

CITY OF MOMENCE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2011



Certified Public Accountants & Advisors

CITY OF MOMENCE, ILLINOIS
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1415 W. Diehl Road, Suite 400 • Naperville, IL 60563

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Momence, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Momence, Illinois, as of and for the year ended April 30, 2011, which collectively comprise the City of Momence, Illinois' basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City of Momence, Illinois' management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the City of Momence, Illinois prepares its basic financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, the City has not recorded general and infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general and infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the City of Momence, Illinois, as of April 30, 2011, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position - modified cash basis of the business-type activities of the City of Momence, Illinois, as of April 30, 2011, and the respective changes in financial position - modified cash basis and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

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

The City of Momence, Illinois has not presented a Management's Discussion and Analysis as required supplementary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Momence, Illinois' basic financial statements as a whole. The supplemental data presented for purposes of additional analysis and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Naperville, Illinois
May 18, 2012

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

CITY OF MOMENCE, ILLINOIS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 853,958	\$ 1,493,621	\$ 2,347,579
Investments	62,569	817,103	879,672
Internal balances	(473,394)	473,394	-
Capital assets not being depreciated	-	52,396	52,396
Capital assets (net of accumulated depreciation)	-	1,639,643	1,639,643
Total assets	443,133	4,476,157	4,919,290
LIABILITIES			
Due to others	9,014	-	9,014
Long-term liabilities			
Due within one year	10,000	-	10,000
Due in more than one year	440,000	-	440,000
Total liabilities	459,014	-	459,014
NET ASSETS			
Invested in capital assets, net of related debt	-	1,692,039	1,692,039
Restricted for			
Other purposes	28,280	-	28,280
Highways and streets	581,610	-	581,610
Debt service	18,897	-	18,897
Unrestricted	(644,668)	2,784,118	2,139,450
TOTAL NET ASSETS	\$ (15,881)	\$ 4,476,157	\$ 4,460,276

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2011

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities							
General government	\$ 442,761	\$ 105,823	\$ 1,308	\$ -	\$ (335,630)	\$ -	\$ (335,630)
Public safety	694,840	90,864	2,098	-	(601,878)	-	(601,878)
Public works/transportation	293,899	-	106,051	-	(187,848)	-	(187,848)
Health and welfare	171,435	170,485	13,918	-	12,968	-	12,968
Culture and recreation	7,914	9,020	-	-	1,106	-	1,106
Total governmental activities	1,610,849	376,192	123,375	-	(1,111,282)	-	(1,111,282)
Business-Type Activities							
Water and sewer	1,255,613	1,132,124	6,622	18,396	-	(98,471)	(98,471)
Total business-type activities	1,255,613	1,132,124	6,622	18,396	-	(98,471)	(98,471)
TOTAL PRIMARY GOVERNMENT	\$ 2,866,462	\$ 1,508,316	\$ 129,997	\$ 18,396	(1,111,282)	(98,471)	(1,209,753)
General revenues							
Taxes							
Property					331,704	-	331,704
Sales and use					372,155	-	372,155
Income					271,340	-	271,340
Replacement					36,903	-	36,903
Franchise fees					22,099	-	22,099
Investment income					3,362	22,818	26,180
Miscellaneous					39,073	-	39,073
Total					1,076,636	22,818	1,099,454
CHANGE IN NET ASSETS					(34,646)	(75,653)	(110,299)
NET ASSETS, MAY 1					12,937	4,543,855	4,556,792
Prior period adjustment					5,828	7,955	13,783
NET ASSETS, MAY 1 RESTATED					18,765	4,551,810	4,570,575
NET ASSETS (DEFICIT), APRIL 30					\$ (15,881)	\$ 4,476,157	\$ 4,460,276

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS

April 30, 2011

	General	Project	Nonmajor	Total Governmental
ASSETS				
Cash and investments	\$ 742,050	\$ -	\$ 111,908	\$ 853,958
Investments	62,569	-	-	62,569
Due from other funds	-	451,562	37,037	488,599
TOTAL ASSETS	\$ 804,619	\$ 451,562	\$ 148,945	\$ 1,405,126
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 961,993	\$ -	\$ -	\$ 961,993
Due to others	9,014	-	-	9,014
Total liabilities	971,007	-	-	971,007
FUND BALANCES				
Reserved				
Other purposes	28,280	-	-	28,280
Highways and streets	-	451,562	130,048	581,610
Debt service	-	-	18,897	18,897
Unreserved				
General Fund	(194,668)	-	-	(194,668)
Total fund balances (deficit)	(166,388)	451,562	148,945	434,119
TOTAL LIABILITIES AND FUND BALANCES	\$ 804,619	\$ 451,562	\$ 148,945	\$ 1,405,126

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

RECONCILIATION OF FUND BALANCES ARISING FROM CASH TRANSACTIONS
OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2011

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 434,119
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	<u>(450,000)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS	<u>\$ (15,881)</u>

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2011

	General	Project	Nonmajor	Total
REVENUES COLLECTED				
Property taxes	\$ 331,704	\$ -	\$ -	\$ 331,704
Replacement taxes	18,006	-	18,897	36,903
Income taxes	271,340	-	-	271,340
Sales and use taxes	372,155	-	-	372,155
Grant revenue	15,226	-	-	15,226
Motor fuel taxes	-	-	94,325	94,325
Garbage fees	170,485	-	-	170,485
Licenses and fees	96,799	-	-	96,799
Fines and forfeitures	102,387	-	-	102,387
Refunds and reimbursements	3,375	-	-	3,375
Investment income	1,579	1,562	221	3,362
Miscellaneous	78,142	-	-	78,142
Total revenues collected	1,461,198	1,562	113,443	1,576,203
EXPENDITURES PAID				
General government	406,111	-	36,650	442,761
Public safety	694,840	-	-	694,840
Public works/transportation	293,899	-	-	293,899
Health and welfare	171,435	-	-	171,435
Culture and recreation	7,914	-	-	7,914
Total expenditures paid	1,574,199	-	36,650	1,610,849
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(113,001)	1,562	76,793	(34,646)
OTHER FINANCING SOURCES				
Issuance of bonds	-	450,000	-	450,000
NET CHANGE IN FUND BALANCES	(113,001)	451,562	76,793	415,354
FUND BALANCES (DEFICIT), MAY 1	(59,215)	-	72,152	12,937
Prior period adjustment	5,828	-	-	5,828
FUND BALANCES, MAY 1, RESTATED	(53,387)	-	72,152	18,765
FUND BALANCES (DEFICIT), APRIL 30	\$ (166,388)	\$ 451,562	\$ 148,945	\$ 434,119

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - CASH BASIS - TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS

For the Year Ended April 30, 2011

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 415,354
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt is reported as an other financing source in governmental funds but as an increase of principal outstanding in the statement of activities	<u>(450,000)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS	<u><u>\$ (34,646)</u></u>

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
WATER AND SEWER FUND

April 30, 2011

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,493,621
Investments	817,103
Due from other funds	<u>473,394</u>
Total current assets	<u>2,784,118</u>
NONCURRENT ASSETS	
Capital assets	
Construction in progress	52,396
Water system and equipment	1,806,168
Sewer system and equipment	<u>6,126,571</u>
Total capital assets	7,985,135
Less accumulated depreciation	<u>(6,293,096)</u>
Capital assets, net	<u>1,692,039</u>
Total assets	<u>4,476,157</u>
LIABILITIES	
None	<u>-</u>
NET ASSETS	
Invested in capital assets	1,692,039
Unrestricted	<u>2,784,118</u>
TOTAL NET ASSETS	<u>\$ 4,476,157</u>

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

STATEMENT OF REVENUES COLLECTED, EXPENSES PAID
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
WATER AND SEWER FUND

For the Year Ended April 30, 2011

<hr/>	
OPERATING REVENUES COLLECTED	
Fees for services	\$ 1,130,242
Meter sales and tap-on fees	475
Other operating income	<u>1,407</u>
Total operating revenues collected	<u>1,132,124</u>
OPERATING EXPENSES PAID	
Personnel services	316,541
Payroll taxes and benefits	123,559
Utilities	189,355
Insurance	131,980
Repairs and maintenance	215,339
Materials and supplies	58,874
Testing expenses	8,199
Waste removal	39,697
Chemicals	6,316
Professional services	5,616
Depreciation	135,551
Other	<u>24,586</u>
Total operating expenses paid	<u>1,255,613</u>
OPERATING INCOME (LOSS)	<u>(123,489)</u>
NONOPERATING REVENUES COLLECTED	
Investment income	22,818
Operating grant	6,622
Capital grant	<u>18,396</u>
Total nonoperating revenues collected	<u>47,836</u>
CHANGE IN NET ASSETS	<u>(75,653)</u>
NET ASSETS, MAY 1	4,543,855
Prior period adjustment	<u>7,955</u>
NET ASSETS, MAY 1, RESTATED	<u>4,551,810</u>
NET ASSETS, APRIL 30	<u><u>\$ 4,476,157</u></u>

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

STATEMENT OF CASH FLOWS
WATER AND SEWER FUND

For the Year Ended April 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,130,717
Other receipts	1,407
Payments to suppliers	(803,521)
Payments to employees	<u>(316,541)</u>
Net cash from operating activities	<u>12,062</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Increase in loans to other funds	<u>(214,269)</u>
Net cash from noncapital financing activities	<u>(214,269)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Receipts from granting agencies	6,622
Acquisition of capital assets	(48,437)
Addition to construction in progress	<u>(24,896)</u>
Net cash from capital financing activities	<u>(66,711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	22,818
Purchase of investments	(861,550)
Proceeds from sale of investments	<u>875,439</u>
Net cash from investing activities	<u>36,707</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(232,211)
CASH AND CASH EQUIVALENTS, MAY 1	<u>1,725,832</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 1,493,621</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (123,489)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation expense	<u>135,551</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 12,062</u>

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Momence, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)), except as described in Note 1d. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Reporting Entity

The City is located in Kankakee County, Illinois, and was chartered in 1891. The City is governed by an elected mayor and eight-member council and provides a full range of services including public safety, public works, health and sanitation, planning, zoning and water and sewer. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and any component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units would be combined with data of the City. There are no component units of the City of Momence. For financial reporting purposes, the City includes all funds, agencies, boards, commissions and authorities that are controlled by or dependent on the City. Control by or dependence on the City (financial accountability) was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, operational independence and/or obligation of the City to finance any deficits that may occur, in accordance with standards established by the Governmental Accounting Standards Board (GASB).

b. Fund Accounting

The City uses funds to report its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into the following categories: governmental and proprietary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds) and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, the City has chosen to apply all GASB pronouncements as well as those FASB pronouncements issued on or before November 30, 1989 to account for its enterprise funds.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on the overall activities of the City. The effect of material interfund activity has been eliminated from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties for goods or services. The City has no fiduciary activities.

The statement of net assets presents the cash and investments of the governmental activities and the cash, investments and capital assets of the business-type activities of the City at the fiscal year end. As discussed in Note 1g, capital assets are not presented for the governmental activities.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

During the year, the City segregates transactions related to certain city functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating transactions generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for water and sewer services. Operating expenses for enterprise funds include the cost of providing such services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City and is used to account for all financial resources of the City unless required to be accounted for in another fund.

The Project Fund, a capital projects fund, is used to account for the resources of the bond issuance for the purpose of paying the costs of street, parking lot, sidewalk and lighting improvements within the City.

The City reports the following major proprietary fund:

The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents and commercial users within the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the City. Expenses are recorded when the funds are disbursed except that the acquisition of a capital asset is capitalized in proprietary funds and depreciation of capital assets has been reported as an expense. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recorded at the time of receipt by the City. Expenditures/expenses are recorded when the funds are disbursed. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America.

e. Cash and Cash Equivalents

For the statement of cash flows, the City considers all deposits in demand accounts (cash) and investments with an original maturity of 90 days or less when purchased to be cash and cash equivalents.

f. Investments

Investments in nonnegotiable certificates of deposit and other investments with a maturity of less than one year when purchased are stated at cost. Investments with a maturity of one year or greater when purchased are reported at fair value.

g. Capital Assets

Capital assets, which include property, plant and equipment for business-type activities are reported in the business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Capital and infrastructure assets are not recorded in the government-wide financial statements for governmental activities. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Equipment, furniture and fixtures	3 - 10
Sewer infrastructure, wells, water mains, water towers and treatment plant	30 - 50

h. Long-Term Obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

i. Fund Balances/Net Assets

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. In the government-wide financial statements, restricted net assets are legally restricted by outside parties for a specific purpose. Invested in capital assets, net of related debt is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Interfund Transactions

During the normal course of operations, the City has transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

These receivables and payables are classified as “due from other funds” or “due to other funds.” Short-term interfund loans, if any, are classified as “interfund receivables/payables.” Long-term interfund loans, if any, are classified as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except interfund services transactions and reimbursements, are reported as transfers.

k. Use of Estimates

The modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures of the financial statements. Actual results could differ from those estimates.

2. PROPERTY TAX CALENDAR

Property taxes are levied each year on all taxable real property located in the City. The certification of tax levy is filed annually on or before the last Tuesday in December based on the assessed valuation as of January 1 of the same year. The City receives property tax distributions shortly after the installment dates and continuing through January of the ensuing year. Accordingly, the City recognized property tax revenue during the year ended April 30, 2011, for collections received from the calendar year 2009 tax levy. Property taxes levied for calendar year 2009, were intended to finance the fiscal year 2011 expenditures. The property taxes levied for the calendar year 2010 which will be collected in fiscal year 2012 are not recorded in these financial statements.

2. PROPERTY TAX CALENDAR (Continued)

The following information gives significant dates on the property tax calendar of the City:

- The property tax lien date is January 1.
- The annual tax levy ordinance for 2010 was passed in December 2010.
- Property taxes are due to the County Collector in two installments, June 1 and September 1.
- Significant amounts of property taxes for 2010 will be distributed to the City during June 2011 - January 2012.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS

Permitted Deposits and Investments - The City's investment policy authorizes the City to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements (meeting certain statutory requirements), certain rated instruments of commercial paper and the state treasurer's investment pool. The City's investment policy limits its deposits and investments to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objectives of the policy are, in order of priority, safety of principal, return of investment, diversification and public confidence.

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, with the collateral held by the City or an independent third party. At April 30, 2011, the bank balances of deposits not covered by depository insurance were fully collateralized by pledges of securities held by independent third parties.

The City has not adopted a formal cash and investment policy that limits investments based on custodial, credit or interest rate risk. The City minimizes those risks by limiting investments to certificates of deposit, obtaining additional collateral and limiting maturities to less than one year.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

3. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

Investments consist of the following:

	Governmental Activities	Business-type Activities
Certificates of Deposit	\$ 62,569	\$ 817,104

4. CAPITAL ASSETS

The following is a summary of capital asset activity during the fiscal year:

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in progress	\$ 27,500	\$ 24,896	\$ -	\$ 52,396
Total capital assets not being depreciated	27,500	24,896	-	52,396
Capital assets being depreciated				
Sewer system and equipment	6,078,134	48,438	-	6,126,572
Water system and equipment	1,806,168	-	-	1,806,168
Total capital assets being depreciated	7,884,302	48,438	-	7,932,740
Less accumulated depreciation for				
Sewer system and equipment	(4,961,426)	(95,409)	-	(5,056,835)
Water system and equipment	(1,196,119)	(40,142)	-	(1,236,261)
Total accumulated depreciation	(6,157,545)	(135,551)	-	(6,293,096)
Total capital assets being depreciated, net	1,726,757	(87,113)	-	1,639,644
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 1,754,257	\$ (62,217)	\$ -	\$ 1,692,040

CITY OF MOMENCE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. LEGAL COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Balances/Net Assets of Individual Funds

The following fund had a deficit in fund balance at year-end.

<u>Fund</u>	<u>Deficit Balance</u>
General Fund	<u>\$ 166,388</u>

6. LONG-TERM DEBT

a. Governmental Activities

The following is a summary of changes in long-term debt of the governmental activities of the City for the year ended April 30, 2011:

	<u>Balances May 1</u>	<u>Issuances</u>	<u>Retirements</u>	<u>Balances April 30</u>	<u>Current Portion</u>
G.O. Bonds (Alternate Revenue Source) Series 2010	\$ -	\$ 450,000	\$ -	\$ 450,000	\$ 10,000
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>	<u>\$ 10,000</u>

Long-term debt is comprised of the following issues:

During the fiscal year ended April 30, 2011, the City issued \$450,000 Series 2010 General Obligation Bonds (Alternate Revenue Source), dated November 1, 2010, which mature serially December 1, 2011 through 2030 at various interest rates (interest rate varies from 4.0% to 7.5%). The bonds are to be payable first from receipts of personal property replacement taxes, then from receipts of motor fuel taxes, and if needed from pledged taxes levied upon all of the taxable property within the City for the sole purpose of paying the principal and interest on the bonds. The proceeds of the bond issuance will be used to finance various public capital infrastructure improvements, including street, lighting, parking lots, and sidewalks.

CITY OF MOMENCE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

a. Governmental Activities (Continued)

The annual debt service requirements including interest payments are as follows:

Fiscal Years Ending April 30	General Obligation (Alternate Revenue Source) Bonds, Series 2010		
	Principal	Interest	Total
2012	\$ 10,000	\$ 26,282	\$ 36,282
2013	15,000	23,510	38,510
2014	15,000	22,385	37,385
2015	15,000	21,260	36,260
2016	15,000	20,135	35,135
2017	20,000	19,085	39,085
2018	20,000	17,735	37,735
2019	20,000	16,385	36,385
2020	20,000	15,085	35,085
2021	20,000	13,785	33,785
2022	20,000	12,585	32,585
2023	25,000	11,785	36,785
2024	25,000	10,760	35,760
2025	25,000	9,710	34,710
2026	25,000	8,635	33,635
2027	30,000	7,535	37,535
2028	30,000	6,185	36,185
2029	30,000	4,805	34,805
2030	30,000	3,395	33,395
2031	30,000	1,715	31,715
TOTAL	\$ 440,000	\$ 272,757	\$ 722,757

CITY OF MOMENCE, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

7. INDIVIDUAL FUND DISCLOSURES

The composition of interfund balances as of April 30, 2011 are as follows:

Fund	Due From	Due To
Major Governmental		
General		
Nonmajor Governmental	\$ -	\$ 451,562
Nonmajor Governmental	-	37,037
Water and Sewer	-	473,394
	<u>-</u>	<u>961,993</u>
Project		
General	<u>451,562</u>	-
Major Enterprise		
Water and Sewer		
General	<u>473,394</u>	-
Nonmajor Governmental		
General	<u>37,037</u>	-
TOTAL ALL FUNDS	<u>\$ 961,993</u>	<u>\$ 961,993</u>

Due From/To Other Funds

The due to/from other funds represent short-term borrowing that will be repaid in one year.

8. RESERVED FUND BALANCE

General Fund

Revenues and expenditures from certain tax levies are recorded in the General Fund. At April 30, 2011, the City has reserved the cumulative excess of revenues over expenditures allocable to these levies. Accordingly, fund balance is reserved for the following amount:

Insurance	\$ 21,486
Municipal Band	<u>6,794</u>
TOTAL RESERVED	<u>\$ 28,280</u>

9. RISK MANAGEMENT

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers' compensation, employee health and public official liability. To limit exposure to these risks, the City participates in the Illinois Counties Risk Management Trust. Insurance coverage provided for the above risks range from \$5,000 to \$7,000,000 with deductibles ranging from \$1,000 to \$5,000 per claim. There are separate deductibles of \$50,000 per claim that applies to flood damages and \$25,000 or 2% of the damaged location; whichever is greater per claim for earthquake damages. The City's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The City is not aware of any additional assessments owed as of April 30, 2011. The City purchases health insurance through a third party indemnity for employee health coverage.

10. CUSTOMER CONCENTRATIONS

The City provides water and sewer services to Momence Packing, a commercial entity located in Momence. In addition to charges for water and sewer, the City is reimbursed for expenses directly related to pretreatment. Activity for the year ended April 30, 2011 is as follows:

	Gallons	Water	Sewer	Expenses
Billed for the period May 1, 2010 through April 30, 2011	59,141,000	\$ 65,672	\$ 149,627	\$ 154,981

11. CONTINGENT LIABILITIES

a. Grants

In December 2009, the City was awarded a \$300,000 three-year cost reimbursement grant from the Illinois Department of Commerce and Economic Opportunity (DCEO). The grant is federally funded by the Department of Housing and Urban Development and is to be used to replace water mains to supply water requirements for a factory that is planning an expansion in the City. The grant requires a \$100,000 match by the City and is expected to be completed by September 30, 2011. As of April 30, 2011, the City has received \$40,096 from the grant for engineering costs incurred. No contracts for construction have been let for the project as of April 30, 2011. Amounts received from grantor agencies are subject to audit and adjustment by the DCEO. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

11. CONTINGENT LIABILITIES (Continued)

b. Litigation

During fiscal year 2011, the City was a defendant in a lawsuit filed by the owner of a commercial building alleging trespass against the City seeking damages totaling \$1,550, 000. Claimant asserted damage claims caused by the City taking emergency partial demolition measures to prevent further potential collapse of the building and to protect tenants and general public. As of January 17, 2011, the lawsuit and any associated claims were settled with the Claimant with a total out-of-pocket cost to the City of \$170,000 of which only \$40,000 was paid out prior to April 30, 2011. Based on the City's modified cash basis of accounting, the remaining settlement amount of \$130,000 will be recognized when paid subsequent to April 30, 2011.

The City is exposed to various other claims and lawsuits in the normal course of business. Management cannot reasonably predict the outcome of these claims and lawsuits or estimate the amount of any loss that may result. Management believes that losses from other matters, if any, would be covered under the City's liability insurance policy and would not have a material effect on the financial position of the City.

12. RETIREMENT FUND COMMITMENTS

Illinois Municipal Retirement Fund

The City's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF), provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple-employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole but not by individual employer. That report may be obtained by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

12. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Employees participating in the IMRF are required to contribute 4.50% of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2010 was 9.97% of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees.

For the year ended April 30, 2011, the City's annual pension cost of \$75,203 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit and (d) postretirement benefit increases of 3.00% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 30 years on an open basis.

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the net pension cost and the contributions actually made.

For Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 25,075	100.00%	\$ -
2010	43,048	100.00%	-
2011	75,203	100.00%	-

12. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

The funded status of the plan as of December 31, 2010, based on the actuarial valuation performed as of the same date is as follows. The actuarial assumptions are the same as those used to determine the employer annual pension costs of the plan as disclosed above.

Actuarial accrued liability (AAL)	\$ 1,524,152
Actuarial value of plan assets	1,166,220
Unfunded actuarial accrued liability (UAAL)	357,932
Funded ratio (actuarial value of plan assets/AAL)	76.52%
Covered payroll (active plan members)	\$ 795,667
UAAL as a percentage of covered payroll	44.99%

See the schedule of funding progress in the required supplementary information immediately following the notes to financial statements for additional information related to the funded status of the plan.

13. PRIOR PERIOD ADJUSTMENT

Governmental fund financial statements and net assets of governmental activities have been restated. Net assets of the governmental activities have been restated in order to properly record Boorda Memorial monies never recorded in the City's accounting records. Net assets of both the governmental activities and business-type activities have been restated in order to properly allocate a down payment made in fiscal year 2010 across the appropriate funds for the new lighting system.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2011

	Original Budget	Final Budget	Actual
REVENUES COLLECTED			
Taxes			
Property taxes	\$ 329,000	\$ 329,000	\$ 331,704
Replacement taxes	30,000	30,000	18,006
Income taxes	190,000	190,000	271,340
Sales and use taxes	320,000	320,000	372,155
Subtotal	869,000	869,000	993,205
Grant revenue	-	-	15,226
Garbage fees	169,000	169,000	170,485
Licenses and fees	34,210	34,210	33,689
Building and electrical permits	25,000	25,000	33,924
Fines	76,600	76,600	102,387
Franchise fees	23,400	23,400	22,099
Cable and amusement fees	15,000	15,000	7,087
Refunds and reimbursements	500	500	3,375
Interest income	600	600	1,579
Miscellaneous	79,000	79,000	78,142
Total revenues collected	1,292,310	1,292,310	1,461,198
EXPENDITURES PAID			
General government			
Mayor's department	25,500	24,475	22,037
City clerk department	12,750	11,275	15,346
City treasurer department	23,025	22,500	19,952
Public property department	23,950	18,990	19,678
Zoning and planning commission	35,400	22,700	14,564
Insurance department	113,000	65,900	104,253
Legal department	89,300	73,250	126,610
Local improvement department	106,165	38,050	68,856
Liquor commission	2,350	1,650	1,615
City hall	24,000	13,950	13,200
Total general government	455,440	292,740	406,111
Public Safety			
Street lighting	52,500	48,500	42,631
Police department	776,748	675,798	652,209
Total public safety	829,248	724,298	694,840

(This schedule is continued on the following page.)

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2011

	Original Budget	Final Budget	2011 Actual
EXPENDITURES PAID (Continued)			
Public works			
Engineering department	\$ 11,250	\$ 3,500	\$ 900
Street and alley department	455,500	314,600	292,999
Total public works	466,750	318,100	293,899
Health and welfare			
Waste removal	167,500	169,360	168,449
Sewer and water department	-	-	2,986
Total health and welfare	167,500	169,360	171,435
Cultural and recreation			
Community center	23,500	13,200	7,914
Total expenditures paid	1,942,438	1,517,698	1,574,199
NET CHANGE IN FUND BALANCE	<u>\$ (650,128)</u>	<u>\$ (225,388)</u>	<u>\$ (113,001)</u>
FUND BALANCE (DEFICIT), MAY 1			(59,215)
Prior period adjustment			<u>5,828</u>
FUND BALANCE (DEFICIT), MAY 1, RESTATED			<u>(53,387)</u>
FUND BALANCE (DEFICIT), APRIL 30			<u><u>\$ (166,388)</u></u>

(See independent auditor's report.)

CITY OF MOMENCE , ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	AAL (UAAL) as a Percentage of Covered Payroll (4) / (5)
2005	\$ 1,710,944	\$ 1,679,872	101.85%	\$ (31,072)	\$ 664,257	(4.68%)
2006	1,926,613	1,868,922	103.09%	(57,691)	726,080	(7.95%)
2007	2,060,420	1,889,234	109.06%	(171,186)	738,203	(23.19%)
2008	1,652,723	1,822,082	90.71%	169,359	748,299	22.63%
2009	1,465,544	1,747,138	83.88%	281,594	764,472	36.84%
2010	1,166,220	1,524,152	76.52%	357,932	795,667	44.99%

(See independent auditor's report.)

CITY OF MOMENCE , ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2011

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
2009	\$ 25,075	\$ 25,075	100.00%
2010	43,048	43,048	100.00%
2011	75,203	75,203	100.00%

Note: Prior year information not available.

(See independent auditor's report.)

CITY OF MOMENCE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2011

BUDGETS AND BUDGETARY ACCOUNTING

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

- a. The appropriations for the General Fund are adopted on a cash basis of accounting which is not consistent with generally accepted accounting principles (GAAP).
- b. The City Clerk is required to submit to the City Council an annual estimate of expense for the fiscal/year period commencing May 1, on or before May 15. This estimate contributes to the development of an appropriation ordinance which must be passed during the first quarter of the fiscal year. A public hearing is conducted to obtain taxpayer comments. Responsibility for control of and amendments to the appropriation ordinance rests with the City Council. No supplemental appropriations were necessary during the year.
- c. A formal working budget is employed as a control device during the year at the object level for the governmental funds, except for the Project, Debt Service and Motor Fuel Tax Funds.
- d. All budgets lapse at the end of the year for which the budgets were adopted.
- e. Expenditures may not legally exceed budgeted appropriations at the fund level. During the year, no supplementary appropriations were necessary.

The following schedule reports the appropriations, budgets and actual expenditures/expenses (including transfers out and excluding depreciation) by fund:

Fund	Original Appropriations Budget	Final Budget	Actual Expenditures
General	\$ 1,942,438	\$ 1,517,698	\$ 1,574,199

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES

MAJOR GOVERNMENTAL FUNDS

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2011
(with actual for 2010)

	Final Budget	2011 Actual	2010 Actual
REVENUES COLLECTED			
Taxes			
Property taxes	\$ 329,000	\$ 331,704	\$ 328,703
Replacement taxes	30,000	18,006	33,199
Income taxes	190,000	271,340	204,899
Sales and use taxes	320,000	372,155	324,972
Subtotal	869,000	993,205	891,773
Grant revenue	-	15,226	70,000
Garbage fees	169,000	170,485	163,841
Licenses and fees	34,210	33,689	32,407
Building and electrical permits	25,000	33,924	84,283
Fines	76,600	102,387	79,949
Franchise fees	23,400	22,099	22,365
Cable and amusement fees	15,000	7,087	18,731
Refunds and reimbursements	500	3,375	275
Interest income	600	1,579	5,356
Miscellaneous	79,000	78,142	63,876
Total revenues collected	1,292,310	1,461,198	1,432,856
EXPENDITURES PAID			
General government			
Mayor's department	24,475	22,037	20,996
City clerk department	11,275	15,346	10,758
City treasurer department	22,500	19,952	21,966
Public property department	18,990	19,678	27,251
Zoning and planning commission	22,700	14,564	47,170
Insurance department	65,900	104,253	20,044
Legal department	73,250	126,610	38,254
Local improvement department	38,050	68,856	58,486
Liquor commission	1,650	1,615	1,615
City hall	13,950	13,200	12,084
Total general government	292,740	406,111	258,624
Public Safety			
Street lighting	48,500	42,631	46,643
Police department	675,798	652,209	699,546
Total public safety	724,298	694,840	746,189

(This schedule is continued on the following page.)

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID AND
 CHANGES IN FUND BALANCE - CASH BASIS - BUDGET AND ACTUAL (Continued)
 GENERAL FUND

For the Year Ended April 30, 2011
 (with actual for 2010)

	Final Budget	2011 Actual	2010 Actual
EXPENDITURES PAID (Continued)			
Public works			
Engineering department	\$ 3,500	\$ 900	\$ 300
Street and alley department	314,600	292,999	407,743
Total public works	318,100	293,899	408,043
Health and welfare			
Waste removal	169,360	168,449	161,111
Sewer and water department	-	2,986	2,993
Total health and welfare	169,360	171,435	164,104
Cultural and recreation			
Community center	13,200	7,914	15,885
Total expenditures paid	1,517,698	1,574,199	1,592,845
NET CHANGE IN FUND BALANCE	\$ (225,388)	\$ (113,001)	\$ (159,989)

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF MOMENCE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2011

	Special Revenue	Debt Service	
	Motor Fuel Tax	Pledged Revenues	Total
ASSETS			
Cash and investments	\$ 111,908	\$ -	\$ 111,908
Due from other funds	18,140	18,897	37,037
TOTAL ASSETS	\$ 130,048	\$ 18,897	\$ 148,945
LIABILITIES AND FUND BALANCES			
LIABILITIES	\$ -	\$ -	\$ -
FUND BALANCES			
Reserved for highway and streets	130,048	-	130,048
Reserved for debt service	-	18,897	18,897
Total fund balances	130,048	18,897	148,945
TOTAL LIABILITIES AND FUND BALANCES	\$ 130,048	\$ 18,897	\$ 148,945

(See independent auditor's report.)

CITY OF MOMENCE, ILLINOIS

COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES
PAID AND CHANGES IN FUND BALANCES - CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2011

	Special Revenue	Debt Service Pledged Revenues	Total
REVENUES COLLECTED			
Replacement taxes	\$ -	\$ 18,897	\$ 18,897
Motor fuel taxes	94,325	-	94,325
Investment income	221	-	221
Total revenues collected	94,546	18,897	94,546
EXPENDITURES PAID			
Current			
General government			
Contractual services	36,650	-	36,650
Total expenditures paid	36,650	-	36,650
NET CHANGE IN FUND BALANCES	57,896	18,897	76,793
FUND BALANCES, MAY 1	72,152	-	72,152
FUND BALANCES, APRIL 30	\$ 130,048	\$ 18,897	\$ 148,945

(See independent auditor's report.)

MAJOR ENTERPRISE FUNDS

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF REVENUES COLLECTED, EXPENSES PAID
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
WATER AND SEWER FUND

For the Year Ended April 30, 2011

<hr/>	
OPERATING REVENUES COLLECTED	
Fees for services	\$ 1,130,242
Meter sales and tap-on fees	475
Other operating income	<u>1,407</u>
Total operating revenues collected	<u>1,132,124</u>
OPERATING EXPENSES PAID	
Personnel services	316,541
Payroll taxes and benefits	123,559
Utilities	189,355
Insurance	131,980
Repairs and maintenance	215,339
Materials and supplies	58,874
Testing expenses	8,199
Waste removal	39,697
Chemicals	6,316
Professional services	5,616
Other operating expenses	<u>24,586</u>
Total operating expenses paid	<u>1,120,062</u>
OPERATING INCOME (LOSS) BEFORE DEPRECIATION	12,062
Depreciation	<u>135,551</u>
OPERATING INCOME (LOSS)	<u>(123,489)</u>
NONOPERATING REVENUES COLLECTED	
Investment income	22,818
Operating grant	6,622
Capital grant	<u>18,396</u>
Total nonoperating revenues collected	<u>47,836</u>
CHANGE IN NET ASSETS	<u>(75,653)</u>
NET ASSETS, MAY 1	4,543,855
Prior period adjustment	<u>7,955</u>
NET ASSETS, MAY 1, RESTATED	<u>4,551,810</u>
NET ASSETS, APRIL 30	<u><u>\$ 4,476,157</u></u>

(See independent auditor's report.)

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF OPERATING EXPENSES - MODIFIED CASH BASIS
SEWER DEPARTMENT

For the Year Ended April 30, 2011

	Pre-treatment	Final Treatment	Total
Personnel services	\$ -	\$ 165,081	\$ 165,081
Social Security taxes	-	9,803	9,803
IMRF expense	-	16,191	16,191
Health insurance	-	30,429	30,429
Insurance	-	56,260	56,260
Telephone	908	8,029	8,937
Electricity	42,823	101,355	144,178
Heating	2,296	-	2,296
Repairs and maintenance	86,905	65,895	152,800
Gas, fuel and oil	-	7,894	7,894
Supplies	5,584	14,135	19,719
Testing expenses	-	2,764	2,764
Waste removal	-	39,697	39,697
Chemicals	63	6,253	6,316
Professional services	-	2,496	2,496
Depreciation	-	95,409	95,409
Other	1,423	20,149	21,572
TOTAL	\$ 140,002	\$ 641,840	\$ 781,842

(See independent auditor's report.)

SUPPLEMENTAL DATA

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
EXTENSIONS AND COLLECTIONS

Last Five Tax Levy Years

	2010	2009	2008	2007	2006
ASSESSED VALUATION					
Kankakee County	\$ 55,589,981	\$ 53,905,897	\$ 54,202,589	\$ 52,164,829	\$ 48,776,566
TAX RATES (percents)					
General corporate	0.200	0.249	0.249	0.245	0.251
IMRF	0.049	-	-	-	-
Police protection	0.078	0.078	0.076	0.076	0.078
Liability insurance	0.091	0.091	0.090	0.089	0.091
Workmen's compensation	0.080	0.080	0.079	0.078	0.081
TOTAL TAX RATES	0.498	0.498	0.494	0.488	0.501
TAX EXTENSIONS					
General corporate	\$ 111,736	\$ 134,226	\$ 134,423	\$ 127,804	\$ 122,429
IMRF	27,239	-	-	-	-
Police protection	43,360	42,046	41,194	39,645	38,046
Liability insurance	50,587	49,054	48,782	46,427	44,387
Workmen's compensation	44,472	43,125	42,820	40,689	39,509
TOTAL TAX EXTENSIONS	\$ 277,394	\$ 268,451	\$ 267,219	\$ 254,565	\$ 244,371
TAX COLLECTIONS					
General Fund		\$ 268,184	\$ 266,936	\$ 254,143	\$ 243,877
Road and Bridge Twp Transfer		63,520	61,767	59,874	58,114
TOTAL TAX COLLECTIONS		\$ 331,704	\$ 328,703	\$ 314,017	\$ 301,991
PERCENTAGE OF GENERAL FUND EXTENSIONS COLLECTED AS OF APRIL 30, 2011		99.90%	99.89%	99.83%	99.80%

(See independent auditor's report.)

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2011

ASSESSED VALUATION (2009 Latest Year Available)	<u>\$ 55,589,981</u>
STATUTORY DEBT LIMITATION (8.625% of assessed valuation)	\$ 4,794,636
TOTAL DEBT Bonds payable	<u>450,000</u>
LEGAL DEBT MARGIN	<u>\$ 4,344,636</u>

(See independent auditor's report.)