

City of Benton, Illinois
Annual Financial Report
April 30, 2018

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CPAs & ADVISORS

An ATLAS Navigators LLC Firm

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Commissioners
City of Benton
Benton, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benton, 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 accounting principles generally accepted in the United States of America; this includes 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benton, Illinois, as of April 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 69 and 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The City of Benton has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Benton, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statement.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2018, on our consideration of the City of Benton, Illinois' 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 solely 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 the effectiveness of the City of Benton, Illinois' 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 the City of Benton, Illinois' internal control over financial reporting and compliance.

ATLAS CPAs & Advisors LLC

Atlas CPAs & Advisors LLC
October 23, 2018

**INDEPENDENT AUDITOR'S 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**

Honorable Mayor and Commissioners
City of Benton
Benton, 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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Benton, Illinois, as of and for the year ended April 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Benton, Illinois' basic financial statements, and have issued our report thereon dated October 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Benton, Illinois' 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 of Benton, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Benton, Illinois' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2007-1 and 2018-8 to be material deficiencies. 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2018-1, 2018-2, 2018-3, 2018-4, 2018-5, 2018-6, 2018-7, 2018-9, and 2018-10 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Benton, Illinois' 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-1 and 2018-8.

City of Benton, Illinois' Response to Findings

The City of Benton, Illinois' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Benton, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

ATLAS CPAs + Advisors LLC

Atlas CPAs & Advisors LLC
October 23, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Honorable Mayor and Commissioners
City of Benton
Benton, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Benton, Illinois' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Benton, Illinois' major federal programs for the year ended April 30, 2018. The City of Benton, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Benton, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Benton, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Benton, Illinois' compliance.

Basis for Qualified Opinion CFDA 66.458

As described in the accompanying schedule of findings and questioned costs, the City of Benton, Illinois did not comply with requirements regarding CFDA 66.458 as described in finding numbers 2018-1, 2018-4. Compliance with such requirements is necessary, in our opinion, for the City of Benton, Illinois to comply with the requirements applicable to that program.

Qualified Opinion CFDA 66.458

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Benton, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 66.458 for the year ended April 30, 2018.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2007-1. Our opinion on the major federal program is not modified with respect to these matters.

The City of Benton, Illinois' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Benton, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Benton, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Benton, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Benton, Illinois' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-1 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-1 and 2018-4 to be significant deficiencies.

City of Benton, Illinois' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Benton, Illinois' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

ATLAS CPAs & Advisors LLC

Atlas CPAs & Advisors LLC
October 23, 2018

City of Benton, Illinois
Statement of Net Position
April 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 3,265,177.28	\$ 701,562.29	\$ 3,966,739.57
Restricted cash and investments	209,947.68	3,295,839.69	3,505,787.37
Receivables, net			
Property taxes	887,440.00	-	887,440.00
Accounts receivable	67,526.70	258,913.45	326,440.15
Due from other governments	422,568.46	873,019.95	1,295,588.41
Inventory - at cost	-	18,876.99	18,876.99
Capital assets, non-depreciable	1,155,901.30	213,630.61	1,369,531.91
Capital assets, depreciable, net of accumulated depreciation	10,279,027.36	20,388,418.56	30,667,445.92
Prepaid expenses	61,184.77	22,923.27	84,108.04
Total Assets	\$ 16,348,773.55	\$ 25,773,184.81	\$ 42,121,958.36
Deferred Outflow of Resources			
Deferred outflow related to pension liabilities	\$ 203,646.77	\$ 75,637.78	\$ 279,284.55
Liabilities			
Accounts payable	\$ 227,131.57	\$ 984,032.30	\$ 1,211,163.87
Accrued payroll	41,383.80	20,651.60	62,035.40
Accrued payroll related expenses	34,327.96	-	34,327.96
Accrued vacation, sick and personal leave	208,973.63	64,098.01	273,071.64
Accrued interest payable	844.57	131,849.28	132,693.85
Other liabilities	3,300.00	-	3,300.00
Due to/from other funds	(24,151.81)	24,151.81	-
Consumer deposits	-	83,968.03	83,968.03
Noncurrent liabilities			
Net pension obligation	3,300,083.42	240,303.97	3,540,387.39
Due within one year	143,202.71	4,786.66	147,989.37
Due in more than one year	500,719.13	7,378,488.34	7,879,207.47
Total Liabilities	\$ 4,435,814.98	\$ 8,932,330.00	\$ 13,368,144.98
Deferred Inflow of Resources			
Unavailable revenue	\$ 915,490.83	\$ -	\$ 915,490.83
Deferred inflow related to pension liabilities	516,197.35	415,545.65	931,743.00
	\$ 1,431,688.18	\$ 415,545.65	\$ 1,847,233.83
Net Position			
Investment in capital assets, net of related debt	\$ 10,791,006.82	\$ 13,959,944.84	\$ 24,750,951.66
Restricted for:			
Maintenance of roadways	708,784.70	-	708,784.70
Public safety expenditures	52,171.56	-	52,171.56
Grant expenditures	3,236.59	-	3,236.59
TIF development	407,685.40	-	407,685.40
Ordinance	768,391.66	3,295,839.69	4,064,231.35
Capital projects	164,774.25	-	164,774.25
Debt service	(844.57)	-	(844.57)
Unrestricted	(2,210,289.25)	(754,837.59)	(2,965,126.84)
Total Net Position	\$ 10,684,917.16	\$ 16,500,946.94	\$ 27,185,864.10

See accompanying notes to financial statements.

City of Benton, Illinois
Statement of Activities
For the Year Ended April 30, 2018

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Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 1,594,673.03	\$ 455,606.91	\$ 20,598.74	\$ -	\$ (1,118,467.38)	\$ -	\$ (1,118,467.38)
Public health and safety	1,939,611.69	40,481.18	37,226.95	-	(1,861,903.56)	-	(1,861,903.56)
Streets, alleys and cemeteries	754,875.61	5,167.20	180,952.44	-	(568,755.97)	-	(568,755.97)
Cultural and recreation	35,138.91	12,250.00	-	-	(22,888.91)	-	(22,888.91)
Development	144,175.01	950.64	-	-	(143,224.37)	-	(143,224.37)
Debt service - Interest	19,339.30	-	-	-	(19,339.30)	-	(19,339.30)
Unallocated depreciation expense	337,043.14	-	-	-	(337,043.14)	-	(337,043.14)
Total Governmental Activities	\$ 4,824,856.69	\$ 514,455.93	\$ 238,778.13	\$ -	\$ (4,071,622.63)	\$ -	\$ (4,071,622.63)
Business-Type Activities							
Water & Sewer	\$ 2,508,995.13	\$ 2,812,993.30	\$ -	\$ 6,040,861.00	\$ -	\$ 6,344,859.17	\$ 6,344,859.17
Total Business-Type Activities	\$ 2,508,995.13	\$ 2,812,993.30	\$ -	\$ 6,040,861.00	\$ -	\$ 6,344,859.17	\$ 6,344,859.17
Total Primary Government	\$ 7,333,851.82	\$ 3,327,449.23	\$ 238,778.13	\$ 6,040,861.00	\$ (4,071,622.63)	\$ 6,344,859.17	\$ 2,273,236.54
General Revenues							
Taxes							
Property					\$ 836,119.88	\$ -	\$ 836,119.88
Sales					1,449,921.26	-	1,449,921.26
Franchise fees and other taxes					687,155.44	-	687,155.44
Intergovernmental					1,028,076.87	-	1,028,076.87
Investment income					11,346.92	16,382.78	27,729.70
Miscellaneous					79,709.79	17,756.20	97,465.99
Gain (loss) on sale of capital assets					37,500.47	(70,746.36)	(33,245.89)
Transfers in (out)					(67,649.56)	67,649.56	-
Total General Revenues, Special Items and Transfers					\$ 4,062,181.07	\$ 31,042.18	\$ 4,093,223.25
Change in Net Position					\$ (9,441.56)	\$ 6,375,901.35	\$ 6,366,459.79
Net Position - Beginning of Year					10,694,358.72	10,125,045.59	20,819,404.31
Net Position - End of Year					\$ 10,684,917.16	\$ 16,500,946.94	\$ 27,185,864.10

See accompanying notes to financial statements.

**City of Benton, Illinois
Governmental Funds
Balance Sheet
4/30/2018**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and investments	\$ 1,250,737.48	\$ 2,014,439.80	\$ 3,265,177.28
Restricted cash and investments	206,711.09	3,236.59	209,947.68
Property taxes	100,020.00	787,420.00	887,440.00
Accounts receivable	57,256.11	10,270.59	67,526.70
Due from other governments	406,344.43	16,224.03	422,568.46
Due to/from other funds	35,426.85	(11,275.04)	24,151.81
Total Assets	<u>\$ 2,056,495.96</u>	<u>\$ 2,820,315.97</u>	<u>\$ 4,876,811.93</u>
Liabilities, Deferred Inflows and Fund Balances			
Accounts payable	\$ 117,842.36	\$ 109,289.21	\$ 227,131.57
Accrued payroll	41,383.80	-	41,383.80
Accrued payroll related expenses	34,327.96	-	34,327.96
Accrued vacation and sick leave	208,973.63	-	208,973.63
Other liabilities	3,300.00	-	3,300.00
Total Liabilities	<u>\$ 405,827.75</u>	<u>\$ 109,289.21</u>	<u>\$ 515,116.96</u>
Deferred Inflow of Resources			
Unavailable revenue	<u>\$ 128,070.83</u>	<u>\$ 787,420.00</u>	<u>\$ 915,490.83</u>
Fund Balances			
Nonspendable	\$ -	\$ -	\$ -
Restricted	23,472.03	1,895,004.00	1,918,476.03
Committed	164,774.25	28,602.76	193,377.01
Assigned	37,086.34	-	37,086.34
Unassigned	1,297,264.76	-	1,297,264.76
Total Fund Balances	<u>\$ 1,522,597.38</u>	<u>\$ 1,923,606.76</u>	<u>\$ 3,446,204.14</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,056,495.96</u>	<u>\$ 2,820,315.97</u>	<u>\$ 4,876,811.93</u>

See accompanying notes to financial statements.

City of Benton, Illinois
Reconciliation of Fund Balances of Governmental Funds
to the Governmental Activities in the
Statement of Net Position
April 30, 2018

Fund Balances of Governmental Funds	\$ 3,446,204.14
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Amounts reported for governmental activities in the
Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in government funds.	11,434,928.66
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Prepaid insurance is recorded in the statement of net position when incurred; these costs are recorded in governmental funds as expense when paid.	61,184.77
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Deferred inflows and outflows of resources related to pensions are not reported in governmental funds.	(312,550.58)
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Interest payable is recorded in the statement of net position when incurred; these costs are recorded in governmental funds as expense when paid.	(844.57)
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Long-term liabilities, including bonds, notes payable, and net pension obligations are not due and payable in the current period and therefore, are not reported in the governmental funds.	<u>(3,944,005.26)</u>
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Net Position of Governmental Activities	<u><u>\$ 10,684,917.16</u></u>
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See accompanying notes to financial statements.

City of Benton, Illinois
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Intergovernmental	\$ 1,024,128.05	\$ 184,901.26	\$ 1,209,029.31
Sales tax	1,349,145.99	100,775.27	1,449,921.26
Property tax	98,897.90	737,221.98	836,119.88
Service charges and fees	423,063.35	31,832.97	454,896.32
Licenses and permits	51,855.89	-	51,855.89
Franchise fees and other taxes	687,155.44	16,644.95	703,800.39
Investment income	5,536.73	5,810.19	11,346.92
Grant revenue	36,714.74	-	36,714.74
Miscellaneous	254,021.99	2,102.52	256,124.51
Total Revenues	<u>\$ 3,930,520.08</u>	<u>\$ 1,079,289.14</u>	<u>\$ 5,009,809.22</u>
Expenditures			
Current -			
General government	\$ 886,913.48	\$ 474,316.62	\$ 1,361,230.10
Public health and safety	1,753,126.63	14,245.08	1,767,371.71
Streets, alleys and cemeteries	465,791.95	199,542.13	665,334.08
Cultural and recreation	54,949.13	-	54,949.13
Development	13,000.00	131,175.01	144,175.01
Capital outlay	726,110.60	222,054.47	948,165.07
Debt service	79,394.57	112,826.22	192,220.79
Total Expenditures	<u>\$ 3,979,286.36</u>	<u>\$ 1,154,159.53</u>	<u>\$ 5,133,445.89</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (48,766.28)</u>	<u>\$ (74,870.39)</u>	<u>\$ (123,636.67)</u>
Other Financing Sources (Uses)			
Transfers in (out)	\$ (7,243.60)	\$ (60,405.96)	\$ (67,649.56)
Proceeds from long-term debt	600,302.56	-	600,302.56
Total Other Financing Sources (Uses)	<u>\$ 593,058.96</u>	<u>\$ (60,405.96)</u>	<u>\$ 532,653.00</u>
Net Changes in Fund Balances	\$ 544,292.68	\$ (135,276.35)	\$ 409,016.33
Fund Balances - Beginning of Year	<u>978,304.70</u>	<u>2,058,883.11</u>	<u>3,037,187.81</u>
Fund Balances - End of Year	<u><u>\$ 1,522,597.38</u></u>	<u><u>\$ 1,923,606.76</u></u>	<u><u>\$ 3,446,204.14</u></u>

See accompanying notes to financial statements.

City of Benton, Illinois
Reconciliation of Statement of Revenues, Expenditures and Changes In
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended April 30, 2018

Net Change In Fund Balances - Total Governmental Funds **\$ 409,016.33**

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

Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the Statement of Activities.

Depreciation expense	\$ (760,460.82)	
Capital asset purchases capitalized	<u>948,165.07</u>	187,704.25

The effect of various transactions involving capital assets (sales, trade-ins) is to increase (decrease) net assets.	(126,744.53)
--	--------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, are not reported as expenditures in government funds.	(3,838.91)
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Accrued interest expense on long-term debt is reported in the Statement of Activities and Changes in Net Position, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in governmental funds.	664.37
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Pension expense is recorded in the statement of activities when incurred; these costs are recorded in governmental funds as expenses when paid.	(48,157.63)
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The issuance of long-term debt provides current financial resources to governmental funds, but not in the Statement of Activities.	(600,000.00)
--	--------------

The repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>171,914.56</u>
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Change In Net Position of Governmental Activities	<u><u>\$ (9,441.56)</u></u>
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See accompanying notes to financial statements.

City of Benton, Illinois
Proprietary Funds
Statement of Net Position
4/30/2018

	<u>Business-Type Activities</u>
Assets and Deferred Outflows	
Current Assets	
Cash	\$ 641,926.12
Investments	59,636.17
Restricted assets	
Restricted cash	3,295,839.69
Accounts receivable, net of provision for uncollectible accounts of \$29,251.45	258,913.45
Due from other governments	873,019.95
Inventory - at cost	<u>18,876.99</u>
Total Current Assets	<u>\$ 5,148,212.37</u>
Non-Current Assets	
Fixed assets	
Capital assets, non-depreciable	\$ 213,630.61
Capital assets, depreciable, net of depreciation	20,388,418.56
Other assets	
Prepaid expense	<u>22,923.27</u>
Total Non-Current Assets	<u>\$ 20,624,972.44</u>
Total Assets	<u>\$ 25,773,184.81</u>
Deferred Outflow of Resources	
Deferred outflow related to pension liabilities	<u>\$ 75,637.78</u>
Liabilities and Deferred Inflows	
Current Liabilities	
Accounts payable	\$ 984,032.30
Accrued payroll	20,651.60
Accrued vacation, sick and personal leave	64,098.01
Notes payable, short-term	4,786.66
Accrued interest payable	131,849.28
Due to other funds	<u>24,151.81</u>
Total Current Liabilities	<u>\$ 1,229,569.66</u>
Long-term Liabilities	
Customer deposits	\$ 83,968.03
Net pension obligation	240,303.97
Notes payable, long-term	<u>7,378,488.34</u>
Total Long-term Liabilities	<u>\$ 7,702,760.34</u>
Total Liabilities	<u>\$ 8,932,330.00</u>
Deferred Inflow of Resources	
Deferred inflow related to pension liabilities	<u>\$ 415,545.65</u>
Net Position	
Invested in capital assets	\$ 13,959,944.84
Restricted by ordinance	3,295,839.69
Unrestricted	<u>(754,837.59)</u>
Total Net Position	<u>\$ 16,500,946.94</u>

See accompanying notes to financial statements.

**City of Benton, Illinois
Proprietary Funds
Statement of Revenues, Expenses
and Changes in Net Position
For the Year Ended April 30, 2018**

	Business-Type Activities
Operating Revenues	
Charges for services and fees	\$ 2,789,854.11
Miscellaneous	<u>27,427.87</u>
Total Operating Revenues	<u>\$ 2,817,281.98</u>
Operating Expenses	
Administrative and general	\$ 151,663.55
Depreciation	348,817.18
Water supply expense	470,567.33
Transmission and distribution	879,404.28
Plant maintenance and purification	<u>526,432.64</u>
Total Operating Expenses	<u>\$ 2,376,884.98</u>
Operating Income (Loss)	<u>\$ 440,397.00</u>
Non Operating Revenues (Expenses)	
Investment income	\$ 16,529.74
Rental income, net	15,260.00
Grant revenue	6,040,861.00
Interest expense	(132,110.15)
Bad debt expense, net of recoveries	(1,792.48)
Unrealized gain (loss) on investments	(146.96)
Gain (loss) on sale of assets	<u>(70,746.36)</u>
Net Non Operating Revenues (Expenses)	<u>\$ 5,867,854.79</u>
Income (Loss) Before Transfers	\$ 6,308,251.79
Transfers in (out)	<u>67,649.56</u>
Change in Net Position	\$ 6,375,901.35
Net Position - Beginning of Year	<u>10,125,045.59</u>
Net Position - End of Year	<u><u>\$ 16,500,946.94</u></u>

See accompanying notes to financial statements.

City of Benton, Illinois
Proprietary Funds
Statement of Cash Flows
For the Year Ended April 30, 2018

	<u>Business-Type Activities</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 2,751,843.44
Payments to employees	(751,281.85)
Payments to suppliers of goods and services	<u>(1,273,042.68)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 727,518.91</u>
Cash Flows from Non-Capital Financing Activities	
Net operating transfers	<u>\$ 34,569.94</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>\$ 34,569.94</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from sale of capital assets	\$ 11,130.00
Interest paid on capital debt	(260.87)
Purchases of capital assets	(12,254,954.54)
Proceeds from long-term debt	<u>10,882,646.55</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (1,361,438.86)</u>
Cash Flows from Investing Activities	
Interest on investments	\$ 15,729.82
Proceeds from the maturity of investments	179,764.92
Purchase of investments	(52,645.73)
Rental income, net	<u>15,260.00</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 158,109.01</u>
Increase (Decrease) in Cash and Cash Equivalents	\$ (441,241.00)
Cash and Cash Equivalents - Beginning of Year	<u>4,379,006.81</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,937,765.81</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	<u>\$ 440,397.00</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	\$ 348,817.18
(Increase) decrease in accounts receivable	(65,438.54)
(Increase) decrease in prepaid assets	(16,108.26)
(Increase) decrease in inventories	1,917.74
(Increase) decrease in deferred outflow of resources	44,768.05
Increase (decrease) in deferred inflow of resources	392,220.85
Increase (decrease) in net pension obligation	(384,802.03)
Increase (decrease) in customer deposits	7,352.96
Increase (decrease) in accounts payable	(61,971.47)
Increase (decrease) in accrued payroll	<u>20,365.43</u>
Total adjustments	<u>\$ 287,121.91</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 727,518.91</u>

See accompanying notes to financial statements.

City of Benton, Illinois
Statement of Fiduciary Net Position
April 30, 2018

	Pension Trust Funds	Agency Funds
Assets		
Cash	\$ 545,053.89	\$ 9,375.90
Receivables -		
Interest	17,552.09	-
Property tax	362,975.00	-
Investments, at fair value-		
U.S. Government and agency obligations	1,796,925.28	-
Certificates of deposit	541,079.37	-
Mutual funds	1,772,698.67	-
Municipal bonds	49,901.00	-
Other bonds	766,336.13	-
Insurance company contracts	304,127.80	-
Exchange traded funds	1,242,376.73	-
Total Assets	\$ 7,399,025.96	\$ 9,375.90
Liabilities		
Accounts payable	\$ -	\$ -
Total Liabilities	\$ -	\$ -
Deferred Inflow of Resources		
Unavailable revenue	\$ 362,975.00	\$ -
Net Position	\$ 7,036,050.96	\$ 9,375.90

See accompanying notes to financial statements.

City of Benton, Illinois
Pension Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended April 30, 2018

Additions

Contributions

Employer -

Property tax \$ 307,291.07

Employer contribution 126,999.96

Replacement tax 32,399.59

Plan members 90,626.58

Total Contributions \$ 557,317.20

Investment Earnings

Interest \$ 204,800.27

Net increase (decrease) in fair value of investments 191,323.82

Less investment expense (17,318.26)

Net Investment Earnings \$ 378,805.83

Total Additions \$ 936,123.03

Deductions

Benefits \$ 539,010.60

Refunds of contributions 42,394.62

Administrative expense 25,064.49

Total Deductions \$ 606,469.71

Change in Plan Net Position \$ 329,653.32

Plan Net Position - Beginning of Year 6,706,397.64

Plan Net Position - End of Year \$ 7,036,050.96

See accompanying notes to financial statements.

City of Benton, Illinois
Agency Funds
Statement of Changes in Assets and Liabilities
For the Year Ended April 30, 2018

	<u>Balance</u> <u>May 01, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2018</u>
Escrow Fund	\$ 6,872.95	\$ 56.26	\$ -	\$ 6,929.21
Community Events Fund	985.37	5,561.00	4,099.68	2,446.69
	<u>\$ 7,858.32</u>	<u>\$ 5,617.26</u>	<u>\$ 4,099.68</u>	<u>\$ 9,375.90</u>

See accompanying notes to financial statements.

**City of Benton, Illinois
Notes to Financial Statements
April 30, 2018**

Note 1. Summary of Significant Accounting Policies:

The City's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

A. Reporting Entity

The City of Benton was created in 1902 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, fire protection, street maintenance, recreation, and general administrative services.

The City's reporting entity includes the City's governing board and all related organizations for which the City exercises oversight responsibility.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public services, and special financing relationships.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements to its governmental activities. The City also has business-type activities and proprietary funds on which to apply the pronouncements. The significant accounting policies established in GAAP and used by the City are described below.

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

B. Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. 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 and charges for support. The City's government-wide activities are both governmental and business-type activities.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Interfund receivables/payables resulting from short-term interfund loans are eliminated in the government-wide Statement of Net Position. The City's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The following fund types are used by the City of Benton:

Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

- a. General Fund - The General Fund, Municipal Utility Tax Fund, Capital Improvements Fund, Municipal Telecommunications Tax Fund, Auxiliary Police Fund, Benton Police Vehicle Fund, Police DUI Fund, Accounts Payable Fund, Impound Fee Fund, Grants and Donations Fund, Twin Oaks Fund, Ambulance Fund, and Restricted Sale Fund are the general operating funds of the City. They are used to account for all financial resources devoted to financing the general services that the City performs for its citizens, except those required to be accounted for in another fund.
- b. Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes. The City's special revenue funds are the Audit Fund, Municipal Retirement Fund, Municipal Insurance Fund, Foreign Fire Insurance Fund, Road and Bridge Fund, Motor Fuel Tax Fund, Airport Fund, Youth Center Fund, DCEO/IHDA Recapture Fund, Home Rule Street Improvement Fund, TIF Funds and Housing Grant Fund.

- c. **Capital Projects Funds** - These funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds). The City's capital project funds are the Restricted Fund.

Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

These funds are as follows:

Pension Trust Funds – These funds were established to provide pension benefits for City police and fire employees. The principal revenue source for this fund is employer and employee contributions. The financial statements presented for these funds, the Statement of Plan Net Position and Statement of Changes in Plan Net Position, are not consistent with conventional basic financial statements.

Agency Funds – This fund is custodial in nature and does not present results of operations or have a measurement focus. The agency fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

Major and Non-major Funds

The funds are further classified as major or non-major as follows:

Fund

Brief Description

Major Governmental:

General Fund

Accounts for financial resources devoted to financing the general services that the City performs for its citizens.

Major Proprietary:

Water and Sewer

Accounts for activities related to providing water and sewer services to the citizens of the City.

<u>Fund</u>	<u>Brief Description</u>
Non-major:	
Special Revenue Funds:	
Benton TIF Special Account	Accounts for the revenues and expenditures of providing tax incentives related to the development, redevelopment, and rehabilitation of real property within the TIF district.
 Municipal Retirement Fund	 Accounts for the revenues and expenditures of the City employees retirement.
 Municipal Insurance Fund	 Accounts for the revenues and expenditures of insuring the City as a whole.
 Audit Fund	 Accounts for the revenues and expenditures of paying for the City's annual audit.
 Foreign Fire Insurance Fund	 Accounts for the revenues and expenditures of purchasing and maintaining equipment for the City's fire department.
 Motor Fuel Tax Fund	 Accounts for the revenues and expenditures of improving roads and infrastructure.
 Revolving Loan Fund	 Accounts for the revenues and expenditures of promoting economic development through providing low interest loans to businesses in the City.
 Road and Bridge Fund	 Accounts for the revenues and expenditures of improving roads and infrastructure.
 Home Rule Street Improvement Fund	 Accounts for the revenues and expenditures of improving roads and infrastructure.
 Youth Center Fund	 Accounts for the revenues and expenditures of providing community programs to the youth of the City.
 IJRL TIF #2 Fund	 Accounts for revenues and expenditures of providing tax incentives related to the development, redevelopment, and rehabilitation of real property within the TIF district.
 Housing Grants	 Accounts for revenues and expenditures to certain low income and very low income individuals and families in connection with the rehabilitation of single family homes located in Benton, Illinois.

<u>Fund</u>	<u>Brief Description</u>
DCEO/IHDA Recapture Fund	Accounts for revenues and expenditures to be used for housing improvements (similar to housing grants).
Airport Fund	Accounts for the revenues and expenditures of operating and developing the airport.
Capital Projects: Restricted Fund	Accounts for revenues and expenditures of making improvements to various City streets.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension trust). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The accrual basis of accounting is also utilized by the proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The accrual basis of accounting is followed for presentation of assets of the Pension Trust Funds. Liabilities pertaining to benefits payable or refunds payable are presented on the modified accrual basis, with remaining liabilities presented on the accrual basis of accounting.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. The City considers revenues to be "available" as they are collected within 60 days of the end of the current fiscal period except for sales tax and telecommunication taxes which are 90 days and state income tax which is 120 days. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

Taxes including property taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

D. Annual Budget Ordinance

The City Council annually passes a budget ordinance which includes all fund types using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. All unexpended budget amounts lapse at the end of each fiscal year.

Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers and debt service. This constitutes the legal level of control. Expenditures may not exceed the budget at this level. Within these control levels, management may transfer budget lines without Board approval.

E. Cash and Cash Equivalents

Cash includes cash on hand and cash on deposit with financial institutions that can be withdrawn without prior notice or penalty.

Cash equivalents include short term, highly liquid investments with original maturities of 90 days or less. For purposes of statement of cash flows presentation, cash and cash equivalents totaled \$3,937,765.81 at April 30, 2018.

F. Investments

Investments are stated at fair value. Cash deposits are reported at carrying value which reasonably estimates fair value.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Bad debts under the Proprietary Fund (Enterprise Funds) are accounted for by the allowance reserve method in recognizing bad debt expense. This method better matches the cost of operating the fund with revenues of the fund and is consistent with generally accepted accounting principles.

H. Prepaid Items

Prepaid balances are for insurance payments made by the City in the current year to provide coverage occurring in the subsequent fiscal year.

I. Inventory

Inventory is valued at cost using the first-in, first-out method, and consists of expendable supplies held for consumption for the proprietary funds.

J. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated in the government-wide statement of net position.

K. Restricted Assets

Enterprise Funds are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for water and sewer renovations. The General Fund is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for specific purposes.

L. Capital Assets

The City is required to spread the cost of its capital assets over the assets' useful lives. These capital assets include land, buildings, and related equipment. The depreciation expense amounts charged to each of the functions are in the statement of activities.

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets.

Capital assets purchased or acquired with an original cost of \$2,500.00 or more are reported at historical or estimated historical cost, including all ancillary charges necessary to place the asset in its intended location and condition for use. Donated assets are reported at fair market value at the time of acquisition plus all appropriate ancillary costs. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Depreciation on all assets is calculated using the straight-line method. The estimated useful lives of assets are based on local government suggested basis, past experience, or other reliable sources. Useful lives typically will not exceed fifty (50) years. The following estimated useful lives are used for depreciation purposes:

Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Infrastructure	20 - 40 years

Property, plant and equipment acquired for proprietary funds is capitalized in the respective fund to which it applies.

Property, plant and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation applied to the cost of each class of property, plant and equipment. Estimated useful lives, in years, for depreciable assets of the Water and Sewer departments are as follows:

Buildings and grounds	20 - 50 years
Improvements	10 - 100 years
Machinery and equipment	5 - 50 years
Water and sewer lines	20 - 50 years

M. Compensated Absences

For the General Fund and Enterprise Funds, benefit pay is accrued for benefits earned but not taken at April 30, 2018. Vacation time is earned either on a calendar year, fiscal year, or hire-date basis, depending upon the department in which employed.

Vacation Days

POLICE DEPARTMENT - Employees are eligible to earn and use vacation time after six months of full time employment. Vacation is earned on a pro-rata monthly basis. Employees must work at least 136 hours per month to earn the vacation days for that month.

Vacation days not used during the current year may be carried forward to subsequent years with a maximum accumulation of four weeks. Employees are required to take at least one-half of their vacation during a year (from anniversary date to the following anniversary date). Accumulated unused vacation time up to a maximum of one-half the allowances an employee will earn in a year may be sold back to the City at the employee's regular rate of pay unless otherwise mutually agreed in writing among employee's chief and commissioner to sell back in excess of the one-half allowance. The buy back of unused days can be denied by the City based on the state of the City's finances.

Any employee who is separated from City employment shall be compensated for all unused vacation time accumulated for the year at the rate of pay at the time of separation.

FIRE DEPARTMENT - Employees are eligible to earn and use vacation time after six months of full time employment. Vacation is earned on a pro-rata monthly basis. Employees must work at least 168 hours per month to earn the vacation days for that month.

Vacation days not used during the current year may be carried forward to subsequent years with a maximum accumulation of four weeks. Employees are required to take at least one-half of their accumulated time so as to reduce the overall balance of time on the books unless mutually agreed in writing by employee and chief and commissioner to extend the vacation carryover date to a date certain rather than an indeterminate date. In the event an employee's vacation is denied or cancelled for operational needs, and the employee is unable to take his vacation during the year, the unused portion may be sold to the City at the employee's regular rate of pay. The buy back of unused days can be denied by the City based on the state of the City's finances.

Any employee who is separated from City employment shall be compensated for all unused vacation time accumulated for the year at the rate of pay at the time of separation.

LABORERS AND OTHER EMPLOYEES - After one year of employment, employees earn one week of vacation. After two years of employment, employees earn two weeks of vacation. After five years of employment, employees earn three weeks of vacation. After 10 years of employment, employees earn two extra days of vacation for each additional year, up to fifteen years of service. Vacation is paid at the employee's regular straight time hourly rate.

Vacation days not used during the current year may be carried forward to subsequent years with a maximum accumulation of two weeks. Employees may sell vacation days back to the City at the employee's regular rate of pay one time per year.

Any employee who is separated from City employment shall be compensated for all unused vacation time accumulated for the year at the rate of pay at the time of separation.

As of April 30, 2018, the liability for unused vacation is approximately \$135,385.00.

Sick Days

POLICE DEPARTMENT – Sick days are accrued at a rate of 80 hours per year on May 1st of each year, up to a maximum of 120 days. After accumulating 20 sick days, the employee may sell back unused days up to a maximum of 10 days per year, subject to approval by the City Council. Denial of annual sell-back may only be made by the City Council for budgetary reasons, however, and partial approval must be given on an equal basis to all bargaining unit members.

FIRE DEPARTMENT – For non-duty sickness or disability, employees shall earn 4 - 24 hour shifts (96 hours). They may accumulate up to 480 hours. If an employee has unused sick time at the end of a fiscal year in excess of 160 hours, he/she may elect to sell back the excess time in 80 hour blocks on February 1 and/or August 1 for all sick days not used over and above the one hundred sixty (160) hours, provided that such election shall be given in writing to the City Treasurer not less than thirty (30) days prior to February 1st and/or August 1st of each fiscal year. Failure to give notice shall result in a forfeiture of the right of election hereunder.

LABORERS AND OTHER EMPLOYEES – Laborers shall accrue sick days at a rate of 40 hours and other employees at a rate of 80 hours on May 1st of each year up to a maximum of 30 days. They may sell back a maximum of ten days per year after accumulating 20 days.

As of April 30, 2018, the liability for sick leave is approximately \$126,496.46.

Personal Days

POLICE DEPARTMENT – Each post-probationary employee shall receive personal leave days in accordance with the following schedule: At the discretion of the Chief, a probationary employee may, upon written request, borrow up to one-half (1/2) of their personal leave time that they will receive upon successful completion of probationary status, although the time has not formally accrued. If employment is terminated before successful completion of probationary status, the employee may be required to reimburse the City for the value of any time advanced.

<u>Position</u>	<u>Personal Leave Allowance</u>
E911/Dispatchers	Six (6) eight (8) hour days
Peace Officers	Five (5) ten (10) hour days

Personal days are to be scheduled with the approval of the Chief, although they may also be used in the event of a personal emergency requiring the employee's attention. Personal days may not be used immediately before or after a holiday unless scheduled and approved two (2) weeks in advance or in the event of an extreme emergency in which case the Chief may require a good, reasonable and bona fide explanation. Personal leave days shall be allocated as above for each fiscal year, to be accrued pro rata during each respective fiscal year.

FIRE DEPARTMENT – Each post-probationary employee shall receive 4 – 24 hour days (96 hours). Personal days are to be scheduled with the approval of the Chief, although they may also be used in the event of a personal emergency requiring the employee's attention. Personal leave will be required to be utilized at a two (2) hour minimum schedule of use. Personal leave days shall be allocated as above for each fiscal year, to be accrued pro rata during each respective fiscal year.

LABORERS AND OTHER EMPLOYEES – Laborers shall be entitled to eleven personal days per year. Any laborers may carry over a maximum of twenty-two personal days. Any additional personal days in excess of twenty-two will be used or sold back on or before May 1 of each year. Other employees receive six personal days on May 1st and they are use or lose by the end of the fiscal year.

As of April 30, 2018, the liability for personal leave is approximately \$11,190.18.

N. Postemployment Healthcare Benefits

The City provides postemployment healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types 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 debt service expenditures.

P. Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital asset, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

Q. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports future pension expenditures as a deferred outflow of resources. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable/unearned property taxes in this category.

S. 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, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Property Tax Revenues:

Property tax revenues are recorded on the "deferred method." Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the County Collector, the property taxes are not "available" to finance current year expenditures. For those funds on the modified accrual basis, the current year tax levy is recorded as property taxes receivable and deferred inflow of resources.

The following are the taxes extended and collected, assessed valuations and tax rates levied per \$100.00 of assessed valuation for the calendar years 2015, 2016 and 2017:

	2015 Taxes Payable in 2016	2016 Taxes Payable in 2017	2017 Taxes Payable in 2018
<u>Taxes Extended</u>			
Real and personal	\$ 850,839	\$ 893,265	
<u>Total Taxes Extended</u>	\$ 850,839	\$ 893,265	\$ 937,898
<u>Add</u> - Federal housing, mobile home taxes and interest	\$ 3,391	\$ 3,447	
Tax objections settled	1,195	2,365	
Taxes collected not extended	119	564	
- Road and bridge	55,801	55,852	
- Tax increment financing	204,577	222,893	
<u>Total Additions</u>	\$ 265,083	\$ 285,121	
<u>Total</u>	\$ 1,115,922	\$ 1,178,386	
<u>Deduct</u> - Errors and corrections	\$ 6,234	\$ 11,254	
Prior years abatements	-	2,502	
Refunds	7,784	6,168	
Amounts due from trustee program	-	13,325	
Forfeits	-	1,726	
<u>Total Deductions</u>	\$ 14,018	\$ 34,975	
<u>Net Income from Taxes</u>	\$ 1,101,904	\$ 1,143,411	
<u>Assessed Valuation</u>	\$ 54,568,942	\$ 57,264,239	\$ 59,398,207

The following are the tax rate limits permitted and the actual rates levied per \$100.00 of assessed valuation:

<u>Tax Rates</u>	<u>Limit</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Corporate	0.2500	.1100	.1048	.1010
Police Protection	0.0750	.0367	.0349	.0337
Fire Protection	0.0750	.0367	.0349	.0337
Municipal Insurance	No Limit	.6230	.5936	.5723
Municipal Retirement	No Limit	.0990	.0943	.0909
Municipal Airport	0.1000	.0421	.0402	.0387
Social Security	No Limit	.0880	.0838	.0808
Police Pension	No Limit	.3991	.3899	.4285
Fire Pension	No Limit	.1063	.1660	.1826
Audit	No Limit	.0183	.0175	.0168
<u>Total</u>		<u>1.5592</u>	<u>1.5599</u>	<u>1.5790</u>

<u>Extensions</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Corporate	\$ 60,026	\$ 60,013	\$ 59,992
Police Protection	20,027	19,985	20,017
Fire Protection	20,027	19,985	20,017
Municipal Insurance	339,964	339,921	339,937
Municipal Retirement	54,023	54,000	53,993
Municipal Airport	22,973	23,020	22,987
Social Security	48,021	47,988	47,994
Police Pension	217,785	223,273	254,521
Fire Pension	58,007	95,059	108,461
Audit	<u>9,986</u>	<u>10,021</u>	<u>9,979</u>
	<u>\$ 850,839</u>	<u>\$ 893,265</u>	<u>\$ 937,898</u>

The Road and Bridge Fund taxes received are pro-rata portion of such taxes collected by Franklin County, Illinois, and are not extended separately for the City of Benton, Illinois.

The Tax Increment Financing taxes received are calculated based on the increase in the assessed valuation of the property located within the TIF district.

The City's property tax is levied each year on all taxable real property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and were payable in two installments on July 31, 2017 and September 29, 2017. The City receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from 2016 and prior tax levies.

Note 3. Deposits and Investments:

A. Deposits

Permitted Deposits and Investments - Statutes authorize the City to make deposits and investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equity securities.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold.

Custodial Credit Risk Related to Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does have a deposit policy for custodial credit risk. As of April 30, 2018, \$5,625,704.77 of the City's bank balances of \$8,573,962.17 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Uninsured and collateralized with securities held by pledging financial institutions		<u>5,625,704.77</u>
Total		<u>\$5,625,704.77</u>

The above balance includes deposits which are collateralized with securities held by the pledging financial institution's trust department or agent, in the City's name.

During the year ended April 30, 2018, the depository banks used by the City had pledged \$11,334,531.88 in federal securities to secure the City's deposits in excess of the amounts insured by the FDIC. The pledged securities are held by the pledging financial institutions' trust department or agent but not in the City's name.

B. Investments

Investments Authorized by the City of Benton's Investment Policy

The table below identifies the investment types that are authorized for the City of Benton by the City's Investment Policy. The table also identifies certain provisions of the City's Investment Policy that address interest rate risk, credit risk, and concentration risk. The police and fire pension funds are not covered by this policy, but are governed by state statutes and their separate investment policies.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U. S. Government Obligations	5 years	None	None
U. S. Government Agency Obligations	5 years	None	None
U. S. Government Instrumentality Obligations	5 years	None	None
Canadian Government Obligations	5 years	None	None
Certificates of Deposit	5 years	None	None
Banker's Acceptances	5 years	None	None
Commercial Paper	5 years	None	None
Investment-grade Obligations of State, Provincial, and Local Governments	5 years	None	None
Repurchase Agreements	5 years	None	None
Money Market Mutual Funds	N/A	None	None
Local Government Investment Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Another way the City manages its exposure to interest rate risk is by investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

As of April 30, 2018, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Municipal Bonds	\$ 49,801.00	\$ -	\$ 49,801.00	\$ -	\$ -
Corporate Bonds	766,336.13	50,571.65	542,458.83	173,305.65	-
Mutual Funds	1,772,698.67	1,772,698.67	-	-	-
Federal Home Loan Bank	468,157.48	100,088.60	102,720.90	265,347.98	-
Federal Home Loan Mortgage Corp.	91,957.69	-	1,556.80	-	90,400.89
Federal National Mortgage Association	46,446.02	-	3,406.10	-	43,039.92
Federal Farm Credit Bank	47,251.35	-	-	47,251.35	-
Government National Mortgage Association	640,828.76	-	-	10,307.03	630,521.73
Tennessee Valley	129,176.52	-	129,176.52	-	-
United States Treasury	380,097.14	174,514.90	105,870.72	99,711.52	-
Insurance Contracts	304,127.80	304,127.80	-	-	-
Illinois Funds Money Market	887,104.28	887,104.28	-	-	-
Exchange - Traded Funds	<u>1,242,376.73</u>	<u>1,242,376.73</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,826,459.57</u>	<u>\$ 4,531,482.63</u>	<u>\$ 935,080.87</u>	<u>\$ 595,923.53</u>	<u>\$ 763,962.54</u>

Investments with Fair Values Highly Sensitive to Interest Rate Risk

The City's investments include the following investments that are highly sensitive to interest rate fluctuations:

Highly Sensitive Investments

Federal agency securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

Fair Value at
Year End

\$ 1,294,641.30

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City minimizes its exposure to credit risk by limiting its investments to the safest types of securities; by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers which the City will do business; and by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government.

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the Illinois Government Code. Investments in any one issuer (other than U.S. Treasury securities, exchange traded funds and mutual funds) that represent 5% or more of total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>Percentage of Total Investments</u>
GNMA	Federal agency securities	\$ 640,828.76	25.19%
Tennessee Valley	Federal agency securities	129,176.52	5.08%
Federal Home Loan Bank	Federal agency securities	468,157.48	18.40%
ITT Hartford Insurance Co.	Insurance contract	302,127.80	11.95%
Apple, Inc.	Corporate bond	218,967.30	8.61%

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, business-type activities, major funds, non-major funds in the aggregate, fiduciary fund types, etc.) are as follows:

\$6,989.68 of the investments reported in the Water and Sewer Fund (a major fund of the City) are held in the form of GNMA pools with various maturities.

\$406,255.09 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of GNMA pools with various maturities.

\$304,127.80 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of an unrated insurance contract issued by ITT Hartford that has no maturity date.

\$227,583.99 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of GNMA pools with various maturities.

\$285,785.89 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of Ishares Core S & P 500 securities with no maturity date.

\$165,736.87 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of Primecap Odyssey Growth securities with no maturity date.

\$205,857.83 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of Primecap Odyssey Growth securities with no maturity date.

\$134,782.73 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of Champlain Small Co. securities with no maturity date.

\$199,196.21 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of Champlain Small Co. securities with no maturity date.

\$174,795.65 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of Oakmark securities with no maturity date.

\$129,252.36 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of Oakmark securities with no maturity date.

\$216,117.84 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of Ishares Core S & D 500 securities with no maturity date.

\$168,727.53 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of Vanguard FTSE Developed Markets securities with no maturity date.

\$150,150.95 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of Vanguard FTSE Developed Markets securities with no maturity date.

\$233,059.39 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of Vanguard Russell 2000 securities with no maturity date.

\$188,535.13 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of Vanguard Russell 2000 securities with no maturity date.

Investment in State Investment Pool

During the year ended April 30, 2018, the City maintained accounts with the Illinois Funds Money Market (formerly known as IPTIP). Illinois Funds Money Market is an external investment pool created by the Illinois General Assembly in 1975. Its primary purpose is to provide Public Treasurers and other custodians of public funds with an alternative investment vehicle which will enable them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

The time deposits are collateralized 110% over FDIC or FSLIC \$100,000 insurance with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations and collateral is checked daily to determine sufficiency. Individual participants maintain separate investment accounts representing a proportionate share of the pool assets and in respective collateral; therefore no collateral is identified with each participant's account.

At April 30, 2018, the City had \$887,104.28 invested with the Illinois Funds.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The City had no foreign currency risk as of April 30, 2018.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments, other than the following provision for investments: a list will be maintained of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000) and at least five years of operation. These may include primary dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

As of April 30, 2018, the City's investments were held by the same broker-dealers (counterparties) that were used by the City to buy the securities:

<u>Broker/Dealer</u>	<u>Reported Amount</u>
Edward Jones	\$ 6,989.68
Charles Schwab	<u>5,932,365.61</u>
	<u>\$5,939,355.29</u>

The tables that follow this page summarize disclosures relating to interest rate risk and credit risk, including the minimum rating required by the City's investment policy and the actual rating as of year end for each investment type:

	<u>Investment</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Ratings as of Year End</u>			
						<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
Business-Type Activities									
Major Funds:									
Water & Sewer	GNMA Pool #392153	\$ 537.44	5/15/2024	N/A	\$ 537.44	\$	\$	\$	\$
	GNMA Pool #466885	470.08	6/15/2028	N/A	470.08				
	GNMA Pool #002615	657.00	7/20/2028	N/A	657.00				
	GNMA Pool #002659	204.91	10/20/2028	N/A	204.91				
	GNMA Pool #486794	329.10	12/15/2028	N/A	329.10				
	GNMA Pool #002753	953.76	5/20/2029	N/A	953.76				
	GNMA Pool #002766	1,310.37	6/20/2029	N/A	1,310.37				
	GNMA Pool #002796	312.89	8/20/2029	N/A	312.89				
	GNMA Pool #781113	327.54	11/15/2029	N/A	327.54				
	GNMA Pool #003360	<u>1,886.59</u>	<u>3/20/2033</u>	<u>N/A</u>	<u>1,886.59</u>	<u></u>	<u></u>	<u></u>	<u></u>
Sub-Total		<u>\$ 6,989.68</u>			<u>\$ 6,989.68</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fiduciary Fund Types									
Police Pension	U S Treasury	\$ 74,792.10	6/28/2018	N/A	\$ 74,792.10	\$	\$	\$	\$
	U S Treasury	52,655.15	1/15/2023	N/A	52,655.15				
	U S Treasury	53,215.57	7/15/2022	N/A	53,215.57				
	GNMA Pool #002645	340.92	9/20/2028	N/A	340.92				
	GNMA Pool #002739	265.60	4/20/2029	N/A	265.60				
	GNMA Pool #3272	816.26	8/20/2032	N/A	816.26				
	GNMA Pool #781070	315.61	7/15/2029	N/A	315.61				
	GNMA Pool #781330	446.34	9/15/2031	N/A	446.34				
	GNMA Pool #200162	1,474.51	12/16/2031	N/A	1,474.51				
	GNMA Pool #200244	1,979.20	7/20/2032	N/A	1,979.20				
	GNMA Pool #200280	8,576.57	11/20/2032	N/A	8,576.57				
	GNMA Pool #200310	7,243.13	2/20/2033	N/A	7,243.13				
	GNMA Pool #200365	762.22	3/20/2033	N/A	762.22				
	GNMA Pool #200152	2,059.54	10/20/2031	N/A	2,059.54				
	GNMA Pool #4400	1,430.24	3/20/2039	N/A	1,430.24				
	GNMA Pool #0426	50,561.92	4/16/2034	N/A	50,561.92				
	GNMA Pool #0574	174,687.86	9/16/2035	N/A	174,687.86				
	GNMA Pool #0869	9,295.61	8/20/2038	N/A	9,295.61				
	GNMA Pool #0838	31,950.87	5/16/2038	N/A	31,950.87				
	GNMA Pool #0598	11,802.70	12/20/2035	N/A	11,802.70				
	GNMA CMO	26,913.13	7/20/2036	N/A	26,913.13				
	GNMA Pool #0544	33,990.11	8/15/2045	N/A	33,990.11				

Investment	Fair Value	Maturity Date	Minimum Legal Rating	Exempt from Disclosure	Ratings as of Year End			
					AAA	AA	A	Not Rated
GNMA Pool #0858	\$ 17,308.42	7/16/2038	N/A	\$ 17,308.42	\$	\$	\$	\$
GNMA Pool #11128	566.12	5/20/2041	N/A	566.12				
GNMA Pool #4614	23,468.21	5/15/2043	N/A	23,468.21				
Federal Home Loan Bank	73,057.28	4/15/2019	N/A	73,057.28				
Federal Home Loan Mortgage Corp.	1,156.24	12/15/2023	N/A	1,156.24				
Federal Home Loan Mortgage Corp.	2,588.46	9/15/2032	N/A	2,588.46				
Federal Home Loan Mortgage Corp.	785.09	8/15/2032	N/A	785.09				
Federal Home Loan Mortgage Corp.	400.56	10/15/2023	N/A	400.56				
Federal Home Loan Mortgage Corp.	6,348.66	4/15/2033	N/A	6,348.66				
Federal Home Loan Mortgage Corp.	1,650.22	6/15/2035	N/A	1,650.22				
Federal Home Loan Mortgage Corp.	4,171.68	9/15/2035	N/A	4,171.68				
Federal Home Loan Mortgage Corp.	6,788.76	12/15/2036	N/A	6,788.76				
Federal Home Loan Mortgage Corp.	6,657.04	11/15/2037	N/A	6,657.04				
Federal Home Loan Mortgage Corp.	30,696.87	11/15/2034	N/A	30,696.87				
Federal Home Loan Mortgage Corp.	2,294.06	11/15/2035	N/A	2,294.06				
Federal Home Loan Mortgage Corp.	10,686.48	7/15/2037	N/A	10,686.48				
Federal Home Loan Mortgage Corp.	17,733.57	1/15/2033	N/A	17,733.57				
Federal National Mortgage Association	2,538.67	11/25/2031	N/A	2,538.67				
Federal National Mortgage Association	1,128.51	5/25/2023	N/A	1,128.51				
Federal National Mortgage Association	1,152.02	9/25/2023	N/A	1,152.02				
Federal National Mortgage Association	1,125.57	5/25/2023	N/A	1,125.57				
Federal National Mortgage Association	14,593.38	5/25/2033	N/A	14,593.38				
Federal National Mortgage Association	20,328.70	12/25/2040	N/A	20,328.70				
Federal National Mortgage Association	5,579.17	4/25/2034	N/A	5,579.17				
ITT Hartford Insurance Contract	304,127.80		N/A					304,127.80
Champlain Small Company	134,782.73		N/A					134,782.73
Tweedy Brown Global	110,904.13		N/A					110,904.13
Oakmark Fund	129,252.36		N/A					129,252.36
Primecap Odyssey Growth	165,736.87		N/A					165,736.87
Longleaf Partners Small Cap	75,468.17		N/A					75,468.17
Harding Loevner Inst Emrg Mkts	66,219.18		N/A					66,219.18
Nuance Concentrated Value Inst	86,107.46		N/A					86,107.46
Ishares Core S & P 500	216,117.84		N/A					216,117.84
Vanguard FTSE Developed Markets	150,150.95		N/A					150,150.95
Vanguard Russell 2000	188,535.13		N/A					188,535.13
City of Des Plaines, IL	49,901.00	12/1/2020	N/A			49,901.00		
Wal-Mart Stores, Inc.	50,571.65	2/1/2019	N/A			50,571.65		
Wal-Mart Stores, Inc.	29,083.05	4/11/2023	N/A			29,083.05		
Coca-Cola Co.	50,369.00	11/15/2020	N/A			50,369.00		
Berkshire Hathaway	20,475.78	8/15/2021	N/A			20,475.78		
Apple, Inc.	48,021.25	5/3/2023	N/A			48,021.25		
Exxon Mobile Corp.	48,831.55	3/6/2022	N/A		48,831.55			
Sub-Total	\$ 2,723,034.80			\$ 798,378.90	\$ 48,831.55	\$ 248,421.73	\$ -	\$ 1,627,402.62

	Investment	Fair Value	Maturity Date	Minimum Legal Rating	Exempt from Disclosure	Ratings as of Year End			
						AAA	AA	A	Not Rated
Fire Pension	U S Treasury Note	\$ 99,722.80	6/28/2018	N/A	\$ 99,722.80	\$	\$	\$	\$
	U S Treasury Note	99,711.52	1/15/2027	N/A	99,711.52				
	GNMA Pool #AE4614	23,468.21	5/15/2043	N/A	23,468.21				
	GNMA Pool #707512	17,055.72	7/15/2039	N/A	17,055.72				
	GNMA Pool #729650	17,670.17	1/15/2040	NA	17,670.17				
	GNMA Pool #392239	1,995.80	5/15/2024	N/A	1,995.80				
	GNMA Pool #476882	884.35	9/15/2028	N/A	884.35				
	GNMA Pool #484824	1,402.16	10/15/2028	N/A	1,402.16				
	GNMA Pool #564084	905.65	7/15/2031	N/A	905.65				
	GNMA Pool #595956	7,637.62	12/15/2032	N/A	7,637.62				
	GNMA Pool #608389	5,971.34	5/15/2033	N/A	5,971.34				
	GNMA Pool #615538	2,334.97	9/15/2033	N/A	2,334.97				
	GNMA Pool #615655	7,846.44	10/15/2033	N/A	7,846.44				
	GNMA Pool AL5347	80,295.29	3/15/2045	N/A	80,295.29				
	GNMA Pool #609007	3,337.35	8/15/2036	N/A	3,337.35				
	GNMA Pool #627729	17,466.78	9/15/2037	N/A	17,466.78				
	GNMA Pool #669679	12,399.01	10/15/2037	N/A	12,399.01				
	GNMA REMIC	26,913.13	7/20/2036	N/A	26,913.13				
	Federal Farm Credit Bank	47,251.35	12/16/2024	N/A	47,251.35				
	Federal Home Loan Bank	100,088.60	5/15/2018	N/A	100,088.60				
	Federal Home Loan Bank	102,720.90	12/11/2020	N/A	102,720.90				
	Tennessee Valley	54,223.08	11/1/2021	N/A	54,223.08				
	Federal Home Loan Bank	95,551.20	8/28/2025	N/A	95,551.20				
	Tennessee Valley	74,953.44	3/15/2024	N/A	74,953.44				
	Federal Home Loan Bank	96,739.50	12/5/2025	N/A	96,739.50				
	Nuance Concentrated	107,121.43		N/A					107,121.43
	Oakmark Fund	174,795.65		N/A					174,795.65
	Champlain Small Co. Fund	199,196.21		N/A					199,196.21
	Primecap Odyssey Growth Fund	205,857.83		N/A					205,857.83
	Tweedy Brown Global Value Fund	156,851.72		N/A					156,851.72
	Longleaf Partners Small Cap Fund	77,395.35		N/A					77,395.35
	Harding Loevner Inst	83,009.58		N/A					83,009.58
	Berkshire Hathaway	102,378.90	8/15/2021	N/A			102,378.90		
	General Electric Co.	96,363.50	10/9/2022	N/A				96,363.50	
	Apple Inc.	74,903.55	5/6/2024	N/A			74,903.55		
	Apple Inc.	96,042.50	5/23/2023	N/A			96,042.50		
	Chevron Corporation	98,402.10	11/17/2025	N/A			98,402.10		
	Ishares Core S & P 500	285,785.89		N/A					285,785.89
	Vanguard FTSE Developed Markets	168,727.53		N/A					168,727.53
	Vanguard Russell 2000	233,059.39		N/A					233,059.39
	Microsoft Corp.	50,893.30	12/15/2023	N/A		50,893.30			
Sub-Total		<u>\$ 3,209,330.81</u>			<u>\$ 998,546.38</u>	<u>\$ 50,893.30</u>	<u>\$ 371,727.05</u>	<u>\$ 96,363.50</u>	<u>\$ 1,691,800.58</u>
Total Investments		<u>\$ 5,939,355.29</u>							

Note 4. Defined Benefit Pension Plans:

Summary:

Net Pension Liability

Net Pension Liability is reported in the accompanying statement of net position as follows:

	<u>Net Pension Liability</u>
Illinois Municipal Retirement Fund	\$ 161,843
Fire Pension Fund	655,230
Police Pension Fund	<u>2,723,314</u>
Total Aggregate Net Pension Liability	<u>\$ 3,540,387</u>

Deferred Inflows and Outflows of Resources

Deferred Inflows and Outflows of Resources are reported in the accompanying statement of net position as follows:

	<u>Differences Between Expected & Actual Experience</u>	<u>Employer Contributions</u>	<u>Net Differences Between Projected and Actual Earnings</u>	<u>Change in Assumptions</u>
Illinois Municipal Retirement Fund	\$ (121,443)	\$ (38,216)	\$ (326,472)	\$ (166,327)
Fire Pension Fund	(6,981)	-	12,769	-
Police Pension Fund	<u>35,327</u>	<u>-</u>	<u>17,337</u>	<u>-</u>
Totals	<u>\$ (93,097)</u>	<u>\$ (38,216)</u>	<u>\$ (296,366)</u>	<u>\$ (166,327)</u>

Pension Expense

Pension expenses are included in the accompanying statement of revenues, expense, and changes in net position as follows:

	<u>Pension Expense</u>
Illinois Municipal Retirement Fund	\$ 244,520
Fire Pension Fund	105,453
Police Pension Fund	<u>183,329</u>
Total Pension Expense	<u>\$ 533,302</u>

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. 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).

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
- ½ 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	40
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	<u>24</u>
Total	<u>67</u>

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 11.13%. For the fiscal year ended April 30, 2018, the City contributed \$135,356.58 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.

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 5 year smoothed market; 20% corridor
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%, 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 2014 valuation according to an experience study from years 2011 to 2013.
- 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.
- 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 by 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
Equities	37%	6.85%
International Equities	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash equivalents	1%	2.25%
Total	<u>100%</u>	

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:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

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	<u>\$ 6,910,863</u>	<u>\$ 6,118,197</u>	<u>\$ 792,666</u>
Changes for the year:			
Service Cost	\$ 133,357	\$ -	\$ 133,357
Interest on the Total Pension Liability	509,395	-	509,395
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(57,501)	-	(57,501)
Changes of Assumptions	(214,707)	-	(214,707)
Contributions – Employer	-	140,717	(140,717)
Contributions – Employees	-	56,894	(56,894)
Net Investment Income	-	1,081,325	(1,081,325)
Benefit Payments, including Refunds of Employee Contributions	(371,204)	(371,204)	-
Other (Net Transfer)	-	(277,569)	277,569
Net Changes	<u>\$ (660)</u>	<u>\$ 630,163</u>	<u>\$ (630,823)</u>
Balances at December 31, 2017	<u>\$ 6,910,203</u>	<u>\$ 6,748,360</u>	<u>\$ 161,843</u>

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

The following presents the plans 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:

	<u>1% Lower (6.50%)</u>	<u>Current Discount (7.50%)</u>	<u>1% Higher (8.50%)</u>
Net Pension Liability/(Asset)	\$1,033,042	\$161,843	\$(563,970)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2018, the City recognized pension expense of \$244,520. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	\$ -	\$ 121,443
Changes of assumptions	2,151	168,478
Net difference between projected and actual earnings on pension plan investments	<u>185,031</u>	<u>511,503</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	<u>\$ 187,182</u>	<u>\$ 801,424</u>
Pension Contributions Made Subsequent to the Measurement Date	<u>\$ 92,103</u>	<u>\$ 130,319</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 279,285</u></u>	<u><u>\$ 931,743</u></u>

The \$92,103 reported as deferred outflow of resources and \$130,319 reported as deferred inflow of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2018	\$ (176,961)
2019	(122,879)
2020	(186,527)
2021	(127,875)
2022	-
Thereafter	<u>-</u>
Total	<u><u>\$ (614,242)</u></u>

Police Pension Fund

A. Plan Description

Police-sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The police pension board consists of five members. Two are elected by active plan members. One is elected by the retired members and two are appointed by the City. At April 30, 2018, the Police Pension Plan membership consisted of:

Active members	10
Retirees and beneficiaries	11
Inactive, non-retired members	—
<u>Total</u>	<u>21</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. The Police Pension Plan now has a two Tier coverage. Tier 1 coverage is for policemen employed prior to January 1, 2011. Tier 2 coverage is for policemen employed after December 31, 2010. Tier 1 employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly benefit of $\frac{1}{2}$ the month salary attached to the rank held in the police service at the date of retirement. Tier 2 employees must attain the age of 55 or more with 10 years of creditable service to receive a monthly benefit computed by multiplying 2.50% for each year of service completed by the final average salary (as defined in the statutes). Tier 1 employees with at least 8 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. Tier 2 employees attaining the age 50 with 10 or more years of creditable service may retire with a reduced benefit. The maximum pension under Tier 1 or Tier 2 is 75% of the computed salary. The monthly benefit of Tier 1 employees who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement and be paid upon reaching the age of 55 years by 3% of the original pension and 3% compounded annually thereafter. The monthly benefit of Tier 2 employees shall be increased on January 1st occurring either on or after the attainment of age 60. Each annual increase shall be the lesser of $\frac{1}{2}$ of the Consumer Price Index-Urban or 3% of the original pension.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. For the year ended April 30, 2018, the City's contribution was 64.12% of covered payroll.

A separate report on the Police Pension Fund may be obtained at the City Clerk's Office in City Hall.

B. Net Pension Liability

The City's net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

C. Actuarial Assumptions

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Ends in fiscal year 2041
Asset Valuation Method	5-year smoothed market, no corridor
Salary Increases	Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.50% inflation allowance
Payroll Growth	3.50% per year
Investment Rate of Return	6.50% per year
Retirement Age	

<u>Age</u>	<u>Rate of Retirement</u>	<u>Age</u>	<u>Rate of Retirement</u>
50	.36	60	.22
51	.22	61	.30
52	.18	62	.39
53	.19	63	.48
54	.19	64	.57
55	.20	65	.65
56	.20	66	.74
57	.20	67	.83
58	.21	68	.91
59	.21	69	1.00

Mortality

Active Lives

RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015

Disabled Lives

RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50

D. Long-term Expected Rate of Return

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
Equities	45.0%	10.0%
Fixed Income	52.5%	5.1%
Cash	<u>2.5%</u>	3.4%
Total	<u>100.0%</u>	

E. Single Discount Rate

A Single Discount Rate of 6.50% 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:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.50%, the municipal bond rate is 3.89%, and the resulting single discount rate is 6.50%.

F. Changes in Net Pension Liability

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A)-(B)</u>
Balances at April 30, 2017	<u>\$ 5,677,435</u>	<u>\$ 2,935,972</u>	<u>\$ 2,741,463</u>
Changes for the year:			
Service Cost	\$ 143,352	\$ -	\$ 143,352
Interest on the Total Pension Liability	358,768	-	358,768
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	39,786	-	39,786
Changes of Assumptions	-	-	-
Contributions – Employer	-	353,071	(353,071)
Contributions – Employees	-	57,392	(57,392)
Net Investment Income	-	162,334	(162,334)
Benefit Payments, including Refunds of Employee Contributions	(344,554)	(344,554)	-
Other (Admin. Expenses)	-	(12,742)	12,742
Net Changes	<u>\$ 197,352</u>	<u>\$ 215,501</u>	<u>\$ (18,149)</u>
Balances at April 30, 2018	<u>\$ 5,874,787</u>	<u>\$ 3,151,473</u>	<u>\$ 2,723,314</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			53.64%

G. Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.50%, 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:

	<u>1% Lower (5.50%)</u>	<u>Current Discount (6.50%)</u>	<u>1% Higher (7.50%)</u>
Net Pension Liability	\$ 3,531,787	\$ 2,723,314	\$ 2,059,192

H. Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2018, the City recognized pension expense of \$183,329. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	\$ 35,327	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>17,337</u>	<u>-</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	\$ 52,664	\$ -
Pension Contributions Made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 52,664</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 8,793
2020	8,793
2021	8,793
2022	8,793
2023	4,458
Thereafter	<u>13,034</u>
Total	<u>\$ 52,664</u>

Fire Pension Fund

A. Plan Description

Fire-sworn personnel are covered by the Fire Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The fire pension board consists of five members. Two are elected by active plan members. One is elected by the retired members and two are appointed by the City. At April 30, 2018, the Fire Pension Plan membership consisted of:

Active members	6
Retirees and beneficiaries	7
Inactive, non-retired members	<u>1</u>
<u>Total</u>	<u>14</u>

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. The Fire Pension Plan now has a two Tier coverage. Tier 1 coverage is for Firefighters employed prior to January 1, 2011. Tier 2 coverage is for Firefighters employed after December 31, 2010. Tier 1 employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly benefit of ½ the month salary attached to the rank held in the fire service at the date of retirement. Tier 2 employees must attain the age of 55 or more with 10 years of creditable service to receive a monthly benefit computed by multiplying 2.50% for each year of service completed by the final average salary (as defined in the statutes). Tier 1 employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. Tier 2 employees attaining the age 50 with 10 or more years of creditable service may retire with a reduced benefit. The maximum pension under Tier 1 or Tier 2 is 75% of the computed salary. The monthly benefit of Tier 1 employees who retired with 20 or more years of service after January 1, 1977 shall be

increased annually following the first anniversary date of retirement and be paid upon reaching the age of 55 years by 3% of the original pension and 3% compounded annually thereafter. The monthly benefit of Tier 2 employees shall be increased on January 1st occurring either on or after the attainment of age 60. Each annual increase shall be the lesser of ½ of the Consumer Price Index-Urban or 3% of the original pension.

Covered employees are required to contribute 9.455% of their base salary to the Fire Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 2011, the City has until the year 2040 to fund the plan in an amount sufficient to bring the total assets of the fire pension fund up to 90% of the total actuarial liabilities. For the year ended April 30, 2018, the City's contribution was 32.29% of covered payroll.

A separate report on the Fire Pension Fund may be obtained at the City Clerk's Office in City Hall.

B. Net Pension Liability

The City's net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

C. Actuarial Assumptions

Methods and Assumptions Used to Determine Total Pension Liability and Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	Ends in fiscal year 2041
Asset Valuation Method	5-Year smoothed market, no corridor for contribution determination
Salary Increases	Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.00% inflation allowance
Payroll Growth	3.50% per year
Investment Rate of Return	6.50% per year

Retirement Age

<u>Age</u>	<u>Rate of Retirement</u>	<u>Age</u>	<u>Rate of Retirement</u>
50	.19	60	.28
51	.12	61	.36
52	.04	62	.44
53	.06	63	.52
54	.09	64	.60
55	.12	65	.68
56	.15	66	.76
57	.19	67	.84
58	.22	68	.92
59	.25	69	1.00

Mortality

Active Lives

RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015

Disabled Lives

RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50

D. Long-term Expected Rate of Return

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	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	45.0%	10.0%
Fixed Income	52.5%	5.1%
Cash	<u>2.5%</u>	3.4%
Total	<u>100%</u>	

E. Single Discount Rate

A Single Discount Rate of 6.50% 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:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.50%, the municipal bond rate is 3.89%, and the resulting single discount rate is 6.50%.

F. Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A)-(B)
Balances at April 30, 2017	<u>\$ 4,404,772</u>	<u>\$ 3,770,426</u>	<u>\$ 634,346</u>
Changes for the year:			
Service Cost	\$ 100,480	\$ -	\$ 100,480
Interest on the Total Pension Liability	279,254	-	279,254
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(7,847)	-	(7,847)
Changes of Assumptions	-	-	-
Contributions – Employer	-	113,620	(113,620)
Contributions – Employees	-	33,234	(33,234)
Net Investment Income	-	215,683	(215,683)
Benefit Payments, including Refunds of Employee Contributions	(236,851)	(236,851)	-
Other (Admin. Expenses)	-	(11,534)	11,534
Net Changes	<u>\$ 135,036</u>	<u>\$ 114,152</u>	<u>\$ 20,884</u>
Balances at April 30, 2018	<u>\$ 4,539,808</u>	<u>\$ 3,884,578</u>	<u>\$ 655,230</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability 85.57%

G. Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.50%, 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:

	<u>1% Lower (5.50%)</u>	<u>Current Discount (6.50%)</u>	<u>1% Higher (7.50%)</u>
Net Pension Liability	\$ 1,223,934	\$ 655,230	\$ 185,368

H. Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2018, the City recognized pension expense of \$105,453. At April 30, 2018, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Difference between expected and actual experience	\$ -	\$ 6,981
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	<u>12,769</u>	<u>-</u>
Total Deferred Amounts to be Recognized in Pension Expense in Future Periods	\$ 12,769	\$ 6,981
Pension Contributions Made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u>\$ 12,769</u>	<u>\$ 6,981</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending</u>	<u>Net Deferred Outflows of Resources</u>
2019	\$ 2,326
2020	2,326
2021	2,326
2022	2,326
2023	(866)
Thereafter	<u>(2,650)</u>
Total	<u>\$ 5,788</u>

Risks and Uncertainties

Contributions to the Plans and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

Investment securities are exposed to various risks, such as interest rate, market and credit. It is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the statement of net position available for benefits.

Note 5. Allowance for Uncollectible Amounts:

The allowance for doubtful accounts is analyzed as follows:

	<u>Enterprise</u>
Balance at April 30, 2017	\$ 26,598.92
<u>Add</u> - Provision for uncollectibles	2,652.53
- Recoveries	-
<u>Less</u> - Charge-offs	-
Balance at April 30, 2018	<u>\$ 29,251.45</u>

At April 30, 2018 the allowance for doubtful accounts was 10.15% of accounts receivables for the Enterprise Fund.

Note 6. Components of Restricted Assets:

General Fund

Police Department

Cash \$ 39,936.30

Grants and Donations Fund

Cash \$ 2,000.54

Restricted Sale Fund

Cash \$ 164,774.25

DCEO/IHDA
Recapture Fund

Cash \$ 3,186.59

Housing Grant Fund

Cash \$ 50.00

Restricted assets of the General Fund are for police department use. Restricted assets of the DCEO/IHDA Recapture Fund and Housing Grant Fund, are for grant expenditures. Restricted assets of the Restricted Sale Fund are for capital improvements.

Enterprise Fund

Water and Sewer

Cash \$ 3,295,839.69

Restricted assets of the Water and Sewer Department are for sewer renovations.

Note 7. Capital Assets:

The following is a summary of changes in the capital assets for the fiscal year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 889,201.01	\$ 1,877.93	\$ (11,067.45)	\$ 880,011.49
Construction in progress	<u>401,541.07</u>	<u>52,022.95</u>	<u>(177,674.21)</u>	<u>275,889.81</u>
Total Capital Assets Not Being Depreciated	\$ 1,290,742.08	\$ 53,900.88	\$ (188,741.66)	\$ 1,155,901.30
Capital assets being depreciated:				
Land improvements	\$ 11,104,312.77	\$ 170,031.52	\$ -	\$ 11,274,344.29
Improvements	46,241.52	13,097.00	(3,793.10)	55,545.42
Equipment	4,154,384.85	861,135.67	(800,454.04)	4,215,066.48
Buildings	<u>2,428,624.92</u>	<u>-</u>	<u>(263,867.34)</u>	<u>2,164,757.58</u>
Total Capital Assets Being Depreciated	\$ 17,733,564.06	\$ 1,044,264.19	\$ (1,068,114.48)	\$ 17,709,713.77
Less accumulated depreciation for:				
Land improvements	\$ 3,988,769.19	\$ 454,616.44	\$ -	\$ 4,443,385.63
Improvements	15,683.69	2,573.51	(3,737.83)	14,519.37
Equipment	3,166,225.46	254,213.46	(781,675.12)	2,638,763.80
Buildings	<u>479,658.86</u>	<u>49,057.41</u>	<u>(194,698.66)</u>	<u>334,017.61</u>
Total Accumulated Depreciation	\$ 7,650,337.20	\$ 760,460.82	\$ (980,111.61)	\$ 7,430,686.41
Total Capital Assets Being Depreciated, Net	\$ 10,083,226.86	\$ 283,803.37	\$ (88,002.87)	\$ 10,279,027.36
Governmental Activities Capital Assets, Net	\$ 11,373,968.94	\$ 337,704.25	\$ (276,744.53)	\$ 11,434,928.66

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 174,230.43
Public health and safety	168,394.20
Streets, alleys and cemeteries	70,065.39
Cultural and recreation	10,727.66
Unallocated	<u>337,043.14</u>
Total Governmental Activities Depreciation Expense	\$ 760,460.82

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 206,275.43	\$ -	\$ -	\$ 206,275.43
Construction in progress	<u>3,468,886.47</u>	<u>7,355.18</u>	<u>(3,468,886.47)</u>	<u>7,355.18</u>
Total Capital Assets Not Being Depreciated	\$ 3,675,161.90	\$ 7,355.18	\$ (3,468,886.47)	\$ 213,630.61
Capital assets being depreciated:				
Buildings	\$ 248,340.50	\$ 14,825,198.50	\$ (180,913.76)	\$ 14,892,625.24
Equipment	1,637,893.52	17,925.12	(912,308.78)	743,509.86
Vehicles	430,504.44	-	(29,979.00)	400,525.44
Transmission and distribution systems	4,936,834.92	66,741.78	-	5,003,576.70
Capital improvements	<u>7,390,355.71</u>	<u>22,250.35</u>	<u>(294,185.70)</u>	<u>7,118,420.36</u>
Total Capital Assets Being Depreciated	\$ 14,643,929.09	\$ 14,932,115.75	\$ (1,417,387.24)	\$ 28,158,657.60

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ 218,077.07	\$ 27,283.89	\$ (170,420.32)	\$ 74,940.64
Equipment	1,547,323.72	18,293.05	(909,569.12)	656,047.65
Vehicles	413,173.39	11,224.47	(29,979.00)	394,418.86
Transmission and distribution systems	2,520,251.40	125,316.88	-	2,645,568.28
Capital improvements	4,058,107.16	166,698.89	(225,542.44)	3,999,263.61
<u>Total Accumulated Depreciation</u>	<u>\$ 8,756,932.74</u>	<u>\$ 348,817.18</u>	<u>\$ (1,335,510.88)</u>	<u>\$ 7,770,239.04</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>\$ 5,886,996.35</u>	<u>\$ 14,583,298.57</u>	<u>\$ (81,876.36)</u>	<u>\$ 20,388,418.56</u>
<u>Business-Type Activities Capital Assets, Net</u>	<u>\$ 9,562,158.25</u>	<u>\$ 14,590,653.75</u>	<u>\$ (3,550,762.83)</u>	<u>\$ 20,602,049.17</u>
Business-Type activities:				
Water			\$ 174,408.59	
Sewer			174,408.59	
<u>Total Business-Type Activities Depreciation Expense</u>			<u>\$ 348,817.18</u>	

Note 8. Interfund Transactions:

During the course of normal operations, the City has numerous transactions between funds. Individual fund interfund receivable and payable balances at April 30, 2018 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund Types -		
General Fund	\$ 35,426.85	\$ -
Proprietary Fund Types -		
Water and Sewer Department	-	24,151.81
Special Revenue Fund Types -		
Municipal Insurance	-	12,150.50
Municipal Retirement	875.46	-
<u>Total</u>	<u>\$ 36,302.31</u>	<u>\$ 36,302.31</u>

Schedule of transfers used for general operations within the reporting entity:

<u>Transfer out/from</u>	<u>Transfer in/to</u>	<u>Amount</u>
General Fund Types -	Special Revenue Fund Types -	
General Fund	Housing Grant	\$ 46.70
	Enterprise Fund Types -	
	Water & Sewer Department	16,860.78
Special Revenue -	General Fund Types -	
Youth Center Fund	General Fund	9,663.88
IJRL #2 TIF Fund	Enterprise Fund Types -	
	Water & Sewer Department	50,788.78
<u>Total</u>		<u>\$ 77,360.14</u>

Note 9. Changes in Long-Term Debt:

The following is a summary of bond transactions of the City for the fiscal year ended April 30, 2018.

	Bonds Payable May 1, 2017	Bonds Issued	Bond Payments	Bonds Payable April 30, 2018	Current Portion Bonds Payable April 30, 2018
Governmental Type Activities - General Obligation Bonds - Series 2006	\$ 70,000.00	\$ -	\$ 70,000.00	\$ -	\$ -

Other Contractual Liabilities

The following is a summary of other contractual liability transactions for business-type activities of the City for the fiscal year ended April 30, 2018:

	Balance May 1, 2017	Additions	Payments	Balance April 30, 2018	Current Portion
Business-Type Activities -					
State of Illinois	\$ 1,668,469.50	\$11,755,666.50	\$(6,040,861.00)	\$ 7,383,275.00	\$ 4,786.66
Accrued vacation	20,610.16	7,630.10	-	28,240.26	28,240.26
Accrued sick	23,944.52	4,511.37	-	28,455.89	28,455.89
Accrued personal	2,461.39	4,940.47	-	7,401.86	7,401.86
Total	\$ 1,715,485.57	\$11,772,748.44	\$(6,040,861.00)	\$ 7,447,373.01	\$ 68,884.67

Enterprise Fund contractual obligations at April 30, 2018, are comprised of the following individual notes payable:

- A. 1.75 note payable to the State of Illinois for sewer capital projects. This loan has not yet been finalized. \$ 7,383,275.00

This loan includes a principal forgiveness in the amount of \$6,040,861.00.

The following is a summary of other contractual liability transactions for governmental-type activities of the City for the fiscal year ended April 30, 2018:

	Balance May 1, 2017	Additions	Payments	Balance April 30, 2018	Current Portion
Governmental-Type Activities -					
Fire truck	\$ -	\$ 600,000.00	\$ 41,766.85	\$ 558,233.15	\$ 81,426.64
Backhoe	69,500.00	-	22,314.76	47,185.24	23,272.62
Accrued vacation	91,502.67	15,642.07	-	107,144.74	107,144.74
Accrued sick	92,933.41	5,107.16	-	98,040.57	98,040.57
Accrued personal	4,542.52	-	754.20	3,788.32	3,788.32
Fire department					
FREDCO loan	8,414.94	-	4,135.10	4,279.84	4,279.84
Street sweeper	67,586.46	-	33,362.85	34,223.61	34,223.61
Total	\$ 334,480.00	\$ 620,749.23	\$ 102,333.76	\$ 852,895.47	\$ 352,176.34

- A. 2.41% lease purchase to US Bancorp in monthly installments of \$7,832.05 including interest through September 5, 2024. \$ 558,233.15

For the year ended April 30, 2018, total interest was \$13,057.50, all of which was charged to expense.
The General Fund is responsible for paying this loan.

- B. 2.55% lease purchase to US Bank in annual installments of \$35,106.59 including interest through February 23, 2019 \$ 34,223.61

For the year ended April 30, 2018, total interest was \$1,743.74, all of which was charged to expense.
The Home Rule Street Improvement Fund is responsible for paying this loan.

- C. 3.50% note payable to FREDCO in annual installments of \$4,429.63 including interest through December 1, 2018. \$ 4,279.84

For the year ended April 30, 2018, total interest was \$294.52, all of which was charged to expense.
The Foreign Fire Insurance Fund is responsible for paying this loan.

- D. 2.81% lease purchase to US Bancorp in annual installments of \$24,570.22, including interest through January 26, 2020. \$ 47,185.24

For the year ended April 30, 2018, total interest was \$1,920.46, all of which was charged to expense.
The General Fund is responsible for paying this loan.

The annual requirements to amortize all other contractual liabilities of government-type activities as of April 30, 2018, including interest payments of \$47,822.67 are as follows:

Fiscal Year Ending April 30,	FREDCO	US Bank	US Bancorp	US Bancorp
2019	\$ 4,429.63	\$ 35,106.59	\$ 24,570.22	\$ 93,984.60
2020	-	-	24,570.22	93,984.60
2021	-	-	-	93,984.60
2022	-	-	-	93,984.60
2023	-	-	-	93,984.60
2024	-	-	-	93,984.60
2025	-	-	-	39,160.25
	<u>\$ 4,429.63</u>	<u>\$ 35,106.59</u>	<u>\$ 49,140.44</u>	<u>\$ 603,067.85</u>

Note 10. Lease Obligations:

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the City's asset or liability accounts.

Note 11. 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.

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.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the City. 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. The City has the following restricted fund balances:

1. **Police Department**
Proceeds are received from Franklin County and through donations for the purpose of police department expenditures. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$23,472.03.
2. **Grants**
Proceeds are from various grants and are restricted by the grant agreements. The revenue received from these grants exceeded expenditures disbursed for this purpose resulting in restricted fund balances of \$3,186.59 in the DCEO/IHDA Recapture fund and \$50.00 in the Housing Grant fund.
3. **Audit**
Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the audit fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$1,503.79.
4. **Municipal Insurance**
Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the municipal insurance fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$305,872.68.

5. **Municipal Retirement**
Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the municipal retirement fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in restricted fund balances of \$185,527.35.
6. **Motor Fuel Tax**
Cash disbursed and the related cash receipts of this restricted tax are accounted for in the motor fuel tax fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$413,404.49.
7. **Home Rule Gas Sales Tax**
Cash disbursed and the related cash receipts of this home rule local gasoline sales tax are accounted for in the home rule street improvement fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in restricted fund balances of \$85,032.60.
8. **Foreign Fire Insurance**
Cash disbursed from the Illinois Municipal League and the related expenditures are accounted for in the foreign fire insurance fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$10,379.30.
9. **Road and Bridge**
Cash disbursed and the related cash receipts of this restricted tax from Franklin County are accounted for in the road and bridge fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in restricted fund balances of \$210,347.61 in the Road and Bridge Fund.
10. **TIF Development**
Cash disbursed and the related cash receipts of this restricted tax from TIF districts are accounted for in two TIF funds. Revenue received exceeded expenditures disbursed for this purpose, resulting in restricted fund balances of \$183,138.61 in the IJRL TIF #2 fund and \$224,546.79 in the Benton TIF special account fund.
11. **Airport**
Cash disbursements and the related cash receipts of this restricted tax levy are accounted for in the airport fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$272,014.19.

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 (City Council). 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 (resolution or ordinance) it employed to previously commit those amounts.

By council action, the City has committed to capital improvement projects. This balance is included in the financial statements as committed in the Capital Projects Fund of \$28,602.76 and Restricted Sale Fund of \$164,774.25.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the City's management and/or commissioners to be used for a specific purpose, but are neither restricted nor committed. Assigned fund balance amounts are shown in the General Fund Types.

At the direction of management and administration, fees are imposed for the use of the auxiliary police and for the impounding of noncompliant vehicles. An assigned fund balance of \$31,004.96 exists in the General Fund Types for this purpose.

At the direction of management and administration, donations have been received for the use of the police department. An assigned fund balance of \$2,000.54 exists in the General Fund Types for this purpose.

Rental receipts from the Twin Oaks are assigned for Twin Oaks expenditures in the amount of \$3,473.65.

Service charges and fees are imposed for the use of the city ambulance. An assigned fund balance of \$607.19 exists in the General fund Types.

E. Unassigned Fund Balance

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

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.

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Governmental Funds</u>
Fund Balances				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted for -				
Public health and safety	23,472.03	10,379.30	-	33,851.33
Grants	-	3,236.59	-	3,236.59
Restricted tax levies	-	764,918.01	-	764,918.01
Maintenance of roadways	-	708,784.70	-	708,784.70
TIF development	-	407,685.40	-	407,685.40
Committed for -				
Capital projects	164,774.25	-	28,602.76	193,377.01
Assigned for -				
Public health and safety	33,005.50	-	-	33,005.50
Ambulance	607.19	-	-	607.19
Twin Oaks	3,473.65	-	-	3,473.65
Unassigned	<u>1,297,264.76</u>	<u>-</u>	<u>-</u>	<u>1,297,264.76</u>
Total Fund Balances	<u>\$ 1,522,597.38</u>	<u>\$ 1,895,004.00</u>	<u>\$ 28,602.76</u>	<u>\$ 3,446,204.14</u>

Note 12. Contingent Liabilities:

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended April 30, 2018, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Litigation

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Development

The City has TIF districts for which they are contingently liable to developers as costs are incurred over a period of years. As eligible redevelopment costs are incurred, the City receives real estate taxes. The City in turn refunds a percentage of the tax increment to the developer based on the percentages specified in the TIF redevelopment agreement.

Note 13. Segment Information for Enterprise Funds:

The following Enterprise Funds have been created to provide various services to the general public:

Water Department - established to account for the operation of the
City's water utility services.

Sewer Department - established to account for the operation of the
City's sewer system.

Segment information for these Enterprise Funds is summarized below for the year ended April 30, 2018:

	<u>Water Department</u>	<u>Sewer Department</u>
Operating revenues	\$ 1,438,176.72	\$ 1,379,105.26
Depreciation	174,408.59	174,408.59
Operating income (loss)	(185,815.70)	626,212.70
Property, plant, and equipment additions	38,468.40	14,901,002.53

Note 14. Number of Water Customers and Gallons Sold:

As of April 30, 2018, there were approximately 3,588 individual customer accounts and 171,381,000 gallons of water sold on the Water Department books.

Note 15. Deficit Fund Equity:

There was no deficit fund equity as of April 30, 2018.

Note 16. Legal Debt Margin:

The City of Benton is a home rule municipality. Under the Illinois Compiled Statutes, home rule government may issue notes and bonds in excess of any statutory limitation and they shall not reduce the debt incurring power otherwise authorized for any such unit of government. Therefore, the City of Benton has no legal debt limitation.

Note 17. Tax Abatement:

As of April 30, 2018, the City provides tax rebates through Tax Increment Financing District Redevelopment Agreements.

Tax Increment Financing District Redevelopment Agreements

This type of agreement is authorized by the Illinois Statute 65 ILCS 5/11-74.4 et. Seq., the "Tax Increment Allocation Redevelopment Act", the "TIF Act". The TIF Act allows developers to be reimbursed certain eligible projects costs for developments within the TIF District. The eligible costs are reimbursed to the developer through a combination of sales tax increment and real estate tax increment rebates or just real estate tax increment rebates. In all cases, the developer must first pay the tax and then request reimbursement of the tax pay along with proof of payment.

Any real estate rebate is a percentage of the real estate taxes generated above a baseline amount. This baseline amount in most cases is the amount of equal assessed valuation at the time the TIF district is created. The developer will receive rebates until the earlier of the eligible project costs are reimbursed or the TIF ends. Specific details such as eligibility, special provisions, percentage of rebate, type of rebate, commitments by Developers, etc. would be specific to each Redevelopment Agreement, but all the terms in the contracts are per an approved Redevelopment Agreement entered into pursuant to the TIF Act. The following is the amount of taxes rebated during the year ending April 30, 2018 by TIF District.

<u>Tax Increment District</u>	<u>Amount of Real Estate Tax Rebated</u>
IJRL Airport TIF	\$ 16,565.04
Central Benton Redevelopment TIF	<u>107,182.61</u>
Total	<u>\$ 123,747.65</u>

The City is required to file an annual report on each TIF District with the Illinois State Comptroller. Those reports can be reviewed on the Comptroller's website.

Required Supplemental Information

City of Benton, Illinois
General Fund
Schedule of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual
For the Year Ended April 30, 2018

	Budgeted Amounts		Actual Budgetary Basis	Over (Under) Budget
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 770,301.00	\$ 770,301.00	\$ 1,065,088.75	\$ 294,787.75
Sales tax	1,335,000.00	1,335,000.00	1,333,393.50	(1,606.50)
Property tax	100,000.00	100,000.00	101,227.92	1,227.92
Service charges and fees	359,300.00	359,300.00	417,865.56	58,565.56
Licenses and permits	53,300.00	53,300.00	79,906.72	26,606.72
Franchise fees and other taxes	505,000.00	505,000.00	678,281.93	173,281.93
Investment income	600.00	600.00	5,507.48	4,907.48
Grant revenue	-	-	36,714.74	36,714.74
Miscellaneous	-	-	254,051.24	254,051.24
Total Revenues	\$ 3,123,501.00	\$ 3,123,501.00	\$ 3,972,037.84	\$ 848,536.84
Expenditures				
General government	\$ 1,014,296.64	\$ 1,014,296.64	\$ 897,295.93	\$ (117,000.71)
Public health and safety	1,748,610.00	1,748,610.00	1,745,244.26	(3,365.74)
Streets, alleys and cemeteries	521,724.00	521,724.00	464,942.21	(56,781.79)
Cultural and recreation	122,150.00	122,150.00	60,410.99	(61,739.01)
Capital outlay	270,500.00	270,500.00	867,484.19	596,984.19
Debt service	96,000.00	96,000.00	79,394.57	(16,605.43)
Development	15,000.00	15,000.00	13,000.00	(2,000.00)
Total Expenditures	\$ 3,788,280.64	\$ 3,788,280.64	\$ 4,127,772.15	\$ 339,491.51
Excess (Deficiency) of Revenues Over Expenditures			\$ (155,734.31)	

See accompanying notes to financial statements.

City of Benton, Illinois
Notes to Required Supplemental Information
April 30, 2018

The City Council annually passes a budget ordinance which includes all fund types using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. All unexpended budget amounts lapse at the end of each fiscal year.

Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed the budget at this level. Within these control levels, management may transfer budget lines without Board approval.

The fund financial statements in this report are prepared on the modified accrual basis. The budget ordinance is prepared using the cash basis of accounting. The following schedule reconciles the difference between the legally enacted budget and major general and special revenue fund expenditures:

	<u>Actual on GAAP Basis</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
General Fund:					
Revenues					
Intergovernmental revenue	\$ 1,024,128.05	\$ 40,960.70	\$ 1,065,088.75	\$ 770,301.00	\$ 294,787.75
Sales tax	1,349,145.99	(15,752.49)	1,333,393.50	1,335,000.00	(1,606.50)
Property tax	98,897.90	2,330.02	101,227.92	100,000.00	1,227.92
Services charges and fees	423,063.35	(5,197.79)	417,865.56	359,300.00	58,565.56
Licenses and permits	51,855.89	28,050.83	79,906.72	53,300.00	26,606.72
Franchise fees and other taxes	687,155.44	(8,873.51)	678,281.93	505,000.00	173,281.93
Investment income	5,536.73	(29.25)	5,507.48	600.00	4,907.48
Grant revenue	36,714.74	-	36,714.74	-	36,714.74
Miscellaneous	<u>254,021.99</u>	<u>29.25</u>	<u>254,051.24</u>	<u>-</u>	<u>254,051.24</u>
Total Revenues	<u>\$ 3,930,520.08</u>	<u>\$ 41,517.76</u>	<u>\$ 3,972,037.84</u>	<u>\$ 3,123,501.00</u>	<u>\$ 848,536.84</u>
Expenditures					
General government	\$ 886,913.48	\$ 10,382.45	\$ 897,295.93	\$ 1,014,296.64	\$ (117,000.71)
Public health and safety	1,753,126.63	(7,882.37)	1,745,244.26	1,748,610.00	(3,365.74)
Streets, alleys and cemeteries	465,791.95	(849.74)	464,942.21	521,724.00	(56,781.79)
Cultural and recreation	54,949.13	5,461.86	60,410.99	122,150.00	(61,739.01)
Capital outlay	726,110.60	141,373.59	867,484.19	270,500.00	596,984.19
Debt service	79,394.57	-	79,394.57	96,000.00	(16,605.43)
Development	<u>13,000.00</u>	<u>-</u>	<u>13,000.00</u>	<u>15,000.00</u>	<u>(2,000.00)</u>
Total Expenditures	<u>\$ 3,979,286.36</u>	<u>\$ 148,485.79</u>	<u>\$ 4,127,772.15</u>	<u>\$ 3,788,280.64</u>	<u>\$ 339,491.51</u>

The City overexpended budgeted amounts in the General fund.

City of Benton, Illinois
Multiyear Schedule of Changes in the Net Pension Liability and Related Ratios
IMRF
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Calendar Year Ended December 31,				
Total Pension Liability				
Service cost	\$ 133,357	\$ 135,764	\$ 132,920	\$ 140,845
Interest on the total pension liability	509,395	492,360	491,056	445,437
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(57,501)	(31,477)	(240,660)	153,962
Changes of assumptions	(214,707)	(16,894)	8,259	235,524
Benefit Payments, including Refunds of Employee Contributions	<u>(371,204)</u>	<u>(366,733)</u>	<u>(366,865)</u>	<u>(342,753)</u>
Net Change in Total Pension Liability	\$ (660)	\$ 213,020	\$ 24,710	\$ 633,015
Total Pension Liability – Beginning	<u>6,910,863</u>	<u>6,697,843</u>	<u>6,673,133</u>	<u>6,040,118</u>
Total Pension Liability – Ending (A)	<u>\$ 6,910,203</u>	<u>\$ 6,910,863</u>	<u>\$ 6,697,843</u>	<u>\$ 6,673,133</u>
Plan Fiduciary Net Position				
Contributions – Employer	\$ 140,717	\$ 138,027	\$ 134,923	\$ 139,705
Contributions – Employees	56,894	56,395	56,638	54,667
Net Investment Income	1,081,325	402,419	30,706	362,794
Benefit Payments, including Refunds of Employee Contributions	(371,204)	(366,733)	(366,865)	(342,753)
Other (Net transfer)	<u>(277,569)</u>	<u>96,395</u>	<u>(292,567)</u>	<u>(7,195)</u>
Net Change in Plan Fiduciary Net Position	\$ 630,163	\$ 326,503	\$ (437,165)	\$ 207,218
Plan Fiduciary Net Position – Beginning	<u>6,118,197</u>	<u>5,791,694</u>	<u>6,228,859</u>	<u>6,021,641</u>
Plan Fiduciary Net Position – Ending (B)	<u>\$ 6,748,360</u>	<u>\$ 6,118,197</u>	<u>\$ 5,791,694</u>	<u>\$ 6,228,859</u>
Net Pension Liability – Ending (A)-(B)	<u>\$ 161,843</u>	<u>\$ 792,666</u>	<u>\$ 906,149</u>	<u>\$ 444,274</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.66%	88.53%	86.47%	93.34%
Covered Valuation Payroll	\$ 1,264,305	\$ 1,204,422	\$ 1,258,611	\$ 1,214,825
Net Pension Liability as a Percentage of Covered Valuation Payroll	12.80%	65.81%	72.00%	36.57%

Additional years will be added to the schedule annually until 10 years of data is presented.

See accompanying notes to financial statements.

City of Benton, Illinois
Multiyear Schedule of Changes in the Net Pension Liability and Related Ratios
Fire Pension Fund
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	\$ 100,480	\$ 88,817	\$ 90,185	\$ 76,940
Interest on the total pension liability	279,254	272,429	263,868	265,671
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(7,847)	(21,587)	8,284	(101,671)
Changes of assumptions	-	-	-	(33,290)
Benefit payments	<u>(236,851)</u>	<u>(232,795)</u>	<u>(228,820)</u>	<u>(240,940)</u>
Net change in total pension liability	\$ 135,036	\$ 106,864	\$ 133,517	\$ (33,290)
Total pension liability – Beginning of period	<u>4,404,772</u>	<u>4,297,908</u>	<u>4,164,391</u>	<u>4,197,681</u>
Total pension liability – End of period	<u><u>\$ 4,539,808</u></u>	<u><u>\$ 4,404,772</u></u>	<u><u>\$ 4,297,908</u></u>	<u><u>\$ 4,164,391</u></u>
Plan Fiduciary Net Position				
Member contributions	\$ 33,234	\$ 31,860	\$ 31,177	\$ 31,106
Employer contributions	113,620	88,996	108,071	131,098
Net investment income	215,683	305,828	(31,995)	198,097
Benefit payments	(236,851)	(232,795)	(228,820)	(240,940)
Other (Net transfer)	<u>(11,534)</u>	<u>(8,150)</u>	<u>(10,364)</u>	<u>(7,608)</u>
Net change in plan fiduciary net position	\$ 114,152	\$ 185,739	\$ (131,931)	\$ 111,753
Plan fiduciary net position – Beginning of period	<u>3,770,426</u>	<u>3,584,687</u>	<u>3,716,618</u>	<u>3,604,865</u>
Plan fiduciary net position – End of period	<u><u>\$ 3,884,578</u></u>	<u><u>\$ 3,770,426</u></u>	<u><u>\$ 3,584,687</u></u>	<u><u>\$ 3,716,618</u></u>
Net Pension Liability/(Asset)	\$ 655,230	\$ 634,346	\$ 713,221	\$ 447,773
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.57%	85.60%	83.41%	89.25%
Covered Valuation Payroll	\$ 351,924	\$ 348,897	\$ 346,267	\$ 286,281
Net Pension Liability as a Percentage of Covered Valuation Payroll	186.19%	181.81%	205.97%	156.41%

Additional years will be added to the schedule annually until 10 years of data is presented.

See accompanying notes to financial statements.

City of Benton, Illinois
Multiyear Schedule of Changes in the Net Pension Liability and Related Ratios
Police Pension Fund
Last Ten Fiscal years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability				
Service cost	\$ 143,352	\$ 139,061	\$ 144,564	\$ 146,940
Interest on the total pension liability	358,768	353,694	345,882	375,260
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	39,786	(97,017)	(79,133)	(241,158)
Changes of assumptions	-	-	-	(448,821)
Benefit payments	<u>(344,554)</u>	<u>(294,933)</u>	<u>(287,896)</u>	<u>(281,042)</u>
Net change in total pension liability	\$ 197,352	\$ 100,805	\$ 123,417	\$ (448,821)
Total pension liability – Beginning of period	<u>5,677,435</u>	<u>5,576,630</u>	<u>5,453,213</u>	<u>5,902,034</u>
Total pension liability – End of period	<u><u>\$ 5,874,787</u></u>	<u><u>\$ 5,677,435</u></u>	<u><u>\$ 5,576,630</u></u>	<u><u>\$ 5,453,213</u></u>
Plan Fiduciary Net Position				
Member contributions	\$ 57,392	\$ 51,743	\$ 52,456	\$ 50,971
Employer contributions	353,071	338,364	443,771	316,889
Net investment income	162,334	188,271	63,183	89,706
Benefit payments	(344,554)	(294,933)	(287,896)	(281,042)
Other (Net transfer)	<u>(12,742)</u>	<u>(9,005)</u>	<u>(11,602)</u>	<u>(8,475)</u>
Net change in plan fiduciary net position	\$ 215,501	\$ 274,440	\$ 259,912	\$ 168,049
Plan fiduciary net position – Beginning of period	<u>2,935,972</u>	<u>2,661,532</u>	<u>2,401,620</u>	<u>2,233,571</u>
Plan fiduciary net position – End of period	<u><u>\$ 3,151,473</u></u>	<u><u>\$ 2,935,972</u></u>	<u><u>\$ 2,661,532</u></u>	<u><u>\$ 2,401,620</u></u>
Net Pension Liability/(Asset)	\$ 2,723,314	\$ 2,741,463	\$ 2,915,098	\$ 3,051,593
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.64%	51.71%	47.73%	44.04%
Covered Valuation Payroll	\$ 550,628	\$ 533,416	\$ 536,473	\$ 514,956
Net Pension Liability as a Percentage of Covered Valuation Payroll	494.58%	513.94%	543.38%	592.59%

Additional years will be added to the schedule annually until 10 years of data is presented.

See accompanying notes to financial statements.

City of Benton, Illinois
Multiyear Schedule of Employer Contributions
IMRF
Last Ten Fiscal Years

<u>Calendar Year Ended December 31</u>	<u>Required Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2014	\$ 139,705	\$ 139,705	\$ -	\$ 1,214,825	11.50%
2015	134,923	134,922	1	1,258,611	10.72%
2016	138,027	138,027	-	1,204,422	11.46%
2017	140,717	140,717	-	1,264,305	11.13%

Additional years will be added to the schedule annually until ten years of data is presented.

See accompanying notes to financial statements.

**City of Benton, Illinois
Multiyear Schedule of Contributions
Fire Pension Fund
Last Ten Fiscal Years**

<u>FY Ending April 30</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2018	\$ 129,561	\$ 113,620	\$ 15,941	\$ 351,924	32.29%
2017	112,347	88,996	23,351	348,897	25.51%
2016	105,124	108,071	(2,947)	346,267	31.21%
2015	93,573	131,098	(37,525)	286,281	45.79%
2014	100,679	135,070	(34,391)	330,309	40.89%
2013	117,671	127,907	(10,236)	319,084	40.09%
2012	126,150	125,321	829	316,364	39.61%
2011	86,484	86,023	461	250,101	34.40%
2010	83,975	106,382	(22,407)	296,217	35.91%
2009	106,750	110,938	(4,188)	308,109	36.01%

See accompanying notes to financial statements.

**City of Benton, Illinois
Multiyear Schedule of Contributions
Police Pension Fund
Last Ten Fiscal Years**

<u>FY Ending April 30</u>	<u>Required Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a Percentage of Covered Valuation Payroll</u>
2018	\$ 325,602	\$ 353,071	\$ (27,469)	\$ 550,628	64.12%
2017	320,461	338,364	(17,903)	533,416	63.43%
2016	332,135	443,771	(111,636)	536,473	82.72%
2015	347,576	316,889	30,687	514,956	61.54%
2014	307,081	318,857	(11,776)	501,711	63.55%
2013	299,627	293,879	5,748	484,882	60.61%
2012	289,764	278,083	11,681	467,720	59.46%
2011	181,461	213,346	(31,885)	394,351	54.10%
2010	180,197	191,638	(11,441)	376,278	50.93%
2009	166,358	181,063	(14,705)	354,247	51.11%

See accompanying notes to financial statements.

Other Supplemental Information

**City of Benton, Illinois
Non-Major Governmental Funds
Combining Balance Sheet
4/30/2018**

	Special Revenue Funds	Capital Project Fund	Total Non-Major Governmental Funds
Assets			
Cash	\$ 1,943,689.71	\$ 28,602.76	\$ 1,972,292.47
Restricted cash	3,236.59	-	3,236.59
Investments	42,147.33	-	42,147.33
Property taxes receivable	787,420.00	-	787,420.00
Accounts receivable	10,270.59	-	10,270.59
Due from other governments	16,224.03	-	16,224.03
Due to/from other funds	(11,275.04)	-	(11,275.04)
Total Assets	\$ 2,791,713.21	\$ 28,602.76	\$ 2,820,315.97
Liabilities, Deferred Inflows and Fund Balances			
Accounts payable	\$ 109,289.21	\$ -	\$ 109,289.21
Accrued payroll related expenses	-	-	-
Other accrued expenses	-	-	-
Total Liabilities	\$ 109,289.21	\$ -	\$ 109,289.21
Deferred Inflow of Resources			
Unavailable revenue	\$ 787,420.00	\$ -	\$ 787,420.00
Fund Balances			
Nonspendable	\$ -	\$ -	\$ -
Restricted	1,895,004.00	-	1,895,004.00
Committed	-	28,602.76	28,602.76
Assigned	-	-	-
Unassigned	-	-	-
Total Fund Balances	\$ 1,895,004.00	\$ 28,602.76	\$ 1,923,606.76
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,791,713.21	\$ 28,602.76	\$ 2,820,315.97

See accompanying notes to financial statements.

City of Benton, Illinois
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	Special Revenue Funds	Capital Project Fund	Total Non- Major Governmental Funds
Revenues			
Intergovernmental	\$ 184,901.26	\$ -	\$ 184,901.26
Sales tax	100,775.27	-	100,775.27
Property tax	737,221.98	-	737,221.98
Service charges and fees	31,832.97	-	31,832.97
Franchise fees and other taxes	16,644.95	-	16,644.95
Investment income	5,810.19	-	5,810.19
Miscellaneous	2,102.52	-	2,102.52
Total Revenues	\$ 1,079,289.14	\$ -	\$ 1,079,289.14
Expenditures			
Current -			
General government	\$ 474,316.62	\$ -	\$ 474,316.62
Public health and safety	14,245.08	-	14,245.08
Streets, alleys and cemeteries	199,542.13	-	199,542.13
Development	131,175.01	-	131,175.01
Capital outlay	218,235.47	3,819.00	222,054.47
Debt service	112,826.22	-	112,826.22
Total Expenditures	\$ 1,150,340.53	\$ 3,819.00	\$ 1,154,159.53
Excess (Deficiency) of Revenues Over Expenditures	\$ (71,051.39)	\$ (3,819.00)	\$ (74,870.39)
Other Financing Sources (Uses)			
Transfers in (out)	\$ (60,405.96)	\$ -	\$ (60,405.96)
Total Other Financing Sources	\$ (60,405.96)	\$ -	\$ (60,405.96)
Net Changes in Fund Balances	\$ (131,457.35)	\$ (3,819.00)	\$ (135,276.35)
Fund Balances - Beginning of Year	2,026,461.35	32,421.76	2,058,883.11
Fund Balances - End of Year	\$ 1,895,004.00	\$ 28,602.76	\$ 1,923,606.76

See accompanying notes to financial statements.

City of Benton, Illinois
Non-Major Special Revenue Funds
Combining Balance Sheet
April 30, 2018

	DCEO/IHDA Recapture Fund	Audit Fund	Motor Fuel Tax Fund	Youth Center Fund	IJRL TIF #2	Road and Bridge Fund
Assets						
Cash	\$ -	\$ 1,503.79	\$ 397,180.46	\$ -	\$ 183,338.61	\$ 210,563.61
Restricted cash	3,186.59	-	-	-	-	-
Investments	-	-	-	-	-	-
Property taxes receivable	-	9,980.00	-	-	85,920.00	55,850.00
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	16,224.03	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	<u>\$ 3,186.59</u>	<u>\$ 11,483.79</u>	<u>\$ 413,404.49</u>	<u>\$ -</u>	<u>\$ 269,258.61</u>	<u>\$ 266,413.61</u>
Liabilities, Deferred Inflows and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 200.00	\$ 216.00
Accrued payroll related expenses	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200.00</u>	<u>\$ 216.00</u>
Deferred Inflow of Resources						
Unavailable revenue	\$ -	\$ 9,980.00	\$ -	\$ -	\$ 85,920.00	\$ 55,850.00
Fund Balances						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,186.59	1,503.79	413,404.49	-	183,138.61	210,347.61
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>\$ 3,186.59</u>	<u>\$ 1,503.79</u>	<u>\$ 413,404.49</u>	<u>\$ -</u>	<u>\$ 183,138.61</u>	<u>\$ 210,347.61</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,186.59</u>	<u>\$ 11,483.79</u>	<u>\$ 413,404.49</u>	<u>\$ -</u>	<u>\$ 269,258.61</u>	<u>\$ 266,413.61</u>

See accompanying notes to financial statements.

City of Benton, Illinois
Non-Major Special Revenue Funds
Combining Balance Sheet
April 30, 2018

Home Rule Street Improvement Fund	Foreign Fire Insurance Fund	Airport Fund	Housing Grant	Municipal Insurance Fund	Municipal Retirement Fund	Benton TIF Special Account Fund	Totals
\$ 74,762.01	\$ 10,724.30	\$ 273,440.04	\$ -	\$ 318,023.18	\$ 142,504.56	\$ 331,649.15	\$ 1,943,689.71
-	-	-	50.00	-	-	-	3,236.59
-	-	-	-	-	42,147.33	-	42,147.33
-	-	22,990.00	-	339,940.00	101,990.00	170,750.00	787,420.00
10,270.59	-	-	-	-	-	-	10,270.59
-	-	-	-	-	-	-	16,224.03
-	-	-	-	(12,150.50)	875.46	-	(11,275.04)
<u>\$ 85,032.60</u>	<u>\$ 10,724.30</u>	<u>\$ 296,430.04</u>	<u>\$ 50.00</u>	<u>\$ 645,812.68</u>	<u>\$ 287,517.35</u>	<u>\$ 502,399.15</u>	<u>\$ 2,791,713.21</u>
\$ -	\$ 345.00	\$ 1,425.85	\$ -	\$ -	\$ -	\$ 107,102.36	\$ 109,289.21
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 345.00</u>	<u>\$ 1,425.85</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,102.36</u>	<u>\$ 109,289.21</u>
\$ -	\$ -	\$ 22,990.00	\$ -	\$ 339,940.00	\$ 101,990.00	\$ 170,750.00	\$ 787,420.00
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
85,032.60	10,379.30	272,014.19	50.00	305,872.68	185,527.35	224,546.79	1,895,004.00
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 85,032.60</u>	<u>\$ 10,379.30</u>	<u>\$ 272,014.19</u>	<u>\$ 50.00</u>	<u>\$ 305,872.68</u>	<u>\$ 185,527.35</u>	<u>\$ 224,546.79</u>	<u>\$ 1,895,004.00</u>
<u>\$ 85,032.60</u>	<u>\$ 10,724.30</u>	<u>\$ 296,430.04</u>	<u>\$ 50.00</u>	<u>\$ 645,812.68</u>	<u>\$ 287,517.35</u>	<u>\$ 502,399.15</u>	<u>\$ 2,791,713.21</u>

See accompanying notes to financial statements.

City of Benton, Illinois
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended April 30, 2018

	DCEO/IHDA Recapture Fund	Audit Fund	Motor Fuel Tax Fund	Youth Center Fund	IJRL TIF #2	Road and Bridge Fund
Revenues						
Intergovernmental revenue	\$ -	\$ -	\$ 180,952.44	\$ -	\$ -	\$ 3,948.82
Sales tax	-	-	-	-	-	-
Property tax	-	9,673.93	-	-	64,762.12	55,851.89
Service charges and fees	-	-	-	-	-	-
Franchise fees and other taxes	-	-	-	-	-	-
Investment income	2.11	-	3,885.56	-	414.27	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	\$ 2.11	\$ 9,673.93	\$ 184,838.00	\$ -	\$ 65,176.39	\$ 59,800.71
Expenditures						
Current						
General government	\$ -	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -
Public health and safety	-	-	-	-	-	-
Streets, alleys and cemeteries	-	-	152,643.75	-	-	44,420.82
Development	-	-	-	-	22,868.90	-
Capital outlay	-	-	170,031.52	-	-	-
Debt service	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 20,000.00	\$ 322,675.27	\$ -	\$ 22,868.90	\$ 44,420.82
Excess (Deficiency) of Revenues Over Expenditures	\$ 2.11	\$ (10,326.07)	\$ (137,837.27)	\$ -	\$ 42,307.49	\$ 15,379.89
Other Financing Sources (Uses)						
Transfers in (out)	\$ -	\$ -	\$ -	\$ (9,663.88)	\$ (50,788.78)	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ (9,663.88)	\$ (50,788.78)	\$ -
Net Changes in Fund Balances	\$ 2.11	\$ (10,326.07)	\$ (137,837.27)	\$ (9,663.88)	\$ (8,481.29)	\$ 15,379.89
Fund Balances - Beginning of Year	3,184.48	11,829.86	551,241.76	9,663.88	191,619.90	194,967.72
Fund Balances - End of Year	\$ 3,186.59	\$ 1,503.79	\$ 413,404.49	\$ -	\$ 183,138.61	\$ 210,347.61

See accompanying notes to financial statements.

City of Benton, Illinois
Non-Major Special Revenue Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended April 30, 2018

Home Rule Street Improvement Fund	Foreign Fire Insurance Fund	Airport Fund	Housing Grant	Municipal Insurance Fund	Municipal Retirement Fund	Benton TIFSpecial Account Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,901.26
100,775.27	-	-	-	-	-	-	100,775.27
-	-	22,221.92	-	328,130.72	98,450.35	158,131.05	737,221.98
-	-	31,832.97	-	-	-	-	31,832.97
-	16,644.95	-	-	-	-	-	16,644.95
198.63	-	244.37	-	-	536.92	528.33	5,810.19
-	74.51	1,077.37	-	-	-	950.64	2,102.52
<u>\$ 100,973.90</u>	<u>\$ 16,719.46</u>	<u>\$ 55,376.63</u>	<u>\$ -</u>	<u>\$ 328,130.72</u>	<u>\$ 98,987.27</u>	<u>\$ 159,610.02</u>	<u>\$ 1,079,289.14</u>
\$ -	\$ -	\$ 42,721.68	\$ -	\$ 294,390.55	\$ 117,204.39	\$ -	\$ 474,316.62
-	14,245.08	-	-	-	-	-	14,245.08
2,477.56	-	-	-	-	-	-	199,542.13
-	-	-	-	-	-	108,306.11	131,175.01
-	-	48,203.95	-	-	-	-	218,235.47
108,396.59	4,429.63	-	-	-	-	-	112,826.22
<u>\$ 110,874.15</u>	<u>\$ 18,674.71</u>	<u>\$ 90,925.63</u>	<u>\$ -</u>	<u>\$ 294,390.55</u>	<u>\$ 117,204.39</u>	<u>\$ 108,306.11</u>	<u>\$ 1,150,340.53</u>
<u>\$ (9,900.25)</u>	<u>\$ (1,955.25)</u>	<u>\$ (35,549.00)</u>	<u>\$ -</u>	<u>\$ 33,740.17</u>	<u>\$ (18,217.12)</u>	<u>\$ 51,303.91</u>	<u>\$ (71,051.39)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46.70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,405.96)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46.70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (60,405.96)</u>
\$ (9,900.25)	\$ (1,955.25)	\$ (35,549.00)	\$ 46.70	\$ 33,740.17	\$ (18,217.12)	\$ 51,303.91	\$ (131,457.35)
94,932.85	12,334.55	307,563.19	3.30	272,132.51	203,744.47	173,242.88	2,026,461.35
<u>\$ 85,032.60</u>	<u>\$ 10,379.30</u>	<u>\$ 272,014.19</u>	<u>\$ 50.00</u>	<u>\$ 305,872.68</u>	<u>\$ 185,527.35</u>	<u>\$ 224,546.79</u>	<u>\$ 1,895,004.00</u>

See accompanying notes to financial statements.

City of Benton, Illinois
Non-Major Capital Project Funds
Combining Balance Sheet
April 30, 2018

	<u>Restricted Fund</u>
Assets	
Cash	<u>\$ 28,602.76</u>
Total Assets	<u><u>\$ 28,602.76</u></u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	<u>\$ -</u>
Total Liabilities	<u>\$ -</u>
Fund Balances	
Committed	<u>\$ 28,602.76</u>
Total Fund Balances	<u><u>\$ 28,602.76</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 28,602.76</u></u>

See accompanying notes to financial statements.

City of Benton, Illinois
Non-Major Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended April 30, 2018

	<u>Restricted Fund</u>
Revenues	
Intergovernmental revenue	\$ -
Sales tax	-
Property tax	-
Services charges and fees	-
Franchise fees and other taxes	-
Investment income	-
Grant revenue	-
Miscellaneous	-
	<hr/>
Total Revenues	\$ -
	<hr/>
Expenditures	
General government	\$ -
Public health and safety	-
Streets, alleys and cemeteries	-
Cultural and recreation	-
Development	-
Capital outlay	3,819.00
	<hr/>
Total Expenditures	\$ 3,819.00
	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,819.00)
	<hr/>
Fund Balances - Beginning of Year	32,421.76
	<hr/>
Fund Balances - End of Year	\$ 28,602.76
	<hr/> <hr/>

See accompanying notes to financial statements.

City of Benton, Illinois
General Fund Types
Combining Balance Sheet
April 30, 2018

	General Fund	Auxiliary Police Fund	Benton Police Vehicle Fund	Impound Fee Fund	Police DUI Fund	Grants and Donations Fund
Assets						
Cash	\$ 170,742.64	\$ 14,685.27	\$ -	\$ -	\$ -	\$ -
Restricted cash	-	-	6,406.29	16,464.27	17,065.74	2,000.54
Property taxes	100,020.00	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from other governments	359,219.50	-	-	-	-	-
Due to/from other funds	35,426.85	-	-	-	-	-
Total Assets	\$ 665,408.99	\$ 14,685.27	\$ 6,406.29	\$ 16,464.27	\$ 17,065.74	\$ 2,000.54
Liabilities, Deferred Inflow of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 103,031.99	\$ -	\$ -	\$ 144.58	\$ -	\$ -
Accrued payroll	41,383.80	-	-	-	-	-
Accrued payroll related expenses	34,327.96	-	-	-	-	-
Accrued vacation and sick leave	208,973.63	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Total Liabilities	\$ 387,717.38	\$ -	\$ -	\$ 144.58	\$ -	\$ -
Deferred Inflow of Resources						
Unavailable revenue	\$ 128,070.83	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	6,406.29	-	17,065.74	-
Committed	-	-	-	-	-	-
Assigned	-	14,685.27	-	16,319.69	-	2,000.54
Unassigned	149,620.78	-	-	-	-	-
Total Fund Balances	\$ 149,620.78	\$ 14,685.27	\$ 6,406.29	\$ 16,319.69	\$ 17,065.74	\$ 2,000.54
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$ 665,408.99	\$ 14,685.27	\$ 6,406.29	\$ 16,464.27	\$ 17,065.74	\$ 2,000.54

See accompanying notes to financial statements.

City of Benton, Illinois
General Fund Types
Combining Balance Sheet
April 30, 2018

Capital Improvements Fund	Telecommunications Tax Fund	Accounts Payable Fund	Restricted Sale Fund	Ambulance Fund	Twin Oaks Fund	Utility Tax Fund	Total - General Fund Types
\$ 543,625.10	\$ 63,797.81	\$ 1,744.64	\$ -	\$ 607.19	\$ 7,455.44	\$ 448,079.39	\$ 1,250,737.48
-	-	-	164,774.25	-	-	-	206,711.09
-	-	-	-	-	-	-	100,020.00
-	18,192.39	-	-	-	-	39,063.72	57,256.11
47,124.93	-	-	-	-	-	-	406,344.43
-	-	-	-	-	-	-	35,426.85
<u>\$ 590,750.03</u>	<u>\$ 81,990.20</u>	<u>\$ 1,744.64</u>	<u>\$ 164,774.25</u>	<u>\$ 607.19</u>	<u>\$ 7,455.44</u>	<u>\$ 487,143.11</u>	<u>\$ 2,056,495.96</u>
\$ 13,984.00	\$ -	\$ -	\$ -	\$ -	\$ 681.79	\$ -	\$ 117,842.36
-	-	-	-	-	-	-	41,383.80
-	-	-	-	-	-	-	34,327.96
-	-	-	-	-	-	-	208,973.63
-	-	-	-	-	3,300.00	-	3,300.00
<u>\$ 13,984.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,981.79</u>	<u>\$ -</u>	<u>\$ 405,827.75</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,070.83
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	23,472.03
-	-	-	164,774.25	-	-	-	164,774.25
-	-	-	-	607.19	3,473.65	-	37,086.34
576,766.03	81,990.20	1,744.64	-	-	-	487,143.11	1,297,264.76
<u>\$ 576,766.03</u>	<u>\$ 81,990.20</u>	<u>\$ 1,744.64</u>	<u>\$ 164,774.25</u>	<u>\$ 607.19</u>	<u>\$ 3,473.65</u>	<u>\$ 487,143.11</u>	<u>\$ 1,522,597.38</u>
<u>\$ 590,750.03</u>	<u>\$ 81,990.20</u>	<u>\$ 1,744.64</u>	<u>\$ 164,774.25</u>	<u>\$ 607.19</u>	<u>\$ 7,455.44</u>	<u>\$ 487,143.11</u>	<u>\$ 2,056,495.96</u>

See accompanying notes to financial statements.

City of Benton, Illinois
General Fund Types
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

	<u>General Fund</u>	<u>Auxiliary Police Fund</u>	<u>Benton Police Vehicle Fund</u>	<u>Impound Fee Fund</u>	<u>Police DUI Fund</u>	<u>Grants and Donations Fund</u>
Revenues						
Intergovernmental	\$ 820,794.96	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	1,349,145.99	-	-	-	-	-
Property tax	98,897.90	-	-	-	-	-
Service charges and fees	399,926.41	900.00	1,008.00	5,300.00	3,121.75	-
Licenses and permits	51,855.89	-	-	-	-	-
Franchise fees and other taxes	-	-	-	-	-	-
Investment income	1,330.22	-	-	-	-	-
Grant revenue	32,714.74	-	-	-	-	4,000.00
Miscellaneous	43,619.78	-	-	4,466.00	-	-
Total Revenues	\$ 2,798,285.89	\$ 900.00	\$ 1,008.00	\$ 9,766.00	\$ 3,121.75	\$ 4,000.00
Expenditures						
Current -						
General government	\$ 838,019.48	\$ -	\$ -	\$ -	\$ -	\$ -
Public health and safety	1,589,949.51	6,757.41	1,470.00	16,811.43	6,273.12	1,999.46
Streets, alleys and cemeteries	465,791.95	-	-	-	-	-
Cultural and recreation	45,370.88	-	-	-	-	-
Development	-	-	-	-	-	-
Capital outlay	31,588.30	-	-	8,000.00	-	-
Debt service	-	-	-	-	-	-
Total Expenditures	\$ 2,970,720.12	\$ 6,757.41	\$ 1,470.00	\$ 24,811.43	\$ 6,273.12	\$ 1,999.46
Excess (Deficiency) of Revenues Over Expenditures	\$ (172,434.23)	\$ (5,857.41)	\$ (462.00)	\$ (15,045.43)	\$ (3,151.37)	\$ 2,000.54
Other Financing Sources (Uses)						
Transfers in (out)	\$ 36,806.40	\$ 5,400.00	\$ -	\$ -	\$ -	\$ -
Proceeds from long-term debt, net	-	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 36,806.40	\$ 5,400.00	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ (135,627.83)	\$ (457.41)	\$ (462.00)	\$ (15,045.43)	\$ (3,151.37)	\$ 2,000.54
Fund Balances - Beginning of Year	285,248.61	15,142.68	6,868.29	31,365.12	20,217.11	-
Fund Balances - End of Year	\$ 149,620.78	\$ 14,685.27	\$ 6,406.29	\$ 16,319.69	\$ 17,065.74	\$ 2,000.54

See accompanying notes to financial statements.

City of Benton, Illinois
General Fund Types
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended April 30, 2018

Capital Improvements Fund	Telecommunications Tax Fund	Accounts Payable Fund	Restricted Sale Fund	Ambulance Fund	Twin Oaks Fund	Utility Tax Fund	Total - General Fund Types
\$ 203,333.09	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,024,128.05
-	-	-	-	-	-	-	1,349,145.99
-	-	-	-	-	-	-	98,897.90
-	-	-	-	557.19	12,250.00	-	423,063.35
-	-	-	-	-	-	-	51,855.89
116,253.08	113,800.34	-	-	-	-	457,102.02	687,155.44
3,959.40	41.97	-	29.25	-	-	175.89	5,536.73
-	-	-	-	-	-	-	36,714.74
14,000.00	6,280.00	1,411.21	164,245.00	-	-	20,000.00	254,021.99
<u>\$ 337,545.57</u>	<u>\$ 120,122.31</u>	<u>\$ 1,411.21</u>	<u>\$ 164,274.25</u>	<u>\$ 557.19</u>	<u>\$ 12,250.00</u>	<u>\$ 477,277.91</u>	<u>\$ 3,930,520.08</u>
\$ 14,989.00	\$ 8,726.87	\$ 101.00	\$ -	\$ -	\$ -	\$ 25,077.13	\$ 886,913.48
2,865.74	126,999.96	-	-	-	-	-	1,753,126.63
-	-	-	-	-	-	-	465,791.95
-	-	-	-	-	9,578.25	-	54,949.13
-	-	-	-	-	-	13,000.00	13,000.00
65,957.80	1,597.50	-	-	-	12,968.00	605,999.00	726,110.60
-	-	-	-	-	-	79,394.57	79,394.57
<u>\$ 83,812.54</u>	<u>\$ 137,324.33</u>	<u>\$ 101.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,546.25</u>	<u>\$ 723,470.70</u>	<u>\$ 3,979,286.36</u>
\$ 253,733.03	\$ (17,202.02)	\$ 1,310.21	\$ 164,274.25	\$ 557.19	\$ (10,296.25)	\$ (246,192.79)	\$ (48,766.28)
\$ -	\$ (6,572.00)	\$ -	\$ 500.00	\$ 50.00	\$ 6,572.00	\$ (50,000.00)	\$ (7,243.60)
-	-	-	-	-	-	600,302.56	600,302.56
<u>\$ -</u>	<u>\$ (6,572.00)</u>	<u>\$ -</u>	<u>\$ 500.00</u>	<u>\$ 50.00</u>	<u>\$ 6,572.00</u>	<u>\$ 550,302.56</u>	<u>\$ 593,058.96</u>
\$ 253,733.03	\$ (23,774.02)	\$ 1,310.21	\$ 164,774.25	\$ 607.19	\$ (3,724.25)	\$ 304,109.77	\$ 544,292.68
323,033.00	105,764.22	434.43	-	-	7,197.90	183,033.34	978,304.70
<u>\$ 576,766.03</u>	<u>\$ 81,990.20</u>	<u>\$ 1,744.64</u>	<u>\$ 164,774.25</u>	<u>\$ 607.19</u>	<u>\$ 3,473.65</u>	<u>\$ 487,143.11</u>	<u>\$ 1,522,597.38</u>

See accompanying notes to financial statements.

City of Benton, Illinois
Schedule of Expenditures of Federal Awards
for the Year Ended April 30, 2018

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Budget</u>	<u>Revenues Prior Years</u>	<u>Revenues 5/1/17 - 4/30/2018</u>	<u>Expenditures Prior Years</u>	<u>Expenditures 5/1/17 - 4/30/2018</u>	<u>Final Status</u>
(M) Environmental Protection Agency passed through the Illinois Environmental Protection Agency	66.458	L175244	<u>\$ 814,566.60</u>	<u>\$ -</u>	<u>\$ 814,566.60</u>	<u>\$ -</u>	<u>\$ 814,566.60</u>	<u>\$ 814,566.60</u>

(M) Denotes a major federal financial assistance program.

See accompanying notes to schedule of expenditures of federal awards.

City of Benton, Illinois
Notes to Schedule of Expenditures of Federal Awards
for the Year Ended April 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Benton, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 - Indirect Facilities & Administration Costs

The City of Benton did not elect to use the 10% de minimis cost rate.

Note 3 - Subrecipients

The City of Benton, Illinois did not provide federal awards to any subrecipients.

Note 4 - Non-cash Assistance

There was no non-cash assistance reported in the schedule of expenditures of federal awards.

Note 5 - Insurance

There is no insurance involving federal expenditures.

Note 6 - Loan Outstanding

The sewer department of the City of Benton is responsible for the repayment of the Illinois EPA Water Pollution Control loans. The loan is at an interest rate of 1.75% over 20 years with semi-annual payments. The Illinois EPA has forgiven \$6,040,861.00 of the debt proceeds. The balance outstanding of the loan not forgiven at April 30, 2018 is \$7,383,275.00.

**City of Benton, Illinois
Schedule of Findings and Questioned Costs
for the Year Ended April 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weaknesses identified? X yes no
- Significant deficiencies identified that are not considered to be material weaknesses? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified X yes no
- Significant deficiencies identified that are not considered to be material weaknesses X yes none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with §200.516(a) yes X no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Amount of Federal Program
66.458	IL EPA Water Pollution Control Loan Program	\$814,566.60

Total federal expenditures for 5/1/17 – 4/30/18	\$814,566.60
% tested as major	100%

Dollar threshold used to distinguish between type A and type B programs: \$750,000.00

Auditee qualified as low-risk auditee? yes X no

Section II – Financial Statement Findings

2007-1 Finding –

The treasurer/bookkeeper has responsibility for the operation of and the conduct of many financial transactions. As such, there is an inadequate segregation of duties. This individual performs the following duties: issues disbursements, records receipts and disbursements, reconciles bank accounts, prepares monthly general ledgers and controls investments.

Recommendation –

If possible a separation of duties should be implemented.

Management Comments –

This is not practical due to the staff size and finances.

2018-1 Finding –

The city has not retained copies of all grant reports and grant agreements.

Recommendation –

As grant administrators receive grant agreements and file grant reports on behalf of the city, copies should be provided to the city clerk for the city's records.

Management Comments –

The City has conveyed the importance of our receiving timely copies of all paper work concerning all grants to the grant administrators. They have agreed to provide all future reports and copies in a timely fashion.

2018-2 Finding –

Invoices were paid out of the Community Events Fund that did not have evidence of a commissioner's approval.

Recommendation –

All invoices paid from the Community Events fund should be approved by a commissioner.

Management Comments –

All invoices are now being approved by the Finance Commissioner and the City Clerk is writing vouchers for all payments.

2018-3 Finding –

Records of deposits owed or received from renters of Twin Oaks are not being maintained or reconciled on a monthly basis.

Recommendation –

Records of deposits owed or received from renters of Twin Oaks should be maintained in a spreadsheet and reconciled to Lake Cove Resorts statements on a monthly basis.

Management Comments –

The City made the decision to not require Lake Cove to provide a monthly statement. Deposits and rental money have been separated into individual accounts. The liabilities can be matched to the number of rental dates on the monthly calendar which is maintained by the Zoning Administrator and one maintained by the Treasurer.

2018-4 Finding –

Project files for Water and Sewer construction and improvement projects were not updated and kept current.

Recommendation –

All construction and improvement projects should have a separate file kept for each project that is updated on a regular basis.

Management Comments –

The Water & Sewer Superintendent will create and maintain project files for any projects that may occur.

2018-5 Finding –

Consumer deposits did not reconcile to the report provided of consumer deposits held by the city.

Recommendation –

Consumer deposits should be reconciled to the general ledger periodically.

Management Comments –

Reconciling consumer deposits is a difficult procedure due to daily activity and in some instances the timing of a deposit. The Water Clerk tries to give each new account at least 30 days of billable use before a bill is created. This may cause a deposit to be made one month and the account set up during the next billing cycle. The Treasurer and Water Clerk are working on a system to accurately reconcile deposits to the general ledger. The Treasurer will reconcile the deposits to the general ledger quarterly once the process has been agreed upon and tested for accuracy.

2018-6 Finding –

The city does not have a policy related to the use of the city's credit cards.

Recommendation –

The city should develop a credit card policy.

Management Comments –

A credit card policy was passed and has been implemented.

2018-7 Finding –

The Ambulance fund does not have a written approved procedures policies.

Recommendation –

A written approved procedures policy should be developed for the Ambulance Fund.

Management Comments –

The City is working to create and an approved policy for the Ambulance Fund.

2018-8 Finding –

The city is not consistent in following its approval processes for purchases. There is a lack of documentation and sufficient review of purchases.

Recommendation –

Receipts and other documentation for purchases should be reviewed and approved by the appropriate personnel on a consistent and timely basis. The city should monitor trends in expenditures to better detect instances of theft or fraud.

Management Comments –

The City is implementing a central purchasing plan along with a purchase order policy.

2018-9 Finding –

Grant expenditures have been improperly netted against the related grant revenue accounts.

Recommendation –

All grant expenditures should be recorded as a grant expense instead of being netted against the grant revenue accounts.

Management Comments –

The City Treasurer will set up expenditure line items to account for any grant expenditures that arise.

2018-10 Finding –

Uncollectible receivables for unpaid water and sewer bills are not being written-off in a timely manner.

Recommendation –

Accounts receivable should be reviewed regularly for possible write-offs. Inactive customers with uncollectible balances should be written-off.

Management Comments –

Legal council is reviewing the cities process to write off uncollectible balances in a timely fashion. The City will be developing a written policy and procedures for the Billing Clerk to follow.

Section III – Financial Statement Findings

2007-1 Finding –

The treasurer/bookkeeper has responsibility for the operation of and the conduct of many financial transactions. As such, there is an inadequate segregation of duties. This individual performs the following duties: issues disbursements, records receipts and disbursements, reconciles bank accounts, prepares monthly general ledgers and controls investments.

Recommendation –

If possible a separation of duties should be implemented.

Management Comments –

This is not practical due to the staff size and finances.

2018-1 Finding –

The city has not retained copies of all grant reports and grant agreements.

Recommendation –

As grant administrators receive grant agreements and file grant reports on behalf of the city, copies should be provided to the city clerk for the city's records.

Management Comments –

The City has conveyed the importance of our receiving timely copies of all paper work concerning all grants to the grant administrators. They have agreed to provide all future reports and copies in a timely fashion.

2018-4 Finding –

Project files for Water and Sewer construction and improvement projects were not updated and kept current.

Recommendation –

All construction and improvement projects should have a separate file kept for each project that is updated on a regular basis.

Management Comments –

The Water & Sewer Superintendent will create and maintain project files for any projects that may occur.

**City of Benton, Illinois
Summary Schedule of Prior Audit Findings
April 30, 2018**

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u>
2007-1	Lack of segregation of duties	No change from prior year



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Don Wyant

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City Clerk

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Fred Kondritz, Mayor

City of Benton, Illinois
Corrective Action Plan for Current Year Audit Findings
Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2007-1

Condition:
Internal controls are limited due to small staff size.

Plan:
No current plan of action.

Anticipated Date of Completion: N/A

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: This is not practical due to staff size and finances.



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City of Benton, Illinois Corrective Action Plan for Current Year Audit Findings Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-001

Condition:

The city has not retained copies of all grant reports and grant agreements.

Plan:

As grant administrators receive grant agreements and file grant reports on behalf of the city, copies should be provided to the city clerk for the city's records.

Anticipated Date of Completion: April 30, 2019

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: The City has conveyed the importance of our receiving timely copies of all paper work concerning all grants to the grant administrators. They have agreed to provide all future reports and copies in a timely fashion.



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City of Benton, Illinois Corrective Action Plan for Current Year Audit Findings Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-002

Condition:

Invoices were paid out of the Community Events Fund that did not have evidence of a commissioner's approval.

Plan:

All invoices paid from the Community Events fund should be approved by a commissioner.

Anticipated Date of Completion: October 25, 2018

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: All invoices are now being approved by the Finance Commissioner and the City Clerk is writing vouchers for all payments.



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City of Benton, Illinois Corrective Action Plan for Current Year Audit Findings Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-003

Condition:

Records of deposits owed or received from renters of Twin Oaks are not being maintained or reconciled on a monthly basis.

Plan:

Records of deposits owed or received from renters of Twin Oaks should be maintained in a spreadsheet and reconciled to Lake Cove Resorts statements on a monthly basis.

Anticipated Date of Completion: October 25, 2018

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: The City made the decision to not require Lake Cove to provide a monthly statement. Deposits and rental money have been separated into individual accounts. The liabilities can be matched to the number of rental dates on the monthly calendar which is maintained by the Zoning Administrator and one maintained by the Treasurer.



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City of Benton, Illinois
Corrective Action Plan for Current Year Audit Findings
Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-004

Condition:

Project files for Water and Sewer construction and improvement projects were not updated and kept current.

Plan:

All construction and improvement projects should have a separate file kept for each project that is updated on a regular basis.

Anticipated Date of Completion: April 30, 2019

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: The Water & Sewer Superintendent will create and maintain project files for any projects that may occur.



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City of Benton, Illinois

Corrective Action Plan for Current Year Audit Findings

Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-005

Condition:

Consumer deposits did not reconcile to the report provided of consumer deposits held by the city.

Plan:

Consumer deposits should be reconciled to the general ledger periodically.

Anticipated Date of Completion: April 30, 2019

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: Reconciling consumer deposits is a difficult procedure due to daily activity and in some instances the timing of a deposit. The Water Clerk tries to give each new account at least 30 days of billable use before a bill is created. This may cause a deposit to be made one month and the account set up during the next billing cycle. The Treasurer and Water Clerk are working on a system to accurately reconcile deposits to the general ledger. The Treasurer will reconcile the deposits to the general ledger quarterly once the process has been agreed upon and tested for accuracy.



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City of Benton, Illinois Corrective Action Plan for Current Year Audit Findings Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-006

Condition:

The city does not have a policy related to the use of the city's credit cards.

Plan:

The city should develop a credit card policy.

Anticipated Date of Completion: October 25, 2018

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: A credit card policy was passed and has been implemented.



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City of Benton, Illinois Corrective Action Plan for Current Year Audit Findings Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-007

Condition:

The Ambulance fund does not have a written approved procedures policies.

Plan:

A written approved procedures policy should be developed for the Ambulance Fund.

Anticipated Date of Completion: April 30, 2019

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: The City is working to create and an approved policy for the Ambulance Fund.



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City of Benton, Illinois

Corrective Action Plan for Current Year Audit Findings

Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-008

Condition:

The city is not consistent in following its approval processes for purchases. There is a lack of documentation and sufficient review of purchases.

Plan:

Receipts and other documentation for purchases should be reviewed and approved by the appropriate personnel on a consistent and timely basis. The city should monitor trends in expenditures to better detect instances of theft or fraud.

Anticipated Date of Completion: April 30, 2019

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: The City is implementing a central purchasing plan along with a purchase order policy.



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City of Benton, Illinois Corrective Action Plan for Current Year Audit Findings Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-009

Condition:

Grant expenditures have been improperly netted against the related grant revenue accounts.

Plan:

All grant expenditures should be recorded as a grant expense instead of being netted against the grant revenue accounts.

Anticipated Date of Completion: April 30, 2019

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: The City Treasurer will set up expenditure line items to account for any grant expenditures that arise.



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City of Benton, Illinois Corrective Action Plan for Current Year Audit Findings Year Ending April 30, 2018

Corrective Action Plan

Finding No.: 2018-010

Condition:

Uncollectible receivables for unpaid water and sewer bills are not being written-off in a timely manner.

Plan:

Accounts receivable should be reviewed regularly for possible write-offs. Inactive customers with uncollectible balances should be written-off.

Anticipated Date of Completion: April 30, 2019

Name of Contact Person: Dennis Miller, Finance Commissioner

Management Response: Legal council is reviewing the cities process to write off uncollectible balances in a timely fashion. The City will be developing a written policy and procedures for the Billing Clerk to follow.