

CITY OF MOMENCE, ILLINOIS

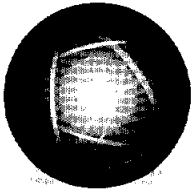
Annual Financial Statements

For the Fiscal Year Ended

April 30, 2016

CITY OF MOMENCE, ILLINOIS
ANNUAL FINANCIAL STATEMENTS
April 30, 2016

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Momence
Momence, IL 60954

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the

CITY OF MOMENCE, ILLINOIS

as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City of Momence, Illinois, as of April 30, 2016, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

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 other information on pages 28 through 35, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Groskreutz, Abraham, Eshterman & Geretse LLC

Kankakee, Illinois
December 30, 2016

BASIC FINANCIAL STATEMENTS

CITY OF MOMENCE, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
April 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 698,444	\$ 1,501,986	\$ 2,200,430
Investments	63,717	831,442	895,159
Internal balances	(8,393)	8,393	-
Capital assets:			
Non-depreciable	3,757,758		3,757,758
Depreciable (net of accumulated depreciation)	<u>4,552,112</u>	<u>1,908,025</u>	<u>6,460,137</u>
Total assets	<u>9,063,638</u>	<u>4,249,846</u>	<u>13,313,484</u>
<u>Liabilities</u>			
Long-term liabilities:			
Due within one year	30,016		30,016
Due in more than one year	<u>360,000</u>	<u>49,933</u>	<u>409,933</u>
Total liabilities	<u>390,016</u>	<u>49,933</u>	<u>439,949</u>
<u>Net Position</u>			
Net investment in capital assets	8,309,870	1,908,025	10,217,895
Restricted for:			
Street maintenance programs	176,928		176,928
Boorda memorial fund	10,645		10,645
Unrestricted	<u>176,179</u>	<u>2,291,888</u>	<u>2,468,067</u>
Total net position	<u>\$ 8,673,622</u>	<u>\$ 4,199,913</u>	<u>\$ 12,873,535</u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the year ended April 30, 2016

	Program Revenues		Net (Expense) Revenue and Change in Net Position	
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:				
General government	\$ 267,130	\$ 33,096	\$ (151,400)	\$ (151,400)
Public safety	856,749	186,553	(670,196)	(670,196)
Public works/transportation	387,067	88,691	(298,376)	(298,376)
Culture and recreation	96,595		(96,595)	(96,595)
Health and welfare	209,367	211,691	2,324	2,324
Interest	21,017		(21,017)	(21,017)
Total governmental activities	1,837,925	480,878	(1,235,260)	(1,235,260)
Business-Type Activities:				
Water and sewer	1,860,274	1,509,355		\$ (315,453)
Total	\$ 3,698,199	\$ 1,990,233	(1,235,260)	(315,453)
General Revenues:				
Taxes				
Property taxes			379,157	379,157
Replacement taxes			37,336	37,336
Income taxes			353,435	353,435
Sales and use taxes			431,984	431,984
Other taxes			72,523	72,523
Rental income			2,500	2,500
Investment income			1,226	5,171
Miscellaneous			67,722	67,722
Total general revenues			1,345,883	1,349,828
Changes in net position			110,623	(311,508)
Net position, May 1, 2015			185,383	4,511,421
Prior period adjustment			8,377,616	8,377,616
Net position, May 1, 2015, restated			8,562,999	13,074,420
Net position, April 30, 2016			\$ 8,673,622	\$ 4,199,913

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
April 30, 2016

	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 522,687	\$ 175,757		\$ 698,444
Investments	63,717			63,717
Due from other funds		1,171		1,171
Total assets	<u>\$ 586,404</u>	<u>\$ 176,928</u>	<u>\$ -0-</u>	<u>\$ 763,332</u>
LIABILITIES				
Due to other funds	\$ 9,564	\$ -0-	\$ -0-	\$ 9,564
FUND BALANCES				
Restricted for:				
Street maintenance programs		176,928		176,928
Boorda memorial fund	10,645			10,645
Unassigned	566,195			566,195
Total fund balances	<u>576,840</u>	<u>176,928</u>	<u>-0-</u>	<u>753,768</u>
Total liabilities and fund balances	<u>\$ 586,404</u>	<u>\$ 176,928</u>	<u>\$ -0-</u>	<u>\$ 763,332</u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS
April 30, 2016

Total governmental fund balance	\$ 753,768
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	8,309,870
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(380,000)
Installment notes	<u>(10,016)</u>
Net position of governmental activities	<u><u>\$ 8,673,622</u></u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the year ended April 30, 2016

	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Property taxes	\$ 379,157			\$ 379,157
Replacement taxes	37,336			37,336
State income taxes	353,435			353,435
Sales and use taxes	431,984			431,984
Gaming tax	35,393			35,393
Grant revenue	28,455			28,455
Motor fuel taxes		\$ 84,832		84,832
Garbage fees	211,691			211,691
Licenses and fees	35,448			35,448
Franchise agreements	37,130			37,130
Fines and forfeitures	186,553			186,553
Refunds and reimbursements	47,186			47,186
Contributions	8,500			8,500
Rental income	2,500			2,500
Investment income	1,081	145		1,226
Miscellaneous	63,291	4,431		67,722
Total revenues	1,859,140	89,408	\$ -0-	1,948,548
Expenditures:				
General government	230,196			230,196
Public safety	898,321			898,321
Public works/transportation	317,783			317,783
Culture and recreation	93,495			93,495
Health and welfare	209,367			209,367
Debt service:				
Principal retirement	19,450		15,000	34,450
Interest expense	882		20,135	21,017
Total expenditures	1,769,494	-0-	35,135	1,804,629
Excess (deficiency) of revenues over expenditures	89,646	89,408	(35,135)	143,919
Other financing sources (uses):				
Transfers in (out)		(35,135)	35,135	-0-
Net change in fund balance	89,646	54,273	-0-	143,919
Fund balance, May 1, 2015	487,194	122,655	-0-	609,849
Fund balance, April 30, 2016	\$ 576,840	\$ 176,928	\$ -0-	\$ 753,768

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the year ended April 30, 2016

Net change in fund balance - total governmental funds \$ 143,919

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

Governmental funds report capital outlays as expenditures. However, on
the statement of activities the cost of those assets is allocated over their
useful lives as depreciation expense.

Expenditure for capital assets	39,796
Depreciation	(146,216)
Donated capital assets not reported in governmental funds	38,674

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

Principal payments on bonds payable	15,000
Principal payments on installment notes	<u>19,450</u>

Change in net position of governmental activities \$ 110,623

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
WATER AND SEWER FUND
April 30, 2016

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,501,986
Investments	831,442
Due from other funds	<u>8,393</u>
Total current assets	<u>2,341,821</u>
Non-current assets:	
Property and equipment:	
Water equipment	2,181,989
Sewer plant	4,571,560
Sewer equipment	<u>1,849,021</u>
	8,602,570
Less accumulated depreciation	<u>(6,694,545)</u>
Property and equipment, net	<u>1,908,025</u>
Total assets	<u>4,249,846</u>

LIABILITIES

Long-term liabilities:	
Notes payable - Illinois EPA	<u>49,933</u>

NET POSITION

Net investment in capital assets	1,908,025
Unrestricted	<u>2,291,888</u>
Total net position	<u><u>\$ 4,199,913</u></u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
WATER AND SEWER FUND
For the year ended April 30, 2016

Operating revenues:	
Fees for services	\$ 1,504,247
Meter sales and tap-on fees	1,665
Other operating income	<u>3,443</u>
Total operating revenues	<u>1,509,355</u>
Operating expenses:	
Personal services	391,810
Payroll taxes and benefits	156,652
Utilities	227,803
Insurance	119,137
Repairs and maintenance	387,418
Materials and supplies	221,534
Testing expenses	13,339
Waste removal	30,152
Chemicals	13,885
Professional services	95,207
Depreciation	172,067
Other operating expenses	<u>31,270</u>
Total operating expenses	<u>1,860,274</u>
Operating income (loss)	<u>(350,919)</u>
Nonoperating revenues:	
Interest income	3,945
Grant revenue	<u>35,466</u>
Total nonoperating revenues	<u>39,411</u>
Change in net position	(311,508)
Net position, May 1, 2015	<u>4,511,421</u>
Net position, April 30, 2016	<u><u>\$ 4,199,913</u></u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
WATER AND SEWER FUND
For the year ended April 30, 2016

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Cash flows from (used for) operating activities:	
Receipts from customers	\$ 1,505,912
Other receipts	3,443
Payments to employees	(391,810)
Payments to suppliers	<u>(1,296,397)</u>
Net cash from (used for) operating activities	<u>(178,852)</u>
Cash flows from (used for) noncapital and related financing activities:	
Receipts from granting agencies	35,466
Repayment of loans to other funds	<u>26,795</u>
Net cash from (used for) noncapital and related financing activities	<u>62,261</u>
Cash flows from (used for) capital and related financing activities:	
Receipt of loan from governmental entity	49,933
Acquisition of capital assets	<u>(248,668)</u>
Net cash from (used for) capital and related financing activities	<u>(198,735)</u>
Cash flows from (used for) investing activities:	
Interest income	3,945
Interest reinvested	<u>(1,577)</u>
Net cash from (used for) investing activities	<u>2,368</u>
Net increase (decrease) in cash and cash equivalents	(312,958)
Cash and cash equivalents, May 1, 2015	<u>1,814,944</u>
Cash and cash equivalents, April 30, 2016	<u><u>\$ 1,501,986</u></u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities:	
Operating income (loss)	\$ (350,919)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:	
Depreciation expense	<u>172,067</u>
Net cash from (used for) operating activities	<u><u>\$ (178,852)</u></u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

As discussed further in Note 1.B., the financial statements of the City of Momence, Illinois (the City) are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. 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. The City has adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity*, under which the financial statements include all organizations, activities, functions and component units for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. The accompanying basic financial statements present the City only since the City does not have component units.

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

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

If the City utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. Governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting.

C. 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.

Governmental funds are used to account for all or most of 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).

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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 position presents the cash, investments, capital assets and long-term liabilities of the governmental and business-type activities of the City at the fiscal year end.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

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.

The City has elected to report all of its funds as major, even though some of them have not met the criteria requiring such treatment in fiscal year 2016.

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 **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.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 three months or less when purchased to be cash and cash equivalents.

F. Investments

Investments consist entirely of certificates of deposit with a maturity of more than three months when purchased and are stated at cost.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, drainage systems, traffic controls, etc.) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. 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.

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:

<u>Assets</u>	<u>Years</u>
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 is reported as liabilities in the applicable governmental activities, business-type activities or enterprise fund financial statements.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 Position

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 Council. 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.

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 position, restricted funds are spent first then unrestricted funds.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Investment in capital assets 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.

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/expensed 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.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 or expenditures/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.

NOTE 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, 2016, for collections received from the calendar year 2014 tax levy. Property taxes levied for calendar year 2014, were intended to finance the fiscal year 2016 expenditures. The property taxes levied for the calendar year 2015, which will be collected in fiscal year 2017, 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 2015 was passed in December 2015.
- Property taxes are due to the County Collector in two installments, June 1 and September 1.
- Significant amounts of property taxes for 2015 will be distributed to the City during June 2016 - January 2017.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 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, 2016, 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:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Certificates of Deposit	<u>\$63,717</u>	<u>\$831,442</u>

NOTE 4 - INTERFUND DISCLOSURES:

Interfund receivables and payables. The composition of interfund receivables and payables as of April 30, 2016 is as follows:

Governmental funds:	
Due to Motor Fuel Tax Fund from:	
General Fund	<u>\$1,171</u>
Proprietary funds:	
Due to Water and Sewer Fund from:	
General Fund	<u>\$8,393</u>

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

Interfund transfers. The Motor Fuel Tax Fund transferred \$35,135 to the Debt Service Fund to provide for bond and interest retirement.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 - CAPITAL ASSETS:

The beginning balances of the capital assets reported in the governmental activities of the City, were restated by \$8,377,616 to capitalize assets identified by the City's infrastructure valuation study and record accumulated depreciation in accordance with the provisions of GASB Statement No. 34 at May 1, 2015.

A summary of changes in capital assets of the City for the year ended April 30, 2016 is as follows:

	Balance May 1, 2015 <u>(Restated)</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>April 30, 2016</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ <u>3,757,758</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,757,758</u>
Capital assets being depreciated:				
Buildings	2,358,023	44,186		2,402,209
Equipment	445,150			445,150
Vehicles	585,414	34,284		619,698
Land improvements	256,756			256,756
Infrastructure	<u>3,994,495</u>	—	—	<u>3,994,495</u>
Total capital assets being depreciated	<u>7,639,838</u>	<u>78,470</u>	<u>-0-</u>	<u>7,718,308</u>
Less accumulated depreciation:				
Buildings	744,743	42,910		787,653
Equipment	420,110	15,218		435,328
Vehicles	294,705	40,329		335,034
Land improvements	213,556	2,400		215,956
Infrastructure	<u>1,346,866</u>	<u>45,359</u>	—	<u>1,392,225</u>
Total accumulated depreciation	<u>3,019,980</u>	<u>146,216</u>	<u>-0-</u>	<u>3,166,196</u>
Total capital assets being depreciated, net	<u>4,619,858</u>	<u>(67,746)</u>	<u>-0-</u>	<u>4,552,112</u>
Total capital assets, net	<u>\$8,377,616</u>	<u>\$(67,746)</u>	<u>\$-0-</u>	<u>\$8,309,870</u>

Depreciation expense for governmental activities for the year ended April 30, 2016 was charged to functions as follows:

General government	\$ 36,934
Public safety	29,565
Public works/transportation	76,617
Culture and recreation	<u>3,100</u>
	<u>\$146,216</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Balance</u> <u>May 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2016</u>
Business-type activities:				
Capital assets being depreciated:				
Water system and equipment	\$2,216,826	\$204,426	\$239,263	\$2,181,989
Sewer system and equipment	<u>6,458,107</u>	<u>44,242</u>	<u>81,768</u>	<u>6,420,581</u>
Total capital assets being depreciated	<u>8,674,933</u>	<u>248,668</u>	<u>321,031</u>	<u>8,602,570</u>
Less accumulated depreciation:				
Water system and equipment	1,387,262	49,882	239,263	1,197,881
Sewer system and equipment	<u>5,456,247</u>	<u>122,185</u>	<u>81,768</u>	<u>5,496,664</u>
Total accumulated depreciation	<u>6,843,509</u>	<u>172,067</u>	<u>321,031</u>	<u>6,694,545</u>
Total capital assets being depreciated, net	<u>\$1,831,424</u>	<u>\$ 76,601</u>	<u>\$ -0-</u>	<u>\$1,908,025</u>

NOTE 6 - LONG TERM DEBT:

A summary of changes in long-term debt for the year ended April 30, 2016 is as follows:

	<u>Balance</u> <u>May 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2016</u>	<u>Due within</u> <u>One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$395,000		\$15,000	\$380,000	\$20,000
Installment notes	<u>29,466</u>	—	<u>19,450</u>	<u>10,016</u>	<u>10,016</u>
Total long-term debt	<u>\$424,466</u>	<u>\$-0-</u>	<u>\$34,450</u>	<u>\$390,016</u>	<u>\$30,016</u>
Business-type activities:					
Illinois EPA loan	<u>\$-0-</u>	<u>\$49,933</u>	<u>\$-0-</u>	<u>\$49,933</u>	<u>\$-0-</u>

Long-term debt is comprised of the following:

General Obligation Bonds

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 were used to finance various public capital infrastructure improvements including streets, lighting, parking lots, and sidewalks.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 6 - LONG TERM DEBT (Continued):

Installment Notes

On October 12, 2012, the City incurred \$75,000 of government obligation contract for the purchase of certain public safety equipment. It is payable in quarterly installments in the amount of \$5,083, including interest at 3.97%, through September 24, 2016.

Illinois EPA Loan

On January 6, 2016, the City was approved for a \$1,681,030 Illinois Environmental Protection Agency (IEPA) loan for the construction of a water main that will cross under the Kankakee River near Harvard Street to provide an additional connection between the north and south sides of the City and miscellaneous improvements to distribution system. As of April 30, 2016, the City has drawn down proceeds of \$49,933. This loan is secured by current and future utility revenues and is payable in 40 semi-annual payments, including interest at 1.86%. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

Subsequent to April 30, 2016, the City has drawn down additional proceeds of \$1,208,202 from IEPA, all of which are committed to the above-mentioned project.

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

Fiscal Year Ending April 30	Series 2010 General Obligation Bonds (Alternate Revenue Source)		2013 Installment Contract	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$20,000	\$19,085	\$10,016	\$149
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	<u>35,000</u>	<u>1,715</u>	_____	_____
Total	<u>\$380,000</u>	<u>\$159,185</u>	<u>\$10,016</u>	<u>\$149</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM:

Plan Description

The City contributes to the Illinois Municipal Retirement Fund (IMRF), which provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. IMRF is an agent-multiple-employer public employee retirement system 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	14
Inactive Plan members entitled to but not yet receiving benefits	7
Active Plan members	<u>18</u>
Total	<u>39</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM (Continued):

Contributions

As set by statute, the City's employees are required to contribute 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2015 was 9.81 percent. For the fiscal year ended April 30, 2016, the City contributed \$83,752 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability and Actuarial Assumptions

The components of the net pension liability as of April 30, 2016 were as follows:

Total pension liability	\$4,119,930
Plan fiduciary net position	<u>3,881,062</u>
City's net pension liability	\$ <u>238,868</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>94.20%</u>

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions:

Actuarial valuation date	December 31, 2015
Actuarial cost method	Entry-age normal
Asset valuation method	Market
Assumptions:	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Discount rate	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM (Continued):

Investment Rate of Return

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

<u>Asset class</u>	<u>Target</u>	<u>Long-term expected real rate of return</u>
Equities	38%	7.39%
International Equities	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternatives	9%	
Private Equity		8.15%
Hedge Funds		5.25%
Commodities		2.25%
Cash Equivalents	<u>1%</u>	2.25%
	<u>100%</u>	

Single Discount Rate

A single discount rate of 7.50 percent was used to measure the total pension liability. The projection of cash flow used to determine this single discount rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The single discount rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50 percent, the municipal bond rate is 3.57 percent and the resulting single discount rate is 7.50 percent.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM (Continued):

Due to the City preparing its financial statements on the modified cash basis of accounting, pension liabilities and deferred inflows and outflows referred to throughout this note disclosure are not recognized in the actual financial statements.

Changes in the Net Pension Liability

	Total Pension Liability <u>(A)</u>	Plan Fiduciary Net Position <u>(B)</u>	Net Pension Liability <u>(A) - (B)</u>
Balances at December 31, 2014	<u>\$3,810,657</u>	<u>\$3,941,428</u>	<u>\$(130,771)</u>
Changes for the year:			
Service cost	82,995		82,995
Interest on the total pension liability	278,897		278,897
Changes of benefit terms	-0-		-0-
Differences between expected and actual experience of the total pension liability	214,441		214,441
Changes of assumptions	-0-		-0-
Contributions – employer		83,752	(83,752)
Contributions – employees		38,419	(38,419)
Net investment income		19,345	(19,345)
Benefit payments, including refunds of employee contributions	(267,060)	(267,060)	
Other (Net transfer)	<u> </u>	<u>65,178</u>	<u>(65,178)</u>
Net changes	<u>309,273</u>	<u>(60,366)</u>	<u>369,639</u>
Balances at December 31, 2015	<u>\$4,119,930</u>	<u>\$3,881,062</u>	<u>\$ 238,868</u>

Sensitivity of the Net Pension Liability to Changes in the Discount

The following presents the plan's net pension liability, calculated using a single discount rate of 7.50 percent as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1% lower or 1% higher.

	1% Lower <u>(6.50%)</u>	Current Discount <u>(7.50%)</u>	1% Higher <u>(8.50%)</u>
Net pension liability (asset)	<u>\$732,387</u>	<u>\$238,868</u>	<u>\$(164,209)</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 7 - EMPLOYEE RETIREMENT SYSTEM (Continued):

Pension Expense and Deferred Outflows of Resources Related to Pension

The City for the fiscal year ended April 30, 2016 recognized a pension expense of \$58,992. The City, at April 30, 2016, had the following deferred outflows of resources related to IMRF:

Deferrals at measurement date (December 31, 2015):	
Difference between expected and actual experience in measurement of the total pension liability	\$175,781
Change in assumptions	-0-
Difference between projected and actual earnings on plan fiduciary net position	<u>218,618</u>
Total deferrals at measurement date, December 31, 2015	394,399
Pension contributions made subsequent to measurement date	<u>24,780</u>
Total deferred outflows of resources	<u>\$419,179</u>

The amounts reported as deferred outflows resulting from pension contributions made subsequent to the measurement date in the above table will be recognized as reductions in the net pension liabilities for the year ending December 31, 2016. The remaining amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Deferred Outflows</u> <u>of Resources</u>
2016	\$ 93,315
2017	93,315
2018	93,315
2019	93,313
2020	<u>21,141</u>
Total	<u>\$394,399</u>

NOTE 8 - 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 ranges 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 apply 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, 2016. The City purchases health insurance through a third party indemnity for employee health coverage.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2016

NOTE 9 – LEGAL DEBT MARGIN:

Assessed valuation - 2015 levy year, net of abatements	<u>\$48,596,223</u>
Statutory debt limit – 8.625% of assessed valuation	<u>\$4,191,424</u>
Debt:	
Bonds payable	380,000
Alternate revenue bonds, not subject to debt limit	<u>(380,000)</u>
Debt subject to limit	<u>-0-</u>
Legal debt margin	<u>\$4,191,424</u>

NOTE 10 – RESTATEMENT OF NET POSITION:

The City has restated the net position of the governmental activities of its government-wide financial statements as of May 1, 2015, to record capital assets and accumulated depreciation not previously reported in prior years.

	<u>Governmental</u> <u>Activities</u>
Net position, May 1, 2015, as previously reported	\$ 185,383
Prior period adjustment:	
Record capital assets and accumulated depreciation not previously reported	<u>8,377,616</u>
Net position, May 1, 2015, restated	<u>\$8,562,999</u>

OTHER INFORMATION

CITY OF MOMENCE, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS
GENERAL FUND
For the year ended April 30, 2016

	Original and Final Budget	Actual
Revenues:		
General property taxes	\$ 388,000	\$ 379,157
State replacement taxes	35,000	37,336
State income taxes	277,000	353,435
State sales and use taxes	425,000	431,984
Gaming tax	34,000	35,393
Grant revenue	33,200	28,455
Garbage fees	204,500	211,691
Licenses and fees	16,510	17,136
Building and electrical permits	65,000	18,312
Franchise agreements	32,900	37,130
Fines	191,100	186,553
Refunds and reimbursements	2,350	47,186
Contributions	20,000	8,500
Rental income	2,500	2,500
Investment income	745	1,081
Miscellaneous	31,025	63,291
	<u>1,758,830</u>	<u>1,859,140</u>
Total revenues		
Expenditures:		
General government:		
Mayor's department	25,075	26,468
City clerk department	7,325	6,875
City treasurer department	14,550	16,602
Zoning and planning commission department	47,075	30,467
Insurance department	101,250	66,083
Legal department	45,475	50,097
Liquor commission department	1,625	1,480
City hall department	21,430	26,785
Engineering department	2,500	5,339
	<u>266,305</u>	<u>230,196</u>
Total general government		
Public safety:		
Police department	808,265	898,321
	<u>808,265</u>	<u>898,321</u>
Public works/transportation:		
Street and alley department	357,230	241,708
Street lighting department	41,500	76,075
	<u>398,730</u>	<u>317,783</u>
Total public works/transportation		

(Continued)

CITY OF MOMENCE, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS
GENERAL FUND
(Continued)
For the year ended April 30, 2016

	Original and Final Budget	Actual
Culture and recreation:		
Public property department	\$ 63,880	\$ 44,953
Local improvement department	54,500	48,542
Total culture and recreation	<u>118,380</u>	<u>93,495</u>
Health and welfare:		
Waste removal department	196,000	206,147
Sewer and water department	2,932	3,220
Total health and welfare	<u>198,932</u>	<u>209,367</u>
Debt service:		
Principal retirement		19,450
Interest expense		882
Total debt service	<u>-0-</u>	<u>20,332</u>
Total expenditures	<u>1,672,232</u>	<u>1,769,494</u>
Net change in fund balance	<u>\$ 86,598</u>	89,646
Fund balance, May 1, 2015		<u>487,194</u>
Fund balance, April 30, 2016		<u>\$ 576,840</u>

CITY OF MOMENCE, ILLINOIS
NOTE TO BUDGETARY COMPARISON SCHEDULE
April 30, 2016

NOTE 1 - BUDGETARY ACCOUNTING:

The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedule:

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.

Appropriations for the General Fund are adopted on a basis consistent with the modified cash basis of accounting. The City Council does not make appropriations for the Motor Fuel Tax Fund.

CITY OF MOMENCE, ILLINOIS
DEPARTMENTAL SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
WATER AND SEWER FUND
For the year ended April 30, 2016

	Water	Sewer	Total
Operating revenues:			
Fees for services	\$ 489,743	\$ 1,014,504	\$ 1,504,247
Meter sales and tap-on fees	915	750	1,665
Other operating income	3,443		3,443
Total operating revenues	494,101	1,015,254	1,509,355
Operating expenses:			
Personal services	180,471	211,339	391,810
Payroll taxes and benefits	83,583	73,069	156,652
Utilities	32,189	195,614	227,803
Insurance	58,441	60,696	119,137
Repairs and maintenance	131,146	256,272	387,418
Materials and supplies	53,043	168,491	221,534
Testing expenses	7,262	6,077	13,339
Waste removal		30,152	30,152
Chemicals		13,885	13,885
Professional services	26,014	69,193	95,207
Depreciation	49,882	122,185	172,067
Other operating expenses	8,659	22,611	31,270
Total operating expenses	630,690	1,229,584	1,860,274
Operating income (loss)	(136,589)	(214,330)	(350,919)
Nonoperating revenues:			
Interest income	1,926	2,019	3,945
Grant revenue		35,466	35,466
Total nonoperating revenues	1,926	37,485	39,411
Change in net position	(134,663)	(176,845)	(311,508)
Net position, May 1, 2015	2,069,439	2,441,982	4,511,421
Net position, April 30, 2016	\$ 1,934,776	\$ 2,265,137	\$ 4,199,913

CITY OF MOMENCE, ILLINOIS
SCHEDULE OF OPERATING EXPENSES - MODIFIED CASH BASIS
SEWER DEPARTMENT
For the year ended April 30, 2016

	<u>Pre-treatment</u>	<u>Final Treatment</u>	<u>Total</u>
Operating expenses:			
Personal services		\$ 211,339	\$ 211,339
Social security taxes		15,554	15,554
IMRF expense		17,870	17,870
Health insurance		39,645	39,645
Insurance		60,696	60,696
Telephone	\$ 977	15,775	16,752
Electricity	52,271	126,591	178,862
Repairs and maintenance	82,597	173,675	256,272
Gas, fuel, and oil		850	850
Supplies	143,778	23,863	167,641
Testing expenses		6,077	6,077
Waste removal		30,152	30,152
Chemicals	13,885		13,885
Professional services		69,193	69,193
Depreciation		122,185	122,185
Other operating expenses		22,611	22,611
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 293,508</u>	<u>\$ 936,076</u>	<u>\$ 1,229,584</u>

CITY OF MOMENCE, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
April 30, 2016

Calendar year ended December 31,	<u>2015</u>
Actuarially determined contribution	\$ 83,752
Contributions in relation to the actuarially determined contribution	<u>83,752</u>
Contribution deficiency (excess)	<u><u>\$ -0-</u></u>
 Covered-employee payroll	 \$ 853,745
Contributions as a percentage of covered-employee payroll	 9.81%

Note: The City of Momence implemented GASB Statement No. 68 beginning with the fiscal year ended April 30, 2016. Similar information will be displayed for future years as it becomes available.

CITY OF MOMENCE, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
April 30, 2016

Calendar year ended December 31,	<u>2015</u>
Total pension liability	
Service cost	\$ 82,995
Interest	278,897
Changes in benefit terms	-
Differences between expected and actual experience	214,441
Changes of assumptions	-
Benefit payments, including refunds of contributions	<u>(267,060)</u>
 Net change in total pension liability	 309,273
 Total pension liability - beginning	 <u>3,810,657</u>
 Total pension liability - ending	 <u>4,119,930</u>
Plan fiduciary net position	
Employer contributions	83,752
Employee contributions	38,419
Net investment income	19,345
Benefit payments, including refunds of contributions	(267,060)
Other	<u>65,178</u>
 Net change in plan fiduciary net position	 (60,366)
 Plan fiduciary net position - beginning	 <u>3,941,428</u>
 Plan fiduciary net position - ending	 <u>3,881,062</u>
 Employer's net pension liability	 <u><u>\$ 238,868</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 94.20%
 Covered-employee payroll	 \$ 853,745
 Employer's net pension liability as a percentage of covered-employee payroll	 27.98%

Note: The City of Momence implemented GASB Statement No. 68 beginning with the fiscal year ended April 30, 2016. Similar information will be displayed for future years as it becomes available.

CITY OF MOMENCE, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS
For the tax levy years 2015, 2014, 2013, 2012, and 2011

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assessed valuations	<u>\$ 48,596,223</u>	<u>\$48,003,697</u>	<u>\$ 48,413,037</u>	<u>\$ 51,703,253</u>	<u>\$ 53,933,065</u>
Tax rates (percents):					
General corporate	0.2572	0.2594	0.2547	0.2350	0.2150
IMRF	0.0623	0.0628	0.0617	0.0580	0.0530
Police protection	0.0982	0.0990	0.0973	0.0910	0.0840
Liability insurance	0.1146	0.1155	0.1135	0.1060	0.0970
Workmen's compensation	0.1008	0.1016	0.0998	0.0940	0.0860
Total tax rates	<u>0.6331</u>	<u>0.6383</u>	<u>0.6270</u>	<u>0.5840</u>	<u>0.5350</u>
Tax extensions:					
General corporate	\$ 124,844	\$ 124,508	\$ 123,294	\$ 121,503	\$ 115,956
IMRF	30,240	30,143	29,867	29,988	28,585
Police protection	47,666	47,518	47,100	47,050	45,304
Liability insurance	55,626	55,438	54,942	54,805	52,315
Workmen's compensation	48,928	48,766	48,311	48,601	46,382
Total tax extensions	<u>\$ 307,304</u>	<u>\$ 306,373</u>	<u>\$ 303,514</u>	<u>\$ 301,947</u>	<u>\$ 288,542</u>
Tax collections:					
General property tax		\$ 306,929	\$ 299,484	\$ 293,929	\$ 276,639
Road and Bridge - Township		72,228	70,233	69,207	65,019
Total tax collections		<u>\$ 379,157</u>	<u>\$ 369,717</u>	<u>\$ 363,136</u>	<u>\$ 341,658</u>
Percentage of general property tax extensions collected		<u>100.18%</u>	<u>98.67%</u>	<u>97.34%</u>	<u>95.87%</u>