

CITY OF MOMENCE, ILLINOIS

Annual Financial Statements

For the Fiscal Year Ended

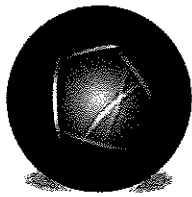
April 30, 2018

CITY OF MOMENCE, ILLINOIS
ANNUAL FINANCIAL STATEMENTS
April 30, 2018

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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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, and each major fund of the City of Momence, Illinois, as of April 30, 2018, 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

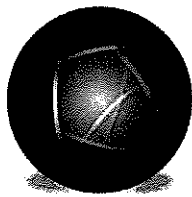
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Momence, Illinois' basic financial statements. The other information on pages 28-36, which are the responsibility of management, are presented for purposes of additional 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Groszkreutz, Abraham, Eschleman & Genetse LLC

Kankakee, Illinois
November 15, 2018



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

The Honorable Mayor and City Council
City of Momence, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Momence, Illinois (the City), as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 15, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Groskreutz, Abraham, Eskleman & Genetse LLC

Kankakee, Illinois
November 15, 2018

BASIC FINANCIAL STATEMENTS

CITY OF MOMENCE, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
April 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 532,825	\$ 1,252,147	\$ 1,784,972
Investments	64,038	835,253	899,291
Internal balances	2,751	(2,751)	-0-
Capital assets:			
Non-depreciable	4,698,729		4,698,729
Depreciable (net of accumulated depreciation)	<u>4,560,957</u>	<u>3,492,870</u>	<u>8,053,827</u>
Total assets	<u>9,859,300</u>	<u>5,577,519</u>	<u>15,436,819</u>
<u>Liabilities</u>			
Payroll withholdings	1,975		1,975
Long-term liabilities:			
Due within one year	26,756	89,785	116,541
Due in more than one year	<u>339,564</u>	<u>1,157,259</u>	<u>1,496,823</u>
Total liabilities	<u>368,295</u>	<u>1,247,044</u>	<u>1,615,339</u>
<u>Net Position</u>			
Net investment in capital assets	8,893,366	2,245,826	11,139,192
Restricted for:			
Street maintenance programs	109,533		109,533
Debt service	14,896		14,896
Boorda memorial fund	10,530		10,530
Unrestricted	<u>462,680</u>	<u>2,084,649</u>	<u>2,547,329</u>
Total net position	<u>\$ 9,491,005</u>	<u>\$ 4,330,475</u>	<u>\$ 13,821,480</u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the year ended April 30, 2018

	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>							
General government	\$ 243,739	\$ 34,299	\$ 800		\$ (208,640)		\$ (208,640)
Public safety	835,753	131,617			(704,136)		(704,136)
Public works/transportation	622,861		84,184	\$ 1,023,277	484,600		484,600
Culture and recreation	72,472	50,570			(21,902)		(21,902)
Health and welfare	218,898	242,514			23,616		23,616
Interest	9,081				(9,081)		(9,081)
Total governmental activities	2,002,804	459,000	84,984	1,023,277	(435,543)		(435,543)
<u>Business-Type Activities:</u>							
Water and sewer	1,710,203	1,604,659				\$ (105,544)	(105,544)
Total	\$ 3,713,007	\$ 2,063,659	\$ 84,984	\$ 1,023,277	(435,543)	(105,544)	(541,087)
<u>General Revenues:</u>							
Taxes							
Property taxes					356,893		356,893
Replacement taxes					31,968		31,968
Income taxes					350,613		350,613
Sales and use taxes					488,515		488,515
Other taxes					82,901		82,901
Investment income					990	3,977	4,967
Miscellaneous					869		869
Total general revenues					1,312,749	3,977	1,316,726
Changes in net position					877,206	(101,567)	775,639
Net position, May 1, 2017					8,613,799	4,432,042	13,045,841
Net position, April 30, 2018					\$ 9,491,005	\$ 4,330,475	\$ 13,821,480

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
April 30, 2018

	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 408,396	\$ 109,533	\$ 14,896	\$ 532,825
Investments	64,038			64,038
Due from other funds	<u>2,751</u>			<u>2,751</u>
Total assets	<u>\$ 475,185</u>	<u>\$ 109,533</u>	<u>\$ 14,896</u>	<u>\$ 599,614</u>
LIABILITIES				
Payroll withholdings	<u>\$ 1,975</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,975</u>
FUND BALANCES				
Restricted for:				
Street maintenance programs		109,533		109,533
Debt service			14,896	14,896
Boorda memorial fund	10,530			10,530
Unassigned	<u>462,680</u>			<u>462,680</u>
Total fund balances	<u>473,210</u>	<u>109,533</u>	<u>14,896</u>	<u>597,639</u>
Total liabilities and fund balances	<u>\$ 475,185</u>	<u>\$ 109,533</u>	<u>\$ 14,896</u>	<u>\$ 599,614</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, 2018

Total governmental fund balance	\$ 597,639
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	9,259,686
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds payable	(340,000)
Notes payable	<u>(26,320)</u>
Net position of governmental activities	<u>\$ 9,491,005</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, 2018

	General Fund	Motor Fuel Tax Fund	Debt Service Fund	Total Governmental Funds
Revenues:				
Property taxes	\$ 356,893			\$ 356,893
Replacement taxes	31,968			31,968
State income taxes	350,613			350,613
Sales and use taxes	488,515			488,515
Gaming tax	46,098			46,098
Grant revenue	1,023,277			1,023,277
Motor fuel taxes		\$ 84,184		84,184
Garbage fees	242,514			242,514
Licenses, fees and permits	34,299			34,299
Franchise agreements	36,803			36,803
Police revenue	131,617			131,617
Refunds and reimbursements	50,570			50,570
Contributions	800			800
Investment income	799	191		990
Miscellaneous	869			869
Total revenues	2,795,635	84,375	\$ -0-	2,880,010
Expenditures:				
General government	206,805			206,805
Public safety	806,448			806,448
Public works/transportation	1,421,601	159,556		1,581,157
Culture and recreation	69,372			69,372
Health and welfare	218,898			218,898
Debt service:				
Principal retirement	7,615		20,000	27,615
Interest expense	211		8,870	9,081
Total expenditures	2,730,950	159,556	28,870	2,919,376
Excess (deficiency) of revenues over expenditures	64,685	(75,181)	(28,870)	(39,366)
Other financing sources (uses):				
Issuance of note payable	25,129			25,129
Transfers in (out)		(36,902)	36,902	-0-
Total other financing sources (uses)	25,129	(36,902)	36,902	25,129
Net change in fund balance	89,814	(112,083)	8,032	(14,237)
Fund balance, May 1, 2017	383,396	221,616	6,864	611,876
Fund balance, April 30, 2018	\$ 473,210	\$ 109,533	\$ 14,896	\$ 597,639

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, 2018

Net change in fund balance - total governmental funds	\$ (14,237)
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	1,033,583
Depreciation	(144,626)
The repayment of the principal portion of long-term debt is reported as an expenditure in governmental funds but as a reduction of principal outstanding in the statement of activities.	
Principal payments on bonds payable	20,000
Principal payments on notes payable	7,615
Proceeds from issuance of long-term debt obligations are other financing sources in the governmental funds, but the issuance increases the long-term liabilities on the statement of net position.	
Proceeds from issuance of notes payable	<u>(25,129)</u>
Change in net position of governmental activities	<u>\$ 877,206</u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
WATER AND SEWER FUND
April 30, 2018

ASSETS		Enterprise Funds
Current assets:		
Cash and cash equivalents		\$ 1,252,147
Investments		<u>835,253</u>
Total current assets		<u>2,087,400</u>
Non-current assets:		
Capital assets:		
Water equipment		3,856,438
Sewer plant		4,571,560
Sewer equipment		<u>2,171,014</u>
		10,599,012
Less accumulated depreciation		<u>(7,106,142)</u>
Capital assets, net		<u>3,492,870</u>
Total assets		<u>5,580,270</u>
LIABILITIES		
Current liabilities:		
Illinois EPA loan due within one year		54,338
Due to other funds		2,751
Notes payable due within one year		<u>35,447</u>
Total current liabilities		92,536
Non-current liabilities:		
Illinois EPA loan payable, less portion due within one year		1,083,134
Notes payable, less portion due within one year		<u>74,125</u>
Total liabilities		<u>1,249,795</u>
NET POSITION		
Net investment in capital assets		2,245,826
Unrestricted		<u>2,084,649</u>
Total net position		<u>\$ 4,330,475</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, 2018

	Enterprise Fund
Operating revenues:	
Fees for services	\$ 1,604,329
Meter sales and tap-on fees	299
Other operating income	31
Total operating revenues	1,604,659
Operating expenses:	
Personal services	376,861
Payroll taxes and benefits	168,889
Insurance	111,835
Utilities	216,747
Repairs and maintenance	283,278
Materials and supplies	165,753
Testing expenses	11,415
Waste removal	69,868
Chemicals	1,919
Professional services	12,567
Depreciation	240,562
Other operating expenses	28,369
Total operating expenses	1,688,063
Operating income (loss)	(83,404)
Nonoperating revenues (expenses):	
Interest income	3,977
Interest expense	(22,140)
Total nonoperating revenues (expenses)	(18,163)
Change in net position	(101,567)
Net position, May 1, 2017	4,432,042
Net position, April 30, 2018	\$ 4,330,475

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, 2018

	Enterprise Fund
Cash flows from (used for) operating activities:	
Receipts from customers	\$ 1,604,628
Receipts from other funds	2,751
Other receipts	31
Payments to employees	(376,861)
Payments to suppliers	<u>(1,070,640)</u>
Net cash from (used for) operating activities	<u>159,909</u>
Cash flows from (used for) capital and related financing activities:	
Loan proceeds	119,836
Principal paid on loans	(94,465)
Interest paid on loans	(22,140)
Acquisition of capital assets	<u>(254,314)</u>
Net cash from (used for) capital and related financing activities	<u>(251,083)</u>
Cash flows from (used for) investing activities:	
Interest income	3,977
Interest reinvested	<u>(1,832)</u>
Net cash from (used for) investing activities	<u>2,145</u>
Net increase (decrease) in cash and cash equivalents	(89,029)
Cash and cash equivalents, May 1, 2017	<u>1,341,176</u>
Cash and cash equivalents, April 30, 2018	<u><u>\$ 1,252,147</u></u>
Reconciliation of operating income (loss) to net cash from (used for) operating activities:	
Operating income (loss)	\$ (83,404)
Adjustments to reconcile operating income (loss) to net cash from (used for) operating activities:	
Depreciation expense	240,562
Increase (decrease) in operating liabilities:	
Due to other funds	<u>2,751</u>
Net cash from (used for) operating activities	<u><u>\$ 159,909</u></u>
Noncash transaction related to capital and related financing activities:	
Interest capitalized on IEPA loan	<u><u>\$ 2,078</u></u>

See accompanying notes.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Momence (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 general administrative services, public safety, public works, health and welfare, culture and recreation, planning, zoning and water and sewer utilities. The more significant of the City's accounting policies are described below.

A. Reporting Entity

In determining the financial reporting entity, the City complies with 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. Based on this criteria, there are no component units included in the reporting entity.

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

The financial statements of 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. 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, 2018

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. Government-Wide 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.

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.

D. Fund Financial Statements

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.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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

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).

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, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. However, revenues received for capital financing activities are considered neither operating nor nonoperating and are presented after nonoperating activities.

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 2018.

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, 2018

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	20-50

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, 2018

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, 2018

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, 2018, for collections received from the calendar year 2016 tax levy. Property taxes levied for calendar year 2016, were intended to finance the fiscal year 2018 expenditures. The property taxes levied for the calendar year 2017, which will be collected in fiscal year 2019, 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 2017 was passed in December 2017.
- Property taxes are due to the County Collector in two installments, June 1 and September 1.
- Significant amounts of property taxes for 2017 will be distributed to the City during June 2018 - January 2019.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

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, 2018, 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>\$64,038</u>	<u>\$835,253</u>

NOTE 4 - INTERFUND TRANSFERS:

The Motor Fuel Tax Fund transferred \$36,902 to the Debt Service Fund to provide for bond and interest retirement.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 - CAPITAL ASSETS:

A summary of changes in capital assets of the City for the year ended April 30, 2018 is as follows:

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2018</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$3,782,594			\$3,782,594
Construction in progress	<u>113,751</u>	<u>\$802,384</u>	<u>—</u>	<u>916,135</u>
Total capital assets not being depreciated:	<u>3,896,345</u>	<u>802,384</u>	<u>\$-0-</u>	<u>4,698,729</u>
Capital assets being depreciated:				
Buildings	2,358,023			2,358,023
Equipment	493,064	25,129		518,193
Vehicles	620,509	5,500		626,009
Land improvements	256,756			256,756
Infrastructure	<u>4,029,005</u>	<u>200,570</u>	<u>—</u>	<u>4,229,575</u>
Total capital assets being depreciated	<u>7,757,357</u>	<u>231,199</u>	<u>—</u>	<u>7,988,556</u>
Less accumulated depreciation:				
Buildings	830,563	42,910		873,473
Equipment	434,654	13,882		448,536
Vehicles	361,644	39,396		401,040
Land improvements	218,356	2,400		220,756
Infrastructure	<u>1,437,756</u>	<u>46,038</u>	<u>—</u>	<u>1,483,794</u>
Total accumulated depreciation	<u>3,282,973</u>	<u>144,626</u>	<u>—</u>	<u>3,427,599</u>
Total capital assets being depreciated, net	<u>4,474,384</u>	<u>86,573</u>	<u>-0-</u>	<u>4,560,957</u>
Total capital assets, net	<u>\$8,370,729</u>	<u>\$888,957</u>	<u>\$-0-</u>	<u>\$9,259,686</u>

Depreciation expense for governmental activities for the year ended April 30, 2018 was charged to functions as follows:

General government	\$ 36,934
Public safety	29,305
Public works/transportation	75,287
Culture and recreation	<u>3,100</u>
	<u>\$144,626</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 5 - CAPITAL ASSETS (Continued):

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2018</u>
Business-type activities:				
Capital assets being depreciated:				
Water system and equipment	\$ 3,747,031	\$109,407		\$ 3,856,438
Sewer system and equipment	<u>6,615,903</u>	<u>165,950</u>	<u>\$39,279</u>	<u>6,742,574</u>
Total capital assets being depreciated	<u>10,362,934</u>	<u>275,357</u>	<u>39,279</u>	<u>10,599,012</u>
Less accumulated depreciation:				
Water system and equipment	1,261,308	104,457		1,365,765
Sewer system and equipment	<u>5,622,508</u>	<u>136,105</u>	<u>18,236</u>	<u>5,740,377</u>
Total accumulated depreciation	<u>6,883,816</u>	<u>240,562</u>	<u>18,236</u>	<u>7,106,142</u>
Total capital assets being depreciated, net	<u>\$ 3,479,118</u>	<u>\$ 34,795</u>	<u>\$21,043</u>	<u>\$ 3,492,870</u>

NOTE 6 - LONG TERM DEBT:

A summary of changes in long-term debt for the year ended April 30, 2018 is as follows:

	<u>Balance</u> <u>May 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2018</u>	<u>Due within</u> <u>One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$360,000		\$20,000	\$340,000	\$20,000
Notes payable	<u>8,806</u>	<u>\$25,129</u>	<u>7,615</u>	<u>26,320</u>	<u>6,756</u>
Total long-term debt	<u>\$368,806</u>	<u>\$25,129</u>	<u>\$27,615</u>	<u>\$366,320</u>	<u>\$26,756</u>
Business-type activities:					
Illinois EPA loan	\$1,204,061	\$ 2,078	\$68,667	\$1,137,472	\$54,338
Notes payable	<u>17,612</u>	<u>117,758</u>	<u>25,798</u>	<u>109,572</u>	<u>35,447</u>
Total long-term debt	<u>\$1,221,673</u>	<u>\$119,836</u>	<u>\$94,465</u>	<u>\$1,247,044</u>	<u>\$89,785</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 6 - LONG TERM DEBT (Continued):

Long-term debt is comprised of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>General Obligation Bonds</u>		
<p>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.</p>	\$340,000	
<u>Notes payable</u>		
<p>On May 11, 2016, the City issued a \$26,418 note for the purchase of a 2013 GMC Sierra shared equally between General, Water and Sewer funds. It is payable in annual payments of \$7,004, including interest at 2.365%, through May 11, 2020. Note and debt service payments are allocated equally to the three funds, allocating 1/3 to Governmental Activities and 2/3 to Business-type Activities.</p>	6,682	\$13,364
<p>On May 5, 2017 the City issued a \$75,387 note for the purchase of a 2016 Case Loader Tractor shared equally between General, Water and Sewer funds. The note is payable in five annual payments of \$16,472, including interest at 4.63%, through May 5, 2021. Note and debt service payments are allocated equally to the three funds, allocating 1/3 to Governmental Activities and 2/3 to Business-type Activities.</p>	19,638	39,276
<p>On September 22, 2017, the City issued a \$67,500 note for the purchase of a 2013 Trailer-Mounted Sewer Jetter and Underground Camera. The note is payable in six semi-annual installments of \$12,252, including interest at 4.99% through September 22, 2020. The debt service payments are made from the Sewer Fund.</p>		56,932

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 6 - LONG TERM DEBT (Continued):

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 to cross under the Kankakee River to provide an additional connection between the north and south sides of the City. As of April 30, 2018, the City had drawn down proceeds of \$1,482,192. Total current year addition consists of capitalized interest of \$2,078. This loan is secured by current and future utility revenues and is payable in 40 semi-annual payments, including interest at 1.86%. The debt service payments are made from the Water Fund.

		<u>\$1,137,472</u>
Total long-term debt	\$366,320	1,247,044
Less: Due within one year	<u>26,756</u>	<u>89,785</u>
Due in more than one year	\$339,564	<u>\$1,157,259</u>

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

Fiscal Year Ending <u>April 30</u>	Series 2010 General Obligation Bonds (Alternate Revenue Source)		2016 IEPA Loan		Notes Payable	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	2019	\$ 20,000	\$ 16,385	\$ 54,338	\$ 21,611	\$ 42,203
2020	20,000	15,085	56,062	19,887	44,104	3,876
2021	20,000	13,785	57,110	18,839	33,842	1,988
2022	20,000	12,585	58,177	17,772	15,743	729
2023	25,000	11,785	59,264	16,685		
2024	25,000	10,760	60,371	15,577		
2025	25,000	9,710	61,500	14,449		
2026	25,000	8,635	62,649	13,300		
2027	30,000	7,535	63,819	12,129		
2028	30,000	6,185	65,012	10,937		
2029	30,000	4,805	66,227	9,722		
2030	35,000	3,395	67,464	8,485		
2031	35,000	1,715	68,725	7,224		
2032			70,009	5,940		
2033			71,318	4,631		
2034			72,650	3,299		
2035			74,008	1,941		
2036			<u>48,769</u>	<u>558</u>		
Total	<u>\$340,000</u>	<u>\$122,365</u>	<u>\$1,137,472</u>	<u>\$202,986</u>	<u>\$135,892</u>	<u>\$12,370</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 7 - 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, 2018. The City purchases health insurance through a third party indemnity for employee health coverage.

NOTE 8 – LEGAL DEBT MARGIN:

Assessed valuation - 2017 levy year, net of abatements	<u>\$49,959,689</u>
Statutory debt limit – 8.625% of assessed valuation	<u>\$4,309,023</u>
Total long-term debt	1,613,364
Alternate revenue bonds, not subject to debt limit	<u>(340,000)</u>
Debt subject to limit	<u>1,273,364</u>
Legal debt margin	<u>\$3,035,659</u>

NOTE 9 – STATE GRANTS:

The City participates in state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. The City believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

NOTE 10 - 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 for the Plan as a whole, but not by individual employer. The report is available for download at www.imrf.org.

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM: (Continued)

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided

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

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.

Plan Membership

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	13
Inactive Plan members entitled to but not yet receiving benefits	17
Active Plan members	<u>22</u>
Total	<u>52</u>

CITY OF MOMENCE, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
April 30, 2018

NOTE 10 - 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 2017 was 7.99 percent. For the fiscal year ended April 30, 2018, the City contributed \$73,776 to the plan.

Actuarial Valuation

An actuarial valuation is performed for IMRF at the end of each calendar year and a complimentary actuarial report is provided to each employer.

GASB Statement No. 68 requires state and local government employers that contribute to the plan to recognize the net pension liability and the pension expense on their financial statements, along with the related deferred outflows of resources and deferred in flows of resources.

Due to the City preparing its financial statements on the modified cash basis of accounting, net pension liabilities, pension expense, and deferred inflows and outflows based on GASB 68 are not recognized in the accompanying financial statements.

Management has included a multiyear schedule of changes in the employer's net pension liability and related ratios and a multiyear schedule of employer contributions in the other information section of this financial report for additional information.

OTHER INFORMATION

CITY OF MOMENCE, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS
GENERAL FUND
For the year ended April 30, 2018

	Original and Final Budget	Actual
Revenues:		
General property taxes	\$ 390,000	\$ 356,893
State replacement taxes	30,000	31,968
State income taxes	320,000	350,613
State sales and use taxes	450,000	488,515
Gaming tax	40,000	46,098
Grant revenue	731,448	1,023,277
Garbage fees	237,500	242,514
Licenses and fees	17,080	16,637
Building and electrical permits	30,000	17,662
Franchise agreements	35,000	36,803
Police revenue	159,000	131,617
Refunds and reimbursements	14,300	50,570
Contributions	12,000	800
Rental income	2,500	
Investment income	825	799
Miscellaneous	1,825	869
	<u>2,471,478</u>	<u>2,795,635</u>
Total revenues		
Expenditures:		
General government:		
Mayor's department	27,075	25,648
City clerk department	8,800	7,947
City treasurer department	16,030	10,869
Zoning and planning commission department	19,075	6,628
Insurance department	91,025	49,728
Legal department	58,200	71,697
Liquor commission department	1,675	1,480
City hall department	33,350	32,808
Engineering department	2,000	
	<u>257,230</u>	<u>206,805</u>
Total general government		
Public safety:		
Police department	1,011,180	806,448
Public works/transportation:		
Street and alley department	572,950	1,374,743
Street lighting department	57,000	46,858
	<u>629,950</u>	<u>1,421,601</u>
Total public works/transportation		

(Continued)

CITY OF MOMENCE, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - BUDGET BASIS
GENERAL FUND
(Continued)
For the year ended April 30, 2018

	Original and Final Budget	Actual
Culture and recreation:		
Public property department	\$ 46,250	\$ 19,840
Local improvement department	59,575	49,532
Total culture and recreation	<u>105,825</u>	<u>69,372</u>
Health and welfare:		
Waste removal department	241,000	218,898
Sewer and water department	500	
Total health and welfare	<u>241,500</u>	<u>218,898</u>
Debt service:		
Principal retirement		7,615
Interest expense		211
Total debt service	<u>-0-</u>	<u>7,826</u>
Total expenditures	<u>2,245,685</u>	<u>2,730,950</u>
Excess of revenues over expenditures	<u>\$ 225,793</u>	<u>\$ 64,685</u>

CITY OF MOMENCE, ILLINOIS
NOTE TO BUDGETARY COMPARISON SCHEDULE
April 30, 2018

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.

NOTE 2 – EXPENDITURES AND APPROPRIATIONS:

Excess of expenditures over budgeted appropriations in General Fund for the year ended April 30, 2018 was \$485,265.

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, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:			
Fees for services	\$ 615,414	\$ 988,915	\$ 1,604,329
Meter sales and tap-on fees	299		299
Other operating income	31		31
Total operating revenues	<u>615,744</u>	<u>988,915</u>	<u>1,604,659</u>
Operating expenses:			
Personal services	153,518	223,343	376,861
Payroll taxes and benefits	83,225	85,664	168,889
Insurance	55,655	56,180	111,835
Utilities	32,360	184,387	216,747
Repairs and maintenance	116,838	166,440	283,278
Materials and supplies	32,235	133,518	165,753
Testing expenses	6,783	4,632	11,415
Waste removal		69,868	69,868
Chemicals		1,919	1,919
Professional services	7,696	4,871	12,567
Depreciation	104,457	136,105	240,562
Other operating expenses	6,696	21,673	28,369
Total operating expenses	<u>599,463</u>	<u>1,088,600</u>	<u>1,688,063</u>
Operating income (loss)	<u>16,281</u>	<u>(99,685)</u>	<u>(83,404)</u>
Nonoperating revenues (expenses):			
Interest income	1,862	2,115	3,977
Interest expense	(20,245)	(1,895)	(22,140)
Total nonoperating revenues (expenses)	<u>(18,383)</u>	<u>220</u>	<u>(18,163)</u>
Change in net position	(2,102)	(99,465)	(101,567)
Net position, May 1, 2017	<u>2,313,227</u>	<u>2,118,815</u>	<u>4,432,042</u>
Net position, April 30, 2018	<u>\$ 2,311,125</u>	<u>\$ 2,019,350</u>	<u>\$ 4,330,475</u>

CITY OF MOMENCE, ILLINOIS
SCHEDULE OF OPERATING EXPENSES - MODIFIED CASH BASIS
SEWER DEPARTMENT
For the year ended April 30, 2018

	<u>Pre-treatment</u>	<u>Final Treatment</u>	<u>Total</u>
Operating expenses:			
Personal services		\$ 223,343	\$ 223,343
Social security taxes		16,601	16,601
IMRF expense		16,817	16,817
Health insurance		52,246	52,246
Insurance		56,180	56,180
Telephone	\$ 1,973	7,782	9,755
Electricity	68,491	102,713	171,204
Heating	3,428		3,428
Repairs and maintenance	49,942	116,498	166,440
Gas, fuel, and oil		4,549	4,549
Supplies	100,486	28,483	128,969
Testing expenses		4,632	4,632
Waste removal		69,868	69,868
Chemicals	1,919		1,919
Professional services		4,871	4,871
Depreciation		136,105	136,105
Other operating expenses		21,673	21,673
	<u> </u>	<u> </u>	<u> </u>
Total operating expenses	<u>\$ 226,239</u>	<u>\$ 862,361</u>	<u>\$ 1,088,600</u>

CITY OF MOMENCE, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND
MULTIYEAR SCHEDULE OF EMPLOYER CONTRIBUTIONS
April 30, 2018

Calendar year ended December 31,	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 74,107	\$ 72,833	\$ 83,752
Contributions in relation to the actuarially determined contribution	<u>74,107</u>	<u>72,833</u>	<u>83,752</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
 Covered-employee payroll	 \$ 927,494	 \$ 925,448	 \$ 853,745
Contributions as a percentage of covered-employee payroll	7.99%	7.87%	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
MULTIYEAR SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
April 30, 2018

Calendar year ended December 31,	2017	2016	2015
Total pension liability:			
Service cost	\$ 87,737	\$ 84,923	\$ 82,995
Interest	314,620	301,714	278,897
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(188,274)	69,405	214,441
Changes of assumptions	(135,561)	-	-
Benefit payments, including refunds of contributions	(291,644)	(279,083)	(267,060)
Net change in total pension liability	(213,122)	176,959	309,273
Total pension liability - beginning	4,296,889	4,119,930	3,810,657
Total pension liability - ending	4,083,767	4,296,889	4,119,930
Plan fiduciary net position:			
Employer contributions	74,107	72,833	83,752
Employee contributions	41,736	41,645	38,419
Net investment income	749,814	268,598	19,345
Benefit payments, including refunds of contributions	(291,644)	(279,083)	(267,060)
Other	(168,250)	34,747	65,178
Net change in plan fiduciary net position	405,763	138,740	(60,366)
Plan fiduciary net position - beginning	4,019,802	3,881,062	3,941,428
Plan fiduciary net position - ending	4,425,565	4,019,802	3,881,062
Employer's net pension liability (asset)	\$ (341,798)	\$ 277,087	\$ 238,868
Plan fiduciary net position as a percentage of the total pension liability	108.37%	93.55%	94.20%
Covered-employee payroll	\$ 927,494	\$ 925,448	\$ 853,745
Employer's net pension liability (asset) as a percentage of covered-employee payroll	(36.85)%	29.94%	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
NOTES TO ILLINOIS MUNICIPAL
RETIREMENT FUND INFORMATION
April 30, 2018

NOTE 1 - SCHEDULE OF EMPLOYER CONTRIBUTIONS:

*Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate**

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2017 Contribution Rates:

<i>Actuarial Cost Method:</i>	Aggregate entry age normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	26-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.5%
<i>Price Inflation:</i>	2.75%, approximate; No explicit price inflation assumption is used in this valuation.
<i>Salary Increases:</i>	3.75% to 14.5%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	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 to 2013.
<i>Mortality</i>	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). 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 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience

Other Information:

Notes: There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2015, actuarial valuation; note two year lag between valuation and rate setting.

CITY OF MOMENCE, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, RATES, EXTENSIONS, AND COLLECTIONS
For the tax levy years 2017, 2016, 2015, 2014, and 2013

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assessed valuations	<u>\$ 49,959,689</u>	<u>\$48,621,203</u>	<u>\$ 48,539,507</u>	<u>\$ 47,998,338</u>	<u>\$ 48,407,458</u>
Tax rates (percents):					
General corporate	0.2583	0.2499	0.2572	0.2594	0.2547
IMRF	0.0625	0.0605	0.0623	0.0628	0.0617
Police protection	0.0985	0.0954	0.0982	0.0990	0.0973
Liability insurance		0.1113	0.1146	0.1155	0.1135
Workmen's compensation	<u>0.2160</u>	<u>0.0979</u>	<u>0.1008</u>	<u>0.1016</u>	<u>0.0998</u>
Total tax rates	<u>0.6353</u>	<u>0.6150</u>	<u>0.6331</u>	<u>0.6383</u>	<u>0.6270</u>
Tax extensions:					
General corporate	\$ 129,046	\$ 121,504	\$ 124,844	\$ 124,508	\$ 123,294
IMRF	31,225	29,416	30,240	30,143	29,867
Police protection	49,210	46,385	47,666	47,518	47,100
Liability insurance		54,115	55,626	55,438	54,942
Workmen's compensation	<u>107,913</u>	<u>47,600</u>	<u>48,928</u>	<u>48,766</u>	<u>48,311</u>
Total tax extensions	<u>\$ 317,394</u>	<u>\$ 299,020</u>	<u>\$ 307,304</u>	<u>\$ 306,373</u>	<u>\$ 303,514</u>
Tax collections:					
General property tax		\$ 297,287	\$ 304,893	\$ 306,929	\$ 299,484
Road and Bridge - Township		59,606	71,104	72,228	70,233
Total tax collections		<u>\$ 356,893</u>	<u>\$ 375,997</u>	<u>\$ 379,157</u>	<u>\$ 369,717</u>
Percentage of general property tax extensions collected		<u>99.42%</u>	<u>99.22%</u>	<u>100.18%</u>	<u>98.67%</u>