

CITY OF MOMENCE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
April 30, 2012



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, and each major fund a of the City of Momence, Illinois, as of and for the year ended April 30, 2012, 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, 2012, or the changes in financial position thereof for the year then ended.

The City of Momence, Illinois adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended April 30, 2012. The statement changed the classifications of governmental fund balances and clarified the definitions of existing fund types. The adoption of this statement had no effect on any of the City of Momence, Illinois' governmental funds' assets or liabilities nor was there any effect to the total amount of any of the City of Momence, Illinois' governmental fund balances as of and for the year ended April 30, 2012.

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, 2012, 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 certain information listed as required supplementary information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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. The individual fund financial statements and the financial information listed as schedules and supplemental data in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, the schedules and supplemental data are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, 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, the prior year in the period ended April 30, 2012 (none of which is presented herein), and we expressed an adverse opinion on the governmental activities and an unqualified opinion on the business activities on the modified cash basis of accounting described in Note 1. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The schedules of revenues, expenditures and changes in fund balance - budget and actual general fund with comparative actual is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of revenues, expenditures and changes in fund balance - budget and actual general fund with comparative actual are fairly stated, on the modified cash basis, in all material respects in relation to the financial statements from which it has been derived. The supplemental data presented on page 35 was not audited by us and we express no opinion thereon.

Naperville, Illinois
October 29, 2012



GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

CITY OF MOMENCE, ILLINOIS

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 295,299	\$ 1,750,515	\$ 2,045,814
Investments	63,493	823,014	886,507
Internal balances	(161,815)	161,815	-
Capital assets (net of accumulated depreciation)	-	1,809,701	1,809,701
Total assets	196,977	4,545,045	4,742,022
LIABILITIES			
Due to others	7,694	-	7,694
Long-term liabilities			
Due within one year	15,000	-	15,000
Due in more than one year	425,000	-	425,000
Total liabilities	447,694	-	447,694
NET ASSETS			
Invested in capital assets	-	1,809,701	1,809,701
Restricted for			
Other purposes	28,280	-	28,280
Highways and streets	123,740	-	123,740
Debt service	27,967	-	27,967
Unrestricted	(430,704)	2,735,344	2,304,640
TOTAL NET ASSETS	\$ (250,717)	\$ 4,545,045	\$ 4,294,328

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For the Year Ended April 30, 2012

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	\$ 479,553	\$ 62,577	\$ 2,376	\$ -	\$ (414,600)	\$ -	\$ (414,600)
Public safety	673,301	98,376	11,841	-	(563,084)	-	(563,084)
Public works/transportation	644,534	-	120,062	-	(524,472)	-	(524,472)
Health and welfare	180,143	184,483	-	-	4,340	-	4,340
Culture and recreation	8,451	6,540	-	-	(1,911)	-	(1,911)
Interest	26,282	-	-	-	(26,282)	-	(26,282)
Total governmental activities	2,012,264	351,976	134,279	-	(1,526,009)	-	(1,526,009)
Business-Type Activities							
Water and sewer	1,185,608	1,215,050	-	259,904	-	289,346	289,346
Total business-type activities	1,185,608	1,215,050	-	259,904	-	289,346	289,346
TOTAL PRIMARY GOVERNMENT	\$ 3,197,872	\$ 1,567,026	\$ 134,279	\$ 259,904	(1,526,009)	289,346	(1,236,663)
General revenues							
Taxes							
Property					341,653	-	341,653
Sales and use					366,881	-	366,881
Income					233,044	-	233,044
Replacement					33,290	-	33,290
Franchise fees					22,316	-	22,316
Investment income					3,398	12,604	16,002
Miscellaneous					57,529	-	57,529
Transfers					233,062	(233,062)	-
Total					1,291,173	(220,458)	1,070,715
CHANGE IN NET ASSETS					(234,836)	68,888	(165,948)
NET ASSETS, MAY 1					(15,881)	4,476,157	4,460,276
NET ASSETS (DEFICIT), APRIL 30					\$ (250,717)	\$ 4,545,045	\$ 4,294,328

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, 2012

	General	Project	Motor Fuel Tax	Debt Service	Total Governmental
ASSETS					
Cash and investments	\$ 181,736	\$ -	\$ 113,563	\$ -	\$ 295,299
Investments	63,493	-	-	-	63,493
Due from other funds	280,000	-	54,422	27,967	362,389
TOTAL ASSETS	\$ 525,229	\$ -	\$ 167,985	\$ 27,967	\$ 721,181
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ 469,736	\$ 10,223	\$ 44,245	\$ -	\$ 524,204
Due to others	7,694	-	-	-	7,694
Total liabilities	477,430	10,223	44,245	-	531,898
FUND BALANCES					
Restricted					
Other purposes	28,280	-	-	-	28,280
Highways and streets	-	-	123,740	-	123,740
Debt service	-	-	-	27,967	27,967
Unrestricted	-	-	-	-	-
Unassigned	19,519	(10,223)	-	-	9,296
Total fund balances (deficit)	47,799	(10,223)	123,740	27,967	189,283
TOTAL LIABILITIES AND FUND BALANCES	\$ 525,229	\$ -	\$ 167,985	\$ 27,967	\$ 721,181

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, 2012

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 189,283
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>(440,000)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS	<u><u>\$ (250,717)</u></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, 2012

	General	Project	Motor Fuel Tax	Debt Service	Total
REVENUES COLLECTED					
Property taxes	\$ 341,653	\$ -	\$ -	\$ -	\$ 341,653
Replacement taxes	33,290	-	-	-	33,290
Income taxes	233,044	-	-	-	233,044
Sales and use taxes	366,881	-	-	-	366,881
Grant revenue	39,217	-	-	-	39,217
Motor fuel taxes	-	-	49,710	45,352	95,062
Garbage fees	184,483	-	-	-	184,483
Licenses and fees	84,893	-	-	-	84,893
Fines and forfeitures	98,376	-	-	-	98,376
Refunds and reimbursements	100	-	-	-	100
Investment income	3,216	-	182	-	3,398
Miscellaneous	63,969	-	-	-	63,969
Total revenues collected	1,449,122	-	49,892	45,352	1,544,366
EXPENDITURES PAID					
General government	423,353	-	56,200	-	479,553
Public safety	673,301	-	-	-	673,301
Public works/transportation	182,749	461,785	-	-	644,534
Health and welfare	180,143	-	-	-	180,143
Culture and recreation	8,451	-	-	-	8,451
Debt Service	-	-	-	-	-
Principal	-	-	-	10,000	10,000
Interest	-	-	-	26,282	26,282
Total expenditures paid	1,467,997	461,785	56,200	36,282	2,022,264
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	(18,875)	(461,785)	(6,308)	9,070	(477,898)
OTHER FINANCING SOURCES					
Transfers In	233,062	-	-	-	233,062
NET CHANGE IN FUND BALANCES	214,187	(461,785)	(6,308)	9,070	(244,836)
FUND BALANCES (DEFICIT), MAY 1	(166,388)	451,562	130,048	18,897	434,119
FUND BALANCES (DEFICIT), APRIL 30	\$ 47,799	\$ (10,223)	\$ 123,740	\$ 27,967	\$ 189,283

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, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (244,836)
Amounts reported for governmental activities in the statement of activities are different because:	
The repayment of the principal portion long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding when incurred in the statement of activities	
	<u>10,000</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS	<u><u>\$ (234,836)</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, 2012

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,750,515
Investments	823,014
Due from other funds	<u>286,626</u>
Total current assets	<u>2,860,155</u>
NONCURRENT ASSETS	
Capital assets	
Water system and equipment	2,108,040
Sewer system and equipment	<u>6,126,572</u>
Total capital assets	8,234,612
Less accumulated depreciation	<u>(6,424,911)</u>
Capital assets, net	<u>1,809,701</u>
Total assets	<u>4,669,856</u>
LIABILITIES	
Due to other funds	<u>124,811</u>
NET ASSETS	
Invested in capital assets	1,809,701
Unrestricted	<u>2,735,344</u>
TOTAL NET ASSETS	<u><u>\$ 4,545,045</u></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, 2012

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OPERATING REVENUES COLLECTED	
Fees for services	\$ 1,197,523
Meter sales and tap-on fees	15,404
Other operating income	<u>2,123</u>
Total operating revenues collected	<u>1,215,050</u>
OPERATING EXPENSES PAID	
Personnel services	328,540
Payroll taxes and benefits	126,662
Utilities	177,680
Insurance	82,477
Repairs and maintenance	174,345
Materials and supplies	71,020
Testing expenses	12,187
Waste removal	16,155
Chemicals	9,650
Professional services	12,178
Depreciation	131,815
Other	<u>42,899</u>
Total operating expenses paid	<u>1,185,608</u>
OPERATING INCOME	<u>29,442</u>
NONOPERATING REVENUES COLLECTED	
Investment income	12,604
Capital grant	<u>259,904</u>
Total nonoperating revenues collected	<u>272,508</u>
NET INCOME BEFORE TRANSFERS	301,950
Transfers (out)	<u>(233,062)</u>
CHANGE IN NET ASSETS	68,888
NET ASSETS, MAY 1	<u>4,476,157</u>
NET ASSETS, APRIL 30	<u><u>\$ 4,545,045</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, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 1,212,927
Other receipts	2,123
Payments to suppliers	(725,253)
Payments to employees	<u>(328,540)</u>
Net cash from operating activities	<u>161,257</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers	(233,063)
Increase in loans to other funds	<u>311,578</u>
Net cash from noncapital financing activities	<u>78,515</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Receipts from granting agencies	259,904
Acquisition of capital assets	<u>(249,475)</u>
Net cash from capital financing activities	<u>10,429</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	12,604
Purchase of investments	(823,014)
Proceeds from sale of investments	<u>817,103</u>
Net cash from investing activities	<u>6,693</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	256,894
CASH AND CASH EQUIVALENTS, MAY 1	<u>1,493,621</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 1,750,515</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 29,442
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation expense	<u>131,815</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 161,257</u></u>

See accompanying notes to financial statements.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2012

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 Motor Fuel Tax Fund accounts for the revenues received from motor fuel taxes and expenditures for maintenance of roads.

The Debt Service Fund accounts for payment of principal and interest on the general obligation bonds.

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 nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the Mayor. Any residual fund balance of the General Fund is reported as unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Balances/Net Assets (Continued)

The City has not adopted a flow of funds policy and therefore applies the flow of funds from GASB Statement No. 54, which prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds. For net assets, restricted funds are spent first then unrestricted funds.

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, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

None of the restricted net assets or restricted fund balance results from enabling legislation adopted by the City.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012, for collections received from the calendar year 2010 tax levy. Property taxes levied for calendar year 2010, were intended to finance the fiscal year 2012 expenditures. The property taxes levied for the calendar year 2011 which will be collected in fiscal year 2013 are not recorded in these financial statements.

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 2011 was passed in December 2011.
- Property taxes are due to the County Collector in two installments, June 1 and September 1.
- Significant amounts of property taxes for 2011 will be distributed to the City during June 2012 - January 2013.

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.

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

3. DEPOSITS WITH FINANCIAL INSTITUTIONS (Continued)

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, 2012, 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.

Investments consist of the following:

	Governmental Activities	Business-type Activities
Certificates of Deposit	\$ 63,495	\$ 823,015

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	\$ 52,396	\$ -	\$ 52,396	\$ -
Total capital assets not being depreciated	52,396	-	52,396	-
Capital assets being depreciated				
Sewer system and equipment	6,126,572	-	-	6,126,572
Water system and equipment	1,806,168	301,872	-	2,108,040
Total capital assets being depreciated	7,932,740	301,872	-	8,234,612

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

4. CAPITAL ASSETS (Continued)

	Balances May 1	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES (Continued)				
Less accumulated depreciation for				
Sewer system and equipment	\$ 5,056,835	\$ 95,846	\$ -	\$ 5,152,681
Water system and equipment	1,236,261	35,969	-	1,272,230
Total accumulated depreciation	6,293,096	131,815	-	6,424,911
 Total capital assets being depreciated, net	1,639,644	170,057	-	1,809,701
 BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	\$ 1,692,040	\$ 170,057	\$ 52,396	\$ 1,809,701

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.

Fund	Deficit Balance
Project	\$ 10,223

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, 2012:

	Balances May 1	Issuances	Retirements	Balances April 30	Current Portion
G.O. Bonds (Alternate Revenue Source) Series 2010	\$ 450,000	\$ -	\$ 10,000	\$ 440,000	\$ 15,000
TOTAL GOVERNMENTAL LONG-TERM LIABILITIES	\$ 450,000	\$ -	\$ 10,000	\$ 440,000	\$ 15,000

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

6. LONG-TERM DEBT (Continued)

a. Governmental Activities (Continued)

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 motor fuel taxes then receipts of personal property replacement taxes. The proceeds of the bond issuance will be used to finance various public capital infrastructure improvements, including street, lighting, parking lots, and sidewalks.

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
2013	\$ 15,000	\$ 23,510
2014	15,000	22,385
2015	15,000	21,260
2016	15,000	20,135
2017	20,000	19,085
2018	20,000	17,735
2019	20,000	16,385
2020	20,000	15,085
2021	20,000	13,785
2022	20,000	12,585
2023	25,000	11,785
2024	25,000	10,760
2025	25,000	9,710
2026	25,000	8,635
2027	30,000	7,535
2028	30,000	6,185
2029	30,000	4,805
2030	35,000	3,395
2031	35,000	1,715
TOTAL	\$ 440,000	\$ 246,475

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

7. INDIVIDUAL FUND DISCLOSURES

The composition of interfund balances as of April 30, 2012 are as follows:

Fund	Due From	Due To
Major Governmental		
General	\$ 280,000	\$ 469,736
Motor Fuel Tax	54,422	44,245
Project	-	10,223
Debt Service	27,967	-
Total	<u>362,389</u>	<u>524,204</u>
Major		
Water and Sewer	<u>286,626</u>	<u>124,811</u>
TOTAL ALL FUNDS	<u>\$ 649,015</u>	<u>\$ 649,015</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, 2012, 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	\$ 33,072
Municipal Band	<u>6,794</u>
TOTAL RESERVED	<u>\$ 39,866</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, 2012. 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, 2012 is as follows:

	Gallons		Water		Sewer		Expenses
Billed for the period May 1, 2011 through April 30, 2012	66,565,000	\$	74,503	\$	313,355	\$	152,019

11. 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.

11. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

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.

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, 2012, the City's annual pension cost of \$73,862 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2009 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, 2009 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.

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

11. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement Fund (Continued)

For Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 43,048	100.00%	\$ -
2011	75,203	100.00%	-
2012	71,813	100.00%	

The funded status of the plan as of December 31, 2011, 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)	\$ 1,643,991
Actuarial value of plan assets	1,350,805
Unfunded actuarial accrued liability (UAAL)	293,186
Funded ratio (actuarial value of plan assets/AAL)	82.17%
Covered payroll (active plan members)	\$ 710,211
UAAL as a percentage of covered payroll	41.28%

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.

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, 2012

	Original Budget	Final Budget	Actual
REVENUES COLLECTED			
Taxes			
Property taxes	\$ 335,000	\$ 335,000	\$ 341,653
Replacement taxes	35,000	35,000	33,290
Income taxes	220,000	220,000	233,044
Sales and use taxes	340,000	340,000	366,881
Subtotal	930,000	930,000	974,868
Grant revenue	16,000	16,000	39,217
Garbage fees	185,000	185,000	184,483
Licenses and fees	31,210	31,210	33,868
Building and electrical permits	25,000	25,000	22,844
Fines	96,500	96,500	98,376
Franchise fees	22,500	22,500	22,316
Cable and amusement fees	10,000	10,000	5,865
Refunds and reimbursements	31,000	31,000	100
Interest income	1,500	1,500	3,216
Miscellaneous	67,600	67,600	63,969
Total revenues collected	1,416,310	1,416,310	1,449,122
EXPENDITURES PAID			
General government			
Mayor's department	1,375	1,375	23,815
City clerk department	36,175	36,175	15,520
City treasurer department	13,850	13,850	21,228
Public property department	48,965	48,965	15,370
Zoning and planning commission	18,700	18,700	15,457
Insurance department	65,750	65,750	96,216
Legal department	84,100	84,100	63,659
Local improvement department	170,200	170,200	162,005
Liquor commission	1,650	1,650	1,615
City hall	8,450	8,450	8,468
Miscellaneous	3,025	3,025	-
Total general government	452,240	452,240	423,353
Public Safety			
Street lighting	38,250	38,250	34,153
Police department	671,500	671,500	639,148
Total public safety	709,750	709,750	673,301

(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, 2012

	Original Budget	Final Budget	2012 Actual
EXPENDITURES PAID (Continued)			
Public works			
Engineering department	\$ 4,050	\$ 4,050	\$ -
Street and alley department	225,900	225,900	182,749
Total public works	229,950	229,950	182,749
Health and welfare			
Waste removal	175,500	175,500	177,618
Sewer and water department	-	-	2,525
Total health and welfare	175,500	175,500	180,143
Cultural and recreation			
Community center	8,200	8,200	8,451
Total expenditures paid	1,575,640	1,575,640	1,467,997
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (159,330)</u>	<u>\$ (159,330)</u>	(18,875)
OTHER FINANCING SOURCES (USES)			
Transfers in			233,062
NET CHANGE IN FUND BALANCE			214,187
FUND BALANCE (DEFICIT), MAY 1			(166,388)
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ 47,799</u>

(See independent auditor's report.)

CITY OF MOMENCE , ILLINOIS

SCHEDULE OF FUNDING PROGRESS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2012

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)
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%
2011	1,350,805	1,643,991	82.17%	293,186	710,211	41.28%

(See independent auditor's report.)

CITY OF MOMENCE , ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

April 30, 2012

<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%
2012	71,813	71,813	100.00%

Note: Prior year information not available.

(See independent auditor's report.)

CITY OF MOMENCE, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2012

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	\$ 1,575,640	\$ 1,575,640	\$ 1,467,997

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, 2012
(with actual for 2011)

	Final Budget	2012 Actual	2011 Actual
REVENUES COLLECTED			
Taxes			
Property taxes	\$ 335,000	\$ 341,653	\$ 331,704
Replacement taxes	35,000	33,290	18,006
Income taxes	220,000	233,044	271,340
Sales and use taxes	340,000	366,881	372,155
Subtotal	930,000	974,868	993,205
Grant revenue	16,000	39,217	15,226
Garbage fees	185,000	184,483	170,485
Licenses and fees	31,210	33,868	33,689
Building and electrical permits	25,000	22,844	33,924
Fines	96,500	98,376	102,387
Franchise fees	22,500	22,316	22,099
Cable and amusement fees	10,000	5,865	7,087
Refunds and reimbursements	31,000	100	3,375
Interest income	1,500	3,216	1,579
Miscellaneous	67,600	63,969	78,142
Total revenues collected	1,416,310	1,449,122	1,461,198
EXPENDITURES PAID			
General government			
Mayor's department	1,375	23,815	22,037
City clerk department	36,175	15,520	15,346
City treasurer department	13,850	21,228	19,952
Public property department	48,965	15,370	19,678
Zoning and planning commission	18,700	15,457	14,564
Insurance department	65,750	96,216	104,253
Legal department	84,100	63,659	126,610
Local improvement department	170,200	162,005	68,856
Liquor commission	1,650	1,615	1,615
City hall	8,450	8,468	13,200
Miscellaneous	3,025	-	-
Total general government	452,240	423,353	406,111
Public Safety			
Street lighting	38,250	34,153	42,631
Police department	671,500	639,148	652,209
Total public safety	709,750	673,301	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, 2012
(with actual for 2011)

	Final Budget	2012 Actual	2011 Actual
EXPENDITURES PAID (Continued)			
Public works			
Engineering department	\$ 4,050	\$ -	\$ 900
Street and alley department	225,900	182,749	292,999
Total public works	<u>229,950</u>	<u>182,749</u>	<u>293,899</u>
Health and welfare			
Waste removal	175,500	177,618	168,449
Sewer and water department	-	2,525	2,986
Total health and welfare	<u>175,500</u>	<u>180,143</u>	<u>171,435</u>
Cultural and recreation			
Community center	8,200	8,451	7,914
Total expenditures paid	<u>1,575,640</u>	<u>1,467,997</u>	<u>1,574,199</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>\$ (159,330)</u>	(18,875)	(113,001)
OTHER FINANCING SOURCES (USES)			
Transfers in		<u>233,062</u>	-
NET CHANGE IN FUND BALANCE		<u>\$ 214,187</u>	<u>\$ (113,001)</u>

(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, 2012

<hr/>	
OPERATING REVENUES COLLECTED	
Fees for services	\$ 1,197,523
Meter sales and tap-on fees	15,404
Other operating income	<u>2,123</u>
Total operating revenues collected	<u>1,215,050</u>
OPERATING EXPENSES PAID	
Personnel services	328,540
Payroll taxes and benefits	126,662
Utilities	177,680
Insurance	82,477
Repairs and maintenance	174,345
Materials and supplies	71,020
Testing expenses	12,187
Waste removal	16,155
Chemicals	9,650
Professional services	12,178
Other operating expenses	<u>42,899</u>
Total operating expenses paid	<u>1,053,793</u>
OPERATING INCOME BEFORE DEPRECIATION	161,257
Depreciation	<u>131,815</u>
OPERATING INCOME (LOSS)	<u>29,442</u>
NONOPERATING REVENUES COLLECTED	
Investment income	12,604
Capital grant	<u>259,904</u>
Total nonoperating revenues collected	<u>272,508</u>
NET INCOME BEFORE TRANSFERS	301,950
Transfers (out)	<u>(233,062)</u>
CHANGE IN NET ASSETS	68,888
NET ASSETS, MAY 1	<u>4,476,157</u>
NET ASSETS, APRIL 30	<u><u>\$ 4,545,045</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, 2012

	Pre-treatment	Final Treatment	Total
Personnel services	\$ -	\$ 157,170	\$ 157,170
Social Security taxes	-	10,722	10,722
IMRF expense	-	16,151	16,151
Health insurance	-	27,004	27,004
Insurance	-	156,995	156,995
Telephone	1,691	8,419	10,110
Electricity	38,526	95,418	133,944
Heating	1,707	-	1,707
Repairs and maintenance	94,677	42,434	137,111
Gas, fuel and oil	-	5,186	5,186
Supplies	4,846	16,096	20,942
Testing expenses	-	5,675	5,675
Waste removal	-	16,155	16,155
Chemicals	526	9,124	9,650
Professional services	-	2,968	2,968
Depreciation	-	95,846	95,846
Other	4	21,316	21,320
TOTAL	\$ 141,977	\$ 686,679	\$ 828,656

(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

	2011	2010	2009	2008	2007
ASSESSED VALUATION					
Kankakee County	\$ 53,933,065	\$ 55,589,981	\$ 53,905,897	\$ 54,202,589	\$ 52,164,829
TAX RATES (percents)					
General corporate	0.215	0.200	0.249	0.249	0.245
IMRF	0.053	0.049	-	-	-
Police protection	0.084	0.078	0.078	0.076	0.076
Liability insurance	0.097	0.091	0.091	0.090	0.089
Workmen's compensation	0.086	0.080	0.080	0.079	0.078
TOTAL TAX RATES	0.535	0.498	0.498	0.494	0.488
TAX EXTENSIONS					
General corporate	\$ 115,956	\$ 111,736	\$ 134,226	\$ 134,423	\$ 127,804
IMRF	28,585	27,239	-	-	-
Police protection	45,304	43,360	42,046	41,194	39,645
Liability insurance	52,315	50,587	49,054	48,782	46,427
Workmen's compensation	46,382	44,472	43,125	42,820	40,689
TOTAL TAX EXTENSIONS	\$ 288,542	\$ 277,394	\$ 268,451	\$ 267,219	\$ 254,565
TAX COLLECTIONS					
General Fund	\$ -	\$ 276,590	\$ 268,184	\$ 266,936	\$ 254,143
Road and Bridge Twp Transfer	-	65,044	63,520	61,767	59,874
TOTAL TAX COLLECTIONS	\$ -	\$ 341,634	\$ 331,704	\$ 328,703	\$ 314,017
PERCENTAGE OF GENERAL FUND EXTENSIONS COLLECTED AS OF APRIL 30, 2012	0.00%	99.71%	99.90%	99.89%	99.83%

(See independent auditor's report.)

CITY OF MOMENCE, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2012

ASSESSED VALUATION (2010 Latest Year Available)	<u>\$ 53,933,065</u>
STATUTORY DEBT LIMITATION (8.625% of assessed valuation)	\$ 4,651,727
TOTAL DEBT Bonds payable	<u>440,000</u>
LEGAL DEBT MARGIN	<u>\$ 4,211,727</u>

(See independent auditor's report.)