PERSON:** Dori Bigler, City Administrator

**MANAGEMENT RESPONSE:** The city feels that there was a perfect storm of events which lead to the violation of several city policies. Although we feel that this perfect storm of events is unlikely to happen again, we have put several new processes into place, which are detailed above, to ensure that nothing falls behind in the future.

