

**City of LeRoy, Illinois**  
**Annual Financial Report**  
**For the Fiscal Year Ended April 30, 2015**

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# STRIEGEL KNOBLOCH & COMPANY, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## **Independent Auditors' Report**

The Honorable Mayor and City Council  
City of LeRoy, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of LeRoy, Illinois ("City"), as of and for the year ended April 30, 2015, 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, business-type activities, each major fund and the aggregate remaining fund information of the City, as of April 30, 2015, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the 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, which has been omitted, the Illinois Municipal Retirement Fund – Schedule of Funding Progress, and budgetary comparison information on pages 42 and 42 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management 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 LeRoy, Illinois's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

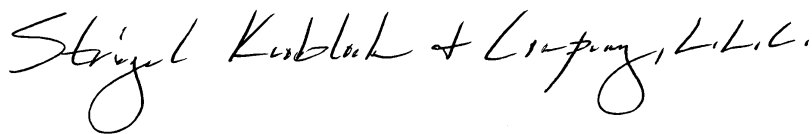
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2015 on our consideration of the City of LeRoy's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of LeRoy's internal control over financial reporting and compliance.

Bloomington, Illinois  
October 27, 2015



**City of LeRoy, Illinois**  
**Statement of Net Position**

**April 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash (Notes 1 and 5)	\$ 1,584,345	\$ 1,044,158	\$ 2,628,503
Investments (Notes 1 and 5)	6,016	-	6,016
Receivables, net	771,739	179,365	951,104
Prepaid expenses	36,026	24,358	60,384
Interfund balance	2,985	(2,985)	-
Intergovernmental balances	506,454	-	506,454
Note receivable (Note 14)	-	-	-
Capital assets (net) (Notes 1 and 2):			
Land	385,310	10,000	395,310
Other capital assets – less accumulated depreciation	<u>7,391,962</u>	<u>5,121,259</u>	<u>12,513,221</u>
Total assets	<u>\$ 10,684,837</u>	<u>\$ 6,376,155</u>	<u>\$ 17,060,992</u>
<b>Liabilities</b>			
Accounts payable	\$ 29,101	\$ 58,854	\$ 87,955
Accrued expenses	175,501	69,007	244,508
Long-term liabilities (Note 3)			
Due within one year	274,132	7,280	281,412
Due in more than one year	<u>3,382,515</u>	<u>1,203,063</u>	<u>4,585,578</u>
Total liabilities	<u>3,861,249</u>	<u>1,338,204</u>	<u>5,199,453</u>
<b>Deferred Inflows of Resources</b>			
Deferred property tax	<u>481,553</u>	<u>-</u>	<u>481,553</u>
<b>Net Position</b>			
Invested in capital assets, net of related debt	4,120,625	3,920,916	8,041,541
Restricted for:			
TIF district	714,614	-	714,614
Motor fuel tax	243,744	-	243,744
Capital projects	151,397	-	151,397
Debt service	-	78,729	78,729
Community projects	103,516	-	103,516
Unrestricted	<u>1,008,139</u>	<u>1,038,306</u>	<u>2,046,445</u>
Total net position	<u>6,342,035</u>	<u>5,037,951</u>	<u>11,379,986</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,684,837</u>	<u>\$ 6,376,155</u>	<u>\$ 17,060,992</u>

The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Statement of Activities**

**For the Year Ended April 30, 2015**

			<u>Program Revenue</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Administration	\$ 250,656	\$ -	\$ -	\$ -
Streets	529,591	-	-	-
Parks	207,701	-	-	-
Zoning and building	86,168	-	-	-
Police	623,477	-	9,047	-
ESDA	8,322	-	-	-
Economic development	53,500	-	-	-
Intergovernmental	1,034,006	-	-	-
Public works	215,839	-	-	-
Animal control	95	-	-	-
Interest on long-term debt	<u>182,709</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>3,192,064</u>	<u>-</u>	<u>9,047</u>	<u>-</u>
Business-type activities:				
Water	694,606	647,836	-	-
Sewer	701,001	825,877	-	-
Refuse	<u>371,928</u>	<u>515,532</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,767,535</u>	<u>1,989,245</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 4,959,599</u>	<u>\$ 1,989,245</u>	<u>\$ 9,047</u>	<u>\$ -</u>

<u>Net (Expense) Revenue and</u> <u>Changes in Net Position</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
\$ (250,656)	\$ -	\$ (250,656)
(529,591)	-	(529,591)
(207,701)	-	(207,701)
(86,168)	-	(86,168)
(614,430)	-	(614,430)
(8,322)	-	(8,322)
(53,500)	-	(53,500)
(1,034,006)	-	(1,034,006)
(215,839)	-	(215,839)
(95)	-	(95)
<u>(182,709)</u>	<u>-</u>	<u>(182,709)</u>
 <u>(3,183,017)</u>	 <u>-</u>	 <u>(3,183,017)</u>
-	(46,770)	(46,770)
-	124,876	124,876
<u>-</u>	<u>143,604</u>	<u>143,604</u>
 <u>-</u>	 <u>221,710</u>	 <u>221,710</u>
<u>(3,183,017)</u>	<u>221,710</u>	<u>(2,961,307)</u>

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**City of LeRoy, Illinois**

**Statement of Activities – Continued**

**For the Year Ended April 30, 2015**

		<u>Net (Expenses) Revenues and Changes in Net Position</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General revenues:			
Taxes:			
Property	\$ 589,525	\$ -	\$ 589,525
Sales	519,712	-	519,712
Income	385,157	-	385,157
Use	71,928	-	71,928
Replacement	15,268	-	15,268
Motor fuel	118,155	-	118,155
Excise	12,274	-	12,274
Utility	178,603	-	178,603
Video gaming	47,505	-	47,505
Hotel/motel	13,129	-	13,129
Franchise	36,448	-	36,448
Licenses and permits	23,936	-	23,936
Fines	32,149	-	32,149
Interest	6,763	6,473	13,236
Other	24,900	-	24,900
Interfund transfers	<u>(215,000)</u>	<u>215,000</u>	<u>-</u>
Total general revenues and transfers	<u>1,860,452</u>	<u>221,473</u>	<u>2,081,925</u>
Change in net position	(1,322,565)	443,183	(879,382)
Net position, beginning	<u>7,664,600</u>	<u>4,594,768</u>	<u>12,259,368</u>
Net position, ending	\$ <u>6,342,035</u>	\$ <u>5,037,951</u>	\$ <u>11,379,986</u>

The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Balance Sheet – Governmental Funds**

**April 30, 2015**

	<u>General</u>	<u>First Tax Increment Financing Redevelopment District Fund</u>	<u>2009 General Obligation Bond Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash (Notes 1 and 5)	\$ 482,870	\$ 714,614	\$ -	\$ 386,861	\$ 1,584,345
Investments (Notes 1 and 5)	6,016	-	-	-	6,016
Receivables, net:					
Property taxes (Note 6)	481,553	-	-	-	481,553
Other taxes	264,343	-	-	25,843	290,186
Due from other funds (Note 9)	<u>202,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,985</u>
Total assets	\$ <u>1,437,767</u>	\$ <u>714,614</u>	\$ <u>-</u>	\$ <u>412,704</u>	\$ <u>2,565,085</u>
<b>Liabilities</b>					
Accounts payable	\$ 29,101	\$ -	\$ -	\$ -	\$ 29,101
Accrued expenses	101,940	-	-	-	101,940
Due to other funds (Note 9)	<u>-</u>	<u>-</u>	<u>160,140</u>	<u>39,860</u>	<u>200,000</u>
Total liabilities	<u>131,041</u>	<u>-</u>	<u>160,140</u>	<u>39,860</u>	<u>331,041</u>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	<u>481,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>481,553</u>
<b>Fund Balance</b>					
Restricted for:					
TIF district	-	714,614	-	-	714,614
Motor fuel tax	-	-	-	243,744	243,744
Committed:					
Capital expenditures	-	-	-	151,397	151,397
Assigned:					
Community projects	103,516	-	-	-	103,516
Unassigned	<u>721,657</u>	<u>-</u>	<u>(160,140)</u>	<u>(22,297)</u>	<u>539,220</u>
Total fund balance (deficit)	<u>825,173</u>	<u>714,614</u>	<u>(160,140)</u>	<u>372,844</u>	<u>1,752,491</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>1,437,767</u>	\$ <u>714,614</u>	\$ <u>-</u>	\$ <u>412,704</u>	\$ <u>2,565,085</u>

The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Reconciliation of the Balance Sheet – Governmental Funds  
to the Statement of Net Position – Governmental Activities**

**April 30, 2015**

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

Total governmental fund balance	\$ 1,752,491
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Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	7,777,272
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Other assets not available to defray the cost of current expenses are not reported in fund financial statements.	542,480
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Certain liabilities (such as bonds payable, capital leases and accrued expenses) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.	<u>(3,730,208)</u>
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Net position of governmental activities	\$ <u>6,342,035</u>
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The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Statement of Revenues, Expenditures, and Changes in  
Fund Balance – Governmental Funds**

**For the Year Ended April 30, 2015**

	General	First Tax Increment Financing Redevelopment District Fund	2009 General Obligation Bond Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 589,525	\$ -	\$ -	\$ -	\$ 589,525
Sales tax	381,226	-	-	138,486	519,712
Income tax	385,157	-	-	-	385,157
Use tax	71,928	-	-	-	71,928
Replacement tax	15,268	-	-	-	15,268
Motor fuel tax	-	-	-	118,155	118,155
Utility taxes	178,603	-	-	-	178,603
Video gaming tax	47,505	-	-	-	47,505
Licenses and permits	23,936	-	-	-	23,936
Fines	32,149	-	-	-	32,149
Interest	4,792	-	-	1,971	6,763
Grants	9,047	-	-	-	9,047
Other	86,751	-	-	-	86,751
Total revenues	<u>1,825,887</u>	<u>-</u>	<u>-</u>	<u>258,612</u>	<u>2,084,499</u>
Expenditures:					
Administration	247,845	-	-	-	247,845
Streets	341,012	-	-	-	341,012
Parks	52,656	-	-	-	52,656
Zoning and building	76,172	-	-	-	76,172
Police	581,422	-	-	-	581,422
ESDA	6,172	-	-	-	6,172
Economic development	-	53,500	-	-	53,500
Intergovernmental	-	882,981	-	151,025	1,034,006
Public works	-	77,109	-	134,546	211,655
Animal control	95	-	-	-	95
Debt service:					
Principal	71,166	-	45,000	145,000	261,166
Interest	4,595	-	31,965	151,238	187,798
Capital outlays	<u>171,348</u>	<u>276,565</u>	<u>-</u>	<u>-</u>	<u>447,913</u>
Total expenditures	<u>1,552,483</u>	<u>1,290,155</u>	<u>76,965</u>	<u>581,809</u>	<u>3,501,412</u>

- Continued -

**City of LeRoy, Illinois**

**Statement of Revenues, Expenditures, and Changes in  
Fund Balance – Governmental Funds - Continued**

**For the Year Ended April 30, 2015**

	<u>General</u>	<u>First Tax Increment Financing Redevelopment District Fund</u>	<u>2009 General Obligation Bond Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures	\$ 273,404	\$ (1,290,155)	\$ (76,965)	\$ (323,197)	\$ (1,416,913)
Other financing sources (uses):					
Loan and capital					
Lease proceeds	147,398	-	-	-	147,398
Transfers in	92	-	76,965	451,905	528,962
Transfers out	(483,870)	-	-	(260,092)	(743,962)
Total other financing sources (uses)	(336,380)	-	76,965	191,813	(67,602)
Net change in fund balance	(62,976)	(1,290,155)	-	(131,384)	(1,484,515)
Fund balance, (deficit) beginning	888,149	2,004,769	(160,140)	504,228	3,237,006
Fund balance, ending	\$ 825,173	\$ 714,614	\$ (160,140)	\$ 372,844	\$ 1,752,491

The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance of Governmental Funds to the Statement of Activities**

**For the Year Ended April 30, 2015**

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

Net change in fund balance - total governmental funds	\$ (1,484,515)
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. Depreciation (\$407,532) for the year is more than capital outlays (\$447,913) reported in the general fund.	40,381
Repayment of bond and capital lease principal is an expenditure in the governmental fund; however the repayment reduces long-term liabilities in the statement of net position.	261,166
Proceeds from notes and capital lease payables are an other financing source in the governmental fund; however, the proceeds increase liabilities in the statement of net position	(147,398)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds.	<u>7,801</u>
Change in net position of governmental activities	<u>\$ (1,322,565)</u>

The accompanying notes are an integral part of this statement.

# City of LeRoy, Illinois

## Statement of Net Position – Proprietary Funds

April 30, 2015

	Water Fund	Sewer Fund	Refuse Disposal Fund	Total
<b>Assets</b>				
Current assets:				
Cash (Note 5)	\$ 142,896	\$ 821,194	\$ 80,068	\$ 1,044,158
Receivables, net:				
Customer accounts	57,495	71,920	49,950	179,365
Prepaid expenses	<u>11,121</u>	<u>9,212</u>	<u>4,025</u>	<u>24,358</u>
Total current assets	<u>211,512</u>	<u>902,326</u>	<u>134,043</u>	<u>1,247,881</u>
Capital assets:				
Land (Note 2)	-	10,000	-	10,000
Fixed assets (Note 2)	4,350,110	6,287,984	1,018,418	11,656,512
Less: accumulated depreciation (Note 2)	<u>(2,352,205)</u>	<u>(4,017,840)</u>	<u>(165,208)</u>	<u>(6,535,253)</u>
Total capital assets	<u>1,997,905</u>	<u>2,280,144</u>	<u>853,210</u>	<u>5,131,259</u>
Total assets	<u>\$ 2,209,417</u>	<u>\$ 3,182,470</u>	<u>\$ 987,253</u>	<u>\$ 6,379,140</u>
<b>Liabilities and Net Position</b>				
Current liabilities:				
Accounts payable	\$ 10,764	\$ 23,651	\$ 24,439	\$ 58,854
Accrued expenses	27,603	28,805	12,599	69,007
Notes payable, current	7,280	-	-	7,280
Due to other funds	<u>-</u>	<u>-</u>	<u>2,985</u>	<u>2,985</u>
Total current liabilities	<u>45,647</u>	<u>52,456</u>	<u>40,023</u>	<u>138,126</u>
Noncurrent liabilities:				
Bonds payable (Note 3)	1,065,000	-	-	1,065,000
Notes payable	<u>138,063</u>	<u>-</u>	<u>-</u>	<u>138,063</u>
Total noncurrent liabilities	<u>1,203,063</u>	<u>-</u>	<u>-</u>	<u>1,203,063</u>
Total liabilities	<u>1,248,710</u>	<u>52,456</u>	<u>40,023</u>	<u>1,341,189</u>
Invested in capital assets, net of related debt	787,562	2,280,144	853,210	3,920,916
Restricted:				
Debt service	78,729	-	-	78,729
Unrestricted	<u>94,416</u>	<u>849,870</u>	<u>94,020</u>	<u>1,038,306</u>
Total net position	<u>960,707</u>	<u>3,130,014</u>	<u>947,230</u>	<u>5,037,951</u>
Total liabilities and net position	<u>\$ 2,209,417</u>	<u>\$ 3,182,470</u>	<u>\$ 987,253</u>	<u>\$ 6,379,140</u>

The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Statement of Revenues, Expenses, and Changes in  
Fund Net Position – Proprietary Funds**

**For the Year Ended April 30, 2015**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 647,836	\$ 825,877	\$ 515,532	\$ 1,989,245
Total operating revenues	<u>647,836</u>	<u>825,877</u>	<u>515,532</u>	<u>1,989,245</u>
Operating expenses:				
Salaries	136,642	132,634	55,493	324,769
Payroll taxes and retirement	25,878	25,692	13,382	64,952
Chemicals	83,375	60,928	-	144,303
Refuse disposal	-	-	265,616	265,616
Insurance	61,279	43,435	19,001	123,715
Utilities and telephone	36,044	33,611	52	69,707
Repairs and maintenance	76,056	166,576	653	243,285
Supplies and materials	27,236	8,980	2,197	38,413
Truck expense	5,151	6,918	4,487	16,556
Professional fees	3,433	2,600	2,600	8,633
Engineering fees	6,455	4,119	-	10,574
Contractual services	7,402	5,031	4,089	16,522
Uniform rental	793	1,207	192	2,192
Training	554	1,186	-	1,740
Permit fees	-	11,000	-	11,000
Depreciation	186,422	194,071	2,516	383,009
Miscellaneous	<u>2,078</u>	<u>3,013</u>	<u>1,650</u>	<u>6,741</u>
Total operating expenses	<u>658,798</u>	<u>701,001</u>	<u>371,928</u>	<u>1,731,727</u>
Operating income (loss)	<u>(10,962)</u>	<u>124,876</u>	<u>143,604</u>	<u>257,518</u>
Non-operating revenues (expenses):				
Interest revenue	1,650	4,577	246	6,473
Interest expense and bond fees	<u>(35,808)</u>	<u>-</u>	<u>-</u>	<u>(35,808)</u>
Total non-operating revenues (expenses)	<u>(34,158)</u>	<u>4,577</u>	<u>246</u>	<u>(29,335)</u>

-Continued-



**City of LeRoy, Illinois**

**Statement of Revenues, Expenses, and Changes in  
Fund Net Position – Proprietary Funds – Continued**

**For the Year Ended April 30, 2015**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Net income (loss) before transfers	\$ <u>(45,120)</u>	\$ <u>129,453</u>	\$ <u>143,850</u>	\$ <u>228,183</u>
Other financing sources (uses):				
Transfers in	260,000	-	-	260,000
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>245,000</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>215,000</u>
Net change in net assets	199,880	114,453	128,850	443,183
Total net position, beginning	<u>760,827</u>	<u>3,015,561</u>	<u>818,380</u>	<u>4,594,768</u>
Total net position, ending	\$ <u><u>960,707</u></u>	\$ <u><u>3,130,014</u></u>	\$ <u><u>947,230</u></u>	\$ <u><u>5,037,951</u></u>

The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Statement of Cash Flows – Proprietary Funds**

**For the Year Ended April 30, 2015**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Cash flows from (used in)				
operating activities:				
Receipts from:				
Customers	\$ 650,348	\$ 827,360	\$ 492,611	\$ 1,970,319
Payments to:				
Suppliers	(336,548)	(360,238)	(313,027)	(1,009,813)
Employees	<u>(133,675)</u>	<u>(128,349)</u>	<u>(56,032)</u>	<u>(318,056)</u>
Net cash from operating activities	<u>180,125</u>	<u>338,773</u>	<u>123,552</u>	<u>642,450</u>
Cash flows from (used in)				
non-capital financing activities:				
Transfers from (to) other funds	<u>245,000</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>215,000</u>
Net cash from (used in) non-capital financing activities	<u>245,000</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>215,000</u>
Cash flows from (used in) capital and related financing activities:				
Acquisitions of capital assets	(227,341)	(606,062)	(103,565)	(936,968)
Principal paid on capital debt	(131,974)	-	-	(131,974)
Interest paid on capital debt	<u>(35,808)</u>	<u>-</u>	<u>-</u>	<u>(35,808)</u>
Net cash from (used in) capital and related financing activities	<u>(395,123)</u>	<u>(606,062)</u>	<u>(103,565)</u>	<u>(1,104,750)</u>
Cash flows from (used in)				
investing activities:				
Interest income	<u>1,650</u>	<u>4,577</u>	<u>246</u>	<u>6,473</u>
Net cash from investing activities	<u>1,650</u>	<u>4,577</u>	<u>246</u>	<u>6,473</u>
Net increase (decrease) for the year	31,652	(277,712)	5,233	(240,827)
Balance, beginning of year	<u>111,244</u>	<u>1,098,906</u>	<u>74,835</u>	<u>1,284,985</u>
Balance, end of year	\$ <u><u>142,896</u></u>	\$ <u><u>821,194</u></u>	\$ <u><u>80,068</u></u>	\$ <u><u>1,044,158</u></u>

-Continued-

**City of LeRoy, Illinois**

**Statement of Cash Flows – Proprietary Funds – Continued**

**For the Year Ended April 30, 2015**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (10,962)	\$ 124,876	\$ 143,604	\$ 257,518
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	186,422	194,071	2,516	383,009
Change in assets and liabilities:				
Receivable, net	2,512	1,483	(22,921)	(18,926)
Prepaid expenses	(2,961)	(2,670)	(622)	(6,253)
Accounts and accrued liabilities	<u>5,114</u>	<u>21,013</u>	<u>975</u>	<u>27,102</u>
Net cash provided by operating activities	\$ <u>180,125</u>	\$ <u>338,773</u>	\$ <u>123,552</u>	\$ <u>642,450</u>

The accompanying notes are an integral part of this statement.

**City of LeRoy, Illinois**

**Notes to Financial Statements**

**April 30, 2015**

**Note 1 – Summary of Significant Accounting Policies:**

Reporting Entity

The City operates under a City Council – Mayor form of government and provides the following services: public safety, streets, sanitation, health and social services, parks and recreation, building and zoning, water, sewer and general administrative services.

In evaluating how to define the government for financial reporting purposes, the City has considered all potential component units. Generally accepted accounting principles require that the financial statements present component units for which the City is considered to be financially accountable. The City has determined that it is not financially accountable for any component units and, therefore, no component units have been made part of this statement.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally 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 statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2015

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been 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 government.

The funds are grouped into two fund types and five generic funds as described below:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

*General Fund* – This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

*Special Revenue Funds* – These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Governmental Fund Types - Continued

*Debt Service Funds* – These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than that payable from Enterprise Funds.

*Capital Projects Fund* – This fund is established to account for major capital expenditures not financed by Enterprise Funds.

Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and Enterprise Funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

## City of LeRoy, Illinois

### Notes to Financial Statements – Continued

April 30, 2015

#### Note 1 – Summary of Significant Accounting Policies – Continued:

##### Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund, Sewer Fund, and Refuse Disposal Fund, are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

##### Assets, Liabilities, and Net Position or Equity

##### Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Public Funds Investment Act of the State of Illinois allows municipalities to invest in the following:

- U.S. Treasury obligations
- Direct obligations of any bank as defined by Illinois Banking Act
- Certain corporate short-term obligations
- Certain public agencies
- Public Treasurers' Investment Pool
- Certain money market mutual funds

Investments are reported at cost.

##### Due to and Due from Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. Any inter-fund receivables and payables outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

# City of LeRoy, Illinois

## Notes to Financial Statements – Continued

April 30, 2015

### Note 1 – Summary of Significant Accounting Policies – Continued:

#### Assets, Liabilities, and Net Position or Equity – Continued

##### Property Tax Accrual

The City's property taxes are levied the last Tuesday in December each year on all taxable real property located in the City on January 1. Property taxes attach as an enforceable lien on property January 1 and are payable in two installments in June and September.

##### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Records of capital expenditures and depreciation were not maintained within the Enterprise Funds prior to May 1, 1975. Capital expenditures since this date have been accumulated and depreciated beginning in the year the assets were placed in service.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest expense was incurred by the City for construction projects during the current fiscal year.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	40
System infrastructure	40
Vehicles	5
Municipal landfill closure costs	5
Office equipment	5
Computer equipment	3



**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

Assets, Liabilities, and Net Position or Equity – Continued

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, personal time, and sick pay benefits. All vacation pay is accrued when earned. Payment of accumulated personal time and sick pay benefits varies depending on the circumstances of termination of employment. These benefits are accrued at fifty percent of the total amount earned but unused at fiscal year end.

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 statement of net position.

Net Position

The City has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition or improvement of those assets.

## City of LeRoy, Illinois

### Notes to Financial Statements – Continued

April 30, 2015

#### Note 1 – Summary of Significant Accounting Policies – Continued:

##### Fund Equity – Fund Financial Statements

The City has implemented GASB Statement 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory, prepaid expenses, long-term receivables) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balances are established by the City through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 2 – Capital Assets:**

Capital asset activity for the year ended April 30, 2015, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ <u>385,310</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>385,310</u>
Total capital assets, not being depreciated	<u>385,310</u>	<u>-</u>	<u>-</u>	<u>385,310</u>
Capital assets, being depreciated:				
Buildings	5,864,317	25,410	-	5,889,727
Improvements other than buildings	106,910	-	-	106,910
Machinery and equipment	973,353	145,938	-	1,119,291
Infrastructure	<u>3,834,255</u>	<u>276,565</u>	<u>-</u>	<u>4,110,820</u>
Total capital assets, being depreciated	<u>10,778,835</u>	<u>447,913</u>	<u>-</u>	<u>11,226,748</u>
Less accumulated depreciation for:				
Buildings	(842,397)	(149,132)	-	(991,529)
Improvements other than buildings	(37,411)	(5,025)	-	(42,436)
Machinery and equipment	(720,416)	(98,802)	-	(819,218)
Infrastructure	<u>(1,827,030)</u>	<u>(154,573)</u>	<u>-</u>	<u>(1,981,603)</u>
Total accumulated depreciation	<u>(3,427,254)</u>	<u>(407,532)</u>	<u>-</u>	<u>(3,834,786)</u>
Total capital assets, being depreciated, net	<u>7,351,581</u>	<u>40,381</u>	<u>-</u>	<u>7,391,962</u>
Governmental activities capital assets, net	\$ <u>7,736,891</u>	\$ <u>40,381</u>	\$ <u>-</u>	\$ <u>7,777,272</u>

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 2 – Capital Assets – Continued:**

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ <u>10,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>10,000</u>
Total capital assets, not being depreciated	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Capital assets, being depreciated:				
Buildings and system	8,190,300	802,599	-	8,992,899
Improvements other than buildings	57,732	5,000	-	62,732
Municipal landfill closure costs	732,238	98,565	-	830,803
Machinery and equipment	<u>1,739,274</u>	<u>30,804</u>	<u>-</u>	<u>1,770,078</u>
Total capital assets, being depreciated	<u>10,719,544</u>	<u>936,968</u>	<u>-</u>	<u>11,656,512</u>
Less accumulated depreciation for:				
Buildings and system	(4,847,932)	(286,751)	-	(5,134,683)
Improvements other than buildings	(42,653)	(1,284)	-	(43,937)
Machinery and equipment	<u>(1,261,659)</u>	<u>(94,974)</u>	<u>-</u>	<u>(1,356,633)</u>
Total accumulated depreciation	<u>(6,152,244)</u>	<u>(383,009)</u>	<u>-</u>	<u>(6,535,253)</u>
Total capital assets, being depreciated, net	<u>4,567,300</u>	<u>553,959</u>	<u>-</u>	<u>5,121,259</u>
Business-type activities capital assets, net	\$ <u>4,577,300</u>	\$ <u>553,959</u>	\$ <u>-</u>	\$ <u>5,131,259</u>

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 2 – Capital Assets – Continued:**

**Depreciation Expense**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 5,523
Streets, including depreciation of applicable general infrastructure assets	188,579
Parks, including depreciation of applicable general infrastructure assets	155,045
Community property	9,996
Public works	4,184
Police	42,055
ESDA	<u>2,150</u>
Total depreciation expense – governmental activities	<u>\$ 407,532</u>
Business-type activities:	
Water	\$ 186,422
Sewer	194,071
Refuse disposal	<u>2,516</u>
Total depreciation expense – business-type activities	<u>\$ 383,009</u>

**Note 3 – Long-Term Debt:**

**General Obligation Bonds**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

The City authorized a General Obligation Bond (Alternate Revenue) issue of \$3,600,000 during the year ended April 30, 2008, to fund the construction of a recreation center. The project was a joint venture between the City and the LeRoy Park District. The Park District had guaranteed 50% of the bond issue. The City signed an intergovernmental agreement with the LeRoy Park District during December, 2013. The agreement called for the City to assume full liability of the outstanding bonds. During the current fiscal year bonds in the amount of \$145,000 were retired. As of April 30, 2015, the City has outstanding 2007 recreation center construction bonds payable of \$2,860,000.

# City of LeRoy, Illinois

## Notes to Financial Statements – Continued

April 30, 2015

### Note 3 – Long-Term Debt – Continued:

#### General Obligation Bonds – Continued

The City authorized a General Obligation Bond issue of \$800,000 during the year ended April 30, 2010, to fund the completion of a recreation center. The project was joint venture between the City and the LeRoy Park District. The Park District has guaranteed 50% of the bond issue. The City signed an intergovernmental agreement with the LeRoy Park District during December, 2013. The agreement called for the City to assume full liability of the outstanding bonds. The bond ordinance does not provide for the levy of additional taxes for the payment of principal and interest. During the current fiscal year bonds in the amount of \$45,000 were retired. As of April 30, 2015, the City has outstanding 2009 recreation center construction bonds payable of \$615,000.

Total general obligation bonds payable at April 30, 2015, are as follows:

2007 General Obligation Bond (Alternate Revenue)	\$ 2,860,000
2009 General Obligation Bond	<u>615,000</u>
	<u>\$ 3,475,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended April 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 205,000	\$ 166,133	\$ -	\$ -	\$ 205,000	\$ 166,133
2017	220,000	148,957	-	-	220,000	148,957
2018	240,000	132,457	-	-	240,000	132,457
2019	255,000	120,028	-	-	255,000	120,028
2020	265,000	109,473	-	-	265,000	109,473
2021-2025	1,485,000	372,012	-	-	1,485,000	372,012
2026-2028	<u>805,000</u>	<u>71,370</u>	<u>-</u>	<u>-</u>	<u>805,000</u>	<u>71,370</u>
	<u>\$ 3,475,000</u>	<u>\$ 1,120,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,475,000</u>	<u>\$ 1,120,430</u>

The City did not issue and has no outstanding special assessment debt in the year ended April 30, 2015.

#### Revenue Bonds

The City also issues bonds where it pledges income derived from the acquired or constructed assets to pay debt service. Revenue bonds outstanding at year-end are as follows:

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 3 – Long-Term Debt – Continued:**

Waterworks revenue bonds totaling \$1,285,000, Series 2013, were issued June 28, 2013, as authorized by the City of LeRoy. Bonds were issued to refund \$1,273,283 of outstanding 2003 waterworks refunding revenue bonds. The bonds bear an interest rate of 2.73%. During the current fiscal year, bonds in the amount of \$110,000 were retired. As of April 30, 2015, the City has outstanding 2014 waterworks revenue bonds payable of \$1,065,000.

Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ended April 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ -	\$ 16,039
2017	115,000	27,505
2018	120,000	24,297
2019	125,000	20,953
2020	135,000	17,404
2021-2024	<u>570,000</u>	<u>30,303</u>
	<u>\$ 1,065,000</u>	<u>\$ 136,501</u>

**Notes Payable**

The City borrowed funds from the Illinois Environmental Protection Agency during the fiscal year 2014 for the improvements to the City's infrastructure. The total amount borrowed, plus accrued interest, was \$224,725 less principle forgiveness of \$57,409. The interest rate is 1.93%. The City will make semi-annual principles and interest payments of \$5,168 until the maturity of the note on September 18, 2033. As of April 30, 2015, the City's outstanding balance on this note was \$145,343.

The City purchased a building from the LeRoy Community Fire Protection District on July 7, 2014. The cost of the building was \$25,410, of which \$20,000 was payable in annual installments of \$5,000 through July of 2019, the remainder was paid at the purchase date. There is no stated interest rate, and the balance outstanding as of April 30, 2015, was \$20,000.

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 3 – Long-Term Debt – Continued:**

Annual debt service requirements to maturity of notes payable are as follows:

Year Ended <u>April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 5,000	\$ -	\$ 7,280	\$ 3,056	\$ 12,280	\$ 3,056
2017	5,000	-	7,422	2,915	12,422	2,915
2018	5,000	-	7,566	2,771	12,566	2,771
2019	5,000	-	7,712	2,625	12,712	2,625
2020	-	-	7,862	2,475	7,862	2,475
2021-2025	-	-	41,656	10,029	41,656	10,029
2026-2030	-	-	45,855	5,829	45,855	5,829
2031-2025	-	-	19,990	1,062	19,990	1,062
	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 145,343</u>	<u>\$ 30,762</u>	<u>\$ 165,343</u>	<u>\$ 30,762</u>

**Capital Leases Payable**

A capital lease agreement was entered into on June 24, 2013, as authorized by the City of LeRoy for the purchase of police vehicles and equipment for \$142,610. The lease agreement contains the option to purchase the vehicle for \$1 within thirty days of the final annual payment. The capital lease bears a 3.272% interest rate. During the current fiscal year, principal payments totaling \$34,015 were made. As of April 30, 2015, the principal balance due on the capital lease was \$71,401.

A capital lease agreement was entered into on June 11, 2014, as authorized by the City of LeRoy for the purchase of police vehicles and equipment for \$121,988. The lease agreement contains the option to purchase the vehicle for \$1 within thirty days of the final annual payment. The capital lease bears a 3.545% interest rate. During the current fiscal year, principal payments totaling \$31,742 were made. As of April 30, 2015, the principal balance due on the capital lease was \$90,246.

Annual debt service requirements to maturity for the capital leases are as follows:

Year Ended <u>April 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 64,132	\$ 5,535
2017	66,305	3,362
2018	31,210	1,106
	<u>\$ 161,647</u>	<u>\$ 10,003</u>



**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 3 – Long-Term Debt – Continued:**

**Changes in Long-Term Liabilities**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
Bonds payable:					
General obligation bonds (alternate revenue)	\$ 3,005,000	\$ -	\$ (145,000)	\$ 2,860,000	\$ 155,000
General obligation bonds	<u>660,000</u>	<u>-</u>	<u>(45,000)</u>	<u>615,000</u>	<u>50,000</u>
Total bonds payable	3,665,000	-	(190,000)	3,475,000	205,000
Notes payable	-	25,410	(5,410)	20,000	5,000
Capital lease payable	<u>105,416</u>	<u>121,988</u>	<u>(65,757)</u>	<u>161,647</u>	<u>64,132</u>
Long-term liabilities	<u>\$ 3,770,416</u>	<u>\$ 147,398</u>	<u>\$ (261,167)</u>	<u>\$ 3,656,647</u>	<u>\$ 274,132</u>
<u>Business-Type Activities:</u>					
Bonds payable:					
Revenue bonds	\$ 1,175,000	\$ -	\$ (110,000)	\$ 1,065,000	\$ -
Notes payable	<u>167,317</u>	<u>-</u>	<u>(21,974)</u>	<u>145,343</u>	<u>7,280</u>
Long-term liabilities	<u>\$ 1,342,317</u>	<u>\$ -</u>	<u>\$ (131,974)</u>	<u>\$ 1,210,343</u>	<u>\$ 7,280</u>

**Note 4 – Water Fund Net Position:**

**Restricted for Waterworks Revenue Bond Debt Service**

The City of LeRoy 2013 Waterworks Revenue Bond Ordinance required that all monies in the Water Fund be segregated and restricted in separate accounts. The ordinance provided for the creation of separate accounts classified as “Operation and Maintenance Account,” “Bond and Interest Account,” “Bond Reserve Account,” and “Depreciation Account,” into which accounts shall be credited each month all amounts held in the Water Fund in accordance with the following priority:

**Operation and Maintenance Account**

An amount sufficient to pay the current expenses of operating, repairing and maintaining said system for the current month and the next succeeding month.

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 4 – Water Fund Net Position – Continued:**

Bond and Interest Account

A fractional amount (not less than 1/6<sup>th</sup>) of the interest becoming due on the next succeeding interest payment date on all outstanding authorized bonds, along with a fractional amount (not less than 1/12<sup>th</sup>) of the succeeding principal maturing on the subsequent anniversary date. All monies accumulated in this account are restricted to the sole purpose of principal and interest payments upon applicable due dates.

Bond Reserve Account

An amount in the discretion of the Corporate Authorities as determined from time to time by ordinance or resolution. No additional payments need be made except when any money is paid out, after which monthly payments shall resume until the account is restored to the amount established by the Corporate Authorities. At April 30, 2015, no such amount had been established.

Depreciation Account

An amount in the discretion of the Corporate Authorities as determined from time to time by ordinance or resolution. No additional payments need be made except when any money is paid out, after which monthly payments shall resume until the account is restored to the amount established by the Corporate Authorities. At April 30, 2015, no such amount had been established.

Unrestricted Net Position

Any surplus funds remaining in the Water Fund after crediting required amounts to the respective reserve accounts described above, and after making up any deficiency in the above accounts, are accounted for as net position and used exclusively for:

- 1) Making improvements and extensions to the system;
- 2) Calling and redeeming bonds which are callable at the time;
- 3) Paying principal, interest and applicable premiums on any subordinate bonds or obligations used for making improvements and extensions to the system; and
- 4) Any other lawful system purpose.

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 4 – Water Fund Net Position – Continued:**

Balances as of April 30, 2015, in these accounts were as follows:

Restricted for Waterworks Revenue Bond Debt Service:

Operation and Maintenance Account	\$ <u>78,729</u>
Total Restricted for Debt Service	78,729
Invested in capital assets, net of related debt	787,562
Unrestricted net position	<u>94,416</u>
Total Water Fund – net position	\$ <u><u>960,707</u></u>

**Note 5 – Deposits and Investments with Financial Institutions:**

The carrying amount of the City's deposits and investments with financial institutions was \$2,634,519 and the total institutions' balances were \$2,777,516. The institutions' balances are categorized as follows:

Amount insured by FDIC	\$ 256,016
Uninsured and collateralized with securities held by the pledging financial institution in the name of the City	<u>2,521,500</u>
Total institutions' balances	\$ <u><u>2,777,516</u></u>

The following securities were pledged as collateral for these deposits in excess of the maximum depository insurance:

	<u>Fair Value</u>
Various municipal bonds with interest rates from 1.20% to 5.00%, and maturities from January 1, 2016 through May 1, 2023	\$ <u><u>2,810,814</u></u>

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 6 – Property Taxes:**

The City levies property taxes on the last Tuesday in December on all taxable real property located in the City on January 1. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments in June and September.

Property taxes receivable as of April 30, 2015, consist of the following:

	2013 Tax
	<u>Levy Year</u>
General Fund	\$ <u>481,553</u>

**Note 7 – Defined Benefit Pension Plan:**

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 of LeRoy's plan is affiliated with the Illinois Municipal Retirement Fund ("IMRF"), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org)

Funding Policy

As set by statute, City of LeRoy regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2014 was 10.02%. 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2015

**Note 7 – Defined Benefit Pension Plan – Continued :**

Annual Pension Cost

For the calendar year ending December 31, 2014, the City's required contribution was \$90,446. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses); (b) projected salary increases of 4.00% a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit; and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City regular plan's unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on an open 29 year basis.

Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 90,446	100%	\$ -
12/31/13	90,387	100%	-
12/31/12	89,096	100%	-

Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the regular plan was 85.49% funded. The actuarial accrued liability for benefits was \$2,197,145 and the actuarial value of assets was \$1,878,258, resulting in an unfunded actuarial accrued liability (UAAL) of \$318,887. The covered payroll (annual payroll of active employees covered by the plan) was \$902,658 and since the ratio of the UAAL to the covered payroll was 35%.

The schedule of funding progress, presented as RSI following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2015

**Note 8 – Revenue from Governmental Units:**

The City receives a substantial amount of its revenue from state and local governments. If a material reduction in the level of this revenue were to occur, it would have a significant effect on the City's activities.

**Note 9 – Interfund Loans and Transfers:**

Interfund loans consist of the following transactions:

General Fund

From

Non-Major Governmental Fund	\$ 200,000
Refuse Disposal Fund	<u>2,985</u>
	<u>\$ 202,985</u>

2009 General Obligation Bond Fund

To

General Fund	\$ <u>(160,140)</u>
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Non-Major Governmental Fund

To

General Fund	\$ <u>(39,860)</u>
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Refuse Disposal Fund

To

General Fund	\$ <u>(2,985)</u>
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Interfund transfers consist of the following transactions:

General Fund

To

2009 General Obligation Bond Fund	\$ (76,965)
Non-Major Governmental Funds	<u>(406,905)</u>
	<u>\$ (483,870)</u>

From

Non-Major Governmental Funds	\$ <u>92</u>
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2009 General Obligation Bond Fund

From

General Fund	\$ <u>76,965</u>
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City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2015

**Note 9 – Interfund Loans and Transfers – Continued:**

Non-Major Governmental Funds

From

General Fund	\$ 406,905
Water Fund	15,000
Sewer Fund	15,000
Refuse Disposal Fund	15,000
	<u>\$ 451,905</u>

To

General Fund	\$ (92)
Water Fund	<u>(260,000)</u>
	<u>\$ (260,092)</u>

Water Fund

From

Non-Major Government Fund	\$ <u>260,000</u>
---------------------------	-------------------

To

Non-Major Governmental Fund	\$ <u>(15,000)</u>
-----------------------------	--------------------

Sewer Fund

To

Non-Major Governmental Fund	\$ <u>(15,000)</u>
-----------------------------	--------------------

Refuse Disposal Fund

To

Non-Major Governmental Fund	\$ <u>(15,000)</u>
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Capital assets have been transferred to the General Fund when payments were made by other governmental funds.

Origin of Interfund Balances

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services. The interfund receivables/payables owed to the various funds reflect advances made and received that are still outstanding as of April 30, 2015. All interfund balances are expected to be repaid in a future fiscal year.

**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 9 – Interfund Loans and Transfers – Continued:**

Transfers are used to provide resources from unrestricted funds' revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 10 – Risk Management:**

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Consequently, liability coverage has been obtained from a commercial insurance company. Tort liabilities are principally funded through property taxes. Taxes collected are recorded in the General Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**Note 11 – Contingent Liability:**

The City is a party to various legal proceedings that normally occur in the course of governmental operations. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**Note 12 – Landfill Closure:**

The City of LeRoy operated a municipal landfill prior to 1982, when the City stopped accepting refuse. The City is currently working with the Illinois Environmental Protection Agency to finalize closure of the landfill. Post-closure costs incurred during fiscal year ended April 30, 2015 in the amount of \$98,565 have been capitalized and will be depreciated over a five-year period once the closure is finalized. The City estimates that future landfill costs will be at a minimum of \$35,000 each year for five years for monitoring groundwater wells which have been installed. In addition, IEPA has also required that the City resolve all issues relating to discharge gases. Including engineering, the annual estimate of cost for advancing this mandate is \$100,000 per year. Future landfill costs are being funded by a refuse disposal rate increase effective December 2004 and by a \$8.00 per month landfill closure fee effective May, 2010 through April, 2018.



**City of LeRoy, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2015**

**Note 13 – Intergovernmental Agreements:**

The City signed an intergovernmental cooperation agreement with the LeRoy Park District on April 23, 2012. The agreement called for the LeRoy Park District to reimburse the City for 50%, or up to \$2,200,000 of the money that the City borrowed to construct the Recreation Center. This agreement was restated on December 3, 2013, to provide for the forgiveness of the remaining balance of \$1,750,000 that was owed to the City by the Park District at that time. The restated agreement calls for the Park District to assume responsibility for the operations of the Recreation Center and relieves the City of financial responsibility of the operations of the Recreation Center. The restated agreement also specifies that if District is unable to meet its financial obligations in keeping the Recreation Center open, then the City would resume operations of the Center as a department of the City, and the Park District would then resume liability for the remaining \$1,750,000 owed to the City for the Park District's share of the bonds.

**Note 14 – Deficit Fund Balance:**

Deficits related to the primary government not visible in the basic financial statements are as follows:

<u>Fund</u>	<u>Amount of Deficit</u>
2007 General Obligation (Alternate Revenue) Bond Fund	(22,297)

**Note 15 – Subsequent Events:**

No events have occurred subsequent to April 30, 2015, that are required to be disclosed in these financial statements. This evaluation was made as of October 27, 2015, the date these financial statements were available to be issued.

## **Required Supplementary Information**

**City of LeRoy, Illinois**

**Illinois Municipal Retirement Fund – Schedule of  
Funding Progress - Unaudited**

**For the Year Ended April 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a) / c]
12/31/14	\$ 1,878,258	\$ 2,197,145	\$ 318,887	85.49%	\$ 902,658	35.33%
12/31/13	1,986,481	2,230,450	243,969	89.06%	955,470	25.53%
12/31/12	1,758,219	2,013,386	255,167	87.33%	966,336	26.41%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$2,220,661.  
On a market basis, the funded ratio would be 101.07%

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the City of LeRoy. They do not include amounts for retirees. The actuarial liability for retirees is 100% funded.

**City of LeRoy, Illinois**

**Budgetary Comparison Schedule – General Fund – Unaudited**

**For the Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	\$ 485,025	\$ 485,025	\$ 589,525	\$ 104,500
Sales tax	390,450	390,450	418,124	27,674
Income tax	52,210	52,210	380,408	328,198
Use tax	63,350	63,350	68,555	5,205
Replacement tax	16,390	16,390	14,605	(1,785)
Excise tax	18,000	18,000	12,882	(5,118)
Utility taxes	165,000	165,000	171,503	6,503
Video gaming tax	25,000	25,000	46,957	21,957
Licenses and permits	19,700	19,700	23,936	4,236
Fines	26,000	26,000	32,149	6,149
Interest	2,000	2,000	4,792	2,792
Grants	10,000	10,000	9,047	(953)
Other	<u>82,750</u>	<u>82,750</u>	<u>61,349</u>	<u>(21,401)</u>
Total revenues	<u>1,355,875</u>	<u>1,355,875</u>	<u>1,833,832</u>	<u>477,957</u>
Expenditures:				
Administration	292,424	292,424	273,108	(19,316)
Streets	452,777	452,777	331,741	(121,036)
Parks	38,573	38,573	52,098	13,525
Zoning and building	87,640	87,640	78,091	(9,549)
Police	601,097	601,097	581,281	(19,816)
ESDA	5,650	5,650	5,749	99
Animal control	3,500	3,500	95	(3,405)
Debt service:				
Principal	-	-	71,166	71,166
Interest	-	-	4,595	4,595
Capital outlay	<u>10,000</u>	<u>10,000</u>	<u>171,348</u>	<u>161,348</u>
Total expenditures	<u>1,491,661</u>	<u>1,491,661</u>	<u>1,569,272</u>	<u>77,611</u>
Excess (deficiency) of revenues over expenditures	<u>(135,786)</u>	<u>(135,786)</u>	<u>264,560</u>	<u>400,346</u>

- Continued -

**City of LeRoy, Illinois**

**Budgetary Comparison Schedule – General Fund – Unaudited – Continued**

**For the Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Other financing sources (uses):				
Loan and capital				
Lease proceeds	-	-	147,398	147,398
Transfers in	-	-	92	92
Transfers out	<u>-</u>	<u>-</u>	<u>(483,870)</u>	<u>(483,870)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(336,380)</u>	<u>(336,380)</u>
Net change in fund balances	(135,786)	(135,786)	(71,820)	63,966
Fund balance, beginning of year	<u>888,149</u>	<u>888,149</u>	<u>888,149</u>	<u>-</u>
Fund balance, end of year	\$ <u><u>752,363</u></u>	\$ <u><u>752,363</u></u>	\$ <u><u>816,329</u></u>	\$ <u><u>63,966</u></u>

**City of LeRoy, Illinois**

**Reconciliation of Budgetary Basis Cash Receipts and Cash Disbursements  
to GAAP Revenues and Expenses – General Fund**

**April 30, 2015**

Total revenue sources for general fund activities \$ 1,833,832

Difference – Budget to GAAP:

The accounts receivable is not recorded as revenue as a budgetary source but is a revenue for financial reporting purposes:

Intergovernmental tax receivable 7,945

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance \$ 1,825,887

Total expenditures for general fund activities \$ 1,569,272

Difference – Budget to GAAP:

The accrued expenses are not recorded as expense as a budgetary source but is an expense for financial reporting purposes:

Accounts payable	\$ 2,564	
Accrued expenses	<u>(19,353)</u>	<u>(16,789)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance \$ 1,552,483

**City of LeRoy, Illinois**

**Budgetary Comparison Schedule – First Tax Increment  
Financing Redevelopment District Fund – Unaudited**

**For the Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Administration	-	-	-	-
Economic development	173,500	173,500	53,500	(120,000)
Intergovernmental	-	-	882,981	882,981
Public works	-	-	77,109	77,109
Capital outlay	<u>1,539,428</u>	<u>1,539,428</u>	<u>276,565</u>	<u>(1,262,863)</u>
Total expenditures	<u>1,712,928</u>	<u>1,712,928</u>	<u>1,290,155</u>	<u>(422,773)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,712,928)</u>	<u>(1,712,928)</u>	<u>(1,290,155)</u>	<u>422,773</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,712,928)	(1,712,928)	(1,290,155)	422,773
Fund balance, beginning of year	<u>2,004,769</u>	<u>2,004,769</u>	<u>2,004,769</u>	<u>-</u>
Fund balance, end of year	<u>\$ 291,841</u>	<u>\$ 291,841</u>	<u>\$ 714,614</u>	<u>\$ 422,773</u>

**City of LeRoy, Illinois**

**Budgetary Comparison Schedule – 2009 General Obligation  
Bond Fund – Unaudited**

**For the Year Ended April 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Intergovernmental transfer	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>          -</u>
Total revenues	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Expenditures:				
Debt service:				
Principal	45,000	45,000	45,000	-
Interest	<u>31,965</u>	<u>31,965</u>	<u>31,965</u>	<u>-</u>
Total expenditures	<u>76,965</u>	<u>76,965</u>	<u>76,965</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(76,965)</u>	<u>(76,965)</u>	<u>(76,965)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>76,965</u>	<u>76,965</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>76,965</u>	<u>76,965</u>
Net change in fund balances	(76,965)	(76,965)	-	76,965
Fund balance, beginning of year	<u>(160,140)</u>	<u>(160,140)</u>	<u>(160,140)</u>	<u>-</u>
Fund balance, end of year	\$ <u>(237,105)</u>	\$ <u>(237,105)</u>	\$ <u>(160,140)</u>	\$ <u>76,965</u>



## **City of LeRoy, Illinois**

### **Notes to Required Supplementary Information**

**April 30, 2015**

#### **Note 1 – Budget Policy and Practice:**

The City Administrator serves the City as the Budget Officer.

The administrator shall prepare an annual budget and an annual long range capital improvement program for the city in connection with the budget and finance committee for presentation to the city council. He shall prepare and submit to the mayor and city council, at monthly intervals, reports which will advise the city council of the financial condition and future needs of the city, and in so doing, the administrator may make such other recommendations as he may deem appropriate. The administrator shall assemble and make available such other information concerning the fiscal matters of the city as the mayor or city council shall periodically request.

On or before March 15 in each calendar year and before the annual budget ordinance is prepared by the corporate authorities, the administrator shall submit to the corporate authorities an estimate of the money necessary to defray the city's expenses during the current fiscal year; this estimate shall classify in detail the purposes of the expenditures and shall further provide necessary information as to the income of the city from all sources during the preceding fiscal year and any liabilities, contingent or noncontingent, together with such other information as may be required to assist the mayor and city council in the preparation and adoption of the annual budget ordinance. For the purpose of preparing the above estimate, the administrator shall work with the committees of the city council and the other appointive and elected officers of the city to obtain statements of the conditions and expenses of the respective offices and departments, together with a description of necessary city repairs and improvements, and the probable expense thereof. The administrator shall further work with all city officials in helping to prepare information as may be necessary to enable the preparation of the annual tax levy ordinance. The administrator shall also be responsible for the preparation of the annual budget ordinance and/or the annual tax levy ordinance.

The budget and finance committee will evaluate the operations budget, capital budget, property tax levy, and any requests for expenditures that exceed staff authority. This committee is responsible for the cash position of the city and will assist other committees with rate evaluations. Any issue that requires the expenditure of more than five thousand dollars (\$5,000.00) may be evaluated by the budget and finance committee.

Proposed budgets are provided to the public and public hearings are conducted to obtain taxpayer comments and comply with Illinois Compiled Statutes.

#### **Note 2 – Expenditures in Excess of Budget:**

The General Fund had expenditures in excess of budgeted amounts by \$77,611 for the year ended April 30, 2015.

## **Other Schedules**

**City of LeRoy, Illinois**

**Schedule of Departmental Expenditures – General Fund**

**For the Year Ended April 30, 2015**

	<u>Administration</u>	<u>Streets</u>	<u>Parks</u>	<u>Zoning &amp; Building</u>
Personal Services:				
Salaries	\$ 88,743	\$ 128,988	\$ 20,203	\$ 36,595
Payroll taxes and retirement	15,349	23,601	3,781	7,916
Health insurance	<u>14,159</u>	<u>21,155</u>	<u>1,668</u>	<u>8,651</u>
Total personal services	<u>118,251</u>	<u>173,744</u>	<u>25,652</u>	<u>53,162</u>
Operations and				
Contractual services	12,948	18,559	10,653	18,469
Insurance and bonding	26,345	20,959	-	-
Utilities and telephone	11,174	4,078	1,079	881
Maintenance and repairs	2,662	66,629	7,495	-
Supplies and materials	2,310	34,877	6,817	672
Vehicle maintenance	-	19,064	-	698
Professional fees	44,695	-	-	663
Office expense	459	-	-	250
Meetings and training	1,606	427	-	214
Grants	-	-	-	-
Other	<u>27,395</u>	<u>2,675</u>	<u>960</u>	<u>1,163</u>
Total operations and contractual services	<u>129,594</u>	<u>167,268</u>	<u>27,004</u>	<u>23,010</u>
Total operating expenditures before capital items	247,845	341,012	52,656	76,172
Capital items	<u>32,421</u>	<u>84,917</u>	<u>-</u>	<u>-</u>
Total operating expenditures	<u>\$ 280,266</u>	<u>\$ 425,929</u>	<u>\$ 52,656</u>	<u>\$ 76,172</u>

<u>Police</u>	<u>ESDA</u>	<u>Animal Control</u>	<u>Total</u>
\$ 343,768	\$ -	\$ -	\$ 618,297
64,618	-	-	115,265
<u>64,048</u>	<u>-</u>	<u>-</u>	<u>109,681</u>
<u>472,434</u>	<u>-</u>	<u>-</u>	<u>843,243</u>
10,593	995	30	72,247
23,086	-	-	70,390
10,521	4,477	-	32,210
2,660	100	-	79,546
2,240	-	10	46,926
18,522	-	-	38,284
9,873	-	-	55,231
440	-	-	1,149
3,963	-	-	6,210
11,927	-	-	11,927
<u>15,163</u>	<u>600</u>	<u>55</u>	<u>48,011</u>
<u>108,988</u>	<u>6,172</u>	<u>95</u>	<u>462,131</u>
581,422	6,172	95	1,305,374
<u>54,010</u>	<u>-</u>	<u>-</u>	<u>171,348</u>
\$ <u><u>635,432</u></u>	\$ <u><u>6,172</u></u>	\$ <u><u>95</u></u>	\$ <u><u>1,476,722</u></u>

**City of LeRoy, Illinois**

**Combining Balance Sheet – Non-Major Governmental Funds**

**April 30, 2015**

	<u>Special Revenue</u>		
	Second Tax Increment Financing Redevelopment District Fund	Motor Fuel Tax Fund	Recreation Center Fund
<b>Assets</b>			
Cash	\$ -	\$ 235,464	\$ -
Receivables, net:			
Other taxes	-	8,280	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>
 Total assets	 \$ <u>-</u>	 \$ <u>243,744</u>	 \$ <u>-</u>

**Liabilities and Fund Balance**

Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued expenses	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>-</u>
Fund balance:			
Restricted for:			
Tax increment financing district	-	-	-
Motor fuel tax	-	243,744	-
Committed:			
Capital expenditures	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
 Total fund balance (deficit)	 <u>-</u>	 <u>243,744</u>	 <u>-</u>
 Total liabilities and fund balance	 \$ <u>-</u>	 \$ <u>243,744</u>	 \$ <u>-</u>

<u>Debt Service</u>	<u>Capital Projects</u>	
2007 General Obligation (Alternate Revenue) Bond Fund	Enterprise Capital Replacement Fund	Total Non-Major Governmental Funds
\$ -	\$ 151,397	\$ 386,861
17,563	-	25,843
<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>17,563</u>	\$ <u>151,397</u>	\$ <u>412,704</u>
\$ -	\$ -	\$ -
-	-	-
<u>39,860</u>	<u>-</u>	<u>39,860</u>
<u>39,860</u>	<u>-</u>	<u>39,860</u>
-	-	-
-	-	243,744
-	151,397	151,397
<u>(22,297)</u>	<u>-</u>	<u>(22,297)</u>
<u>(22,297)</u>	<u>151,397</u>	<u>372,844</u>
\$ <u>17,563</u>	\$ <u>151,397</u>	\$ <u>412,704</u>

**City of LeRoy, Illinois**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Non-Major Governmental Funds**

**For the Year Ended April 30, 2015**

	<u>Special Revenue</u>		
	Second Tax Increment Financing Redevelopment District Fund	Motor Fuel Tax Fund	Recreation Center Fund
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Sales tax	-	-	-
Motor fuel tax	-	118,155	-
Interest	-	1,256	-
Intergovernmental transfer	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>-</u>	<u>119,411</u>	<u>-</u>
Expenditures:			
Administration	-	-	-
Parks	-	-	-
Intergovernmental	151,025	-	-
Public works	-	134,546	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>151,025</u>	<u>134,546</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(151,025)</u>	<u>(15,135)</u>	<u>-</u>
Other financing sources:			
Transfers in	-	-	169,385
Transfers out	<u>(150,092)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>(150,092)</u>	<u>-</u>	<u>169,385</u>
Net change in fund balance	(301,117)	(15,135)	169,385
Fund balance, (deficit), beginning of year	<u>301,117</u>	<u>258,879</u>	<u>(169,385)</u>
Fund balance (deficit), end of year	\$ <u>-</u>	\$ <u>243,744</u>	\$ <u>-</u>

<u>Debt Service</u>	<u>Capital Projects</u>	
2007 General Obligation (Alternate Revenue) Bond Fund	Enterprise Capital Replacement Fund	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -
138,486	-	138,486
-	-	118,155
-	715	1,971
-	-	-
<u>138,486</u>	<u>715</u>	<u>258,612</u>
-	-	-
-	-	-
-	-	151,025
-	-	134,546
145,000	-	145,000
151,238	-	151,238
-	-	-
<u>296,238</u>	<u>-</u>	<u>581,809</u>
<u>(157,752)</u>	<u>715</u>	<u>(323,197)</u>
237,520	45,000	451,905
-	(110,000)	(260,092)
<u>237,520</u>	<u>(65,000)</u>	<u>191,813</u>
79,768	(64,285)	(131,384)
<u>(102,065)</u>	<u>215,682</u>	<u>504,228</u>
\$ <u>(22,297)</u>	\$ <u>151,397</u>	\$ <u>372,844</u>



**City of LeRoy, Illinois**  
**Computation of Legal Debt Margins – Unaudited**  
**For the Year Ended April 30, 2015**

Total Assessed valuation as of April 30, 2015	\$ <u>54,116,253</u>
Legal debt margin (based on 8.625% assessed valuation)	\$ 4,667,527
Deduct General Obligation Debt:	
General Obligation Bonds	(615,000)
Note Payable	<u>(20,000)</u>
Available legal debt margin – April 30, 2015	\$ <u>4,032,527</u>

**City of LeRoy, Illinois**

**Schedule of Long-Term Debt and Interest**

**April 30, 2015**

	Fiscal Year Ended <u>April 30,</u>	<u>Annual Payments</u>	
		<u>Principal</u>	<u>Interest</u>
Waterworks Revenue Bonds Issued June 28, 2013	2016	\$ -	\$ 14,538
	2017	115,000	27,505
	2018	120,000	24,297
	2019	125,000	20,953
	2020	135,000	17,404
	2021	135,000	13,718
	2022	140,000	9,964
	2023	145,000	6,074
	2024	<u>150,000</u>	<u>2,048</u>
		<u>\$ 1,065,000</u>	<u>\$ 136,501</u>
General Obligation Bond (Alternate Revenue) Recreation Center Construction Bonds Issued September 1, 2007	2016	\$ 155,000	\$ 138,268
	2017	170,000	125,092
	2018	185,000	110,642
	2019	200,000	100,468
	2020	205,000	92,168
	2021	210,000	83,660
	2022	220,000	74,945
	2023	230,000	65,705
	2024	235,000	55,930
	2025	245,000	45,825
	2026	260,000	35,290
	2027	270,000	23,980
	2028	<u>275,000</u>	<u>12,100</u>
		<u>\$ 2,860,000</u>	<u>\$ 964,073</u>

**City of LeRoy, Illinois**

**Schedule of Long-Term Debt and Interest – Continued**

**April 30, 2015**

	Fiscal	Annual Payments	
	Year Ended		
	April 30,	Principal	Interest
General Obligation Bond			
Recreation Center Construction Bonds			
Issued August 1, 2009	2016	\$ 50,000	\$ 27,865
	2017	50,000	23,865
	2018	55,000	21,815
	2019	55,000	19,560
	2020	60,000	17,305
	2021	65,000	14,845
	2022	65,000	12,180
	2023	70,000	9,353
	2024	70,000	6,307
	2025	75,000	3,262
		<u>\$ 615,000</u>	<u>\$ 156,357</u>
Note Payable			
Illinois Environmental Protection			
Agency drinking water loan			
Issued January 17, 2014	2016	\$ 7,280	\$ 3,056
	2017	7,422	2,915
	2018	7,566	2,771
	2019	7,712	2,625
	2020	7,862	2,475
	2021	8,014	2,323
	2022	8,170	2,167
	2023	8,328	2,009
	2024	8,490	1,847
	2025	8,654	1,683
	2026	8,822	1,515
	2027	8,993	1,344
	2028	9,168	1,169
	2029	9,345	991
	2030	9,527	810
	2031	9,711	625
	2032	9,900	437
	2033	379	-
		<u>\$ 145,343</u>	<u>\$ 30,762</u>

-Continued-

**City of LeRoy, Illinois**

**Schedule of Long-Term Debt and Interest – Continued**

**April 30, 2015**

	Fiscal Year Ended <u>April 30,</u>	<u>Annual Payments</u>	
		<u>Principal</u>	<u>Interest</u>
Note Payable			
Fire Protection District			
General Fund			
Signed April 7, 2014	2016	\$ 5,000	\$ -
	2017	5,000	-
	2018	5,000	-
	2019	<u>5,000</u>	<u>-</u>
		<u>\$ 20,000</u>	<u>\$ -</u>
Capital Lease Payable			
General Fund			
Signed June 24, 2013	2016	\$ 35,128	\$ 2,336
	2017	<u>36,273</u>	<u>1,191</u>
		<u>\$ 71,401</u>	<u>\$ 3,527</u>
Capital Lease Payable			
General Fund			
Signed June 11, 2014	2016	\$ 29,004	\$ 3,199
	2017	30,032	2,171
	2018	<u>31,210</u>	<u>1,106</u>
		<u>\$ 90,246</u>	<u>\$ 6,476</u>

**City of LeRoy, Illinois**  
**Schedule of Investments**  
**April 30, 2015**

	<u>Interest Rate</u>	<u>Principal</u>
GENERAL FUND		
Bi-Centennial Committee Fund		
Certificate of Deposit – Busey Bank	1.79%	\$ <u>      6,016</u>

**City of LeRoy, Illinois**

**Statement of Assessed Valuation and Taxes Received – Unaudited**

**April 30, 2015**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Rate Setting Assessed Valuation	\$ <u>54,116,253</u>	\$ <u>53,162,179</u>	\$ <u>42,608,341</u>
Tax Rates:			
General Fund*	0.27404	0.27329	0.27328
Retirement	0.18230	0.16856	0.16849
Police	0.07500	0.07500	0.07500
Liability Insurance	0.11817	0.14406	0.23235
Street and Bridge**	0.00000	0.00000	0.00000
Social Security	0.13014	0.12995	0.13757
Civil Defense	0.03814	0.01815	0.00212
Refuse Disposal	0.00000	0.00000	0.00000
Workers compensation	0.07206	0.08003	0.00000
1996 Sewer System Improvement			
General Obligation Bonds	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Totals	<u>0.88985</u>	<u>0.88904</u>	<u>0.88881</u>
Tax Extensions:			
General Fund	\$ 148,301	\$ 145,287	\$ 116,440
Retirement	98,654	89,610	71,791
Police	40,587	39,872	31,956
Liability Insurance	63,949	76,585	99,000
Street and Bridge	-	-	-
Social Security	70,427	69,084	58,616
Civil Defense	20,640	9,649	903
Refuse Disposal	-	-	-
Workers compensation	38,995	42,546	-
1996 Sewer System Improvement			
General Obligation Bonds	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ <u>481,553</u>	\$ <u>472,633</u>	\$ <u>378,706</u>

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ <u>42,857,466</u>	\$ <u>42,800,821</u>	\$ <u>42,134,895</u>	\$ <u>41,394,244</u>	\$ <u>40,541,777</u>
0.27246	0.08919	0.08629	0.08366	0.08137
0.16504	0.01648	0.01595	0.01546	0.01504
0.07350	0.05934	0.05741	0.05566	0.05414
0.22759	0.01979	0.01915	0.01856	0.01805
0.00000	0.00000	0.00000	0.00000	0.00000
0.13475	0.01647	0.01594	0.01545	0.01805
0.00208	0.00824	0.00797	0.00773	0.00752
0.00000	0.08242	0.07973	0.07730	0.07519
0.00000	0.00000	0.00000	0.00000	0.00000
<u>0.00000</u>	<u>0.00000</u>	<u>0.22690</u>	<u>0.23112</u>	<u>0.23546</u>
<u>0.87542</u>	<u>0.29193</u>	<u>0.50934</u>	<u>0.540494</u>	<u>0.50180</u>
\$ 116,769	\$ 38,174	\$ 34,665	\$ 34,630	\$ 32,989
70,732	7,054	6,406	6,400	6,097
31,500	25,398	23,063	23,040	21,949
97,539	8,470	7,690	7,683	7,318
-	-	-	-	-
57,750	7,049	6,402	6,395	6,093
892	3,527	3,203	3,200	3,049
-	35,276	32,030	31,998	30,483
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>95,766</u>	<u>95,670</u>	<u>95,460</u>
\$ <u>375,182</u>	\$ <u>124,948</u>	\$ <u>209,225</u>	\$ <u>209,016</u>	\$ <u>203,438</u>

-Continued-

**City of LeRoy, Illinois**

**Statement of Assessed Valuation and Taxes Received – Unaudited – Continued**

**April 30, 2015**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Collections, Including Back Taxes:			
General Fund	\$ -	\$ 176,865	\$ 116,344
Retirement	-	109,085	71,732
Police	-	48,537	31,930
Liability Insurance	-	93,230	98,919
Street and Bridge	-	-	-
Social Security	-	84,098	58,568
Civil Defense	-	11,746	902
Refuse Disposal	-	-	-
Workers Compensation Insurance	-	51,792	-
1996 Sewer System Improvement			
General Obligation Bonds	<u>-</u>	<u>-</u>	<u>-</u>
 Totals	 \$ <u>-</u>	 \$ <u>575,353</u>	 \$ <u>378,395</u>
 Percentage of Extensions Collected	 <u>0.0000%</u>	 <u>121.7335%</u>	 <u>99.9178%</u>

\* The General Fund tax rate includes the Audit Fund rate in addition to the corporate rate.

\*\* The Street and Bridge tax levy for years 2005 through 2013, payable in 2006 through 2015, respectively, was included in the levy for Empire Township instead of the levy for the City of LeRoy.



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 116,559	\$ 38,155	\$ 36,310	\$ 34,665	\$ 32,987
70,604	7,050	6,712	6,406	6,097
31,444	25,385	24,158	23,063	21,948
97,363	8,466	8,058	7,690	7,318
-	-	-	-	-
57,646	7,046	6,708	6,402	6,093
890	3,525	3,354	3,203	3,049
-	35,259	33,550	32,030	30,482
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>95,478</u>	<u>95,766</u>	<u>95,456</u>
<u>\$ 374,506</u>	<u>\$ 124,886</u>	<u>\$ 214,328</u>	<u>\$ 209,225</u>	<u>\$ 203,430</u>
<u>99.8198%</u>	<u>99.9504%</u>	<u>102.43900%</u>	<u>100.10000%</u>	<u>99.99610%</u>

**City of LeRoy, Illinois**

**General Information – Unaudited**

**April 30, 2015**

**General Statistics:**

Total gallons received at the Waste Water Plant	400,060,000
Total gallons of finished water	86,786,900
Total gallons billed for water	76,551,783
Estimated water loss	10,235,117
Number of users connected to the system	1,498
Number of non-metered users	7
Number of miles of sewer mains	22
Number of miles of water mains	24
Number of miles of streets	30
Water rate:	
\$7.80 minimum for 0 to 1,000 gallons	
\$7.80 per 1,000 gallons beyond 1,000 gallons	
Sewer rate:	
\$7.60 minimum for 0 to 1,000 gallons	
\$7.60 per 1,000 gallons beyond 1,000 gallons	

**Insurance Data:**

General liability and law enforcement (per occurrence)	\$ 1,000,000
General annual limit	3,000,000
Additional property earthquake	5,000,000
Additional Flood Zone A	5,000,000
Excess liability (general and law enforcement)	5,000,000
Auto liability	1,000,000
Public officials	1,000,000