

CITY OF MAROA, ILLINOIS
ANNUAL FINANCIAL REPORT
April 30, 2018

CITY OF MAROA, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Board of Aldermen
City of Maroa
Maroa, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maroa, 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 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 1A; 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 of material misstatement.

An audit involves performing procedures to obtain 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, each major fund, and the aggregate remaining fund information of the City of Maroa, 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 1A.

Basis of Accounting

We draw attention to Note 1A 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 special purpose framework other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Maroa, Illinois' financial statements. The schedules listed as "Supplementary Information" and "Other Information (Unaudited)" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

Supplementary Information

The schedules listed as "Supplementary Information" in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting records and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed as "Supplementary Information" in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Honorable Mayor and
Board of Aldermen
City of Maroa
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Other Information (Unaudited)

The schedules listed as "Other Information (Unaudited)" in the table of contents have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Yours very truly,



McGUIRE, YUHAS, HUFFMAN & BUCKLEY, P.C.
Certified Public Accountants

Decatur, Illinois
September 18, 2018

CITY OF MAROA, ILLINOIS

STATEMENT OF NET POSITION
MODIFIED CASH BASIS

April 30, 2018

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets:			
Cash in Bank and on Hand	\$ 585,770	\$ 357,848	\$ 943,618
Certificates of Deposit	151,780	-	151,780
Internal Due From (To)	(121,580)	121,580	-
Total Current Assets	615,970	479,428	1,095,398
Non-current Assets:			
Land	16,500	125,000	141,500
Property, Plant and Equipment	1,518,578	4,881,428	6,400,006
Less: Accumulated Depreciation	(919,948)	(3,070,309)	(3,990,257)
Net Property, Plant and Equipment	598,630	1,811,119	2,409,749
Total Non-current Assets	615,130	1,936,119	2,551,249
Total Assets	1,231,100	2,415,547	3,646,647
LIABILITIES			
Current Liabilities:			
Meter Deposits	-	21,849	21,849
Other Liabilities	203	1,800	2,003
2017 Ford F-350 Payable, current	13,732	-	13,732
2017 Ford Interceptor Payable, current	14,313	-	14,313
Merchants Capital Resource, current	-	10,059	10,059
Extension Loan Payable Phase 1, current	-	40,709	40,709
Extension Loan Payable Phase 2, current	-	15,130	15,130
Revenue Bonds Payable, current	-	70,000	70,000
Total Current Liabilities	28,248	159,547	187,795
Non-current Liabilities:			
2017 Ford F-350 Payable, non-current	14,246	-	14,246
Playground Equipment Payable, non-current	69,059	-	69,059
2017 Ford Interceptor Payable, non-current	3,640	-	3,640
Extension Loan Payable Phase 1, non-current	-	72,523	72,523
Extension Loan Payable Phase 2, non-current	-	62,427	62,427
Revenue Bonds Payable, non-current	-	665,000	665,000
Total Non-current Liabilities	86,945	799,950	872,649
Total Liabilities	115,193	959,497	1,074,690
NET POSITION			
Net Investment in Capital Assets	500,140	1,000,271	1,500,411
Restricted for:			
Debt Service	-	357,848	357,848
Motor Fuel Tax	209,253	-	209,253
TIF	239,042	-	239,042
Audit	32,178	-	32,178
Liability Insurance	145,868	-	145,868
Business District	59,526	-	59,526
Unrestricted	(70,100)	97,931	27,831
Total Net Position	\$ 1,115,907	\$ 1,456,050	\$ 2,571,957

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Capital Grants and Contributions	
Governmental Activities:				
Administrative	\$ 282,487	\$ 11,715	\$ -	\$ (270,772)
Public Safety	267,264	6,168	-	(261,096)
Public Works	132,592	2,050	-	(130,542)
Park & Recreation	29,621	1,432	-	(28,189)
Debt Service	2,252	-	-	(2,252)
TIF	69,707	-	-	(69,707)
Economic Development	14,752	-	-	(14,752)
Total Governmental Activities	798,675	21,365	-	(777,310)
Business-type Activities:				
Water and Sewer	413,390	387,747	-	(25,643)
Total Business-type Activities	413,390	387,747	-	(25,643)
Total Governmental and Business-type Activities	\$ 1,212,065	\$ 409,112	\$ -	\$ (802,953)
Changes in Net Position:				
Net (Expense) Revenue	\$ (777,310)	\$ (25,643)	\$ (802,953)	
General Revenues				
Tax Levies	372,741	19,220	391,961	
Sales and Use Tax	206,903	-	206,903	
Business District Tax	69,462	-	69,462	
Income Tax	190,772	-	190,772	
Utility Tax	64,733	-	64,733	
Illinois Motor Fuel Tax	45,805	-	45,805	
Telecommunications Tax	12,848	-	12,848	
Replacement Tax	6,115	-	6,115	
Video Gaming Tax	13,432	-	13,432	
Interest Income	643	193	836	
Other Revenues	3,660	1,845	5,505	
Total General Revenues	987,114	21,258	1,008,372	
Change in Net Position	209,804	(4,385)	205,419	
Net Position, May 1	906,103	1,460,435	2,366,538	
Net Position, April 30	\$ 1,115,907	\$ 1,456,050	\$ 2,571,957	

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS

April 30, 2018

	General	Motor Fuel Tax Fund	TIF Fund	Non-Major Governmental Funds	Totals
ASSETS					
Current Assets:					
Cash in Bank and On Hand	\$ 174,727	\$ 112,475	\$ 239,042	\$ 59,526	\$ 585,770
Certificates of Deposit	50,000	101,780	-	-	151,780
Total Current Assets	224,727	214,255	239,042	59,526	737,550
Total Assets	\$ 224,727	\$ 214,255	\$ 239,042	\$ 59,526	\$ 737,550
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payroll Liabilities	\$ 203	-	-	-	203
Due to Proprietary Funds	116,578	5,002	-	-	121,580
Total Current Liabilities	116,781	5,002	-	-	121,783
Total Liabilities	116,781	5,002	-	-	121,783
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	178,046	209,253	239,042	59,526	685,867
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(70,100)	-	-	-	(70,100)
Total Fund Balances	107,946	209,253	239,042	59,526	615,767
Total Liabilities and Fund Balances	\$ 224,727	\$ 214,255	\$ 239,042	\$ 59,526	\$ 737,550

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

RECONCILIATION OF THE STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MODIFIED CASH BASIS

April 30, 2018

Total Fund Balances - Total Governmental Funds \$ 615,767

Amounts reported for governmental activities in the Statement of Net Position are different because:

Notes payable of \$114,990 are not reported in the funds. (114,990)

Capital assets of \$1,535,078 net of accumulated depreciation of \$919,948, are not financial resources and therefore, are not reported in the funds. 615,130

Net Position of Governmental Activities \$ 1,115,907

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

	General	Motor Fuel Tax Fund	TIF Fund	Non-Major Governmental Funds	Totals
Revenues					
Tax Levies	\$ 276,066	\$ -	\$ 96,675	\$ -	\$ 372,741
Sales and Use Tax	206,903	-	-	-	206,903
Business District Tax	-	-	-	69,462	69,462
Income Tax	190,772	-	-	-	190,772
Utility Tax	64,733	-	-	-	64,733
Illinois Motor Fuel Tax	-	45,805	-	-	45,805
Telecommunications Tax	12,848	-	-	-	12,848
Replacement Tax	6,115	-	-	-	6,115
Video Gaming Tax	13,432	-	-	-	13,432
License Income	5,536	-	-	-	5,536
Interest Income	244	256	125	18	643
Gym Rental	1,390	-	-	-	1,390
Other Revenues	8,449	-	-	-	8,449
Police Fines	6,168	-	-	-	6,168
Park Activities	1,432	-	-	-	1,432
Reimbursements	2,050	-	-	-	2,050
Total Revenues	796,138	46,061	96,800	69,480	1,008,479
Expenditures					
Current:					
Administrative	265,323	-	-	-	265,323
Public Safety	252,195	-	-	-	252,195
Public Works	65,669	61,715	-	-	127,384
Park & Recreation	27,984	-	-	-	27,984
TIF	-	-	69,707	-	69,707
Economic Development	-	-	-	14,752	14,752
Debt Service:					
Principal	36,808	-	-	-	36,808
Interest	2,252	-	-	-	2,252
Capital Outlay	197,079	-	-	-	197,079
Total Expenditures	847,310	61,715	69,707	14,752	993,484
Excess (Deficiency) of Revenues Collected Over (Under) Expenditures	(51,172)	(15,654)	27,093	54,728	14,995
Other Financing Sources (Uses)					
Loan Proceeds	97,037	-	-	-	97,037
Operating Transfers	3,931	-	(3,931)	-	-
Total Other Financing Sources (Uses)	100,968	-	(3,931)	-	97,037
Net Change in Fund Balances	49,796	(15,654)	23,162	54,728	112,032
Fund Balances, May 1	58,150	224,907	215,880	4,798	503,735
Fund Balances, April 30	\$ 107,946	\$ 209,253	\$ 239,042	\$ 59,526	\$ 615,767

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 112,032

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	197,079
Depreciation expense	(39,078)

In the fund financial statements, the amount of principal received from loans is shown as an other financing source and principal repaid on the debt is expensed as debt service. The Statement of Activities does not recognize these amounts as income and expense, since the change in principal is recognized in the Statement of Net Position.

Loan Proceeds	(97,037)
Principal repaid	36,808

In the fund financial statements, the amount of proceeds received from the sale of capital assets are shown as an other financing source while the Statement of Activities recognizes the gain on sale of capital assets

Proceeds from Sale of Capital Asset	
Gain on Sale of Capital Asset	

Change in Net Position of Governmental Activities \$ 209,804

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
MODIFIED CASH BASIS

April 30, 2018

	<u>Water and Sewer Fund</u>
ASSETS	
Current Assets:	
Cash in Bank and On Hand	\$ 357,848
Due from MFT	5,002
Due from General Fund	<u>116,578</u>
Total Current Assets	<u>479,428</u>
Non-current Assets:	
Land	125,000
Property, Plant and Equipment	4,881,428
Less: Accumulated Depreciation	<u>(3,070,309)</u>
Net Property Plant and Equipment	<u>1,811,119</u>
Total Non-current Assets	<u>1,936,119</u>
Total Assets	<u>2,415,547</u>
LIABILITIES	
Current Liabilities:	
Meter Deposits	21,849
Other Liabilities	1,800
Merchants Capital Resource, current	10,059
Revenue Bonds Payable, current	<u>65,000</u>
Total Current Liabilities	<u>98,708</u>
Non-current Liabilities:	
Extension Loan Payable Phase 1, non-current	113,232
Extension Loan Payable Phase 2, non-current	77,557
Revenue Bonds Payable, non-current	<u>670,000</u>
Total Non-current Liabilites	<u>860,789</u>
Total Liabilities	<u>959,497</u>
NET POSITION	
Net Investment in Capital Assets	1,000,271
Restricted for: Debt Service	357,848
Unrestricted	<u>97,931</u>
Total Net Position	<u>\$ 1,456,050</u>

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

	Water and Sewer Fund
Operating Revenues:	
Sales - Water	\$ 207,279
Sales - Sewer	122,577
Miscellaneous	1,845
Infrastructure Fees	44,150
Penalties & Fees	13,741
Total Operating Revenues	389,592
Operating Expenditures:	
Personal Services	
Salaries and Wages	112,367
Health Insurance	21,136
Total Personal Services	133,503
Operations and Contractual Services	
Contractual Services	14,001
Utilities	42,784
Maintenance and Repair - Equip and Building	72,679
Training	90
Office Supplies and Expense	7,222
Materials and Supplies	471
Miscellaneous	745
Vehicle Fuel	3,632
Equipment Purchase	3,647
Engineering Fees	7,500
Clothing Allowance	590
Depreciation	77,182
Total Operations and Contractual Services	230,543
Total Operating Expenditures	364,046
Operating Income(Loss)	25,546
Non-Operating Revenues(Expenditures) :	
Interest Income	193
Property Tax Levies	19,220
Loan Interest	(10,829)
Bond Fees	(500)
Bond Interest Expense	(38,015)
Total Non-Operating Revenues(Expenditures)	(29,931)
Change in Net Position	(4,385)
Total Net Position, May 1	1,460,435
Total Net Position, April 30	\$ 1,456,050

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 390,503
Payments to Suppliers	(174,497)
Payments to Employees	(112,367)
Miscellaneous	<u>1,845</u>
Net Cash Provided(Used) by Operating Activities	<u>105,484</u>
Cash Flows from Non-capital Financing Activities	
Interfund Loan Agreements	84,499
Real Estate Tax Levy	<u>19,220</u>
Net Cash Provided(Used) by Non-Capital Financing Activities	<u>103,719</u>
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Bonds	(65,000)
Principal Paid on Loans	(63,010)
Loan Interest Paid	(10,829)
Bond Fees Paid	(500)
Bond Interest Paid	<u>(38,015)</u>
Net Cash Provided(Used) by Capital and Related Financing Activities	<u>(177,354)</u>
Cash Flows from Investing Activities	
Interest Received	<u>193</u>
Net Cash Provided(Used) by Investing Activities	<u>193</u>
Net Increase(Decrease) in Cash in Bank	32,042
Cash in Bank and On Hand - May 1	<u>325,806</u>
Cash in Bank and On Hand - April 30	<u>\$ 357,848</u>

Notes to Financial Statements are an integral part of this statement.

CITY OF MAROA, ILLINOIS

RECONCILIATION OF THE STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
MODIFIED CASH BASIS

For the Year Ended April 30, 2018

	<u>Water and Sewer Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income	\$ 25,546
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided(Used) by Operating Activities	
Depreciation	77,182
Change in Assets and Liabilities:	
Increase(Decrease) in Other Liabilities	1,256
Increase(Decrease) in Customer Deposits	<u>1,500</u>
Total Adjustments	<u>79,938</u>
Net Cash Provided(Used) by Operating Activities	\$ <u><u>105,484</u></u>

Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
April 30, 2018

Note 1 Significant accounting policies followed by the City are as follows -

A. Measurement Focus and Basis of Accounting -

The government-wide and business-type activities financial statements are prepared using the economic resources measurement focus, which measures both financial and capital resources. The governmental fund financial statements are prepared using the current financial resources measurement focus, which is based on the concept of fiscal accountability. Therefore, due to the differences in measurement focuses, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The City maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions with the exception that the City capitalizes assets and depreciates them over their useful life. Accordingly, the statements do not present financial position or results of operations in accordance with generally accepted accounting principles.

All investments are carried at cost, which approximates market, unless otherwise noted. All investments are comprised of federally insured savings accounts, certificates of deposit, or money market accounts. The City Officials have legal authority to invest in certificates of deposit, Illinois or Federal general obligation securities, money market certificates, or short-term obligations of the Federal National Mortgage Association.

B. Capital Assets -

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 1 Significant accounting policies followed by the City are as follows -
(Continued)

B. Capital Assets - (Continued)

Government-Wide Statements - (Continued)

Estimated historical cost was used to value the majority of the capital assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004 have been recorded at cost.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

On January 25, 2010 the City passed the following capitalization policy:

The minimum capitalization amount for individual equipment is \$2,500, for buildings and improvements is \$10,000, and for infrastructure assets (roads, bridges, culverts, curbs, sidewalks, lighting systems, gutters and drainage systems) is \$50,000.

The cost for maintenance will be expended.

The costs for infrastructure will be capitalized and depreciated on a prospective basis beginning in Fiscal Year 2010.

The following depreciation methods are established:

Appliances	5 years, straight line
Tools	5 years, straight line
Equipment	7 years, straight line
Vehicles under 13,000 gross vehicle weight	5 years, straight line
Vehicles 13,000 gross vehicle weight	7 years, straight line
Other Improvements	20 years, straight line
Buildings	40 years, straight line
Road Improvements	10 years, straight line
New Infrastructure	40 years, straight line

All assets acquired after January 25, 2010 have been capitalized according to the above policy. Assets acquired prior to January 25, 2010 have been depreciated as follows:

Buildings	40-50 years, straight line
Improvements other than buildings	10-25 years, straight line
Machinery, Furniture, and Equipment	3-20 years, straight line
Utility Property and Improvements	10-50 years, straight line
Infrastructure	40 years, straight line

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

**Note 1 Significant accounting policies followed by the City are as follows -
(Continued)****B. Capital Assets - (Continued)**Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as expenditures of the governmental funds upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

C. Reporting Entity -

In evaluating how to define the City, for financial reporting purposes, the City's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the City's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships; regardless of whether the City is able to exercise oversight responsibilities. Based on the application of the criteria, no component units exist.

D. Basis of Presentation -

Although the City presents its annual financial statements on the modified cash basis of accounting, a special purpose framework other than GAAP, the aspects of financial statement content and format, as prescribed by GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments have been implemented in the financial statements, effective for the year ended April 30, 2005 and after.

The following represents the City's basis of financial statement presentation based on the GASB 34 format.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

**Note 1 Significant accounting policies followed by the City are as follows -
(Continued)**

D. Basis of Presentation - (Continued)

Governmental-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the City as a whole. They include all funds of the City except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external customers for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is either the General Fund or if it meets the following criteria:

Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total for all funds of that category or type, and

Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

General Fund

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 1 Significant accounting policies followed by the City are as follows - (continued)

D. Basis of Presentation - (Continued)

Governmental Funds - (Continued)

Special Revenue Funds

Special Revenue Funds are used to account for cash received from specific sources. The expenditures in excess of the amounts received for these special revenue funds become an obligation of the general fund.

<u>Fund</u>	<u>Brief Description</u>
Motor Fuel Tax Fund	Accounts for revenues collected from the motor fuel tax and expenditures associated with maintaining the City's streets and alleys.
TIF Fund (Tax Increment Financing)	Accounts for TIF property taxes collected and TIF assistance payments made to stimulate small business growth in the City.
Business District Fund	Accounts for the sales tax increments restricted for the City's Business District and the payment of eligible development costs.

The Statement of Net Position includes the following Restricted Net Position, under the Governmental Activities, which are restricted by enabling legislation: \$209,253 restricted for Motor Fuel Tax Fund, \$239,042 restricted for TIF Fund, \$32,178 restricted for audit, \$145,868 restricted for liability insurance, and \$59,526 restricted for Business District Fund.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 1 Significant accounting policies followed by the City are as follows - (continued)

D. Basis of Presentation - (Continued)

Proprietary Funds - (Continued)

incurred, and/or net income is appropriate for capital, maintenance, public policy, management control, accountability, or other purposes.

<u>Fund</u>	<u>Brief Description</u>
Water & Sewer Fund	Accounts for the activities of providing water and sanitation services to the public.

Major and Non-Major Funds

All funds are classified as major, except for the Business District Fund.

E. Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Budgets and Budgetary Accounting -

The budget for all governmental and enterprise fund types is prepared on the cash basis of accounting which is similar to the modified cash basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The City budget was passed on June 26, 2017.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year. Total expenditures disbursed exceeded budgeted amounts in the Motor Fuel Tax Fund by \$61,715, in the TIF Fund by \$69,707, and in the Business District Fund by \$14,752 as of April 30, 2018. The City did not include the Motor Fuel Tax Fund, TIF Fund, or the Business District Fund in their appropriations for the fiscal year.

G. Priority for Use of Restricted and Unrestricted Assets -

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as needed.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

**Note 1 Significant accounting policies followed by the City are as follows -
(continued)****H. Non-Current Liabilities -**

The City considers any liability not expected to be paid within one year to be a non-current liability. The liabilities shown on the Statement of Net Position and the Statement of Fund Net Position - Proprietary Fund are broken down between current and non-current liabilities.

I. Program Revenues -

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. In the General Fund the City's program revenue consists of gym rentals, license income, building and zoning permits, newsletter subscriptions, park activities, police fines and reimbursements. In the Water and Sewer Fund the City's only program revenue is the collection of water and sewer charges from customers who receive water and sewer services from the City.

J. Operating and Nonoperating Revenues and Expenditures -

Proprietary fund statements classify revenues and expenditures as either operating or as nonoperating. The City considers operating revenues and expenditures for proprietary funds to be those that result from providing services and producing and delivering goods and/or services. Revenues and expenditures related to capital and related financing, noncapital financing, or investing activities are considered to be nonoperating.

K. Internal and Interfund Balances and Activities -

If any interfund activity occurs or balances exist in the fund financial statements, they are eliminated or reclassified in the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities.

L. Cash and Cash Equivalents -

Cash and cash equivalents include all monies in banks and highly liquid investments. The carrying values of cash and cash equivalents approximates fair value because of the short maturities of those financial investments.

M. Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position -

The City follows GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which was effective for audits of periods beginning after November 15, 2011. A deferred outflow of resources represents the consumption of a government's net assets that is applicable to a future period. A

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

**Note 1 Significant accounting policies followed by the City are as follows -
(continued)****M. Deferred Outflows of Resources, Deferred Inflows of Resources, and Net
Position - (Continued)**

deferred inflow of resources represents the acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources are reported in a separate section of the Statement of Net Position following assets. Deferred inflows of resources are reported in a separate section of the Statement of Net Position following liabilities. As of April 30, 2018, the City had not engaged in any transactions which qualified for reporting as a deferred outflow of resource or deferred inflow of resource.

N. Fund Balance Reporting -

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Following are definitions of each classification.

a. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the modified cash basis nature of the City, all such items are expensed at the time of purchase, so there is nothing to report for this classification.

b. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes.

Additionally, unexpended tax levies restricted for audit and liability insurance are included in the General Fund's restricted fund balance.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

**Note 1 Significant accounting policies followed by the City are as follows -
(continued)**

N. Fund Balance Reporting - (Continued)

c. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the City Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The City Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

The City Board had not committed any fund balances as of April 30, 2018.

d. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. The City Board has the authority to assign amounts to be used for specific purposes.

The City Board had not assigned any fund balances as of April 30, 2018.

e. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for General Fund amounts that have not been restricted, committed, or assigned to specific purposes.

f. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified. As of April 30, 2018, no formal fund balance policy had been adopted by the City.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 2 Property Tax Rates -

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. The 2016 levy, for the tax money received during the fiscal year ended April 30, 2018, was passed by the board on November 28, 2016. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in June and September. The City receives significant distributions of tax receipts approximately one month after these due dates. The 2017 levy was passed by the board on November 27, 2017.

The following are the tax rates applicable to the various levies per \$100.00 of assessed valuation:

		Actual	
	Maximum	2017	2016
	-----	Levy	Levy
	-----	-----	-----
General Corporate	.2500	.24860	.24398
IMRF		.08377	.13691
Police Protection	.0750	.07458	.07320
Sewage	.0200	.01989	.01952
Audit		.10357	.10911
Liability Insurance		.78014	.70461
Street Lighting	.0500	.04972	.04880
Social Security		.16663	.13125
Water Works	.1666	.09910	.09517
Medicare		.03590	.03438
		-----	-----
		1.66190	1.59693
		=====	=====

Note 3 Accrued Vacation/Leave -

Due to the City reporting on the modified cash basis of accounting, no accrual has been made for employees vacation/leave earned but not taken.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 4 Other Required Individual Fund Disclosures -

Generally accepted accounting principles require disclosure, as part of the financial statements, of certain information concerning individual funds including:

A. Deficit fund balances of individual funds. There were no deficit fund balances for the year ending April 30, 2018.

B. The following interfund loans existed at April 30, 2018:

<u>Due to</u>	<u>Due from</u>	
Water & Sewer Fund	General Fund	\$ 116,578
Water & Sewer Fund	Motor Fuel Tax Fund	5,002

These balances are the accumulation of expenses being paid out of the incorrect fund over the course of many years. The City does not currently have a plan in place to pay back these interfund loans.

C. Interfund transfers. The TIF Fund transferred \$3,931 to the General Fund to assist in the purchase of capital assets.

Note 5 Defined Benefit Pension Plan -**IMRF Plan Description**

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund (agent multiple-employer plan). A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

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).

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 5 Defined Benefit Pension Plan - (continued)

Benefits Provided (continued)

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

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

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

	<u>IMRF</u>
Retirees and Beneficiaries currently receiving benefits	2
Inactive Plan Members entitled to but not yet receiving benefits	6
Active Plan Members	7
Total	15

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 5 Defined Benefit Pension Plan - (continued)

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% 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 14.61%. For the fiscal year ended December 31, 2017, the City contributed \$40,349 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

The City's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. No amount has been recorded on these financial statements due to the modified cash basis of accounting.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For **Non-disabled Retirees**, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 5 Defined Benefit Pension Plan - (continued)

Actuarial Assumptions (continued)

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

Asset Class -----	Portfolio Target Percentage -----	Long-Term Expected Real Rate of Return -----
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalentents	1%	2.25%

Total	100%	
	===	

Single Discount Rate

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

- 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
- 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%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 5 Defined Benefit Pension Plan - (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
	-----	-----	-----
Balances at December 31, 2016	\$1,331,545	\$ 942,266	\$ 389,279
Changes for the year:			
Service Cost	30,654		30,654
Interest on the Total Pension Liability	98,351		98,351
Changes of Benefit Terms			0
Differences Between Expected and Actual Experience of the Total Pension Liability	(37,431)		(37,431)
Changes of Assumptions	(41,116)		(41,116)
Contributions - Employer		40,349	(40,349)
Contributions - Employees		12,428	(12,428)
Net Investment Income		164,912	(164,912)
Benefit Payments, including Refunds of Employee Contributions	(71,064)	(71,064)	0
Other (Net Transfer)		(37,992)	37,992
	-----	-----	-----
Net Changes	(20,606)	108,633	(129,239)
	-----	-----	-----
Balances at December 31, 2017	\$1,310,939	\$1,050,899	\$ 260,040
	=====	=====	=====

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
	-----	-----	-----
Net Pension Liability	\$ 439,367	\$ 260,040	\$ 113,192

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 6 Deposits and Time Deposits -

The City maintains multiple checking and savings accounts to account for funds. Each fund's portion of these accounts is displayed on the appropriate Statement of Assets, Liabilities and Fund Balances - Governmental Funds or on the Statement of Fund Net Position - Proprietary Funds. The certificates of deposit are maintained separately for each fund. The City is allowed to invest in securities authorized by State statute, section 2 and 6 of the Public Funds Investment act (30 ILCS 235/2 and 6). The City currently only invests in certificates of deposit, which are considered interest bearing time deposits, at federally insured financial institutions and money market accounts.

The City does not have policies regarding credit risk, custodial credit risk or concentration of credit risk.

Custodial credit risk for deposits and time deposits is the risk that in the event of a bank failure, the City's deposits and time deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. Interest bearing demand deposits, time deposits, interest bearing money markets, and certificates of deposits of \$951,698 of the City are federally insured up to \$250,000, and the remaining \$701,698 is collateralized by the pledging financial institution's trust department or as agent in favor of the City, with Scott State Bank.

As of April 30, 2018, the City had the following deposits and cash equivalents:

Types of Deposits/ Time Deposits -----	Fair Value -----	Cost -----	Average Credit Quality Ratings (1) -----
Interest Bearing			
Demand Deposits	\$ 865,146	\$ 865,146	N/A
Money Market	36,552	36,552	N/A
Certificates of Deposit	50,000	50,000	N/A
	-----	-----	
Total	\$ 951,698	\$ 951,698	
	=====	=====	

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed by the City Treasurer.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 6 Deposits and Time Deposits - (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City uses the specific identification method of managing interest rate risk.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. External investment pools are excluded when assessing concentration of credit risk.

Note 7 Capital Assets and Depreciation -

The breakdown of capital assets by type and the related accumulated depreciation for the Governmental Activities and the Business-Type Activities, respectively, is as follows:

	Beginning	Additions	Deletions	Ending
	-----	-----	-----	-----
Governmental				
Activities:				
Capital Assets:				
Land	\$ 16,500	\$	\$	\$ 16,500
Buildings	376,163			376,163
Improvements	458,396	130,215		588,611
Equipment	486,940	66,864		553,804
	-----	-----	-----	-----
Total	\$1,337,999	\$ 197,079	\$ 0	\$1,535,078
	=====	=====	=====	-----
Accum. Depreciation:				
Buildings	\$ 73,815	\$ 9,404	\$	\$ 83,219
Improvements	369,351	9,396		378,747
Equipment	437,705	20,277		457,982
	-----	-----	-----	-----
Total	\$ 880,871	\$ 39,077	\$ 0	\$ 919,948
	=====	=====	=====	-----
Ending Book Value				\$ 615,130
				=====

Total depreciation for all governmental activities assets amounted to \$39,077 for the current year, charged to the functions as follows: General Administrative \$17,163, Public Safety \$15,069, Park & Recreation \$1,637, and Public Works \$5,208.

Land is a non-depreciating capital asset.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 7 Capital Assets and Depreciation - (Continued)

	Beginning -----	Additions -----	Deletions -----	Ending -----
Business-Type Activities:				
Capital Assets:				
Land	\$ 125,000	\$	\$	\$ 125,000
Water Tower	334,006			334,006
Water Treatment Plant	1,459,075			1,459,075
Sewage Disposal Plant	2,086,336			2,086,336
Equipment	341,490			341,490
Improvements	660,521			660,521
	-----	-----	-----	-----
Total	\$ 5,006,428	\$ 0	\$ 0	\$5,006,428
	=====	=====	=====	-----
Accumulated Depreciation:				
Water Tower	\$ 227,094	\$ 6,680	\$	\$ 233,774
Water Treatment Plant	238,969	29,182		268,151
Sewage Disposal Plant	2,083,242	275		2,083,517
Equipment	270,917	9,978		280,895
Improvements	172,905	31,067		203,972
	-----	-----	-----	-----
Total	\$ 2,993,127	\$ 77,182	\$ 0	\$3,070,309
	=====	=====	=====	-----
Ending Book Value				\$1,936,119
				=====

Land is a non-depreciating asset.

Note 8 Loans Payable - Governmental Activities -

In February 2013, the City borrowed \$45,000 to finance demolition of the old grade school building. The terms of the loan are five years at 3.75% with twelve payments of \$823.59 to be paid, monthly, each year. The first payment was due in March 2013 and the last payment was made in February 2018. The balance on the loan, as of April 30, 2018, was \$0.

In June 2014, the City borrowed \$51,500 to finance replacing the city hall roof. The terms of the loan are five years at 3.75% with twelve payments of \$1,162.93 to be paid, monthly, each year. The first payment was made in July 2014 and the last payment was made in April 2018. The balance on the loan, as of April 30, 2018, was \$0.

In August 2016, the City borrowed \$42,000 to finance the purchase of a new police vehicle. The terms of the loan are three years at 3.00% with twelve payments of \$1,221.32 to be paid, monthly, each year. The first payment was made in September 2016 and the last payment is due in August 2019. The balance on the loan, as of April 30, 2018, was \$14,313.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 8 Loans Payable - Governmental Activities - (Continued)

In October 2017, the City borrowed \$27,978 to finance the purchase of a new vehicle. The terms of the loan are two years at 3.75% with two payments of \$14,780.71 to be paid in each year. The first payment is due in October 2017 and the last payment is due in October 2018. The balance on the loan, as of April 30, 2018, was \$27,978.

In April 2018, the City borrowed \$69,059.23 to finance the purchase of new playground equipment. The terms of the loan are two years at 4.25% with one payment due in April 2020. The balance on the loan, as of April 30, 2018, was \$69,059.

Note 9 Loans Payable - Business-type Activities -

In December 2010, the City borrowed \$357,025 from Scott State Bank, to finance Phase 1 of the Wood Street Water & Sewer extension project. The terms of the note are ten years at 5.00% with twelve payments of \$3,787.39 to be paid, monthly, each year. The first payment was made January 28, 2011 and the last payment is due December 28, 2020. The balance on the loan, as of April 30, 2018, was \$113,232.

In February 2013, the City borrowed \$148,000 from Scott State Bank, to finance Phase 2 of the Wood Street Water & Sewer extension project. The terms of the note are ten years at 4.00% with twelve payments of \$1,498.35 to be paid, monthly, each year. The first payment was made in February 2013 and the last payment is due in February 2023. The balance on the loan, as of April 30, 2018, was \$77,557.

In April 2014, the City purchased a Vermeer vac extractor for \$57,457. The equipment is financed by a lease purchase agreement with Merchants Capital Resources, Inc. The terms of the financing lease are five years at 3.40% with six annual payments of \$10,406.98 to be paid each year. The first payment was made in April 2014 and the last payment is due April 2019. The balance on the loan, as of April 30, 2018, was \$10,059.

Note 10 Bonds Payable - Business-type Activities -

Bonds payable at April 30, 2018 are comprised of the following:

\$800,000 of Refunding Alternative Revenue Bonds were issued on November 7, 2016 for the purpose of redeeming the 2006 Alternative Revenue Bonds. Upon issuance the 2006 Alternative Revenue Bonds were redeemed on December 1, 2016. This issue is due in annual installments varying from \$65,000 to \$95,000 on December 1, 2017 and each year through 2026. Interest is payable at rates varying from 3.00 to 3.25 percent and is due each year in June and December, beginning December 1, 2017.

The Village abated \$103,015.42 of its 2016 bond tax levy by ordinance and evaluates annually if the Village is financially capable of doing so.

The maturity schedule for the Water and Sewer Refunding Alternative Revenue Bonds 2016 Issue, as of April 30, 2018, as follows:

NOTES TO FINANCIAL STATEMENTS
April 30, 2018
(Continued)

Note 10 Bonds Payable - Business-type Activities - (continued)

AMOUNT \$800,000 Refunding Alternate Revenue Bonds
DATED: November 7, 2016

DATE	PRINCIPAL	INTEREST RATE	INTEREST DUE	TOTAL
----	-----	-----	-----	-----
12/01/2018	70,000	3.00	11,469	81,469
06/01/2019			10,419	10,419
12/01/2019	70,000	3.00	10,419	80,419
06/01/2020			9,369	9,369
12/01/2020	75,000	3.00	9,369	84,369
06/01/2021			8,244	8,244
12/01/2021	80,000	3.00	8,244	88,244
06/01/2022			7,044	7,044
12/01/2022	80,000	3.25	7,043	87,043
06/01/2023			5,744	5,744
12/01/2023	85,000	3.00	5,743	90,743
06/01/2024			4,469	4,469
12/01/2024	90,000	3.25	4,468	94,468
06/01/2025			3,006	3,006
12/01/2025	90,000	3.25	3,006	93,006
06/01/2026			1,544	1,544
12/01/2026	95,000	3.25	1,543	96,543
	-----		-----	-----
Total	\$ 735,000		\$ 111,143	\$ 846,143
	=====		=====	=====

The revenue bond ordinance requires that monies held in the waterworks system be segregated and restricted in separate special reserve accounts as follows:

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
a) Operation and Maintenance	Sufficient amount to pay necessary expenses for the current month	Expenses of operating, maintaining and repairing the system

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 10 Bonds Payable - Business-type Activities - (Continued)

- | | | | |
|----|--------------|--|---|
| b) | Depreciation | Amount the City Council may deem necessary in order to provide an adequate depreciation fund for the system. | (i) payment of cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, (ii) acquiring or constructing improvements and extensions to the system and, (iii) payment of principal or interest on any outstanding bonds when no other funds are available. |
| c) | Surplus | All moneys remaining in the Fund | Make up any subsequent deficiencies in any of said accounts and then deposit to "Alternate Bond and Interest Subaccount of the Surplus Account." (i) Constructing or acquiring repairs, replacements, improvements or extensions to the system (ii) transfers to the fund to be applied and treated as revenues, (iii) calling and redeeming outstanding bonds payable (iv) purchasing outstanding bonds payable (v) paying principal of and interest on any subordinate bonds or obligations (vi) any purpose enumerated in any Future Bond ordinance (vii) any other lawful system purpose. |

NOTES TO FINANCIAL STATEMENTS

April 30, 2017

(Continued)

Note 10 Bonds Payable - Business-type Activities - (Continued)

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
d) Alternate Bond and Interest Subaccount	After required payments described above, deposit not less than one-fifth of interest becoming due on the next succeeding interest payment date and not less than one-tenth of the principal becoming due on the next succeeding principal payment date.	Paying interest on and principal of outstanding Bonds.

The water and sewer fund investments for bond requirements, as of April 30, 2018, are as follows:

Operation and Maintenance	\$ 357,848
Depreciation	0
Surplus	0
Bond Reserve and Interest	0

The City has not yet established the Depreciation account, Surplus account, or Bond Reserve and Interest account in accordance with the Bond ordinance.

Note 11 Changes in Long - Term Debt -

The following is a summary of debt transactions for the current fiscal year, the details of which are contained in this report:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
	-----	-----	-----	-----
Governmental Activities:				
Scott State Bank	\$ 7,262	\$ 0	\$ (7,262)	\$ 0
Scott State Bank	15,651	0	(15,651)	0
Scott State Bank	31,847	0	(13,894)	17,953
Scott State Bank	0	27,978	(0)	27,978
Scott State Bank	0	69,059	(0)	69,059
	-----	-----	-----	-----
Subtotal	\$ 54,760	\$ 97,037	\$ (36,807)	\$ 114,990
	-----	-----	-----	-----

NOTES TO FINANCIAL STATEMENTS
April 30, 2018
(Continued)

Note 11 Changes in Long - Term Debt - (Continued)

	Beginning Balance -----	Issued -----	Retired -----	Ending Balance -----
Business-type Activities:				
Water and Sewer Revenue Bonds:				
Series 2016	\$ 800,000	\$	\$ (65,000)	\$ 735,000
Scott State Bank	151,960		(38,728)	113,232
Scott State Bank	92,115		(14,558)	77,557
Merchants Capital Resources	19,783		(9,724)	10,059
	-----	-----	-----	-----
Subtotal	1,063,858	0	(128,010)	935,848
	-----	-----	-----	-----
Total	\$ 1,118,618	\$ 97,037	\$ (165,236)	\$1,050,838
	=====	=====	=====	=====

The annual debt service requirements to maturity, including principal and interest, for long term debt as of April 30, 2018 are as follows:

Year Ending April 30 -----	Governmental Activities -----	Business-Type Activities -----	Total Debt -----
2019	\$ 29,437	\$ 166,774	\$ 196,211
2020	93,382	154,267	247,649
2021		142,017	142,017
2022		114,468	114,468
2023		112,068	112,068
2024 - 2028		422,510	422,510
	-----	-----	-----
Total Principal And Interest	\$ 122,819	\$ 1,112,104	\$ 1,234,923
Less Interest	(7,829)	(176,256)	(184,085)
	-----	-----	-----
Liability as of April 30, 2018	\$ 114,990	\$ 935,848	\$ 1,050,838
	=====	=====	=====

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 12 Legal Debt Margin -

The following outlines the legal debt margin that the City of Maroa was limited to for the year ended April 30, 2018.

Assessed Valuation - 2017 tax year		\$ 16,896,981	=====
Statutory Debt Limitation (8.625% of Assessed Valuation)		1,457,365	
Total Contractual Commitments:			
Governmental Activities	\$	114,990	
Business-Type Activities		200,848	
Total Obligation Bonds Outstanding			
Water & Sewer Revenue Bonds		735,000	

Total Debt		1,050,838	
Deduct Exempt Obligation Bonds			
Water & Sewer Revenue Bonds		735,000	

Total Debt Applicable to the Limit		315,838	

LEGAL DEBT MARGIN		\$ 1,141,527	=====

Note 13 Fair Value Measurements -

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) in active markets for an identical asset or liability to which the government has access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1, that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.
- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 13 Fair Value Measurements - (Continued)

As of April 30, 2018, the City does not have any financial or nonfinancial assets or liabilities measured at fair market value on a recurring or non-recurring basis.

Note 14 Risks -

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City joined other governmental units and became a member of the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for member governmental units. The City pays an annual premium to IMLRMA for its general insurance coverage.

IMLRMA is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$7,000,000 for each insured event. For the insured programs there have been no significant reductions in coverage. Settlement amounts have not exceeded insurance coverage for the current or prior three years.

Note 15 Related Party Transactions -

The City purchased a vehicle from a business who employs a city councilman during the normal course of business. The purchase of the vehicle was from Bob Ridings in the amount of \$42,978.

Note 16 Commitments and Contingencies -

The City currently has entered into a reimbursement agreement with a local business to encourage economic development within the City. As of April 30, 2018, the City's future commitments under this TIF reimbursement agreement is calculated at 50% of future sales tax revenue generated by the business sales for a period of 10 years starting with the year ended August 31, 2014. The future TIF reimbursement payouts are estimated at \$105,206.

The City has a real estate tax reimbursement agreement with a local development company to encourage economic development within the City. As of April 30, 2018, the City's future commitments under this TIF reimbursement agreement is calculated at the amount of real estate taxes attributable to the City solely by virtue of the annexation of the property. The agreement was in effect for a period of 20 years starting with the year ended August 31, 2010. The future TIF reimbursement payouts are estimated at \$3,780.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

(Continued)

Note 16 Commitments and Contingencies - (Continued)

The City has entered into an agreement with a local development company to encourage economic development within the City. As of April 30, 2018, the City's future commitments under this TIF agreement are calculated at \$6,000 per lot developed, not to exceed \$84,000, and 50% of the future net TIF revenues generated by the property and received by the city after any sharing of the TIF revenues with the school district or other governmental entity for the following 10 years, not to exceed \$140,000. The future TIF reimbursement payouts are estimated at \$212,000.

The City has a redevelopment agreement with Reed Sullivan dba Sullivan & Sons to provide two, one-time grants in the amount of \$29,000 each to assist in the redevelopment of the 109 West Main Street property. The first grant amount was paid during the year ended April 30, 2014. The second grant will become due during fiscal year ended April 30, 2019.

Note 17 Subsequent Events -

After the fiscal year ended April 30, 2018, the City used loan proceeds to purchase park equipment in the amount of \$94,059. The City also purchased a camera system for the water treatment plant in the amount of \$9,820.

SUPPLEMENTARY INFORMATION

CITY OF MAROA, ILLINOIS
GENERAL FUND

SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
May 1, 2017 to April 30, 2018

Revenues (Per Schedule)	\$	796,138
Expenditures (Per Schedule)		
Current:		
Administrative	\$	265,323
Public Safety		252,195
Public Works		65,669
Park & Recreation		27,984
Debt Service		39,060
Capital Outlay		<u>197,079</u>
 Total Expenditures		 <u>847,310</u>
 Excess of Revenues Over/-Under Expenditures		 (51,172)
Other Financing Sources/-Uses:		
Loan Proceeds		97,037
Operating Transfers		<u>3,931</u>
 Excess of Revenues and Other Sources Over/ -Under Expenditures and Other Uses		 49,796
 Net Change in Fund Balance		 49,796
 Fund Balances - May 1, 2017		 <u>58,150</u>
 Fund Balances - April 30, 2018	\$	 <u><u>107,946</u></u>

CITY OF MAROA, ILLINOIS
GENERAL FUND

SCHEDULE OF REVENUES RECEIVED - MODIFIED CASH BASIS
May 1, 2017 to April 30, 2018

Revenues -		
Property Tax Levies	\$	276,066
Sales Tax		160,183
Use Tax		46,720
Income Tax		190,772
Replacement Tax		6,115
Utility Tax		64,733
Telecomm Tax		12,848
Video Gaming Tax		13,432
License Income		5,536
Building and Zoning Permits		3,353
Interest Income		244
Gym Rental		1,390
Newsletter Subscription Income		1,436
Police Fines-Traffic		4,059
Police Fines-Other		2,109
DUI Reimbursements		51
Park Activities		1,432
Reimbursements Received		2,050
Miscellaneous		<u>3,609</u>
Total Revenues		\$ <u>796,138</u>

CITY OF MAROA, ILLINOIS
GENERAL FUND

SCHEDULE OF EXPENDITURES DISBURSED - MODIFIED CASH BASIS
May 1, 2017 to April 30, 2018

Administrative:		
Salaries of Village Officers	\$ 10,950	
Salary of Treasurer and Clerk	16,000	
Salaries of Other Employees	4,328	
Salary of Budget Officer	17,737	
Salary of Building Inspector	2,313	
Salaries of Zoning & Police Board	1,250	
IMRF	42,001	
Payroll Taxes	26,372	
Contractual Labor	5,653	
Audit	11,118	
Attorney	15,301	
Engineering	2,064	
Utilities	13,742	
Newsletter	4,420	
Unemployment Insurance	596	
Insurance	64,559	
Maintenance of Buildings	12,802	
Office Supplies and Expense	3,662	
Fireworks	8,000	
Miscellaneous	<u>2,455</u>	
Total Administrative		265,323
Public Safety:		
Salaries of Police Employees	158,103	
Health Insurance	29,649	
Clothing Allowance	714	
Training Schools & Seminars	718	
Office Supplies	1,790	
Vehicle Fuel	7,075	
Maintenance and Repair of Vehicles	13,056	
Materials & Supplies	2,566	
Contractual Labor	32,826	
Telephone	5,575	
Miscellaneous	<u>123</u>	
Total Public Safety		252,195
Public Works:		
Salaries of Street Employees	25,437	
Health Insurance	5,299	
Lighting-Streets & Alleys	8,747	
Maintenance of Streets and Alleys	7,611	
Maintenance and Repair of Equipment	1,128	
Vehicle Fuel	3,521	
Mosquito Control	1,440	
Materials & Supplies	5,796	
Tree Trimming	<u>6,690</u>	
Total Public Works		65,669
Park & Recreation		
Salaries of Summer Employees	7,200	
Utilities	5,552	
Repairs & Maintenance	12,169	
Summer Program Materials & Supplies	<u>3,063</u>	
Total Park & Recreation		27,984
Debt Service		
Principal	36,808	
Interest	<u>2,252</u>	
Total Debt Service		39,060
Capital Outlay		<u>197,079</u>
Total Expenditures		<u>\$ 847,310</u>

CITY OF MAROA, ILLINOIS

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS

April 30, 2018

	Major Funds			Non-Major	Total Special Revenue Funds
	Motor Fuel Tax Fund	TIF Fund	Business District Fund	Business District Fund	
ASSETS					
Current Assets:					
Cash in Bank and On Hand	\$ 112,475	\$ 239,042	\$ 59,526	\$	411,043
Certificates of Deposit	101,780	-	-	-	101,780
Total Current Assets	214,255	239,042	59,526		512,823
<u>TOTAL ASSETS</u>	<u>\$ 214,255</u>	<u>\$ 239,042</u>	<u>\$ 59,526</u>	<u>\$</u>	<u>512,823</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Due to Water	\$ 5,002	\$	\$	\$	5,002
Total Current Liabilities	5,002	-	-	-	5,002
Fund Balances - Unreserved Special Revenue Funds	209,253	239,042	59,526		507,821
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 214,255</u>	<u>\$ 239,042</u>	<u>\$ 59,526</u>	<u>\$</u>	<u>512,823</u>

CITY OF MAROA, ILLINOIS

COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS

May 1, 2017 to April 30, 2018

	Major Funds		Non-Major		Total Special Revenue Funds
	Motor Fuel Tax Fund	TIF Fund	Business District Fund		
Revenues:					
Illinois Motor Fuel Tax	\$ 45,805	\$ -	-	\$	45,805
Property Tax Levies	-	96,675	-		96,675
Business District Tax	-	-	69,462		69,462
Interest Income	256	125	18		399
Total Revenues	46,061	96,800	69,480		212,341
Expenditures:					
Administrative					
TIF District	-	69,707	-		69,707
Economic Development	-	-	14,752		14,752
Public Works					
Maintenance and Repair - Street and Alleys	61,715	-	-		61,715
Total Expenditures	61,715	69,707	14,752		146,174
Excess of Revenues Over/ -Under Expenditures	(15,654)	27,093	54,728		66,167
Other Financing Sources/-Uses:					
Operating Transfers	-	(3,931)	-		(3,931)
Net Change in Fund Balances	(15,654)	23,162	54,728		62,236
Fund Balances - May 1, 2017	224,907	215,880	4,798		445,585
Fund Balances - April 30, 2018	\$ 209,253	\$ 239,042	\$ 59,526		\$ 507,821

OTHER INFORMATION

(UNAUDITED)

CITY OF MAROA, ILLINOIS
 COMPARISON OF APPROPRIATIONS AND EXPENDITURES
 GOVERNMENTAL FUNDS - CASH BASIS
 For the Year Ended April 30, 2018
 (UNAUDITED)

	<u>Appropriations Ordinance</u>	<u>Expenditures</u>	<u>Unexpended Balance</u>
General Fund			
Current			
Administration	\$ 346,020	\$ 265,323	\$ 80,697
Public Safety	286,176	252,195	33,981
Public Works	380,540	65,669	314,871
Parks and Recreation	34,300	27,984	6,316
Debt Service	24,545	39,060	(14,515)
Capital Outlay	12,500	197,079	(184,579)
Total General Fund	<u>1,084,081</u>	<u>847,310</u>	<u>236,771</u>
Special Revenue Funds			
Motor Fuel Tax Fund	-	61,715	(61,715)
TIF Fund	-	69,707	(69,707)
Business District Fund	-	14,752	(14,752)
Total Special Revenue Funds	<u>-</u>	<u>146,174</u>	<u>(146,174)</u>
Total Governmental Funds	<u>\$ 1,084,081</u>	<u>\$ 993,484</u>	<u>\$ 90,597</u>

CITY OF MAROA, ILLINOIS

ASSESSED VALUATIONS, RATES, EXTENSIONS AND COLLECTIONS
TAX YEARS 2017, 2016, 2015, AND 2014
(Unaudited)

	2017	2016	2015	2014
Assessed Valuations	\$ <u>16,896,981</u>	\$ <u>16,801,244</u>	\$ <u>16,395,817</u>	\$ <u>16,043,143</u>
Tax Rates:				
General Fund:				
Corporate	\$ 0.24860	\$ 0.24398	\$ 0.24463	\$ 0.24713
Police protection	0.07458	0.07320	0.07339	0.07417
Street lighting	0.04972	0.04880	0.04893	0.04943
Audit	0.10357	0.10911	0.09149	0.15490
Insurance	0.78014	0.70461	0.68768	0.57346
Water and Sewer Fund:				
Waterworks	0.09910	0.09517	0.09752	0.09852
Chlorine sewage	0.01989	0.01952	0.01958	0.01978
Social security	0.16663	0.13125	0.12809	0.11999
Medicare	0.03590	0.03438	0.03355	0.02699
IMRF	0.08377	0.13691	0.13361	0.15378
Totals	\$ <u>1.66190</u>	\$ <u>1.59693</u>	\$ <u>1.55847</u>	\$ <u>1.51815</u>
Tax Extensions:				
General Fund:				
Corporate	\$ 42,006	\$ 40,992	\$ 40,109	\$ 39,647
Police protection	12,602	12,299	12,033	11,899
Street lighting	8,401	8,199	8,022	7,930
Audit	17,500	18,332	15,001	24,851
Insurance	131,820	118,383	112,751	92,001
Water and Sewer Fund:				
Waterworks	16,745	15,990	15,989	15,806
Chlorine sewage	3,361	3,280	3,210	3,173
Social security	28,155	22,052	21,001	19,250
Medicare	6,066	5,776	5,501	4,330
IMRF	14,155	23,003	21,906	24,671
Totals	\$ <u>280,811</u>	\$ <u>268,304</u>	\$ <u>255,523</u>	\$ <u>243,558</u>
Collections:				
General Fund:				
Corporate		40,887	40,019	39,604
Police protection		12,267	12,006	11,886
Street lighting		8,178	8,004	7,921
Audit		18,285	14,967	24,823
Insurance		118,082	112,497	91,899
Water and Sewer Fund:				
Waterworks		15,949	15,953	15,788
Chlorine sewage		3,271	3,203	3,170
Social security		21,995	20,954	19,229
Medicare		5,762	5,488	4,325
IMRF		22,944	21,857	24,644
Subtotal		<u>267,620</u>	<u>254,948</u>	<u>243,289</u>
Road and Bridge		<u>27,665</u>	<u>26,995</u>	<u>26,438</u>
		\$ <u>295,285</u>	\$ <u>281,943</u>	\$ <u>269,727</u>
Percentage of Extensions Collected:		<u>99.75%</u>	<u>99.77%</u>	<u>99.89%</u>
Tax Increment Financing (TIF):				
	2017	2016	2015	2014
Assessed Valuations	\$ <u>1,138,608</u>	\$ <u>1,034,145</u>	\$ <u>935,075</u>	\$ <u>738,636</u>
Tax Extensions	\$ <u>107,318</u>	\$ <u>97,386</u>	\$ <u>85,736</u>	\$ <u>66,223</u>
Totals	\$ <u>107,318</u>	\$ <u>97,386</u>	\$ <u>85,736</u>	\$ <u>66,223</u>
Collections		\$ <u>96,675</u>	\$ <u>85,736</u>	\$ <u>66,230</u>
Percentage of Extensions Collected:		<u>99.27%</u>	<u>100.00%</u>	<u>100.01%</u>

CITY OF MAROA, ILLINOIS

OTHER INFORMATION (UNAUDITED)
 IMRF REGULAR PLAN
 SCHEDULE OF CHANGES IN THE EMPLOYER'S NET
 PENSION LIABILITY AND RELATED RATIOS
 LAST TEN CALENDAR YEARS
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability			
Service Cost	\$ 30,654	\$ 32,766	\$ 33,815
Interest on the Total Pension Liability	98,351	88,722	86,133
Changes of benefit terms	-	-	-
Difference between expected and actual experience of the Total Pension Liability	(37,431)	65,576	(49,736)
Changes of assumptions	(41,116)	(8,851)	-
Benefit payments, including refunds of employee contributions	<u>(71,064)</u>	<u>(42,358)</u>	<u>(27,517)</u>
Net change in total pension liability	\$ (20,606)	\$ 135,855	\$ 42,695
Total pension liability - beginning	<u>1,331,545</u>	<u>1,195,690</u>	<u>1,152,995</u>
Total pension liability -ending	<u>\$ 1,310,939</u>	<u>\$ 1,331,545</u>	<u>\$ 1,195,690</u>
Plan fiduciary net position			
Contributions - employer	\$ 40,349	\$ 42,657	\$ 46,686
Contributions - employee	12,428	12,297	12,742
Net investment income	164,912	54,494	4,151
Benefit payments, including refunds of employee contributions	(71,064)	(42,358)	(27,517)
Other (Net Transfer)	<u>(37,992)</u>	<u>26,006</u>	<u>(1,161)</u>
Net change in plan fiduciary net position	\$ 108,633	\$ 93,096	\$ 34,901
Plan fiduciary net position - beginning	<u>942,266</u>	<u>849,170</u>	<u>814,269</u>
Plan fiduciary net position - ending	<u>\$ 1,050,899</u>	<u>\$ 942,266</u>	<u>\$ 849,170</u>
Net pension liability/(asset)	<u>\$ 260,040</u>	<u>\$ 389,279</u>	<u>\$ 346,520</u>
Plan fiduciary net position as a percentage of the total pension liability	80.16%	70.76%	71.02%
Covered Valuation payroll	\$ 276,180	\$ 273,266	\$ 279,827
Net pension liability as a percentage of covered valuation payroll	94.16%	142.45%	123.83%

CITY OF MAROA, ILLINOIS
 OTHER INFORMATION (UNAUDITED)
 IMRF REGULAR PLAN
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 LAST TEN CALENDAR YEARS
 (SCHEDULE TO BE BUILT PROSPECTIVELY)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 46,143	\$ 46,686	\$ (543)	\$ 279,827	16.68%
2016	\$ 42,657	\$ 42,657	\$ -	\$ 273,266	15.61%
2017	\$ 40,350	\$ 40,349	\$ 1	\$ 276,180	14.61%

NOTES TO SCHEDULE OF CONTRIBUTIONS

SUMMARY OF ACTUAL 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 is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2017 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26-year closed period
Asset Valuation Method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	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 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

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.