

CITY OF PETERSBURG, ILLINOIS
ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED APRIL 30, 2020

CITY OF PETERSBURG, ILLINOIS

**ANNUAL FINANCIAL REPORT
For the Year Ended April 30, 2020**

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City of Petersburg

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October 31, 2020

To the members of the
Petersburg City Council and
Citizens of Petersburg, Illinois:

Ladies and Gentlemen:

We are pleased to present the City's annual financial report for the year ended April 30, 2020. The financial statements included in this report conform to generally accepted accounting principles in the United States (GAAP) as established by the Governmental Accounting Standards Board (GASB).

The annual financial report was prepared with an emphasis on full disclosure of the financial activities of the City. Responsibility for the completeness and the reliability of the content rests with City management.

To provide a reasonable basis for making these financial representations, management of the City strives to establish internal control processes designed to assist in assuring that the assets of the City are protected from loss, theft, or misuse. These control processes also should ensure that adequate accounting data are recorded to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the costs of internal controls should not exceed their benefits, the City's internal controls should be designed to provide reasonable rather than absolute assurance these objectives are met. The data presented in this report is believed to be accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of the City's various funds. All statements and disclosures necessary for the reader to obtain an understanding of the City's financial activities have been included.

As a recipient of Federal and State financial assistance, the City's internal controls must also ensure, as well as document, compliance with applicable laws and regulations related to these financial award programs. Our internal control structure is subject to periodic evaluation by management. We also receive assistance with these matters from our independent auditor from time to time.

Michael J. Feriozzi, certified public accountant, provided the independent audit of the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal years ended April 30, 2020, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts

and disclosures in the financial statements, assessing the accounting principles used, and the City's compliance with applicable laws and regulations. The audit for the year ending April 30, 2020 continued to disclose a material weakness in internal control noted by our independent auditor and that we have responded to; our inability to totally rectify this condition, we believe, relates to certain limitations in our organizational structure that result from the utilization of part time management personnel. No violations of laws or regulations were noted. The independent auditor's reports directly follow this communications letter. The material weakness in internal control and our response are included in the second report, "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*."

This annual financial report includes a narrative introduction from management in the form of a *Management's Discussion and Analysis* (MD&A) that provides an overview and analysis to accompany the basic financial statements. This transmittal letter compliments the MD&A and should be read in conjunction with it.

The City operates as a mayor-aldermanic form of government. We utilize several committees to assist management in providing services to our citizens. Those services are public safety (police and fire), streets, health and social services, culture and recreation, public improvements, planning and zoning, general administration and finance, and water and sewer services and local economic assistance.

The financial reporting entity includes all funds of our *Governmental and Business-type activities* and the component units, the *Petersburg Public Library and Road District 8*, for which the City is financially accountable. The *Petersburg Public Library* is presented in our financial report as a "discretely presented component unit" in a separate column in the *government-wide financial statements* to emphasize that it is legally separate from the City and to differentiate its financial position and results of operations from that of the City while, *Road District 8* is presented as a "blended component unit" to emphasize that it is effectively the same as the City and its financial activities should not be separated from those of the City of Petersburg, Illinois.

Our *governmental activities'* services are primarily financed with local real estate taxes; shared local sales taxes; shared state income taxes; and shared motor fuel taxes. Like many Illinois cities and villages, we contend with significant internal cost pressures from infrastructure and public safety needs causing us to finance certain capital asset acquisitions with new debt. Current debt service need paid by the General Fund for principal retirement during 2020 was \$48,000. Such need for 2021 is scheduled to be \$34,000.

The State of Illinois Property Tax Limitation laws limit annual increases in the City's property tax revenues. There are also rate limits for certain property tax levies. The aggregate amount of our property tax levies is not adequate to allow funding of certain costs associated with those levies, primarily the entire cost of our risk management activities for governmental activities.

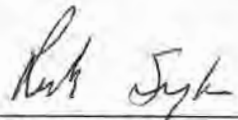
The general fund experienced an increase of \$81,000 during 2020; 2019 was an increase of \$84,000. The fund balance of the General Fund is \$418,000; approximately 35% of annual operating expenditures.

To help pave the way for future commercial development, the City Council has approved the “Downtown Petersburg Redevelopment Plan” and Redevelopment Project Area” in accordance with the plan requirements and eligibility criteria defined in section 11 – 74 – 3 of the State of Illinois’ Tax Increment Allocation Redevelopment Act in August 2012. A tax increment financing district (TIF) has been established that encompasses virtually the entire downtown business district including the new Dollar General store. The TIF’s operations commenced during 2015 and are accounted for in the *Petersburg TIF Fund*. Also, effective, January 1, 2019, the City has established a “Business District” to assist in generating additional revenues, sales taxes, that naturally would occur with new and increased retail sales activity.


Financial and compliance audits of Federal and State grant programs are subject to the grantors’ approval. The grantors have not yet accepted the audits of these programs for the year ended April 30, 2020 and, accordingly, the City’s compliance with the terms and conditions of the awards may be established at some future date. Management believes that the City has complied with the provisions of all grant and loan contracts.

It is our responsibility to assist management in safeguarding the City’s assets and assuring and maintaining financial accountability. This report is the result of continued professionalism and cooperation within the City and was made possible through efforts of the City Council, and all City departments. We wish to extend our sincere appreciation to everyone who contributed.

Respectfully submitted,



Rick Snyder, Mayor



Dave Frick, Treasurer

MJF
Michael J. Feriozzi, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Petersburg, Illinois

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, I 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. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Emphasis of matters

The City became a member of the Illinois Municipal Retirement Fund on May 1, 2019. This participation in a defined benefit pension plan has been accounted for and disclosed in accordance with United States generally accepted accounting principles for state and local governmental units. Your attention is directed to Note 8 to the Basic Financial Statements. My opinion is not modified with respect to this matter.

The aldermen and management continue to evaluate the potential near term and short term economic impact on the City's *governmental activities and business-type activities* resulting from the COVID-19 pandemic as well as the related federal, state and local response directives; and, have concluded its reasonably possible that the pandemic, and the related responses could have negative impacts on future operations that are not readily ascertainable as of the date of these financial statements. The financial statements do not include any adjustments, if any, that might result from the eventual outcome of this uncertainty. My opinion is not modified with respect to this matter.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the City of Petersburg Illinois' management's discussion and analysis on pages I through XIII and budgetary comparison information on pages 34 through 43 and, the *schedules of employer contributions*, and *schedule of funding progress* on pages 44 and, 45, including the related notes on pages i thru ii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or any form of assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Petersburg, Illinois' basic financial statements. The transmittal letter and supplementary information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The transmittal letter is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, I do not express an opinion or provide any assurance on it.

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

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 22, 2020 on my consideration of the City of Petersburg, Illinois' internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Petersburg Illinois' internal control over financial reporting and compliance.

Michael J. Feriozzi

Springfield, Illinois
October 22, 2020

MJF
Michael J. Feriozzi, CPA

**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***

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Petersburg, Illinois

I have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Petersburg, 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, and have issued my report thereon dated October 22, 2020.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or 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 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.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 were not identified. Given these limitations, during my audit, I did identify a deficiency in internal control, described as follows, that I consider to be a *material weakness*---

The City's management is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control include, but are not limited to, providing management and the City Council with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Systematic and timely reconciliations, commonly understood as monthly performance, are fundamental internal control procedures for assisting in the attainment of the related internal control objectives for cash on deposit with financial institutions. Most of the requisite reconciliation procedures continue to be performed by the City Treasurer, however, the final step in the reconciliation process, timely assuring and documenting that the monthly bank account statements' amounts are reconciled with the respective general ledger accounts (the book balances) did not and has not been completely occurring, primarily because of the part-time nature of the elected treasurer's position, and the lack of a complete and thorough understanding of the related financial software applications and, system generated outstanding check listings continue to be out of date and have not been adequately maintained. A potential result and or consequence of this condition is that a loss from an unauthorized use or disposition of cash could occur and not be noticed or detected by the treasurer, management, and the City Council.

City's response to the finding discussed above and corrective action plan.

"This finding was originally communicated and reported to us by the City's independent auditor in his report, dated October 23, 2014, for the year ended April 30, 2014. We continue to agree with this continuing repeat finding. We remain committed to, and our intent, as a management team is to accomplish the vital internal control objectives, discussed above. We do believe that we have attained some success in this regard; the water collector now prepares and documents her monthly bank account reconciliations for two water and sewer bank accounts. We expect that this condition will continue into the City's next fiscal year. In the meantime, Council members and other management members will continue to monitor this condition and make status inquiries of the City Treasurer each month during the presentation of the Treasurer's Report. We expect that this monitoring effort by the City Council and management will continue after this material weakness is corrected."

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Petersburg, Illinois' financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement's, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Management's response, above, was not subjected to the auditing procedures applied in my engagement to audit the City's financial statements as of and for the year ended April 30, 2020 and, accordingly, I express no opinion on it.

Michael J. Feriozzi

Springfield, Illinois

October 22, 2020

City of Petersburg, Illinois
Management's Discussion and Analysis (M D &A)
For the year ended April 30, 2020

The City of Petersburg, Illinois' (City) management's discussion and analysis provides an overview of the City's financial activities for the year ended April 30, 2020 and is designed to (a) assist the reader in focusing on significant financial issues, (b) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (c) identify any material deviations from the financial plan (the approved budget), and (e) identify the individual fund issues or concerns.

This *discussion and analysis* are intended to serve as an introduction to the City's *basic financial statements* and is designed to focus on the current year's financial activities, resulting changes, and currently known facts. We encourage you to read it in conjunction with the transmittal letter at the front of this report and the City's audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At April 30, 2020, the City's assets exceeded its liabilities by \$12,605,000. Of this amount \$9,445,000 is invested in capital assets, net of related debt; \$989,000 is restricted for special purposes and uses; leaving \$2,171,000 available for the City's ongoing obligations of which \$404,000 is available for our *governmental activities* and \$1,767,000 is available for our *business-type activities*.
- The net financial position of our *governmental activities* increased \$107,000 or 1.62%. The net financial position of our *business-type activities* increased \$188,000 or 3.29%.
- The cost of the City's *governmental activities* increased \$64,000 or 5.16%, primarily because of a \$28,000 increase in "roads and streets costs" and, a \$12,000 increase in "retirement costs."
- General tax revenues increased \$108,000, 8.88%, primarily because of an increase of \$75,000 in sales and gaming taxes, of which \$65,000 was attributable to our local business tax: we did experience a COVID related decrease of \$30,000 in shared State income taxes and general type sales taxes. Since May 1, 2005 annual sales tax revenues have increased \$212,000, an 76% increase over the fifteen-year period that is primarily attributable to increased retail sales of vehicles by auto dealerships located within the City and an overall increase in local retail activity. This metric does not include the annual revenue result to date, \$121,000, for the newly instituted general business tax.
- The operating result for the water department was income of \$171,000, before annual interest costs, \$52,000. The sewer department had operating income of \$56,000.
- The *General Fund's* fund balance increased \$81,000, a decrease of \$3,000 over the 2019 result; the budgeted decrease for 2019 was \$33,000. Funding vehicle repair and replacement costs continues to be an overarching economic concern.
- The City joined the Illinois Municipal Retirement Fund on May 1, 2019. This participation in the defined benefit pension plan has been accounted for and disclosed in accordance with United States generally accepted accounting principles for state and local governmental units. Please see Note 8 to the Basic Financial Statements.

USING THIS ANNUAL FINANCIAL REPORT

Our financial reporting model focuses on the City's (*government-wide*) and on the *major individual funds*. Both perspectives (*government wide* and *major fund*) allow the financial statements users to address relevant questions, broaden a basis for comparison (year to year or government to government), and enhance the City's financial accountability.

Overview of the financial statements

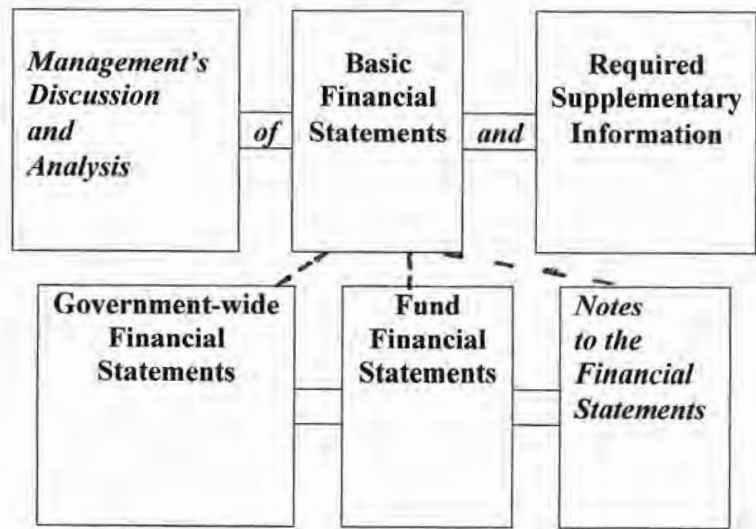
This annual report consists of four parts – *management’s discussion and analysis* (this section), the *basic financial statements*, required supplementary information, and an *optional section* that provides combining statements for *nonmajor governmental funds* and the *fiduciary funds*. The *basic financial statements* include two kinds of statements that present different views of the City.

The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City’s overall financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of City government, reporting the City’s operations in more *detail* than the *government-wide statements* -

- The *governmental funds* statements tell how City services like public safety, and roads and streets were financed in the short term as well what remains for future spending.
- *Proprietary funds* statements offer short-term and long-term financial information about the activities the City operates like *businesses*, such as its water and sewer services.
- *Fiduciary funds* statements provide information about the financial relationships – like the *Senior Citizens Center* and *E. L. Masters Memorial Home* - in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources in question might belong.

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The *basic financial statements* are followed by a section of required supplementary information that further explains and supports the information in the financial statements. These required parts of our annual financial report are arranged and relate to each other as follows –



City of Petersburg, Illinois
Management Discussion and Analysis – continued

In addition to these required elements, we have included a section with combining statements that provide details about our *nonmajor governmental funds* and *fiduciary funds*.

The table that follows summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Major Features of the City of Petersburg, Illinois’ Government-wide and Fund Financial Statements

	Fund statements			
	Government-wide Statements	Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and component units	The activities of the City that are not proprietary or fiduciary, such as public safety	Activities the City operates like private businesses, Water and Sewer and Revolving Loan	Instances in which the City is a trustee or agent for someone’s resources, such as the Senior Citizens Center
Required financial statements	Statement of financial position Statement of activities	Balance sheet Statement of revenues expenditures, and changes in fund balances	Statement of net position, Statement of revenues, expenses and changes in fund net position, Statement of of cash flows	Statement of fiduciary net position, Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability data	All assets and liabilities, financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities financial and capital, and short-term, and long-term	All assets and liabilities financial and capital, and short-term, and long-term
Type of inflow and outflow data	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide financial statements

The *government-wide financial statements* report information about the City using accounting methods like those used by private-sector businesses. The government-wide financial statements include two statements, the *Statement of Financial Position*, and the *Statement of Activities*. Fiduciary activities, whose resources are not available to finance City programs, are excluded from these statements.

City of Petersburg, Illinois
Management Discussion and Analysis – continued

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

The *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. It presents the City's revenues and expenses with the difference between the two reported as the change in *net position* for the year.

Both *government-wide financial statements* distinguish the various City functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The City's *governmental activities* include general government, public safety, roads and streets, public health, liability and insurance, retirement, culture and recreation, and interest on long-term debt.

The *business-type activities* include water, and sewer services, and the revolving loan activities.

The *government-wide financial statements* also include a legally separate component unit, the *Petersburg Public Library*. The library's account balances and transactions are discretely presented in the financial statements. A "discrete presentation" displays the component unit's financial information in a separate column(s) apart from the primary government.

Fund financial statements

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

Governmental funds are used to account for essentially the same functions reported as governmental activities in the *government-wide* financial statements. However, unlike the *government-wide* statements, *governmental funds'* financial statements report on how general government services were financed during the year as well what financial resources remain for future spending.

Because the focus of *governmental funds'* financial statements is narrower than that of the *government-wide* financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the *government-wide* financial statements. By doing so, financial statement users may better understand the long-term impact of the City's near-term financing decisions. Both the *governmental funds' balance sheet* and the *governmental fund's statement of revenues, expenditures, and changes in fund balances* provide a *reconciliation* to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains individual *governmental funds*. Information is reported separately in the *governmental funds' balance sheet* and in the *governmental funds' statement of revenues, expenditures, and changes in fund balances* for the *General Fund*, the *Insurance Fund*, the *Business Tax Fund*, the *Motor Fuel Tax Fund*, the *Road District 8 Fund*, the *Social Security Fund*, and the *Petersburg TIF fund*, all of which are considered to be major funds. Data from the other *governmental funds* are combined into a single, aggregated presentation. Individual fund data for each of these *nonmajor governmental funds* is provided elsewhere in this report.

City of Petersburg, Illinois
Management Discussion and Analysis – continued

The City Council adopts an annual budget and appropriations ordinance for its *governmental funds*. Budgetary comparison schedules have been provided for the *General Fund* and the other *major funds* to demonstrate budgetary compliance for these funds.

Proprietary funds

The City maintains one type of *proprietary fund*, *enterprise funds*, for the activities the City operates like businesses. The City uses *enterprise funds* to account for its water and sewer financial activities and the former revolving loan activities.

Proprietary funds' financial statements provide the same type of information as the *government-wide* financial statements, only in more detail. The *proprietary funds'* financial statements provide separate information for the *Water Fund*, *Sewer Fund*, and the *Revolving Loan Fund*.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. *Fiduciary funds* are not reflected in the *government-wide financial statements* because the resources of those funds are not available to support the City's own programs. The accounting used for *fiduciary funds* is much like that used for *proprietary funds*.

Notes to the financial statements

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

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* concerning the City's *schedules of budgetary comparisons for the major funds* and *schedules for its IMRF pension plan*. *Combining fund statements* are also a part of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net financial position may serve as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$12,605,000 at April 30, 2020. The City's overall financial position did improve during the year; our fund liquidity levels improved.

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

Restricted net position represents a variety of programs, projects, services, and funds that are subject to external and internal restrictions on how they may be used. Both the City's *governmental activities* and its *business type activities* have restricted net position. This means that these net assets are not available for funding the general operations of the related activity. The remaining portion of the City's *net position*, *unrestricted net position*, are available for funding general operations related to the City's *governmental* and *business-type activities*. ***The trend in the amount of the City's unrestricted net position is a leading indicator of the City's continued ability to fund its obligations.***

City of Petersburg, Illinois
Management Discussion and Analysis – continued

The table that follows presents a comparison of the City’s condensed *Statement of Financial Position* as of April 30, 2019 and 2020.

(In thousands of dollars)

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 1,627	1,628	\$ 2,198	2,128	\$ 3,825	3,756
Capital assets	5,729	5,714	5,785	5,775	11,514	11,489
Total assets	7,356	7,342	7,983	7,903	15,339	15,245
Deferred outflows of resources	-	213	-	127	-	340
Current and other liabilities	280	157	386	402	666	559
Long-term debt outstanding	98	122	1,880	1,611	1,978	1,733
Net pension liability	-	186	-	111	-	297
Total liabilities	378	465	2,266	2,124	2,644	2,589
Deferred inflows of resources	386	390	-	-	386	390
Net position -						
Invested in capital assets, net of related debt	5,597	5,550	3,643	3,895	9,240	9,445
Restricted	599	745	227	244	826	989
Unrestricted	396	404	1,847	1,767	2,244	2,171
Total net position	\$ 6,592	6,699	\$ 5,717	5,906	\$ 12,310	12,605

Changes in net position

The table that follows presents a comparison of the City’s condensed *statement of activities* for the years ended April 30, 2019 and 2020 and indicates how the *net position* changed each year.

City of Petersburg, Illinois
Management Discussion and Analysis – continued

(In thousands of dollars)

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2020	2019	2020	2019	2020
Program revenues						
<i>Charges for services</i>	\$ 110	106	\$ 1,395	1,368	\$ 1,505	1,474
<i>Grants and contributions</i>	-	-	-	-	-	-
General revenues						
<i>Property taxes</i>	377	393	-	-	377	393
<i>Other taxes</i>	818	909	-	-	818	909
<i>Interest</i>	2	3	7	13	9	16
Total revenues	1,307	1,411	1,402	1,381	2,709	2,792
Expenses						
<i>General government</i>	224	246	-	-	224	246
<i>Public safety</i>	416	418	-	-	416	418
<i>Roads and streets</i>	414	441	-	-	414	441
<i>Public health</i>	1	2	-	-	1	2
<i>Liability and insurance</i>	78	85	-	-	78	85
<i>Retirement</i>	39	51	-	-	39	51
<i>Culture and recreation</i>	21	24	-	-	21	24
<i>Economic development</i>	41	31	-	-	41	31
<i>Interest on long-term debt</i>	6	6	-	-	6	6
<i>Water</i>	-	-	871	894	871	894
<i>Sewer</i>	-	-	291	299	291	299
<i>Revolving loan</i>	-	-	-	-	-	-
Total expenses	1,240	1,304	1,162	1,193	2,402	2,497
Excess (deficiency)	67	107	240	188	307	295
<i>Special items</i>	-	-	-	-	-	-
<i>Transfers</i>	-	-	-	-	-	-
<i>Capital grants</i>	-	-	-	-	-	-
Increase (decrease) in net position	\$ 67	107	\$ 240	188	\$ 307	295

City of Petersburg, Illinois
Management Discussion and Analysis – continued

The table that follows presents a comparison of the *costs* of the City’s governmental activities as well as each activity’s *net cost* (costs less charges for services, operating grants and contributions, and capital grants contributions). The *net cost* indicates the financial burden placed on the City’s taxpayers by each activity.

Cost and Net Cost Comparison of Governmental Activities

(in thousands of dollars)

	<i>Total cost of activities</i>		<i>Net cost of activities</i>	
	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>
<i>General government</i>	\$ 224	246	\$ 164	174
<i>Public Safety</i>	416	418	403	410
<i>Roads and streets</i>	414	441	376	415
<i>Public health</i>	1	2	1	2
<i>Liability and insurance</i>	78	85	78	85
<i>Retirement</i>	39	51	39	51
<i>Culture and recreation</i>	21	24	21	24
<i>Economic development</i>	41	31	41	31
<i>Interest on long-term debt</i>	6	6	6	6
<i>Total</i>	\$ 1,240	1,304	\$ 1,129	1,198

The following tables display the changes in the City’s general tax revenues for 2019 and 2020.

General Tax Revenues (in thousands)

	<i>2019</i>	<i>2020</i>	<i>change</i>
<i>Property taxes</i>	\$ 377	393	16
<i>State income taxes</i>	234	223	(11)
<i>Motor fuel taxes</i>	57	79	22
<i>Sales taxes</i>	510	585	75
<i>Other taxes</i>	16	22	6
<i>Total</i>	\$ 1,194	1,302	108

City of Petersburg, Illinois
Management Discussion and Analysis – continued

General government costs are incurred for the operation of certain offices and departments located at City Hall and are associated with the financial, administrative, zoning, street lighting, and other general functions.

Public safety costs are those associated with the operations of the police and fire departments.

Roads and streets are the costs of operating the street department and costs incurred by Road District 8 and the City’s Motor Fuel Tax Fund and the Petersburg Grants Fund.

Public Health costs are those incurred to provide pest control and certain sanitation services.

Liability and Insurance costs represent the City’s participation in risk management services provided by the *Illinois Counties Risk Management Trust* for risk protection commonly associated with property, casualty, and workmen compensation protection as it pertains to the City’s governmental activities. This activity can include costs incurred and not covered by risk management protection. Also included are certain unemployment compensation insurance costs. The City is self-insured for the costs of unemployment compensation benefits provided to its employees.

Retirement consists of the City’s required contribution to *Social Security* and *Medicare* as mandated by the *Federal Insurance Contribution Act (FICA)* as well as the City’s economic result for its IMRF defined benefit pension plan for employees of the City’s *governmental activities’* programs.

Culture and recreation costs relate to maintaining the City’s playgrounds and parks and certain other cultural endeavors from time to time.

Interest on long-term debt represents the annual interest costs associated with the City’s general obligation debt.

Business-type Activities

The following table provides a summary comparison of the County’s *business-type activities* results for 2019 and 2020.

Business-type activities results
(In thousands of dollars)

	Water		Sewer		Revolving		Total	
	Department		Department		Loan			
	2019	2020	2019	2020	2019	2020	2019	2020
Charges for services	\$ 1,046	1,012	\$ 349	356	\$ -	-	\$ 1,395	1,368
Interest	6	9	1	4	-	-	7	13
Expenses	871	894	291	299	-	-	1,162	1,193
Other income(loss)	-	-	-	-	-	-	-	-
Change in net assets	\$ 181	127	\$ 59	61	\$ -	-	\$ 240	188

City of Petersburg, Illinois
Management Discussion and Analysis – continued

Component Units

The *Petersburg Public Library System's* net position increased \$23,000 because of a private contribution of \$31,000. The net assets are being accumulated for financing future capital asset needs.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

At the end of the current fiscal year, the City's *governmental funds* reported combined ending fund balances of \$1,090,000 with \$720,000 restricted and or committed for future specific purposes such as debt service, roads and streets, public safety, retirement costs, and insurance and liability costs. The remaining amount, \$342,000, is available for future general operations and obligations.

The *General Fund* is the City's principal operating fund and is used to account for general operations. The fund balance of the *General Fund* at April 30, 2020 was \$418,000. Of this amount, \$48,000 is committed for 2021 debt service. The *General Fund's* fund balance increased \$81,000 during the year ended April 30, 2020; during the last nine years, it has decreased \$161,000.

The *Insurance Fund* reported a fund balance of \$83,000 at April 30, 2020.

The *Business Tax Fund* reported a fund balance of \$31,000 at April 30, 2020.

The *Motor Fuel Tax Fund* reported a fund balance of \$106,000 at April 30, 2020, an increase of \$2,000 from the prior year. The fund balance is restricted for future *roads and streets* project spending in accordance with budgets approved by the *City Council* and the *Illinois Department of Transportation*.

The *Road District 8 Fund* reported a fund balance of \$182,000 at April 30, 2020, an increase of \$12,000 from the prior year.

The *Social Security Fund* reported a fund balance of \$26,000 at April 30, 2020, an increase of \$11,000 from the prior year.

The *Petersburg TIF Fund* reported a fund balance of \$153,000 at April 30, 2020. During 2017 \$89,000 was transferred to the *Petersburg Grants Fund* for the City's expected remaining portion of its share of the costs of the Downtown Development Project.

The remaining *nonmajor governmental funds* reported a combined fund balance of \$91,000 at April 30, 2020. This entire amount is restricted for roads and streets, public safety, and other uses. The combined fund balance for the *nonmajor governmental funds* at April 30, 2019 was \$107,000.

Proprietary Funds

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

City of Petersburg, Illinois
Management Discussion and Analysis – continued

The *proprietary funds' unrestricted net position* at April 30, 2020 was \$1,766,000; \$138,000 for water, \$1,511,000 for sewer, and \$117,000 for revolving loan.

Fiduciary Funds

There were no significant changes in the operations of the *fiduciary funds* during the year ended April 30, 2020.

Major funds' budgetary highlights

The *General Fund* budgeted for a decrease in the fund balance of \$46,000 for the year ended April 30, 2020. The actual result for 2020 was an excess of \$81,000. Revenues and other sources were \$28,000 more than budgeted and actual expenditures and transfers were \$99,000 less than budgeted.

The *Insurance Fund's* fund balance increased \$11,000. The budgeted decrease was \$5,000.

The *Business Tax Fund's* fund balance increased \$3,000; the budgeted increase was \$14,000. 2020 was the first full year of the *Petersburg Business District* and the related *Business District Plan* and the imposition of certain taxes(sales) within the *District*.

The *Motor Fuel Tax Fund's* fund balance decreased \$2,000; the budgeted decrease was \$77,000.

The *Road District 8 Fund's* fund balance increased \$11,000; the budgeted decrease was \$16,000.

The *Social Security Fund's* fund balance increased \$2,000 to \$26,000; the budgeted increase was \$1,000.

The *Petersburg TIF Fund's* fund balance increased \$38,000; the budgeted increase was \$33,000.

General Fund Budgetary Highlights

There were no Individual line changes to the original budget during the year.

Actual revenues and other sources were more than budgeted revenues.

Other Budgetary Highlights

The actual results for the City's *nonmajor governmental funds* were consistent with the City Council and management's expectations. A management budget is prepared each year for the three *enterprise funds* that comprise the City's *business-type activities*. The actual results of operations for these funds were what were expected.

Capital Asset and Long-Term Debt

Capital Assets

At April 30, 2020, the City had invested \$11,489,000 in a broad range of capital assets including land, buildings and improvements, equipment vehicles, infrastructure (roads and streets).

The City’s investment in land, approximately \$1,574,000, primarily represents the cost of land located in the flood plain and acquired by the City in previous years with Federal and State grant funds. Use of the land is restricted to park usage and must be retained by the City. It cannot be sold.

The following table provides a comparison of the City’s capital assets at April 30, 2019 and 2020.

(Net of depreciation in thousands of dollars)

	<i>Governmental</i>		<i>Business-type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>	<i>2020</i>
<i>Land</i>	\$ 1,429	1,429	\$ 145	145	\$ 1,574	1,574
<i>Construction in progress</i>	-	-	-	-	-	-
<i>Buildings, plants, lines, and improvements</i>	342	318	5,390	5,417	5,732	5,735
<i>Equipment and vehicles</i>	154	222	250	213	404	435
<i>Roads and streets</i>	3,804	3,745	-	-	3,804	3,745
<i>Storms sewers</i>	-	-	-	-	-	-
Total	\$ 5,729	5,714	\$ 5,785	5,775	\$ 11,514	11,489

This year’s major capital assets additions included-

Water and Sewer line enhancements, \$419,000

Long-Term Debt

At the end of the year, the City’s long-term debt consisted of \$164,000 for its *governmental activities* and \$2,142,000 for *business-type activities*.

Governmental activities – The City started the year with \$132,000 of general obligation indebtedness primarily for the partial financing of the costs of the City’s *public safety* and *roads and streets*’ vehicles and the property acquisition loan for the new city hall complex; \$74,000 of new debt was incurred while \$42,000 was retired during the year. Approximately \$34,000 is scheduled to be repaid during 2021.

Business-type activities -

To start 2020, we owed \$2,142,000; we retired \$262,000 during the year resulting in \$1,880,000 still owed at April 30, 2020. Approximately \$269,000 of this debt is scheduled to be repaid during 2021.

Economic Factors and Next Year

- Our currently scheduled general obligation debt due in 2021, \$42,000, will require the use of *General Fund* resources.
- The *State of Illinois Property Tax Limitation Law* limits our property tax revenues, and, also, there are property tax rate limits for certain levies.
- Our ability to adequately fund the costs of our *governmental activities*' services depends to a great extent on the level of economic growth that occurs locally and throughout the State of Illinois.
- The existing water and sewer infrastructure, primarily water, has been requiring substantial repair and maintenance activities; fortunately, to date, we have been able to leverage our *roads and streets*' personnel and equipment such that the street department has been able to assist and provide the water department with these repair and maintenance activities.
- 2021 will effectively be the seventh operational year for the City Council approved "Downtown Petersburg Redevelopment Plan" and "Redevelopment Project Area" in accordance with the plan requirements and eligibility criteria defined in section 11 – 74 – 3 of the State of Illinois' Tax Increment Allocation Redevelopment Act (*Petersburg TIF Fund*).
- City management and the aldermen realize that there will be negative economic impact, both near term and short term, resulting from the COVID pandemic and as well as the related Federal, State, and local government responsive directives. In this regard, management and the aldermen believe the City's 2021 budgeted revenue estimates adequately allow for the upcoming revenue shortfalls.

Requests for Information

The City's annual financial report is designed to provide our citizens, investors, and creditors with the general overview of the City's finances. If you have questions about this report or need additional information, contact the *Mayor* and or the *City Treasurer* at City Hall.

CITY OF PETERSBURG, ILLINOIS
STATEMENT OF FINANCIAL POSITION

April 30, 2020

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		
ASSETS				
Cash	\$ 1,042,094	\$ 1,475,687	\$ 2,517,781	\$ 50,653
Certificates of deposit	-	142,021	142,021	-
Accounts receivable, net	-	311,671	311,671	6,396
Property taxes receivable, net	390,318	-	390,318	90,997
Sales tax receivable	150,949	-	150,949	-
Income taxes receivable	22,785	-	22,785	-
Motor fuel taxes receivable	6,703	-	6,703	-
Due from other funds	7,173	-	7,173	-
Internal balances	1,468	(1,468)	-	-
Inventories	7,000	46,292	53,292	-
Prepaid expense	-	28,075	28,075	-
Restricted cash	-	125,735	125,735	213,707
Restricted certificates of deposit	-	-	-	158,794
Land	1,429,425	144,921	1,574,346	-
Capital assets, net	<u>4,284,497</u>	<u>5,629,691</u>	<u>9,914,188</u>	<u>4,727</u>
TOTAL ASSETS	<u>7,342,412</u>	<u>7,902,625</u>	<u>15,245,037</u>	<u>525,274</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount related to pension liability	<u>212,516</u>	<u>127,393</u>	<u>339,909</u>	<u>11,655</u>
LIABILITIES				
Accounts payable	63,463	40,505	103,968	5,143
Accrued compensation	50,933	26,443	77,376	-
Unearned revenue	-	-	-	-
Accrued interest	609	4,014	4,623	-
Customer deposits	-	62,132	62,132	-
Long Term Debt:				
Due within one year	42,465	268,613	311,078	-
Due after one year	121,748	1,610,946	1,732,694	-
Net pension liability	185,919	111,449	297,368	10,196
Other post-employment benefits	-	-	-	-
TOTAL LIABILITIES	<u>465,137</u>	<u>2,124,102</u>	<u>2,589,239</u>	<u>15,339</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues, property taxes	<u>390,318</u>	<u>-</u>	<u>390,318</u>	<u>90,997</u>
NET POSITION				
Net investment in capital assets	5,549,709	3,895,053	9,444,762	4,727
Restricted for -				
Roads and streets	288,243	-	288,243	-
Liability and insurance	83,069	-	83,069	-
Retirement	82,753	-	82,753	-
Public safety	51,256	-	51,256	-
Economic development	153,444	-	153,444	-
Debt service	47,253	244,156	291,409	-
Other	39,937	-	39,937	372,501
Unrestricted	<u>403,809</u>	<u>1,766,707</u>	<u>2,170,516</u>	<u>53,365</u>
TOTAL NET POSITION	<u>\$ 6,699,473</u>	<u>\$ 5,905,916</u>	<u>\$ 12,605,389</u>	<u>\$ 430,593</u>

CITY OF PETERSBURG, ILLINOIS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED APRIL 30, 2020

Functions/Programs	Program Revenues				Primary Government		Total	Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		
Primary Government								
Governmental Activities								
General government	\$ 246,269	\$ 72,470	\$ -	\$ -	\$ (173,799)	\$ -	\$ (173,799)	
Public safety	417,927	8,284	-	-	(409,643)	-	(409,643)	
Roads and streets	440,918	25,430	-	-	(415,488)	-	(415,488)	
Public health	1,884	-	-	-	(1,884)	-	(1,884)	
Liability and insurance	84,987	-	-	-	(84,987)	-	(84,987)	
Retirement	50,889	-	-	-	(50,889)	-	(50,889)	
Culture and recreation	23,962	-	-	-	(23,962)	-	(23,962)	
Economic development	31,484	-	-	-	(31,484)	-	(31,484)	
Interest on long term debt	5,844	-	-	-	(5,844)	-	(5,844)	
Total Governmental Activities	1,304,164	106,184	-	-	(1,197,980)	-	(1,197,980)	
Business-type Activities								
Water	894,123	1,012,639	-	-	-	118,516	118,516	
Sewer	299,542	355,731	-	-	-	56,189	56,189	
Revolving Loan	-	-	-	-	-	-	-	
Total Business-type Activities	1,193,665	1,368,370	-	-	-	174,705	174,705	
Total Primary Government	\$ 2,497,829	\$ 1,474,554	\$ -	\$ -	(1,197,980)	174,705	(1,023,275)	
Component Units								
Petersburg Public Library	\$ 122,151	\$ 10,653	\$ 33,809	\$ -	-	-	-	\$ (77,689)
Total Component Units	\$ 122,151	\$ 10,653	\$ 33,809	\$ -	-	-	-	(77,689)
General Revenues								
Taxes:								
Property taxes					393,474	-	393,474	91,105
State income taxes					222,350	-	222,350	-
Motor fuel taxes					78,813	-	78,813	-
Sales taxes					585,160	-	585,160	-
Personal property replacement taxes					16,050	-	16,050	6,318
Other					6,069	-	6,069	-
Total taxes					1,301,916	-	1,301,916	97,423
Interest income					3,081	13,357	16,438	2,994
Total general revenues					1,304,997	13,357	1,318,354	100,417
Transfers to fiduciary funds					-	-	-	-
Total general revenues, special items, and transfers					1,304,997	13,357	1,318,354	100,417
Change in net position					107,017	188,062	295,079	22,728
Net position-beginning					6,592,456	5,717,854	12,310,310	407,865
Net position - ending					\$ 6,699,473	\$ 5,905,916	\$ 12,605,389	\$ 430,593

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

BALANCE SHEET

GOVERNMENTAL FUNDS

APRIL 30, 2020

	General Fund	Insurance Fund	Business Tax Fund	Motor Fuel Tax Fund	Road District 8 Fund	Social Security Fund	Petersburg TIF Fund	Other Governmental Funds	Total Governmental Funds
ASSETS									
Cash	\$ 390,708	\$ 83,069	\$ 3,019	\$ 99,722	\$ 181,818	\$ 22,868	\$ 158,508	\$ 102,382	\$ 1,042,094
Accounts receivable	-	-	-	-	-	-	-	-	-
Taxes receivable	223,794	30,521	28,194	6,703	46,660	42,798	62,753	102,332	543,755
Due from other funds	23,236	-	-	-	-	3,326	-	-	26,562
Total assets	\$ 637,738	\$ 113,590	\$ 31,213	\$ 106,425	\$ 228,478	\$ 68,992	\$ 221,261	\$ 204,714	\$ 1,612,411
LIABILITIES									
Accounts payable	\$ 58,059	-	-	-	-	-	-	\$ 5,404	\$ 63,463
Accrued compensation	50,933	-	-	-	-	-	-	-	50,933
Due to other funds	5,821	-	570	-	-	681	5,064	5,785	17,921
Total liabilities	114,813	-	570	-	-	681	5,064	11,189	132,317
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues	105,254	30,521	-	-	46,660	42,798	62,753	102,332	390,318
FUND BALANCES									
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:									
General government	-	-	-	-	-	-	-	39,937	39,937
Public safety	-	-	-	-	-	-	-	51,256	51,256
Roads and streets	-	-	-	106,425	181,818	-	-	-	288,243
Economic development	-	-	-	-	-	-	153,444	-	153,444
Liability and insurance	-	83,069	-	-	-	-	-	-	83,069
Retirement	-	-	30,643	-	-	25,513	-	-	56,156
Debt service	47,862	-	-	-	-	-	-	-	47,862
Committed for	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	369,809	-	-	-	-	-	-	-	369,809
Total fund balances	417,671	83,069	30,643	106,425	181,818	25,513	153,444	91,193	1,089,776
Total liabilities, deferred inflows of resources and fund balances	\$ 637,738	\$ 113,590	\$ 31,213	\$ 106,425	\$ 228,478	\$ 68,992	\$ 221,261	\$ 204,714	\$ 1,612,411

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF FINANCIAL POSITION

April 30, 2020

Total fund balances - governmental funds (page 3) **\$ 1,089,776**

**Amounts reported for governmental activities in the statement of financial position
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	\$ 1,429,424	
Buildings and improvements	910,408	
Equipment and vehicles	1,709,589	
Roads and streets	4,551,500	
Storm sewers	400,000	
Accumulated depreciation	<u>(3,287,000)</u>	
Total carrying value of capital assets		5,713,922

**Sales tax revenues collected after the period are not available soon enough
after year end to be available to pay expenditures for the year and
are not included in revenues for the governmental funds** **27,000**

**Inventories of rock sand, gravel, and other materials used for roads and
street maintenance have been reported in the statement of financial position and
are not reported in the funds as financial resources** **7,000**

**Some liabilities are not due and payable in the current period and
are not reported in the funds. Those liabilities consist of -**

Interest	(609)	
General obligation debt	<u>(164,213)</u>	
Total debt related liabilities		(164,822)

**Certain pension activity (including long - term asset/ liability,
deferred outflows and deferred inflows) is not used or reported in the funds** **26,597**

Net position of governmental activities (page 1) **\$ 6,699,473**

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED APRIL 30, 2020

	General Fund	Insurance Fund	Business Tax Fund	Motor Fuel Tax Fund	Road District 8 Fund	Social Security Fund	Petersburg TIF Fund	Other Governmental Funds	Total Governmental Funds
REVENUES									
Property taxes	\$ 108,918	\$ 29,744	\$ -	\$ -	\$ 46,426	\$ 38,225	\$ 68,108	\$ 101,353	\$ 393,474
Federal and State payments	721,779	-	93,314	78,813	5,593	2,874	-	6,069	908,442
Fines, fees, forfeitures and licenses	66,146	-	-	-	-	-	-	1,114	67,260
Other	38,749	-	-	175	-	-	-	-	38,924
Interest	628	-	31	467	797	66	728	364	3,081
Total revenues	936,220	29,744	93,345	79,455	52,816	41,865	68,836	108,900	1,411,181
EXPENDITURES									
Current:									
General government	219,997	-	-	-	-	-	-	14,028	234,025
Public safety	381,630	-	-	-	-	-	-	30	381,660
Roads and streets	234,715	-	-	81,805	42,254	-	-	-	358,774
Public health	1,884	-	-	-	-	-	-	-	1,884
Liability and insurance	66,323	18,664	-	-	-	-	-	-	84,987
Retirement	37,608	-	-	-	-	39,878	-	-	77,486
Culture and recreation	23,962	-	-	-	-	-	-	-	23,962
Economic development	-	-	669	-	-	-	30,815	-	31,484
Debt service:									
Principal retirement	42,008	-	-	-	-	-	-	-	42,008
Interest expense	5,915	-	-	-	-	-	-	-	5,915
Capital outlay:									
General government	-	-	-	-	-	-	-	-	-
Public safety	53,301	-	-	-	-	-	-	-	53,301
Roads and streets	62,012	-	-	-	-	-	-	-	62,012
Total expenditures	1,129,355	18,664	669	81,805	42,254	39,878	30,815	14,058	1,357,498
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(193,135)	11,080	92,676	(2,350)	10,562	1,987	38,021	94,842	53,683
OTHER FINANCIAL SOURCES (USES)									
Operating transfers in	200,107	-	-	-	-	-	-	-	200,107
Loan Proceeds	74,169	-	-	-	-	-	-	-	74,169
Operating transfers (out)	-	-	(89,900)	-	-	-	-	(110,207)	(200,107)
Total other financing sources (uses)	274,276	-	(89,900)	-	-	-	-	(110,207)	74,169
NET CHANGES IN FUND BALANCES	81,141	11,080	2,776	(2,350)	10,562	1,987	38,021	(15,365)	127,852
FUND BALANCES - BEGINNING	336,520	71,989	27,867	108,775	171,256	23,526	115,423	106,558	961,914
FUND BALANCES - ENDING	\$ 417,661	\$ 83,069	\$ 30,643	\$ 106,425	\$ 181,818	\$ 25,513	\$ 153,444	\$ 91,193	\$ 1,089,766

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

RECONCILIATION OF THE CHANGES OF FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

April 30, 2020

Net changes in funds balances - total governmental funds (page 5) \$ 127,852

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

Capital outlays are reported as expenditures in governmental funds. However in the statement of activities, the cost of the capital assets is allocated over their estimated useful lives as depreciation expense. In the current period these amounts are -

Capital outlays	115,313	
Depreciation expense	<u>(130,655)</u>	
Excess of depreciation expense over capital outlays		(15,342)

Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of financial position, however, issuing debt increases long-term liabilities and does not impact the reported change in net position. Similarly, repayment of long-term debt principal is reported as an expenditure in governmental funds but reduces long-term liabilities in the statement of financial position. In the current period these amounts are -

Debt proceeds	\$ (74,169)	
Debt reductions	<u>42,008</u>	
Excess of debt retired over debt proceeds		(32,161)

Governmental funds use the modified accrual basis of accounting. This means revenues are recognized when they become available and expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. The accrual basis of accounting is used for the statement of activities. This means revenues are recognized when earned and expenses are recognized when the related liability exists, regardless of when financial resources are available. In the current period these accounting method adjustments are -

Change in interest accrual	<u>71</u>	
Net accounting method adjustment		71

Only a portion of the pension expense (IMRF) related to actual payments is reported in the governmental funds. Additional (expense) income activity should be included in the Statement of Activities 26,597

Change in net position of governmental activities (page 2) \$ 107,017

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

April 30, 2020

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Revolving Loan Fund	
ASSETS				
Current:				
Cash and cash equivalents	\$ 73,359	\$ 1,379,645	\$ 22,683	\$ 1,475,687
Certificates of deposit	71,641	70,380	-	142,021
Accounts receivable, net	159,607	57,064	95,000	311,671
Due from other funds	2,946	-	-	2,946
Inventories	42,431	3,861	-	46,292
Prepaid expense	19,637	8,438	-	28,075
Restricted assets:				
Cash and cash equivalents	125,735	-	-	125,735
Certificates of deposit	-	-	-	-
Total current assets	495,356	1,519,388	117,683	2,132,427
Non-current:				
Land	144,921	-	-	144,921
Property, plant, and equipment, net	4,538,761	1,090,930	-	5,629,691
Total non-current assets	4,683,682	1,090,930	-	5,774,612
TOTAL ASSETS	5,179,038	2,610,318	117,683	7,907,039
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	89,175	38,218	-	127,393
LIABILITIES				
Current:				
Accounts payable	40,505	-	-	40,505
Accrued compensation	18,360	8,083	-	26,443
Current portion of long-term debt	268,613	-	-	268,613
Accrued interest	4,014	-	-	4,014
Due to other funds	4,414	-	-	4,414
Customer deposits	62,132	-	-	62,132
Total current liabilities	398,038	8,083	-	406,121
Non-current:				
Long-term debt	1,879,559	-	-	1,879,559
Less current portion above	(268,613)	-	-	(268,613)
Long-term portion	1,610,946	-	-	1,610,946
Net pension liability	78,014	33,435	-	111,449
Other post employment benefits	-	-	-	-
Total non-current liabilities	1,688,960	33,435	-	1,722,395
TOTAL LIABILITIES	2,086,998	41,518	-	2,128,516
NET POSITION				
Net investment in capital assets	2,804,123	1,090,930	-	3,895,053
Restricted	239,373	4,783	-	244,156
Unrestricted	137,719	1,511,305	117,683	1,766,707
TOTAL NET POSITION	\$ 3,181,215	\$ 2,607,018	\$ 117,683	\$ 5,905,916

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED APRIL 30, 2020

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Revolving Loan Fund	
OPERATING REVENUES				
Charges for services	\$ 990,836	\$ 349,542	\$ -	\$ 1,340,378
Other	21,803	6,189	-	27,992
Total operating revenues	<u>1,012,639</u>	<u>355,731</u>	<u>-</u>	<u>1,368,370</u>
OPERATING EXPENSES				
Salaries and wages	184,888	79,695	-	264,583
Retirement	35,814	15,223	-	51,037
Health insurance	45,202	19,382	-	64,584
Maintenance supervision and engineering	1,432	-	-	1,432
Operational supplies and expenses	11,099	10,203	-	21,302
Electric power, and utilities	59,916	24,678	-	84,594
Repair and maintenance	27,857	24,700	-	52,557
Purification expense	55,647	-	-	55,647
Motor fuel and oil	6,087	2,609	-	8,696
Risk protection	33,751	13,319	-	47,070
Administration and other	20,090	21,193	-	41,283
Depreciation	360,280	88,540	-	448,820
Total operating expenses	<u>842,063</u>	<u>299,542</u>	<u>-</u>	<u>1,141,605</u>
OPERATING INCOME (LOSS)	<u>170,576</u>	<u>56,189</u>	<u>-</u>	<u>226,765</u>
NON-OPERATING REVENUES (EXPENSES)				
Operating transfers (out)	-	-	-	-
Interest income	8,332	4,994	31	13,357
Interest expense	(52,060)	-	-	(52,060)
Net non-operating revenues (expenses)	<u>(43,728)</u>	<u>4,994</u>	<u>31</u>	<u>(38,703)</u>
CHANGE IN NET POSITION	<u>126,848</u>	<u>61,183</u>	<u>31</u>	<u>188,062</u>
NET POSITION - BEGINNING	<u>3,054,367</u>	<u>2,545,835</u>	<u>117,652</u>	<u>5,717,854</u>
NET POSITION - ENDING	<u>\$ 3,181,215</u>	<u>\$ 2,607,018</u>	<u>\$ 117,683</u>	<u>\$ 5,905,916</u>

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

FOR THE YEAR ENDED APRIL 30, 2020

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Revolving Loan Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,007,204	\$ 352,234	\$ -	\$ 1,359,438
Payments to suppliers and others	(329,079)	(137,236)	(70,000)	(536,315)
Payments to employees	(186,332)	(79,857)	-	(266,189)
Net cash provided (used) by operating activities	491,793	135,141	(70,000)	556,934
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Refundable deposits received	-	-	-	-
Refundable deposits returned	(479)	-	-	(479)
Net cash provided (used) by non-capital financing activities	(479)	-	-	(479)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt payments	(262,119)	-	-	(262,119)
Payments for property, plant, and equipment items	(429,241)	(9,482)	-	(438,723)
Cash received from other City Funds	94	-	-	94
Cash paid to other City Funds	(8,373)	-	-	(8,373)
Interest paid	(52,831)	-	-	(52,831)
Net cash provided (used) by capital and related financing activities	(752,470)	(9,482)	-	(761,952)
CASH FLOWS FROM INVESTING ACTIVITIES				
Maturities of certificates of deposits	71,417	70,380	-	141,797
Purchases of certificates of deposits	(71,641)	(70,380)	-	(142,021)
Interest received	8,332	4,994	31	13,357
Net cash provided (used) by investing activities	8,108	4,994	31	13,133
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(253,048)	130,653	(69,969)	(192,364)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	452,142	1,248,992	92,652	1,793,786
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 199,094	\$ 1,379,645	\$ 22,683	\$ 1,601,422
NON-CASH TRANSACTIONS				
Pension expense(income)	\$ 11,161	\$ 4,783	\$ -	\$ 15,944

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - Continued

FOR THE YEAR ENDED APRIL 30, 2020

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

	Enterprise Funds			Total
	Water Fund	Sewer Fund	Revolving Loan Fund	
OPERATING INCOME (LOSS)	\$ 170,576	\$ 56,189	\$ -	\$ 226,765
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Depreciation	360,280	88,540	-	448,820
(Increase) decrease in accounts receivable	(16,596)	(8,280)	(70,000)	(94,876)
(Increase) decrease in inventories	(33,423)	-	-	(33,423)
(Increase) decrease in prepaid expense	-	(1,146)	-	(1,146)
(Decrease) increase in accounts payable	12,400	-	-	12,400
(Decrease) increase in due to other City Funds	-	-	-	-
(Decrease) increase in accrued compensation	(1,444)	(162)	-	(1,606)
Net cash provided by operating activities	<u>\$ 491,793</u>	<u>\$ 135,141</u>	<u>\$ (70,000)</u>	<u>\$ 556,934</u>

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

APRIL 30, 2020

		<u>Private-purpose Trust Funds</u>
ASSETS		
Cash	\$	46,800
Certificates of deposit		15,773
Due from others		<u>7,172</u>
Total assets		<u>69,745</u>
LIABILITIES		
Accounts payable		-
Due to other funds		<u>7,173</u>
Total liabilities		<u>7,173</u>
NET POSITION		
Held in trust for -		
Individuals, organizations, and other governments	\$	<u><u>62,572</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

APRIL 30, 2020

	<u>Private-purpose Trust Funds</u>
REVENUES	
Donations	\$ -
Interest	249
Other	459
	<hr/>
Total revenues	708
	<hr/>
EXPENSES	
Operating costs	1,554
	<hr/>
Total expenses	1,554
	<hr/>
Net income	(846)
	<hr/>
Distribution	(6,511)
	<hr/>
CHANGE IN NET POSITION	(7,357)
	<hr/>
NET POSITION - BEGINNING	69,929
	<hr/>
NET POSITION - ENDING	\$ 62,572
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

CITY OF PETERSBURG, ILLINOIS

*NOTES TO BASIC FINANCIAL STATEMENTS
For the year ended April 30, 2020*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. GENERAL STATEMENTS

The City of Petersburg, Illinois (City) was incorporated on April 3, 1882, in accordance with the laws of the State of Illinois. The City operates under a mayor-aldermanic form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Water and sewer services are also provided.

The accounting and reporting policies of the City relating to the funds included in the accompanying *basic financial statements* conform to accounting principles generally accepted in the United States of America that are applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable).

B. THE FINANCIAL REPORTING ENTITY - OVERVIEW

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City's financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Two entities have been considered for inclusion in the City's financial statements -

Petersburg Public Library The accounts of the Petersburg Public Library are included in the City's financial statements as a "discretely" presented component unit because of the degree of

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

financial and physical control exercised by the City. The City levies the annual property tax to support the library and the mayor, with the approval of the city council, appoints all members of the library board of trustees. A “discrete presentation” displays the component unit’s financial information in a separate column(s) apart from the primary government. Reporting the component unit’s financial information in a separate column emphasizes that the component unit is legally separate from the primary government.

Menard County Road District 8 The accounts of Road District 8 are included in the City’s financial statements as a “blended” component unit because of the degree of financial and physical control exercised by the City. The City levies the annual property tax for the District and the City’s aldermen also serve as the District’s trustees. “Blending is a process by which the account balances and transactions of the component unit are reported in a manner similar to the account balances and transactions of the primary government entity.

Separate financial statements for the Petersburg Public Library and Road District 8 are not prepared.

C. BASIS OF PRESENTATION

The *government-wide financial statements* (the *statement of financial positions* and the *statement of activities*) report financial information on all of the City’s activities, except for fiduciary activities. *Governmental activities*, which are primarily supported by taxes, intergovernmental revenues, and other non-exchange transactions, are separately reported from *business-type activities*, which are financed in whole or in part by fees charged to external parties.

The *statement of financial position* presents the City’s assets and liabilities with the difference between the two reported as *net position* in three distinct categories –

Net investment in capital assets, – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net positions – result from limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted net position – is the net position that remains after the City’s net position has been classified between *net investment in capital assets* and *restricted net position*.

It is the City’s policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The *statement of activities* demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues consists of 1) fees, fines, and charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The *fund financial statements* provide information about these funds, including its fiduciary funds. Separate fund financial statements are provided for each fund category – *governmental, proprietary, and fiduciary*. The emphasis on fund financial statements is on major governmental and proprietary funds (*enterprise*) each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and presented in a single column as *nonmajor funds*.

Fiduciary funds are excluded from the *government-wide* financial statements because those funds' assets are held by the City in a trustee or agency capacity for others and therefore cannot be used to support the City's programs.

Governmental funds are those funds through which most governmental programs are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major *governmental funds* –

General Fund – This is the City's main operating fund. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other revenues that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs not disbursed through other funds are disbursed from the *General Fund*.

Insurance Fund – This fund is used to account for the annual property tax levy for the payment of the cost of risk management services related to property and casualty and workmen's' compensation protection as well as certain unemployment insurance costs, and other liability costs.

Business Tax Fund – This fund is used to account for funds resulting from certain taxes (sales) from the *Petersburg Business District* and the related *Business District Plan*.

Motor Fuel Tax Fund – This fund is used to account for the receipt of motor fuel taxes allotted to the City by the State of Illinois to be retained and used for the construction and maintenance of City streets and other related project and needs. All expenditures of these funds require the approval of the Illinois Department of Transportation.

Road District 8 Fund – This fund is used to account for the annual property tax levy for the purpose of improving, maintaining, and constructing the City's street system.

Social Security Fund – This fund is used to account for the annual property tax levy for the payment of retirement costs mandated by the Federal Insurance Contribution Act (FICA) for employees in the City's *governmental activities*.

Petersburg TIF Fund – This fund is used to account for the annual property tax revenues for the funding of costs associated with a certain redevelopment project area within "downtown" Petersburg.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position, and cash flow. All

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

assets and liabilities are included on the *statement of net position*. The City has presented the following major *proprietary funds* –

Water Fund – This fund is used to account for the financial activities related to providing water services to residents and others in the surrounding area. All costs necessary to provide such services are captured and reported in this fund.

Sewer Fund – This fund is used to account for the financial activities related to providing water services to residents and others in the surrounding area. All costs necessary to provide such services are captured and reported in this fund.

Revolving Loan Fund – This fund is inactive and was used to account for the granting and collection of economic development funds to certain qualifying individuals and entities in the City and surrounding area.

These three *enterprise funds* are the City's only *proprietary funds*. *Enterprise funds* are used to account for activities that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered through charges for those goods or services.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies, depreciation on capital assets, and other costs. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City uses *private purpose trust funds* for its *fiduciary activities*. *Private purpose trust funds* are used to report all other trust arrangements under which principal and income benefit other governments, and individuals. Separate *fund financial statements* are provided for the *fiduciary funds* even though they are excluded from the *government-wide financial statements*.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The *government-wide financial statements* and *fund financial statements* for the *proprietary funds* are reported using the economic resources measurement focus and accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental funds' financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes and sales taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Revenues susceptible to accrual are property taxes, sales taxes, licenses and fees, charges for service, interest income and intergovernmental revenues. All other governmental fund type revenues are generally recognized when received.

E. BUDGETS AND BUDGETARY ACCOUNTING

Budget amounts are determined on a basis consistent with generally accepted accounting principles for the specific fund types.

Appropriation balances lapse at year-end; consequently, the City does not utilize encumbrance accounting, a system by which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

F. INTERFUND TRANSACTIONS

Outstanding balances between funds are eliminated within the *governmental activities* and the *business-type activities* columns for presentation of the *government-wide financial statements*. Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported as *internal balances*.

The outstanding balances between funds are not eliminated for presentation of the *fund financial statements* where they are included as *due from/to other funds*.

Interfund transfers from a fund receiving revenue to the fund through which the resources are to be expended and operating type subsidies are reported in the financial statements as "operating transfers."

Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and a reduction of the expenditures or income of the reimbursed fund.

G. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the City considers all certificates of deposit purchased with maturities of three months or less to be cash equivalents.

H. INVESTMENTS

Investments, if any, are reported at cost, which approximates fair value.

I. RECEIVABLES

Accounts receivable for services provided are reported net of related allowances for doubtful accounts.

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

K. INVENTORIES

Inventories are accounted for at invoice cost determined by the first - in first - out method. The purchase method is used to account for materials and supplies. The costs of materials and supplies are initially recorded as expenses with the recognition, as inventories, of significant amounts of unused materials and supplies on hand at year-end.

L. PREPAID EXPENSES

Prepaid expenses are generally for payments made in the current year for services or benefits occurring in a subsequent year and are reported with *other assets*.

M. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable *governmental* and *business-type activities* in the *government-wide financial statements* and in the *fund financial statements* for the *proprietary funds*.

All *capital assets* are valued at historical costs or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Generally, assets capitalized have an original cost of \$5,000 or more and an estimated useful life of more than four years.

Property, plant, and equipment and infrastructure assets are depreciated using the straight-line method over the following estimated useful lives –

<i>Assets</i>	<i>Years</i>
<i>Building and improvements</i>	<i>10-40</i>
<i>Equipment</i>	<i>5-20</i>
<i>Vehicles</i>	<i>4-7</i>
<i>Roads, streets, storm sewers</i>	<i>50</i>

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of *net position* that applies to future period(s) and so will *not* be recognized as an outflow of resources (expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so *will not* be recognized as an inflow of resources ((revenue) until then.

O. COMPENSATED ABSENCES

City employees earn vacation leave, which must be taken within one year of the anniversary date in which such vacation was earned. City employees earn sick leave; however, it does not vest. Employees generally take their vacation leave within one year of when it is earned.

P. LONG – TERM OBLIGATIONS

Long-term debt is reported as liabilities in the applicable *governmental* or *business-type activities* and *proprietary funds*' statement of position

Debt proceeds are reported as *other financing sources* for governmental funds with the general fund used to account for the servicing of the long-term obligations.

Q. INTERESTS COSTS

Interest, if any, incurred during the construction period on restricted tax-exempt borrowings used to finance construction projects, less the related interest earned, is capitalized, and included in the cost of respective resulting capital asset.

R. FUND BALANCES FOR GOVERNMENTAL FUNDS

Effective May 1, 2011, the City and its component units adopted the provisions of *Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting and Governmental Fund Type Definition*. The objective of the statement was to enhance the usefulness of fund balance information by providing fund balance classifications that could be more consistently applied and by clarifying existing *governmental fund type* definitions.

As prescribed by Statement 54, *governmental funds* report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. As of April 30, 2020, fund balance for governmental funds consist of the following –

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes assets that are not expected to be converted into cash anytime soon for example: inventories, prepaid amounts, and long-term loans and advances receivable.

Restricted Fund Balance – includes amounts that are restricted for specific purposes stipulated by external resources providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

Assigned Fund Balance – includes amounts intended by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance – the residual classification for the General Fund and includes all amounts not contained in other classifications. *Governmental funds* report residual negative balances as unassigned fund balance.

In circumstances when an expenditure is made for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

In the *governmental funds*, fund balance reserves represent amounts that are not appropriable or that are legally segregated for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

S. ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect financial amounts and disclosures. Actual amounts could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

In the first quarter of each fiscal year, the City Council develops a proposed operating budget for the fiscal year commencing May 1. The budget includes proposed expenditures and the means of financing them. The expenditures are combined into an appropriation ordinance.

A copy of the budget and appropriation ordinance is placed on file with the City Clerk and a date for public hearings is announced.

Each year the budget and appropriation ordinance are legally enacted through the passage of an ordinance.

After adoption of the budget and appropriation ordinance, further appropriations can be made six months into the fiscal year by the adoption of a supplemental appropriations ordinance. Transfers from one appropriation of any one fund to another appropriation of the same fund, not affecting the total amount appropriated, may be made at any meeting of the City Council by a vote of the members.

Formal budgetary integration is employed as a management control device during the year for the City's *governmental funds*. Appropriation balances lapse at year-end.

None of the City's funds had a deficit fund balance at April 30, 2020.

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

The cash of both the Audit Fund and the Insurance Fund is commingled with the General Fund's cash. Also, the Water Fund's and Sewer Fund's cash is commingled.

Two of the City' governmental funds' expenditures exceeded budgeted and or appropriated expenditures during the year ended April 30, 2020.

<i>Fund</i>	<i>Actual</i>	<i>Budget</i>	<i>Excess</i>
<i>Governmental</i>			
<i>Petersburg TIF Fund</i>	30,815	30,250	565
<i>Audit Fund</i>	\$ 14,028	\$ 13,050	\$ 978

3. DEPOSITS AND INVESTMENTS

State statutes authorize the types of investments the City may own and the financial institutions eligible to receive City deposits. This includes commercial banks, obligations of the United States Treasury and United States Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements subject to certain limitations, commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Metropolitan Investment Fund, and the Illinois Funds Investment administered by the Treasurer of the State of Illinois. The City does not have a formalized investment policy. However, management and the governing board commonly understand the provisions of the overarching State statutes in this regard. Investment of excess funds is limited to the purchase of time certificates of deposits with local commercial banks, Deposits with any one bank in excess of the amount insured by the Federal Deposit Insurance Corporation must be fully collateralized with acceptable securities of the respective bank held in safekeeping in the name of the City by the pledging bank's safekeeping agent.

The carrying amount of the City and its component units' bank deposits, \$3,270,247, deposit amount, \$3,303,885 were entirely insured and or collateralized by securities held in the name of the City by the pledging bank's safekeeping agents in the name of the City and or its component unit.

4. CAPITAL ASSETS

Depreciation expense for the *governmental activities'* functions was as follows –

<i>General government</i>	\$ 12,245
<i>Public safety</i>	36,267
<i>Roads and streets</i>	82,144
<i>Total depreciation expense</i>	\$ 130,656

Depreciation expense for the *business-type activities* was as follows-

<i>Water</i>	\$ 360,280
<i>Sewer</i>	88,540
<i>Total depreciation expense</i>	\$ 448,820

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

Depreciation expense for the *Petersburg Public Library* was \$33,652.

Capital assets activity for the year ended April 30, 2020 was as follows –

	May 1	Increase	Decrease	April 30
Governmental Activities:				
<i>Land</i>	\$ 1,429,424	\$ -	\$ -	\$ 1,429,424
<i>Construction in progress</i>	-	-	-	-
Total assets not being depreciated	1,429,424	-	-	1,429,424
Capital assets being depreciated				
<i>Buildings and improvements</i>	910,408	-	-	910,408
<i>Equipment and vehicles</i>	1,594,276	115,313	-	1,709,586
<i>Roads and streets</i>	4,551,500	-	-	4,551,500
<i>Storm sewers</i>	400,000	-	-	400,000
Total assets being depreciated	7,456,184	115,313	-	7,571,497
Less accumulated depreciation for				
<i>Buildings and improvements</i>	(568,449)	(23,749)	-	(592,198)
<i>Equipment and vehicles</i>	(1,440,389)	(46,722)	-	(1,487,111)
<i>Roads and streets</i>	(747,506)	(60,185)	-	(807,691)
<i>Storm sewers</i>	(400,000)	-	-	(400,000)
Total accumulated depreciation	(3,156,344)	(130,656)	-	(3,287,000)
Total capital assets being depreciated, net	4,299,840	(15,343)	-	4,284,497
Governmental activities, capital assets, net	\$ 5,729,264	\$ (15,343)	\$ -	\$ 5,713,921

	May 1	Increase	Decrease	April 30
Business-type Activities:				
<i>Land</i>	\$ 144,921	\$ -	\$ -	\$ 144,921
<i>Construction in progress</i>	-	-	-	-
Total assets not being depreciated	144,921	-	-	144,921
Capital assets being depreciated				
<i>Plant, wells, tanks, and lines</i>	11,603,929	418,790	-	12,022,719
<i>Equipment and vehicles</i>	794,558	19,933	-	814,491
Total assets being depreciated	12,398,487	438,723	-	12,837,210
Less accumulated depreciation for				
<i>Plant, wells, tanks, and lines</i>	(6,187,759)	(418,256)	-	(6,606,015)
<i>Equipment and vehicles</i>	(570,940)	(30,564)	-	(601,504)
Total accumulated depreciation	(6,758,699)	(448,820)	-	(7,207,519)
Total capital assets being depreciated, net	5,639,788	(10,097)	-	5,629,691
Business-type activities, capital assets, net	\$ 5,784,709	\$ (10,097)	\$ -	\$ 5,774,612

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

Capital assets activity for the enterprise funds for the year ended April 30, 2020 was as follows -

	May 1	Increase	Decrease	April 30
Water:				
<i>Land</i>	\$ 144,921	\$ -	\$ -	\$ 144,921
<i>Construction in progress</i>	-	-	-	-
Total assets not being depreciated	144,921	-	-	144,921
<i>Capital assets being depreciated</i>				
<i>Plant, wells, tanks, and lines</i>	8,635,264	418,790	-	9,053,699
<i>Equipment and vehicles</i>	490,964	10,451	-	501,415
Total assets being depreciated	9,126,228	429,241	-	9,555,469
<i>Less accumulated depreciation for</i>				
<i>Plant, wells, tanks, and lines</i>	(4,307,920)	(344,381)	-	(4,652,301)
<i>Equipment and vehicles</i>	(348,508)	(15,899)	-	(364,407)
Total accumulated depreciation	(4,656,428)	(360,280)	-	(5,016,708)
Water capital assets, net	\$ 4,614,721	\$ 68,961	\$ -	\$ 4,683,682

	May 1	Increase	Decrease	April 30
Sewer:				
<i>Total assets not being depreciated</i>	\$ -	-	-	\$ -
<i>Capital assets being depreciated</i>				
<i>Plant, and lines</i>	2,968,664	\$ -	\$ -	\$ 2,968,664
<i>Equipment and vehicles</i>	303,595	9,482	-	313,077
Total assets being depreciated	3,272,259	9,482	-	3,281,741
<i>Less accumulated depreciation for</i>				
<i>Plant, and lines</i>	(1,907,791)	(73,875)	-	(1,981,666)
<i>Equipment</i>	(194,480)	(14,665)	-	(209,145)
Total accumulated depreciation	(2,102,271)	(88,540)	-	(2,190,811)
Sewer capital assets, net	\$ 1,169,988	\$ (79,058)	\$ -	\$ 1,090,930

Capital asset activity for the City's discretely presented component unit for the year ended April 30, 2020 was as follows -

	May 1	Increase	Decrease	April 30
Petersburg Public Library:				
<i>Total assets not being depreciated</i>	\$ -	\$ -	\$ -	\$ -
<i>Building and improvements</i>	215,842	-	-	215,842
<i>Equipment and books</i>	385,222	14,364	\$ -	399,586
Total assets being depreciated	601,064	14,364	-	615,428
<i>Less accumulated depreciation for</i>				
<i>Building and improvements</i>	(213,154)	(7,361)	-	(220,515)
<i>Equipment and books</i>	(363,895)	(26,291)	-	(390,186)
Total accumulated depreciation	(577,049)	(33,652)	-	(610,701)
Petersburg Public Library capital assets, net	\$ 24,015	\$ (19,288)	\$ -	\$ 4,727

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements – continued

5. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at April 30, 2020 consist of the following –

		DUE FROM						
DUE TO		General	Major	Nonmajor	Proprietary	Fiduciary	Total	
		Fund	Funds	Funds	Funds	Funds		
	General Fund	\$ -	\$ 6,315	\$ 5,785	\$ 4,414	\$ 6,722	\$ 23,236	
	Major Funds	2,875		-	-	451	3,326	
	Non-major Funds	-	-	-	-	-	-	
	Proprietary Funds	2,946	-	-	-	-	2,946	
	Fiduciary Funds	-	-	-	-	-	-	
Total	\$ 5,821	\$ 6,315	\$ 5,785	\$ 4,414	\$ 7,173	\$ 29,508		

The balances above generally relate to the City’s bill paying processes and were settled after April 30, 2020 except for the fiduciary amounts.

6. LONG-TERM DEBT

Long-term debt activity for the year ended April 30, 2020, not including any related activity with our pension plan and postemployment benefits, which are discussed more fully in note 8 was as follows -

	Beginning	Additions	Reductions	Ending	Due
	Balance			Balance	next
					year
Governmental Activities:					
Property acquisition	132,052	74,169	42,008	164,213	42,465
Total	\$ 132,052	\$ 74,169	\$ 42,008	\$ 164,213	\$ 42,465
Business-type Activities:					
Construction loan	2,101,679	-	258,120	1,843,559	264,613
Property acquisition	40,000	-	4,000	36,000	4,000
Total	\$ 2,141,679	\$ -	\$ 262,120	\$ 1,879,559	\$ 268,613

Governmental activities’ long-term debt consists of five obligations for property and equipment acquisitions. Four of these obligations were for equipment acquisitions and are secured by the respective equipment items, rolling stock, acquired.

The remaining Governmental activities’ debt obligation relates to the acquisition and updating of the current city hall complex in a previous year. Certain revenues received through the State of Illinois have been pledged in the event the City defaults on any scheduled debt service payment for this obligation.

The City does not utilize a debit service fund to segregate and account for the accumulation of financial resources for the payment of principal and interest on current general long-term debt; instead, the annual requirement for the scheduled principal and interest is budgeted, appropriated, and paid each year by the General Fund.

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

Business-type activities' long-term debt consists of the following-

Enterprise Funds' long-term debt-

Construction loan provided by the Illinois Environmental Protection Agency for construction of a water treatment plant and other improvements to the City's drinking water system, the maximum amount of the loan was \$4,850,000, interest is 2.5% and will remain at that rate for the entire payback period of 20 years **\$1,843,559**

Property acquisition debt, for financing 40% of the cost of the new city hall complex, payable annually in varying amounts ranging from \$2,000 to \$6,000 through 2027, the interest cost is 4.75% **36,000**

Business-type activities' long-term debt **\$ 1,879,559**

The City is subject to a statutory limitation by the State of Illinois for general obligation indebtedness payable principally from property taxes levied by the City. At April 30, 2020, the statutory limit for the City is \$2,747,504. General obligations payable are \$164,213, resulting in a legal general obligation debt margin of \$2,583,291. Scheduled debt service requirements at April 30, 2020 are as follows –

Governmental Activities						
<i>April 30</i>		<i>Principal</i>		<i>Total</i>		
2021		42,465	5,397	47,862		
2022		41,151	3,681	44,832		
2023		26,396	2,893	29,289		
2024		20,908	2,350	23,258		
2025		15,293	1,342	16,635		
2026 - 2027		18,000	3,606	21,606		
Total	\$	164,213	\$ 19,269	\$ 183,482		
Business-type Activities						
<i>April 30</i>	\$	<i>Principal</i>	\$	<i>Interest</i>	\$	<i>Total</i>
2021		268,613		44,892		313,505
2022		275,269		37,516		312,785
2023		282,093		32,293		314,386
2024		291,089		25,109		316,198
2025		298,261		17,655		315,916
2026 - 2027		464,234		12,217		476,451
Total	\$	1,879,559	\$	169,682	\$	2,049,241

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

7. INTERFUND TRANSFERS

Transfers are used to (1) move revenues from the fund that statute or budget requires collect them, to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended April 30, 2020 consisted of the following –

Transfers to	Transfers from						
		General	Major	Nonmajor	Fiduciary		
	Fund	Funds	Funds	Funds	Funds	Total	
General Fund	\$ -	\$ 89,900	\$ 110,207	\$ -	\$ -	\$ 200,107	
Special Revenue Funds							
Major	-	-	-	-	-	-	
Nonmajor	-	-	-	-	-	-	
Fiduciary Funds	-	-	-	-	-	-	
Total	\$ -	\$ 89,900	\$ 110,207	\$ -	\$ -	\$ 200,107	

8. PENSION PLAN

The City did not participate in the Illinois Municipal Retirement Fund through the years ended April 30, 2019. By ordinance, in January 2019, the Petersburg City Council elected to begin participation in the Illinois Municipal Retirement Fund, effective May 1, 2019.

The City now maintains one defined benefit pension plan administered by and through the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. This defined benefit pension plan provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The plan is managed by the Illinois Municipal Retirement Fund (IMRF). A summary of IMRF’s pension benefits is provided in the “Benefits provided” section of this note. 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. The plan has two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings

Notes to Basic Financial Statements - continued

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

Employees Covered by Benefit Terms –

As of December 31, 2019, the following plan members/participants were covered by the benefit terms.

	<i>RP</i>
<i>Retirees and beneficiaries</i>	-
<i>Inactive, non-retired members</i>	<i>1</i>
<i>Active members</i>	<i>18</i>
<i>Total</i>	<i>19</i>

Contributions

As set by statute, RP members are required to contribute 4.5% of their annual covered salary; SLEP and ECO members contribute 7.5%. The City is required to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rates for calendar years 2019 and 2020 was 12.77%; the rate for calendar year 2021 will be 9.29%. The rate includes rates for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute. There were no benefit changes during the year.

Net Pension Liability

The net pension liability for the plan 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 used was Entry Age Normal.

- The Asset Valuation Method used was Market Value of Assets. The Inflation Rate was assumed to be 2.75% approximate. 5-year smoothed market; 20% corridor
- Salary Increases were expected to be 3.75% to 14.50%, including inflation.

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) 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-2014 (base year 2012).

For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

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

<i>Asset Class</i>	<i>Portfolio Target Percentage</i>	<i>Long-Term Expected Real Rate of Return</i>
<i>Domestic Equity</i>	<i>37%</i>	<i>6.85%</i>
<i>International Equity</i>	<i>18%</i>	<i>6.25%</i>
<i>Fixed Income</i>	<i>28%</i>	<i>3.00%</i>
<i>Real Estate</i>	<i>9%</i>	<i>5.75%</i>
<i>Alternative Investments</i>	<i>7%</i>	<i>2.65-7.35%</i>
<i>Cash Equivalents</i>	<i>1%</i>	<i>2.25%</i>
<i>Total</i>	<i>100%</i>	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. 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 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).
3. 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).
4. 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
5. 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).
6. 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).
7. 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
8. 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 most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.25%.

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

Change in the Net Pension Liability(asset) – Regular Plan (RP)

	<i>Total</i>	<i>Plan Fiduciary</i>	<i>Net Pension</i>
	<i>Pension</i>	<i>Net Position</i>	<i>Liability</i>
	<i>Liability</i>		<i>(Asset)</i>
	<i>(A)</i>	<i>(B)</i>	<i>(A) - (B)</i>
<i>Balances at December 31, 2018</i>	-	-	-
<i>Changes for the year:</i>			
<i>Service Cost</i>	72,408	-	72,408
<i>Interest on the Total Pension Liability</i>	2,625	-	2,625
<i>Changes of Benefit Terms</i>	-	-	-
<i>Differences between Expected and Actual Experience of the Total Pension Liability</i>	353,752	-	353,752
<i>Changes of Assumptions</i>			
<i>Contributions - Employer</i>	-	62,584	(62,584)
<i>Contributions - Employees</i>	-	62,922	(62,922)
<i>Net Investment Income (Loss)</i>	-	-	-
<i>Benefit Payments, including Refunds of Employee Contributions</i>	-	-	-
<i>Other (Net Transfer)</i>	-	(4,285)	4,285
<i>Net Changes</i>	428,785	121,221	307,564
<i>Balances at December 31, 2019</i>	428,785	121,221	307,564

The regular plan includes both *governmental activities'* and *business-type activities'* employees and the "discretely" presented component unit's employees. The net pension liability (asset) above as well as the pension expense and the related deferred outflows of resources and deferred inflows of resources amounts have been allocated between these three activities for financial reporting purposes based on the respective proportionate share of participating employees' salaries and wages for the year ended April 30, 2020 approximately 61% for *governmental activities*, 36% for *business-type activities*, and 3% for the *discretely presented component unit*.

The following presents the Regular Plan's (RP) net pension liability (asset), calculated using a Single Discount Rate of 7.50% 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:

	<i>1% Lower</i>	<i>Current Rate</i>	<i>1% Higher</i>
	<i>6.25%</i>	<i>7.25%</i>	<i>8.25%</i>
<i>Net Pension Liability(Asset)</i>	376,882	307,564	250,005

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions for the Regular Plan (RP)

For the regular plan, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were.

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

<i>Deferred Amounts Related to Pensions</i>	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>	<i>Net Deferred Outflows of Resources</i>
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>			
<i>Differences between expected and actual experience</i>	316,033	-	316,033
<i>Changes of assumptions</i>	-	-	-
<i>Net difference between projected and actual earnings on pension plan investments</i>	3,515	-	3,515
<i>Total Deferred Amounts to be recognized in pension expense in future periods</i>	319,548	-	319,548
<i>Pension Contributions made subsequent to the Measurement Date</i>	32,016	-	32,016
<i>Total Deferred Amounts Related to Pensions</i>	351,564	-	351,564

Amounts reported as deferred outflows of resources and deferred inflows of resources for the regular plan related to pensions are expected to be recognized in pension expense in future periods as follows:

<i>Year Ending April 30,</i>	<i>Net Deferred Outflows</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Component Unit</i>
2021	70,614	43,635	24,707	2,272
2022	38,598	23,202	14,107	1,289
2023	38,598	23,202	14,107	1,289
2024	38,597	23,201	14,107	1,289
2025	37,719	22,673	13,786	1,260
<i>after</i>	127,438	76,603	46,579	4,256
<i>Total</i>	351,564	212,516	127,393	11,655

CITY OF PETERSBURG, ILLINOIS
Notes to Basic Financial Statements - continued

9. PROPERTY TAXES

The City Council levies property taxes each year in the month of December on the assessed values of real property located within the city limits as of December 31 of that year. Property taxes attach as an enforceable lien as of January 1 in the year in which the taxes are levied.

At April 30, 2020, the City has levied property taxes for 2019 that were or will be collected in September, October, and November of 2020. These taxes are accrued as receivables and unavailable revenue at April 30, 2020. Amounts reported as property tax revenues for the year ended April 30, 2020, are primarily taxes levied for 2018 and budgeted as revenues for the year ended April 30, 2020.

The City's current and previous unaudited individual fund property tax rates and limits are as follows:

RATES PER \$100 OF EQUALIZED ASSESSED VALUATION

(2019 EQUALIZED ASSESSED VALUE \$31,400,049)
(2018 EQUALIZED ASSESSED VALUE \$31,575,697)

	<i>Actual Rate</i>		<i>Legal</i>
	<u>2019</u>	<u>2018</u>	<u>Limit</u>
<i>General Corporate</i>	.3352	.3369	.4375
<i>Social Security</i>	.1363	.1204	None
<i>Liability Insurance</i>	.0972	.0920	None
<i>Audit</i>	.0533	.0518	None
<i>Road District 8, general corporate</i>	.1486	.1436	.1650
<i>Library</i>	.2898	.2818	.4000
<i>Street Lighting</i>	.0470	.0445	.0500
<i>Police Department</i>	.1081	.1036	.1500
<i>Fire Department</i>	.1175	.1204	.1500
	<u>1.3330</u>	<u>1.2950</u>	

10. ALLOWANCES FOR DOUBTFUL ACCOUNTS AND LOAN LOSSES – BUSINESS-TYPE ACTIVITIES

Changes in the allowances for doubtful accounts and loan losses during the year were as follows.

	<i>At</i>				<i>At</i>
	<i>May 1, 2018</i>	<i>Increase</i>	<i>Decrease</i>		<i>April 30, 2019</i>
<i>Water Fund</i>	\$ 34,352	\$ -	\$ 431	\$	33,921
<i>Sewer Fund</i>	15,938	-	1,192		14,746
<i>Revolving Loan Fund</i>	-	-	-		-
<i>Total allowances</i>	\$ 50,290	\$ -	\$ 1,623	\$	48,667

11. RISK MANAGEMENT

The City finances and manages its risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters through participation in the Illinois Municipal League Risk Management Association. This is an arrangement by which certain Illinois counties pool funds and risks and share in the costs of acquiring risk management protection. The City's participation in the Trust is retrospectively rated and provides for comprehensive general liability, auto liability and public officials and employees' liability. Workers compensation coverage is provided in accordance with the prevailing State of Illinois statute. The coverage agreement between the City and the Trust did not result in discernible changes in risk protection and coverage amounts.

The City continues to utilize commercial providers for its employee health and accident benefits.

12. ECONOMIC DEPENDENCY

Funding for the costs of providing the City's governmental services is, for the most part, dependent on the continued sharing of an appropriate level of state income tax revenues by the State of Illinois with the City, and the maintenance of a satisfactory level of local sales tax revenues. The City's sales tax revenues are significantly derived from the sale of vehicles by commercial entities located within the City.

13. CONTINGENCIES

The City participates in certain Federal and State award programs. Financial and compliance audits of such programs are subject to the grantors' approval. The grantors have not yet accepted the audits of these programs for the year ended April 30, 2020, and, accordingly, the City's compliance with the terms and conditions of the awards may be established at some future date. Management believes that the City has complied with the provisions of all grant and loan contracts.

14. SUBSEQUENT EVENTS

Subsequent events, if any, were evaluated through October 22, 2020; the date that the financial statements were available for issuance. Events or transactions occurring after April 30, 2020 and through October 22, 2020, if any, that provided additional evidence about conditions that existed at April 30, 2020 have been recognized in the financial statements.

CITY OF PETERSBURG, ILLINOIS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2020

	2020			Variances Positive (Negative)	
	Budgeted Amounts		Actual Amounts	Budget Original to Final	Budget Final to Actual
	Original	Final			
REVENUES					
Real estate taxes	\$ 106,400	\$ 106,400	\$ 103,321	\$ -	\$ (3,079)
Other taxes	2,400	2,400	5,464	-	3,064
Mobile home privilege taxes	150	150	133	-	(17)
Federal and State payments:					
Sales tax	440,000	440,000	442,692	-	2,692
State income tax	220,000	220,000	222,350	-	2,350
Personal property replacement tax	5,300	5,300	7,583	-	2,283
Gaming terminals	42,000	42,000	49,154	-	7,154
Federal and State awards	-	-	-	-	-
Fines, fees, forfeitures and licenses:					
Fines	10,100	10,100	7,170	-	(2,930)
Cablevision fees	22,000	22,000	21,939	-	(61)
Franchise fees	31,000	31,000	30,827	-	(173)
Licenses	7,500	7,500	6,210	-	(1,290)
Interest	450	450	628	-	178
Rental income	1,000	1,000	775	-	(225)
Other	47,900	47,900	37,974	-	(9,926)
TOTAL REVENUES	936,200	936,200	936,220	-	20
TOTAL EXPENDITURES (Page 37)	1,228,327	1,228,327	1,129,355	-	98,972
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(292,127)	(292,127)	(193,135)	-	98,992
OTHER FINANCING SOURCES (USES)					
Operating transfers in	174,900	174,900	200,107	-	25,207
Debt proceeds	71,500	71,500	74,169	-	2,669
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>246,400</u>	<u>246,400</u>	<u>274,276</u>	<u>-</u>	<u>27,876</u>
NET CHANGE IN FUND BALANCE	(45,727)	(45,727)	81,141	-	126,868
FUND BALANCE - BEGINNING	301,330	301,330	336,530	-	35,200
FUND BALANCE - ENDING	\$ 255,603	\$ 255,603	\$ 417,671	\$ -	\$ 162,068

CITY OF PETERSBURG, ILLINOIS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2020

EXPENDITURES	2020		Actual Amounts	Variances Positive (Negative)	
	Budgeted Amounts			Budget Original to Final	Budget Final to Actual
	Original	Final			
Administration:					
Salary of Mayor	\$ 2,280	\$ 2,280	\$ 2,280	\$ -	\$ -
Salary of Clerk	3,000	3,000	3,000	-	-
Salary of Treasurer	2,500	2,500	2,500	-	-
Salary of Aldermen	9,000	9,000	9,000	-	-
Salary of Liquor Commissioner	1,500	1,500	1,500	-	-
Salary of Administrative Assistant	28,300	28,300	27,751	-	549
Employee insurance benefits	82,000	82,000	83,161	-	(1,161)
Employee retirement	60,000	60,000	37,608	-	22,392
Consultant fees	5,000	5,000	882	-	4,118
Legal fees and court expenses	15,000	15,000	10,571	-	4,429
Utilities	26,500	26,500	22,152	-	4,348
Public buildings repair and maintenance	6,000	6,000	3,007	-	2,993
Public buildings materials and supplies	3,000	3,000	1,111	-	1,889
Janitor service and supplies	1,700	1,700	1,530	-	170
Office supplies	4,000	4,000	3,785	-	215
Printing and publications	1,500	1,500	1,116	-	384
Dues and subscriptions	500	500	350	-	150
Public officials and employees bonds	-	-	-	-	-
Equipment acquisitions	1,500	1,500	-	-	1,500
Risk Management	75,000	75,000	66,323	-	8,677
Other	9,450	9,450	10,045	-	(595)
Total administration	337,730	337,730	287,672	-	50,058
Street lighting	35,000	35,000	30,432	-	4,568
Planning and zoning					
Salary of planning and zoning administrator	5,500	5,500	5,500	-	-
Legal fees and court expenses	1,500	1,500	-	-	1,500
Engineering fees	500	500	-	-	500
Printing and publications	250	250	153	-	97
Office supplies	250	250	171	-	79
Other	50	50	-	-	50
Total planning and zoning	8,050	8,050	5,824	-	2,226
Total general government	380,780	380,780	323,928	-	56,852
Public Health:					
Pest control	3,000	3,000	1,884	-	1,116
Sanitation	-	-	-	-	-
Total public health	3,000	3,000	1,884	-	1,116

CITY OF PETERSBURG, ILLINOIS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2020

	2020		Actual Amounts	Variances Positive (Negative)	
	Budgeted Amounts			Budget	Budget Final
	Original	Final		Original to Final	to Actual
EXPENDITURES-continued					
Public safety:					
Police Department:					
Salary of police chief and assistant	110,232	110,232	111,535	-	(1,303)
Other salaries and wages	185,415	185,415	172,829	-	12,586
Legal and court	1,200	1,200	925	-	275
Equipment repairs and maintenance	5,500	5,500	4,768	-	732
Contractual services	24,400	24,400	22,121	-	2,279
Motor fuel and oil	12,500	12,500	7,601	-	4,899
Equipment acquisitions	36,500	36,500	43,720	-	(7,220)
Training	4,000	4,000	4,621	-	(621)
Office supplies	900	900	825	-	75
Utilities	5,000	5,000	4,179	-	821
Squad car computers	10,000	10,000	7,795	-	2,205
Other	1,600	1,600	2,301	-	(701)
Total police department	397,247	397,247	383,220	-	14,027
Fire Department:					
Salaries of firemen	10,000	10,000	7,061	-	2,939
Risk management	15,500	15,500	12,435	-	3,065
Equipment maintenance and repairs	16,200	16,200	6,909	-	9,291
Utilities	6,500	6,500	5,870	-	630
Operating supplies	1,200	1,200	304	-	896
Motor fuel and oil	2,500	2,500	1,235	-	1,265
Property and equipment acquisitions	9,600	9,600	9,581	-	19
Training	2,500	2,500	2,026	-	474
Communications	6,000	6,000	4,598	-	1,402
Other	3,100	3,100	1,692	-	1,408
Total fire department	73,100	73,100	51,711	-	21,389
Total public safety	470,347	470,347	434,931	-	35,416
Roads and streets					
Streets and Alleys Department:					
Salary of streets superintendent	22,000	22,000	22,678	-	(678)
Other salaries and wages	163,100	163,100	159,534	-	3,566
Equipment maintenance	18,000	18,000	25,737	-	(7,737)
Motor fuel and oil	12,000	12,000	15,892	-	(3,892)
Material and supplies	13,600	13,600	7,429	-	6,171
Equipment acquisitions	62,100	62,100	62,012	-	88
Training	800	800	350	-	450
Building repairs	2,500	2,500	70	-	2,430
Utilities	1,700	1,700	2,332	-	(632)
Other	1,100	1,100	693	-	407
Total roads and streets	296,900	296,900	296,727	-	173

CITY OF PETERSBURG, ILLINOIS

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2020

EXPENDITURES-continued	2020		Actual Amounts	Variances Positive (Negative)	
	Budgeted Amounts			Budget	Budget Final
	Original	Final		Original to Final	to Actual
Culture and recreation:					
Playgrounds and parks:					
Utilities	4,000	4,000	3,797	-	203
Building materials and supplies	5,300	5,300	168	-	5,132
Maintenance of public parks and sites	20,000	20,000	19,997	-	3
Equipment acquisitions	-	-	-	-	-
Other	-	-	-	-	-
Total culture and recreation	29,300	29,300	23,962	-	5,338
Debt service:					
Principal retirement on the:					
Police vehicles	11,289	11,289	10,852	-	437
New city hall	6,000	6,000	6,000	-	-
Fire trucks and vehicles	18,539	18,539	17,865	-	674
Street department trucks	7,238	7,238	7,291	-	(53)
Total principal retirement	43,066	43,066	42,008	-	1,058
Interest expense:					
Police vehicles	(889)	(889)	728	-	(1,617)
New city hall	-	-	2,838	-	(2,838)
Fire trucks and vehicles	761	761	1,377	-	(616)
Street department trucks	5,062	5,062	972	-	4,090
Total interest expense	4,934	4,934	5,915	-	(981)
Total debt service	48,000	48,000	47,923	-	77
Total General Fund expenditures	\$ 1,228,327	\$ 1,228,327	\$ 1,129,355	\$ -	\$ 98,972

CITY OF PETERSBURG, ILLINOIS

INSURANCE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED APRIL 30, 2020

	2020			Variances Positive (Negative)	
	Budgeted Amounts		Actual	Budget Original to Final	Budget Final to Actual
	Original	Final			
REVENUES					
Real estate taxes	\$ 30,000	\$ 30,000	\$ 28,215	\$ -	\$ (1,785)
Collection in lieu of taxes	550	550	1,493	-	943
Mobile home privilege tax	40	40	36	-	(4)
Interest	-	-	-	-	-
Total revenues	<u>30,590</u>	<u>30,590</u>	<u>29,744</u>	<u>-</u>	<u>(846)</u>
EXPENDITURES					
Liability and insurance					
Liability protection costs	21,000	21,000	18,664	-	2,336
Unemployment insurance	<u>4,500</u>	<u>4,500</u>	<u>-</u>	<u>-</u>	<u>4,500</u>
Total expenditures	<u>25,500</u>	<u>25,500</u>	<u>18,664</u>	<u>-</u>	<u>6,836</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>5,090</u>	<u>5,090</u>	<u>11,080</u>	<u>-</u>	<u>5,990</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>5,090</u>	<u>5,090</u>	<u>11,080</u>	<u>-</u>	<u>5,990</u>
FUND BALANCE - BEGINNING	<u>61,099</u>	<u>61,099</u>	<u>71,989</u>	<u>-</u>	<u>10,890</u>
FUND BALANCE - ENDING	<u>\$ 66,189</u>	<u>\$ 66,189</u>	<u>\$ 83,069</u>	<u>\$ -</u>	<u>\$ 16,880</u>

CITY OF PETERSBURG, ILLINOIS

BUSINESS TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED APRIL 30, 2020

	2020			Variances Positive (Negative)	
	Budgeted Amounts		Actual	Budget Original to Final	Budget Final to Actual
	Original	Final			
REVENUES					
Business sales tax	\$ 75,000	\$ 75,000	\$ 93,314	\$ -	\$ 18,314
Interest	-	-	31	-	31
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>93,345</u>	<u>-</u>	<u>18,345</u>
EXPENDITURES					
General government					
Other	<u>1,000</u>	<u>1,000</u>	<u>669</u>	<u>-</u>	<u>331</u>
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>669</u>	<u>-</u>	<u>331</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>74,000</u>	<u>74,000</u>	<u>92,676</u>	<u>-</u>	<u>18,676</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(89,900)</u>	<u>-</u>	<u>(29,900)</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(89,900)</u>	<u>-</u>	<u>(29,900)</u>
NET CHANGE IN FUND BALANCE	14,000	14,000	2,776	-	(11,224)
FUND BALANCE - BEGINNING	<u>5,697</u>	<u>5,697</u>	<u>27,867</u>	<u>-</u>	<u>22,170</u>
FUND BALANCE - ENDING	<u>\$ 19,697</u>	<u>\$ 19,697</u>	<u>\$ 30,643</u>	<u>\$ -</u>	<u>\$ 10,946</u>

CITY OF PETERSBURG, ILLINOIS

MOTOR FUEL TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED APRIL 30, 2020

	2020			Variances Positive (Negative)	
	Budgeted Amounts		Actual	Budget Original to Final	Budget Final to Actual
	Original	Final			
REVENUES					
Motor fuel tax allotments	\$ 60,000	\$ 60,000	\$ 78,813	\$ -	\$ 18,813
Other	-	-	175	-	175
Interest	250	250	467	-	217
Total revenues	<u>60,250</u>	<u>60,250</u>	<u>79,455</u>	<u>-</u>	<u>19,205</u>
EXPENDITURES					
Roads and streets:					
Engineering fees	3,000	3,000	-	-	3,000
Materials and supplies	100,000	100,000	79,230	-	20,770
Public safety	1,000	1,000	-	-	1,000
Tree trimming and removal	10,000	10,000	2,575	-	7,425
Other	23,000	23,000	-	-	23,000
Total expenditures	<u>137,000</u>	<u>137,000</u>	<u>81,805</u>	<u>-</u>	<u>55,195</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>(76,750)</u>	<u>(76,750)</u>	<u>(2,350)</u>	<u>-</u>	<u>74,400</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>(76,750)</u>	<u>(76,750)</u>	<u>(2,350)</u>	<u>-</u>	<u>74,400</u>
FUND BALANCE - BEGINNING	<u>107,906</u>	<u>107,906</u>	<u>108,775</u>	<u>-</u>	<u>(869)</u>
FUND BALANCE - ENDING	<u>\$ 31,156</u>	<u>\$ 31,156</u>	<u>\$ 106,425</u>	<u>\$ -</u>	<u>\$ 73,531</u>

CITY OF PETERSBURG, ILLINOIS

ROAD DISTRICT 8 FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED APRIL 30, 2020

	2020		Actual Amounts	Variances Positive (Negative)	
	Budgeted Amounts			Budget Original to Final	Budget Final to Actual
	Original	Final			
REVENUES					
Real estate taxes	\$ 46,900	\$ 46,900	\$ 44,036	\$ -	\$ (2,864)
Collection in lieu of taxes	900	900	2,333	-	1,433
Mobile home privilege tax	60	60	57	-	(3)
Personal property replacement tax	4,000	4,000	5,593	-	1,593
Federal and State grants	-	-	-	-	-
Interest	110	110	797	-	687
Total revenues	51,970	51,970	52,816	-	846
EXPENDITURES					
Roads and streets:					
Engineering fees	2,500	2,500	1,000	-	1,500
Materials and supplies	55,000	55,000	37,354	-	17,646
Public safety	-	-	-	-	-
Equipment acquisitions	5,000	5,000	-	-	5,000
Equipment rental	1,500	1,500	-	-	1,500
Other	-	-	3,900	-	(3,900)
Total expenditures	64,000	64,000	42,254	-	21,746
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(12,030)	(12,030)	10,562	-	22,592
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	(3,900)	(3,900)	-	-	3,900
Total other financing sources (uses)	(3,900)	(3,900)	-	-	3,900
NET CHANGE IN FUND BALANCE	(15,930)	(15,930)	10,562	-	26,492
FUND BALANCE - BEGINNING	175,490	175,490	171,256	-	(4,234)
FUND BALANCE - ENDING	\$ 159,560	\$ 159,560	\$ 181,818	\$ -	\$ 22,258

CITY OF PETERSBURG, ILLINOIS

SOCIAL SECURITY FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED APRIL 30, 2020

	2020			Variances	
	Budgeted Amounts		Actual	Budget	Budget Final
	Original	Final		Original to Final	to Actual
REVENUES					
Real estate taxes	\$ 39,300	\$ 39,300	\$ 36,923	\$ -	\$ (2,377)
Collection in lieu of taxes	750	750	1,955	-	1,205
Mobile home privilege tax	50	50	48	-	(2)
Personal property replacement tax	2,000	2,000	2,874	-	874
Interest	35	35	65	-	30
Total revenues	42,135	42,135	41,865	-	(270)
EXPENDITURES					
Retirement:					
Social security tax expense	41,000	41,000	39,878	-	1,122
EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,135	1,135	1,987	-	852
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
NET CHANGE IN FUND BALANCE	1,135	1,135	1,987	-	852
FUND BALANCE - BEGINNING	20,567	20,567	23,526	-	2,959
FUND BALANCE - ENDING	\$ 21,702	\$ 21,702	\$ 25,513	\$ -	\$ 3,811

CITY OF PETERSBURG, ILLINOIS

PETERSBURG TIF FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED APRIL 30, 2020

	2020			Variances	
	Budgeted Amounts		Actual	Positive (Negative)	
	Original	Final		Budget Original to Final	Budget Final to Actual
REVENUES					
Real estate taxes	\$ 62,500	\$ 62,500	\$ 68,108	\$ -	\$ 5,608
Collection in lieu of taxes	-	-	-	-	-
Mobile home privilege tax	-	-	-	-	-
Interest	300	300	728	-	428
Total revenues	<u>62,800</u>	<u>62,800</u>	<u>68,836</u>	<u>-</u>	<u>6,036</u>
EXPENDITURES					
Development					
Façade program	30,000	30,000	22,411	-	7,589
Other	250	250	8,404	-	(8,154)
Total expenditures	<u>30,250</u>	<u>30,250</u>	<u>30,815</u>	<u>-</u>	<u>(565)</u>
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>32,550</u>	<u>32,550</u>	<u>38,021</u>	<u>-</u>	<u>5,471</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	32,550	32,550	38,021	-	5,471
FUND BALANCE - BEGINNING	<u>88,424</u>	<u>88,424</u>	<u>115,423</u>	<u>-</u>	<u>26,999</u>
FUND BALANCE - ENDING	<u>\$ 120,974</u>	<u>\$ 120,974</u>	<u>\$ 153,444</u>	<u>\$ -</u>	<u>\$ 32,470</u>

CITY OF PETERSBURG, ILLINOIS

EAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
REGULAR PLAN (RP)

April 30, 2020

Calendar Year Ended December 31,	<u>2019</u>
Total Pension Liability	
Service Cost	\$ 72,408
Interest on the Total Pension Liability	2,625
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience of the Total Pension Liability	353,752
Changes of Assumptions	-
Benefit Payments, including Refunds of Employee Contributions	<u>-</u>
 Net Change in Total Pension Liability	 428,785
 Total Pension Liability - Beginning	 <u>-</u>
 Total Pension Liability - Ending (A)	 \$ <u><u>428,785</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 62,584
Contributions - Employees	62,922
Net Investment Income	-
Benefit Payments, including Refunds of Employee Contributions	-
Other	<u>(4,285)</u>
 Net Change in Plan Fiduciary Net Position	 121,221
 Plan Fiduciary Net Position - Beginning	 <u>-</u>
 Plan Fiduciary Net Position - Ending (B)	 \$ <u><u>121,221</u></u>
 Net Pension Liability (Asset) - Ending (A) - (B)	 \$ <u><u>307,564</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 <u>28.27%</u>
 Covered Valuation Payroll	 \$ 490,083
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 62.76%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for 10 years; however until a full 10 - year trend is compiled, information is presented only for those years for which information is available.

The December 31, 2019 data was used for the year ending April 30, 2020 financial reporting.

CITY OF PETERSBURG, ILLINOIS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
REGULAR PLAN (RP)

April 30, 2020

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered valuation payroll
2019	\$ 62,584	\$ 62,584	\$ -	\$ 490,083	12.77%

Note--

The City was an active member for the period May 1, 2019 through December 31, 2019; eight months.

CITY OF PETERSBURG, ILLINOIS

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the year ended April 30, 2020*

1. BUDGETS AND BUDGETARY ACCOUNTING

Budget amounts are determined on a basis materially consistent with generally accepted accounting principles for the specific fund types.

Appropriation balances lapse at year-end; consequently, the City does not utilize encumbrance accounting, a system by which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation.

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

1. In the first quarter of each fiscal year, the City Council develops a proposed operating budget for the fiscal year commencing May 1. The budget includes proposed expenditures and the means of financing them. The expenditures are combined into an appropriation ordinance.
2. A copy of the budget and appropriation ordinance is placed on file with the City Clerk and a date for public hearings is announced.
3. Each year the budget and appropriation ordinance is legally enacted through the passage of an ordinance.
4. After adoption of the budget and appropriation ordinance, further appropriations can be made six months into the fiscal year by the adoption of a supplemental appropriations ordinance. Transfers from one appropriation of any one fund to another appropriation of the same fund, not affecting the total amount appropriated, may be made at any meeting of the City Council by a vote of the members.
5. Formal budgetary integration is employed as a management control device during the year for the City's *governmental funds*. Appropriation balances lapse at year-end.

Two of the City' governmental funds' expenditures exceeded budgeted and or appropriated expenditures during the year ended April 30, 2020.

<i>Fund</i>	<i>Actual</i>	<i>Budget</i>	<i>Excess</i>
<i>Governmental</i>			
<i>Petersburg TIF Fund</i>	\$ 30,815	\$ 30,250	\$ 565
<i>Audit Fund</i>	\$ 14,028	\$ 13,050	\$ 978

2. DEFINED BENEFIT PENSION PLANS PENSION PLAN

The City maintains one defined benefit pension plans through the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan (RP). See the related schedules that precede these notes.

Contribution

As set by statute, RP members are required to contribute 4.5% of their annual covered salary. The City is required to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The net pension liability for the plan 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.

3. PROPERTY TAXES

The City Council levies property taxes each year in the month of December on the assessed values of real property located within the city limits as of December 31 of that year. Property taxes attach as an enforceable lien as of January 1 in the year in which the taxes are levied.

At April 30, 2020, the City has levied property taxes for 2019 that will be collected in September, October, and November of 2020. These taxes are accrued as receivables and deferred inflows of resources at April 30, 2020. Amounts reported as property tax revenues for the year ended April 30, 2020, are primarily taxes levied for 2018 and budgeted as revenues for the year ended April 30, 2020.

CITY OF PETERSBURG, ILLINOIS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

APRIL 30, 2020

	Audit Fund	Civil Defense Fund	Fire Department Reserve Fund	Police Department Reserve Fund	CIEG Fund	Petersburg Grants Fund	Street Lighting Special Levy Fund	Police Special Levy Fund	Fire Special Levy Fund	Totals
ASSETS										
Cash	\$ 39,401	\$ 242	\$ 33,376	\$ 11,144	\$ 6,494	\$ 11,725	\$ -	\$ -	\$ -	\$ 102,382
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Taxes receivable	16,736	-	-	-	-	-	14,758	33,943	36,895	102,332
Due from other funds	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 56,137</u>	<u>\$ 242</u>	<u>\$ 33,376</u>	<u>\$ 11,144</u>	<u>\$ 6,494</u>	<u>\$ 11,725</u>	<u>\$ 14,758</u>	<u>\$ 33,943</u>	<u>\$ 36,895</u>	<u>\$ 204,714</u>
LIABILITIES										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,404	\$ -	\$ -	\$ -	\$ 5,404
Due to other funds	-	-	-	-	-	5,785	-	-	-	5,785
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,189</u>
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenue	16,736	-	-	-	-	-	14,758	33,943	36,895	102,332
FUND BALANCES	<u>39,401</u>	<u>242</u>	<u>33,376</u>	<u>11,144</u>	<u>6,494</u>	<u>536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,193</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,137</u>	<u>\$ 242</u>	<u>\$ 33,376</u>	<u>\$ 11,144</u>	<u>\$ 6,494</u>	<u>\$ 11,725</u>	<u>\$ 14,758</u>	<u>\$ 33,943</u>	<u>\$ 36,895</u>	<u>\$ 204,714</u>

CITY OF PETERSBURG, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED APRIL 30, 2020

	Audit Fund	Civil Defense Fund	Fire Department Reserve Fund	Police Department Reserve Fund	CIEG Fund	Petersburg Grants Fund	Street Lighting Special Levy Fund	Police Special Levy Fund	Fire Special Levy Fund	Totals
REVENUES										
Property taxes	\$ 16,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,387	\$ 33,493	\$ 36,727	\$ 101,353
Federal and State payments	-	-	6,069	-	-	-	-	-	-	6,069
Fines, fees, forfeitures and licenses	-	-	-	1,114	-	-	-	-	-	1,114
Other	-	-	-	-	-	-	-	-	-	-
Interest	-	-	210	16	11	127	-	-	-	364
Total revenues	16,746	-	6,279	1,130	11	127	14,387	33,493	36,727	108,900
EXPENDITURES										
General government	14,028	-	-	-	-	-	-	-	-	14,028
Public safety	-	-	-	30	-	-	-	-	-	30
Highways and streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Retirement system	-	-	-	-	-	-	-	-	-	-
Capital outlay:	-	-	-	-	-	-	-	-	-	-
Roads and streets	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Total expenditures	14,028	-	-	30	-	-	-	-	-	14,058
EXCESS REVENUES OVER (UNDER) EXPENDITURES	2,718	-	6,279	1,130	(19)	127	14,387	33,493	36,727	94,842
OTHER FINANCING SOURCES (USES)										
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	(19,300)	(6,300)	-	-	(14,387)	(33,493)	(36,727)	(110,207)
Total other financing sources (uses)	-	-	(19,300)	(6,300)	-	-	(14,387)	(33,493)	(36,727)	(110,207)
NET CHANGE IN FUND BALANCE	2,718	-	(13,021)	(5,170)	(19)	127	-	-	-	(15,365)
FUND BALANCES - BEGINNING	36,683	242	46,397	16,314	6,513	409	-	-	-	106,558
FUND BALANCES - ENDING	\$ 39,401	\$ 242	\$ 33,376	\$ 11,144	\$ 6,494	\$ 536	\$ -	\$ -	\$ -	\$ 91,193

CITY OF PETERSBURG, ILLINOIS
PRIVATE- PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED APRIL 30, 2020

	Senior Citizens Center Fund	E.L. Masters Memorial Fund	Benjamin Stephenson Fund	Totals
ASSETS				
Cash	\$ 46,728	\$ 72	\$ -	\$ 46,800
Certificates of deposit	-	15,773	-	15,773
Due from others	-	7,172	-	7,172
Total assets	\$ 46,728	\$ 23,017	\$ -	\$ 69,745
LIABILITIES				
Accounts payable	-	-	-	-
Due to other funds	182	6,991	-	7,173
Total liabilities	182	6,991	-	7,173
NET POSITION				
Held in trust for-				
Individuals and other organizations	<u>\$ 46,546</u>	<u>\$ 16,026</u>	<u>\$ -</u>	<u>\$ 62,572</u>

CITY OF PETERSBURG, ILLINOIS

PRIVATE-PURPOSE TRUST FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED APRIL 30, 2020

	Senior Citizens' Center Fund	E.L. Masters Memorial Fund	Benjamin Stephenson Fund	Totals
REVENUES				
Sales	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-
Other	459	-	-	459
Interest	151	98	-	249
Total revenues	<u>610</u>	<u>98</u>	<u>-</u>	<u>708</u>
EXPENSES				
Support for Center	207	-	-	207
Support for Home	-	49	-	49
Support for activities	-	-	1,298	1,298
Total expenditures	<u>207</u>	<u>49</u>	<u>1,298</u>	<u>1,554</u>
NET INCOME	403	49	(1,298)	(846)
Distributions	-	-	(6,511)	(6,511)
CHANGE IN NET POSITION	403	49	(7,809)	(7,357)
NET POSITION - BEGINNING	<u>46,143</u>	<u>15,977</u>	<u>7,809</u>	<u>69,929</u>
NET POSITION - ENDING	<u>\$ 46,546</u>	<u>\$ 16,026</u>	<u>\$ -</u>	<u>\$ 62,572</u>