

City of LeRoy, Illinois
Annual Financial Report
For the Fiscal Year Ended April 30, 2016

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Independent Auditor's 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, 2016, 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 an opinion 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 opinion.

Opinion

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, during the year ended April 30, 2016. Statement No. 68 expands disclosures related to pensions and requires the City to report the net pension liability in the statement of net position. The adoption of this Statement had no effect on any of the City's fund balances but increased the City's governmental net position by \$37,413 and business-type net position by \$11,303 as of May 1, 2015, as disclosed in Note 7. Our opinion is not modified with respect to this matter.

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 Changes in the City's Net Pension Liability and Related Ratios; the Illinois Municipal Retirement Fund – Schedule of Employer Contributions; and budgetary comparison information on pages 52 through 60 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 an opinion on the financial statements that collectively comprise the City'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 26, 2016, 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.

Striegel Knobloch & Company LLC

Bloomington, Illinois
October 26, 2016

City of LeRoy, Illinois

Statement of Net Position

For the Year Ended April 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash (Notes 1 and 5)	\$ 1,402,749	\$ 926,288	\$ 2,329,037
Investments (Notes 1 and 5)	6,016	-	6,016
Receivables, net:			
Property tax	491,760	-	491,760
Other taxes	239,512	-	239,512
Accounts	-	191,916	191,916
Prepaid expenses	28,619	21,590	50,209
Interfund balances	2,985	(2,985)	-
Intergovernmental balances	506,454	-	506,454
Note receivable	8,104	-	8,104
Capital assets (net) (Notes 1 and 2):			
Land	385,310	10,000	395,310
Other capital assets, less accumulated depreciation	<u>7,234,686</u>	<u>5,471,675</u>	<u>12,706,361</u>
 Total assets	 <u>10,306,195</u>	 <u>6,618,484</u>	 <u>16,924,679</u>
Deferred Outflows of Resources			
Deferred outflows related to pension obligations (Note 7)	<u>267,549</u>	<u>95,230</u>	<u>362,779</u>
 Total assets and deferred outflows of resources	 <u>\$ 10,573,744</u>	 <u>\$ 6,713,714</u>	 <u>\$ 17,287,458</u>

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City of LeRoy, Illinois

Statement of Net Position – Continued

For the Year Ended April 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Liabilities			
Accounts payable	\$ 31,915	\$ 67,266	\$ 99,181
Accrued expenses	168,217	56,830	225,047
IMRF pension liability (Note 7)	409,719	145,830	555,549
Bonds payable (Note 3)			
Due within one year	220,000	-	220,000
Due in more than one year	3,050,000	950,000	4,000,000
Long-term liabilities (Note 3)			
Due within one year	71,305	8,005	79,310
Due in more than one year	<u>41,210</u>	<u>114,795</u>	<u>156,005</u>
 Total liabilities	 <u>3,992,366</u>	 <u>1,342,726</u>	 <u>5,335,092</u>
Deferred Inflows of Resources			
Deferred property tax	<u>491,760</u>	<u>-</u>	<u>491,760</u>
Net Position			
Invested in capital assets, net of related debt	4,237,481	4,408,875	8,646,356
Restricted for:			
TIF district	664,864	-	664,864
Motor fuel tax	97,901	-	97,901
Capital projects	103,005	-	103,005
Debt service	78,917	77,279	156,196
Community projects	87,006	-	87,006
Tourism	40,831	-	40,831
Unrestricted	<u>779,613</u>	<u>884,834</u>	<u>1,664,447</u>
 Total net position	 <u>6,089,618</u>	 <u>5,370,988</u>	 <u>11,460,606</u>
 Total liabilities, deferred inflows of resources, and net position	 <u>\$ 10,573,744</u>	 <u>\$ 6,713,714</u>	 <u>\$ 17,287,458</u>

The accompanying notes are an integral part of this statement.

City of LeRoy, Illinois

Statement of Activities

For the Year Ended April 30, 2016

			<u>Program Revenue</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Fines, Fees, Licenses, and Permits</u>	<u>Operating Grants and Contributions</u>
Governmental activities:				
Administration	\$ 385,063	\$ -	\$ 23,909	\$ 7,134
Streets	575,529	-	-	-
Parks	206,544	-	-	-
Zoning and building	37,959	-	-	-
Police	661,806	-	23,419	-
ESDA	9,562	-	-	-
Economic development	84,745	-	-	-
Public works	4,828	-	-	-
Animal control	60	-	-	-
Tourism	11,650	-	-	-
Interest on long-term debt	<u>163,805</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>2,141,551</u>	<u>-</u>	<u>47,328</u>	<u>7,134</u>
Business-type activities:				
Water	721,280	646,034	-	-
Sewer	603,953	830,066	-	-
Refuse	<u>389,942</u>	<u>507,240</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,715,175</u>	<u>1,983,340</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,856,726</u>	<u>\$ 1,983,340</u>	<u>\$ 47,328</u>	<u>\$ 7,134</u>

City of LeRoy, Illinois

Statement of Activities

For the Year Ended April 30, 2016

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (354,020)	\$ -	\$ (354,020)
(575,529)	-	(575,529)
(206,544)	-	(206,544)
(37,959)	-	(37,959)
(638,387)	-	(638,387)
(9,562)	-	(9,562)
(84,745)	-	(84,745)
(4,828)	-	(4,828)
(60)	-	(60)
(11,650)	-	(11,650)
(163,805)	-	(163,805)
(2,087,089)	-	(2,087,089)
-	(75,246)	(75,246)
-	226,113	226,113
-	117,298	117,298
-	268,165	268,165
(2,087,089)	268,165	(1,818,924)

City of LeRoy, Illinois

Statement of Activities – Continued

For the Year Ended April 30, 2016

	Net (Expenses) Revenues and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General revenues:			
Taxes:			
Property	\$ 495,648	\$ -	\$ 495,648
Sales	475,230	-	475,230
Income	360,851	-	360,851
Use	82,179	-	82,179
Replacement	14,056	-	14,056
Motor fuel	91,061	-	91,061
Excise	14,109	-	14,109
Utility	145,713	-	145,713
Video gaming	51,866	-	51,866
Hotel/motel	39,326	-	39,326
Franchise	36,578	-	36,578
Interest	6,158	4,719	10,877
Other	17,334	-	17,334
Gain on sale	16,000	-	16,000
Interfund transfers	(48,850)	48,850	-
Total general revenues and transfers	1,797,259	53,569	1,850,828
Change in net position	(289,830)	321,734	31,904
Net position, beginning, as restated	6,379,448	5,049,254	11,428,702
Net position, ending	\$ 6,089,618	\$ 5,370,988	\$ 11,460,606

The accompanying notes are an integral part of this statement.

City of LeRoy, Illinois

Balance Sheet – Governmental Funds

April 30, 2016

	<u>General Fund</u>	Tax Increment <u>Financing Fund</u>	Motor Fuel <u>Tax Fund</u>	2007 General Obligation <u>Bond Fund</u>	Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
Assets						
Cash (Notes 1 and 5)	\$ 419,627	\$ 664,864	\$ 89,799	\$ -	\$ 228,459	\$ 1,402,749
Investments (Notes 1 and 5)	6,016	-	-	-	-	6,016
Receivables, net:						
Property taxes (Note 6)	491,760	-	-	-	-	491,760
Other taxes	84,305	-	8,102	144,722	2,383	239,512
Due from other funds (Note 9)	<u>68,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,790</u>
Total assets	<u>\$ 1,070,498</u>	<u>\$ 664,864</u>	<u>\$ 97,901</u>	<u>\$ 144,722</u>	<u>\$ 230,842</u>	<u>\$ 2,208,827</u>
Liabilities						
Accounts payable	\$ 31,915	\$ -	\$ -	\$ -	\$ -	\$ 31,915
Accrued expenses	103,519	-	-	-	-	103,519
Due to other funds (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,805</u>	<u>65,805</u>
Total liabilities	<u>135,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,805</u>	<u>201,239</u>
Deferred Inflows of Resources						
Deferred property taxes	<u>491,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,760</u>
Fund Balances						
Restricted for:						
TIF district	-	664,864	-	-	-	664,864
Motor fuel tax	-	-	97,901	-	-	97,901
Debt service	-	-	-	144,722	-	144,722
Committed:						
Capital expenditures	-	-	-	-	103,005	103,005
Assigned:						
Economic development	-	-	-	-	87,006	87,006
Tourism	-	-	-	-	40,831	40,831
Unassigned	<u>443,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,805)</u>	<u>377,499</u>
Total fund balances (deficits)	<u>443,304</u>	<u>664,864</u>	<u>97,901</u>	<u>144,722</u>	<u>165,037</u>	<u>1,515,828</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,070,498</u>	<u>\$ 664,864</u>	<u>\$ 97,901</u>	<u>144,722</u>	<u>\$ 230,842</u>	<u>\$ 2,208,827</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**

April 30, 2016

Fund balances of governmental funds	\$ 1,515,828
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in the fund financial statements because they are not current financial resources, but they are reported in the statement of net position.	7,619,996
Other assets not available to defray the cost of current expenses are not reported in the fund financial statements.	543,177
Certain liabilities (such as bonds payable, capital leases, net IMRF pension obligations, and accrued expenses) are not reported in the fund financial statements because they are not due and payable, but they are presented in the statement of net position.	<u>(3,589,383)</u>
Net position of governmental activities	\$ <u>6,089,618</u>

The accompanying notes are an integral part of this statement.

City of LeRoy, Illinois

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

For the Year Ended April 30, 2016

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>2007 General Obligation Bond Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 495,648	\$ -	\$ -	\$ -	\$ -	\$ 495,648
Sales tax	350,359	-	-	124,871	-	475,230
Income tax	-	-	-	360,851	-	360,851
Use tax	82,179	-	-	-	-	82,179
Replacement tax	14,056	-	-	-	-	14,056
Motor fuel tax	-	-	91,061	-	-	91,061
Excise tax	14,109	-	-	-	-	14,109
Utility taxes	145,713	-	-	-	-	145,713
Video gaming tax	51,866	-	-	-	-	51,866
Licenses and permits	23,909	-	-	-	-	23,909
Fines	23,419	-	-	-	-	23,419
Interest	4,549	-	531	-	1,078	6,158
Grants	7,134	-	-	-	-	7,134
Other	<u>53,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,248</u>	<u>97,160</u>
 Total revenues	 <u>1,266,853</u>	 <u>-</u>	 <u>91,592</u>	 <u>485,722</u>	 <u>44,326</u>	 <u>1,888,493</u>
Expenditures:						
Administration	207,945	-	-	-	-	207,945
Streets	383,481	-	-	-	-	383,481
Parks	51,878	-	-	-	-	51,878
Zoning and building	37,959	-	-	-	-	37,959
Police	612,073	-	-	-	-	612,073
ESDA	7,411	-	-	-	-	7,411
Economic development	-	49,750	-	-	37,026	86,776
Tourism	-	-	-	-	11,650	11,650
Public works	-	-	1,534	-	-	1,534
Animal control	60	-	-	-	-	60
Debt service:						
Principal	69,132	-	-	155,000	50,000	274,132
Interest	5,535	-	-	138,768	28,365	172,668
Capital outlay	<u>8,838</u>	<u>-</u>	<u>235,901</u>	<u>-</u>	<u>-</u>	<u>244,739</u>
 Total expenditures	 <u>1,384,312</u>	 <u>49,750</u>	 <u>237,435</u>	 <u>293,768</u>	 <u>127,041</u>	 <u>2,092,306</u>
 Excess (deficiency) of revenues over expenditures	 <u>(117,459)</u>	 <u>(49,750)</u>	 <u>(145,843)</u>	 <u>191,954</u>	 <u>(82,715)</u>	 <u>(203,813)</u>

- Continued -

City of LeRoy, Illinois

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

For the Year Ended April 30, 2016

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	2007 General Obligation Bond Fund	Non-Major Funds	Total Governmental Funds
Other financing sources (uses):						
Proceeds from sale of capital assets	-	-	-	-	16,000	16,000
Transfer in	-	-	-	147,765	217,700	365,465
Transfer out	<u>(147,765)</u>	<u>-</u>	<u>-</u>	<u>(172,700)</u>	<u>(93,850)</u>	<u>(414,315)</u>
Total other financing sources (uses)	<u>(147,765)</u>	<u>-</u>	<u>-</u>	<u>(24,935)</u>	<u>139,850</u>	<u>(32,850)</u>
Net change in fund balances	(265,224)	(49,750)	(145,843)	167,019	57,135	(236,663)
Fund balances (deficits), beginning, as restated	<u>708,528</u>	<u>714,614</u>	<u>243,744</u>	<u>(22,297)</u>	<u>107,902</u>	<u>1,752,491</u>
Fund balances, ending	<u>\$ 443,304</u>	<u>\$ 664,864</u>	<u>\$ 97,901</u>	<u>\$ 144,722</u>	<u>\$ 165,037</u>	<u>\$ 1,515,828</u>

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 Balances – Governmental Funds to the Statement of Activities**

For the Year Ended April 30, 2016

Net change in fund balances – total governmental funds	\$ (236,663)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the fund financial statements 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 (\$402,215) for the year is more than capital outlays (\$244,739) reported in the general fund.	(157,476)
Net change in pension obligations is not recognized in the fund financial statements since it does not use current financial resources.	(179,578)
In the governmental funds, repayments of notes receivable are reported as revenues and disbursements of note receivable proceeds are reported as expenditures as these amounts increase or decrease financial resources. However, these amounts are applied toward the balance of the receivables in the statement of net position. Bad debt expense is not an expenditure because it does not use current financial resources, but is an expense on the statement of activities.	8,104
Repayment of bond and capital lease principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	274,132
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>1,651</u>
Change in net position of governmental activities	<u>\$ (289,830)</u>

The accompanying notes are an integral part of this statement.

City of LeRoy, Illinois

Statement of Net Position – Proprietary Funds

April 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Assets				
Current assets:				
Cash (Note 5)	\$ 158,148	\$ 596,467	\$ 171,673	\$ 926,288
Receivables, net:				
Customer accounts	63,733	77,915	50,268	191,916
Prepaid expenses	<u>10,795</u>	<u>7,280</u>	<u>3,515</u>	<u>21,590</u>
Total current assets	<u>232,676</u>	<u>681,662</u>	<u>225,456</u>	<u>1,139,794</u>
Capital assets:				
Land (Note 2)	-	10,000	-	10,000
Depreciable capital assets (Note 2)	4,440,483	6,935,591	1,041,044	12,417,118
Less: accumulated depreciation (Note 2)	<u>(2,552,118)</u>	<u>(4,225,652)</u>	<u>(167,673)</u>	<u>(6,945,443)</u>
Total capital assets	<u>1,888,365</u>	<u>2,719,939</u>	<u>873,371</u>	<u>5,481,675</u>
Total assets	<u>2,121,041</u>	<u>3,401,601</u>	<u>1,098,827</u>	<u>6,621,469</u>
Deferred Outflows of Resources				
Deferred outflows related to pension obligations	<u>39,035</u>	<u>40,196</u>	<u>15,999</u>	<u>95,230</u>
Total assets and deferred outflows of resources	<u>\$ 2,160,076</u>	<u>\$ 3,441,797</u>	<u>\$ 1,114,826</u>	<u>\$ 6,716,699</u>

- Continued -

City of LeRoy, Illinois

Statement of Net Position – Proprietary Funds – Continued

April 30, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Liabilities and Net Position				
Current liabilities:				
Accounts payable	\$ 32,806	\$ 10,705	\$ 23,755	\$ 67,266
Accrued expenses	23,988	21,512	11,330	56,830
Bonds payable, current	120,000	-	-	120,000
Notes payable, current	8,005	-	-	8,005
Due to other funds	<u>-</u>	<u>-</u>	<u>2,985</u>	<u>2,985</u>
Total current liabilities	<u>184,799</u>	<u>32,217</u>	<u>38,070</u>	<u>255,086</u>
Noncurrent liabilities:				
IMRF pension obligation	59,777	61,554	24,499	145,830
Bonds payable (Note 3)	830,000	-	-	830,000
Notes payable	<u>114,795</u>	<u>-</u>	<u>-</u>	<u>114,795</u>
Total noncurrent liabilities	<u>1,004,572</u>	<u>61,554</u>	<u>24,499</u>	<u>1,090,625</u>
Total liabilities	<u>1,189,371</u>	<u>93,771</u>	<u>62,569</u>	<u>1,345,711</u>
Invested in capital assets, net of related debt	815,565	2,719,939	873,371	4,408,875
Restricted:				
Debt service	77,279	-	-	77,279
Unrestricted	<u>77,861</u>	<u>628,087</u>	<u>178,886</u>	<u>884,834</u>
Total net position	<u>970,705</u>	<u>3,348,026</u>	<u>1,052,257</u>	<u>5,370,988</u>
Total liabilities and net position	<u>\$ 2,160,076</u>	<u>\$ 3,441,797</u>	<u>\$ 1,114,826</u>	<u>\$ 6,716,699</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, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ <u>646,034</u>	\$ <u>830,066</u>	\$ <u>507,240</u>	\$ <u>1,983,340</u>
Total operating revenues	<u>646,034</u>	<u>830,066</u>	<u>507,240</u>	<u>1,983,340</u>
Operating expenses:				
Salaries	138,604	119,622	57,603	315,829
Payroll taxes and retirement	52,529	47,709	22,497	122,735
Chemicals	88,107	79,007	-	167,114
Refuse disposal	-	-	275,875	275,875
Insurance	59,895	48,791	14,899	123,585
Utilities and telephone	42,278	42,261	-	84,539
Repairs and maintenance	35,380	9,167	2,225	46,772
Supplies and materials	49,506	20,810	2,681	72,997
Truck expense	2,981	9,427	891	13,299
Professional fees	3,581	2,708	2,707	8,996
Engineering fees	6,593	-	-	6,593
Contractual services	7,122	2,279	5,668	15,069
Uniform rental	801	445	100	1,346
Training	681	1,011	-	1,692
Permit fees	-	11,000	-	11,000
Depreciation	199,913	207,812	2,465	410,190
Miscellaneous	<u>1,609</u>	<u>1,904</u>	<u>2,331</u>	<u>5,844</u>
Total operating expenses	<u>689,580</u>	<u>603,953</u>	<u>389,942</u>	<u>1,683,475</u>
Operating income (loss)	<u>(43,546)</u>	<u>226,113</u>	<u>117,298</u>	<u>299,865</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, 2016

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Disposal Fund</u>	<u>Total</u>
Non-operating revenues (expenses):				
Interest revenue	\$ 1,142	\$ 3,007	\$ 570	\$ 4,719
Interest expense and bond fees	<u>(31,700)</u>	<u>-</u>	<u>-</u>	<u>(31,700)</u>
Total non-operating revenues (expenses)	<u>(30,558)</u>	<u>3,007</u>	<u>570</u>	<u>(26,981)</u>
Net income (loss) before transfers	<u>(74,104)</u>	<u>229,120</u>	<u>117,868</u>	<u>272,884</u>
Other financing sources (uses):				
Transfers in	93,850	-	-	93,850
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>(45,000)</u>
Total other financing sources (uses)	<u>78,850</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>48,850</u>
Net change in net assets	4,746	214,120	102,868	321,734
Total net position, beginning, as restated	<u>965,959</u>	<u>3,133,906</u>	<u>949,389</u>	<u>5,049,254</u>
Total net position, ending	<u>\$ 970,705</u>	<u>\$ 3,348,026</u>	<u>\$ 1,052,257</u>	<u>\$ 5,370,988</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, 2016

	<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	\$ 639,796	\$ 824,071	\$ 506,922	\$ 1,970,789
Payments to:				
Suppliers	(302,701)	(262,283)	(319,389)	(884,373)
Employees	<u>(142,219)</u>	<u>(126,915)</u>	<u>(58,872)</u>	<u>(328,006)</u>
Net cash from operating activities	<u>194,876</u>	<u>434,873</u>	<u>128,661</u>	<u>758,410</u>
Cash flows from (used in) non-capital financing activities:				
Transfers from (to) other funds	<u>78,850</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>48,850</u>
Net cash from (used in) non-capital financing activities	<u>78,850</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>48,850</u>
Cash flows from (used in) capital and related financing activities:				
Acquisitions of capital assets	(90,373)	(647,607)	(22,626)	(760,606)
Principal paid on debt	(137,543)	-	-	(137,543)
Interest paid on debt	<u>(31,700)</u>	<u>-</u>	<u>-</u>	<u>(31,700)</u>
Net cash from (used in) capital and related financing activities	<u>(259,616)</u>	<u>(647,607)</u>	<u>(22,626)</u>	<u>(929,849)</u>
Cash flows from (used in) investing activities:				
Interest income	<u>1,142</u>	<u>3,007</u>	<u>570</u>	<u>4,719</u>
Net cash from investing activities	<u>1,142</u>	<u>3,007</u>	<u>570</u>	<u>4,719</u>
Net increase (decrease) for the year	15,252	(224,727)	91,605	(117,870)
Balance, beginning of year	<u>142,896</u>	<u>821,194</u>	<u>80,068</u>	<u>1,044,158</u>
Balance, end of year	\$ <u>158,148</u>	\$ <u>596,467</u>	\$ <u>171,673</u>	\$ <u>926,288</u>

- Continued -

City of LeRoy, Illinois

Statement of Cash Flows – Proprietary Funds – Continued

For the Year Ended April 30, 2016

	<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)	\$ (43,546)	\$ 226,113	\$ 117,298	\$ 299,865
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation expense	199,913	207,812	2,465	410,190
Change in IMRF pension obligation	25,994	25,250	10,659	61,903
Change in assets and liabilities:				
Receivable, net	(6,238)	(5,995)	(318)	(12,551)
Prepaid expenses	326	1,932	510	2,768
Accounts payable	22,042	(12,946)	(684)	8,412
Accrued expenses	<u>(3,615)</u>	<u>(7,293)</u>	<u>(1,269)</u>	<u>(12,177)</u>
Net cash provided by operating activities	<u>\$ 194,876</u>	<u>\$ 434,873</u>	<u>\$ 128,661</u>	<u>\$ 758,410</u>

The accompanying notes are an integral part of this statement.

City of LeRoy, Illinois

Notes to Financial Statements

April 30, 2016

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 activities) 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 are 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 for goods, services, or privileges provided by a given function or segment, 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, 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, 2016

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 and 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, 2016

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.

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.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

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

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.”

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.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Assets, Liabilities, and Net Position or Equity – Continued

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, 2016

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.

Fund Equity – Fund Financial Statements

The City has implemented GASB Statement No. 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;

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Fund Equity – Fund Financial Statements – Continued

- 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, 2016

Note 2 – Capital Assets:

Capital asset activity for the year ended April 30, 2016, 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	\$ 385,310	\$ -	\$ -	\$ 385,310
Total capital assets not being depreciated	<u>385,310</u>	<u>-</u>	<u>-</u>	<u>385,310</u>
Capital assets being depreciated:				
Buildings	5,889,727	-	-	5,889,727
Improvements other than buildings	106,910	-	-	106,910
Machinery and equipment	1,119,291	8,838	-	1,128,129
Infrastructure	<u>4,110,820</u>	<u>235,901</u>	<u>-</u>	<u>4,346,721</u>
Total capital assets being depreciated	<u>11,226,748</u>	<u>244,739</u>	<u>-</u>	<u>11,471,487</u>
Less accumulated depreciation for:				
Buildings	(991,529)	(149,217)	-	(1,140,746)
Improvements other than buildings	(42,436)	(5,025)	-	(47,461)
Machinery and equipment	(819,218)	(89,329)	-	(908,547)
Infrastructure	<u>(1,981,603)</u>	<u>(158,444)</u>	<u>-</u>	<u>(2,140,047)</u>
Total accumulated depreciation	<u>(3,834,786)</u>	<u>(402,015)</u>	<u>-</u>	<u>(4,236,801)</u>
Total capital assets being depreciated, net	<u>7,391,962</u>	<u>(157,276)</u>	<u>-</u>	<u>7,234,686</u>
Governmental activities capital assets, net	<u>\$ 7,777,272</u>	<u>\$ (157,276)</u>	<u>\$ -</u>	<u>\$ 7,619,996</u>

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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	\$ 10,000	\$ -	\$ -	\$ 10,000
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	8,992,899	710,239	-	9,703,138
Improvements other than buildings	62,732	-	-	62,732
Municipal landfill closure costs	830,803	22,625	-	853,428
Machinery and equipment	<u>1,770,078</u>	<u>27,742</u>	<u>-</u>	<u>1,797,820</u>
Total capital assets being depreciated	<u>11,656,512</u>	<u>760,606</u>	<u>-</u>	<u>12,417,118</u>
Less accumulated depreciation for:				
Buildings and system	(5,134,683)	(308,024)	-	(5,442,707)
Improvements other than buildings	(43,937)	(1,284)	-	(45,221)
Machinery and equipment	<u>(1,356,633)</u>	<u>(100,882)</u>	<u>-</u>	<u>(1,457,515)</u>
Total accumulated depreciation	<u>(6,535,253)</u>	<u>(410,190)</u>	<u>-</u>	<u>(6,945,443)</u>
Total capital assets being depreciated, net	<u>5,121,259</u>	<u>350,416</u>	<u>-</u>	<u>5,471,675</u>
Business-type activities capital assets, net	<u>\$ 5,131,259</u>	<u>\$ 350,416</u>	<u>\$ -</u>	<u>\$ 5,481,675</u>

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 2 – Capital Assets – Continued:

Depreciation Expense

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 6,362
Streets, including depreciation of applicable general infrastructure assets	184,500
Parks, including depreciation of applicable general infrastructure assets	154,466
Community property	9,995
Public works	3,294
Police	41,247
ESDA	<u>2,151</u>
Total depreciation expense – governmental activities	<u>\$ 402,015</u>
Business-type activities:	
Water	\$ 199,913
Sewer	207,812
Refuse disposal	<u>2,465</u>
Total depreciation expense – business-type activities	<u>\$ 410,190</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 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. During the current fiscal year, bonds in the amount of \$155,000 were retired. As of April 30, 2016, the City has outstanding 2007 recreation center construction bonds payable of \$2,705,000.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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 a 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 \$50,000 were retired. As of April 30, 2016, the City has outstanding 2009 recreation center construction bonds payable of \$565,000.

Total general obligation bonds payable at April 30, 2016, are as follows:

2007 General Obligation Bond (Alternate Revenue)	\$ 2,705,000
2009 General Obligation Bond	<u>565,000</u>
	<u>\$ 3,270,000</u>

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

Year Ended <u>April 30,</u>	Governmental Activities		Business-Type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
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	275,000	98,505	-	-	275,000	98,505
2022-2026	1,470,000	308,797	-	-	1,470,000	308,797
2027-2028	<u>545,000</u>	<u>36,080</u>	<u>-</u>	<u>-</u>	<u>545,000</u>	<u>36,080</u>
	<u>\$ 3,270,000</u>	<u>\$ 954,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,270,000</u>	<u>\$ 954,297</u>

The City did not issue and has no outstanding special assessment debt in the year ended April 30, 2016.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 3 – Long-Term Debt – Continued:

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 fiscal year-end are as follows:

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 \$115,000 were retired. As of April 30, 2016, the City has outstanding 2014 waterworks revenue bonds payable of \$950,000.

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

<u>Year Ended</u> <u>April 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 12,968
2018	120,000	24,297
2019	125,000	20,953
2020	135,000	17,404
2021	135,000	13,718
2022-2024	<u>435,000</u>	<u>18,086</u>
	<u>\$ 950,000</u>	<u>\$ 107,426</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 principal forgiveness of \$57,409. The interest rate is 1.93%. The City will make semi-annual principal and interest payments of \$5,168 until the maturity of the note on September 18, 2033. As of April 30, 2016, the City's outstanding balance on this note was \$122,800.

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 2019 and the remainder was paid at the purchase date. There is no stated interest rate. The balance outstanding as of April 30, 2016, was \$15,000.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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>
2017	\$ 5,000	\$ -	\$ 8,005	\$ 2,332	\$ 13,005	\$ 2,332
2018	5,000	-	8,160	2,177	13,160	2,177
2019	5,000	-	8,319	2,018	13,319	2,018
2020	-	-	8,480	1,857	8,480	1,857
2021	-	-	8,644	1,693	8,644	1,693
2022-2026	-	-	45,803	5,882	45,803	5,882
2027-2032	-	-	35,389	1,396	35,389	1,396
	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 122,800</u>	<u>\$ 17,355</u>	<u>\$ 137,800</u>	<u>\$ 17,355</u>

Capital Leases Payable

A capital lease agreement was entered into on June 24, 2013, as authorized by the City of LeRoy for the use of police vehicles and equipment for \$142,610. The lease agreement contains the option to purchase the vehicles 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 \$35,128 were made. As of April 30, 2016, the principal balance due on the capital lease was \$36,273.

A capital lease agreement was entered into on June 11, 2014, as authorized by the City of LeRoy for the use of police vehicles and equipment for \$121,988. The lease agreement contains the option to purchase the vehicles 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 \$29,004 were made. As of April 30, 2016, the principal balance due on the capital lease was \$61,242.

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>
2017	\$ 66,305	\$ 3,362
2018	31,210	1,106
	<u>\$ 97,515</u>	<u>\$ 4,468</u>

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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)	\$ 2,860,000	\$ -	\$ (155,000)	\$ 2,705,000	\$ 170,000
General obligation bonds	<u>615,000</u>	<u>-</u>	<u>(50,000)</u>	<u>565,000</u>	<u>50,000</u>
Total bonds payable	3,475,000	-	(205,000)	3,270,000	220,000
Notes payable	20,000	-	(5,000)	15,000	5,000
Capital lease payable	<u>161,647</u>	<u>-</u>	<u>(64,132)</u>	<u>97,515</u>	<u>66,305</u>
Long-term liabilities	<u>\$ 3,656,647</u>	<u>\$ -</u>	<u>\$ (274,132)</u>	<u>\$ 3,382,515</u>	<u>\$ 291,305</u>
<u>Business-Type Activities:</u>					
Bonds payable:					
Revenue bonds	\$ 1,065,000	\$ -	\$ (115,000)	\$ 950,000	\$ -
Notes payable	<u>145,343</u>	<u>-</u>	<u>(22,543)</u>	<u>122,800</u>	<u>8,005</u>
Long-term liabilities	<u>\$ 1,210,343</u>	<u>\$ -</u>	<u>\$ (137,543)</u>	<u>\$ 1,072,800</u>	<u>\$ 8,005</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 listed below, into which 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.

Bond and Interest Account

A fractional amount (not less than 1/6th) 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 1/12th) 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.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 4 – Water Fund Net Position – Continued:

Restricted for Waterworks Revenue Bond Debt Service – Continued

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, 2016, 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, 2016, 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, 2016

Note 4 – Water Fund Net Position – Continued:

Balances as of April 30, 2016, in these accounts were as follows:

Restricted for Waterworks Revenue Bond Debt Service:

Operation and Maintenance Account	\$ <u>77,279</u>
Total Restricted for Debt Service	77,279
Invested in capital assets, net of related debt	815,565
Unrestricted net position	<u>77,861</u>
Total Water Fund – net position	\$ <u>970,705</u>

Note 5 – Deposits and Investments with Financial Institutions:

The carrying amount of the City's deposits and investments with financial institutions was \$2,335,053 and the total institutions' balances were \$2,404,608. The institutions' balances are categorized as follows:

Amount insured by FDIC	\$ 256,109
Uninsured and collateralized with securities held by the pledging financial institution in the name of the City	<u>2,148,499</u>
Total institutions' balances	\$ <u>2,404,608</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 5.50% and maturities from October 1, 2016, through December 1, 2026	\$ <u>2,790,090</u>

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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, 2016, consist of the following:

	2015 Tax
	<u>Levy Year</u>
General Fund	\$ <u>491,760</u>

Note 7 – Defined Benefit Pension Plan:

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 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 at www.imrf.org.

Plan Description

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier of IMRF's Regular Plan. IMRF assigns a benefit tier to a member when they are enrolled in IMRF. The tier is determined by the member's first IMRF participation date. If the member participated in IMRF before January 1, 2011, they participate in the *Regular Tier 1*. If the member participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of qualifying service credit. Participating members 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 $1\frac{2}{3}\%$ of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter to a maximum of 75% of their final rate of earnings. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 7 – Defined Benefit Pension Plan – Continued:

Plan Description – Continued

For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at age 62 (with reduced benefits) or after age 67 (with full benefits) with ten years of service, or age 62 with 35 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to $1\frac{2}{3}\%$ of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earning for each year of credited services up to 15 years and 2% for each year thereafter to a maximum of 75% of their final rate of earnings. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age of 67, by the lesser of 3% of the original pension amount or $\frac{1}{2}$ of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

At December 31, 2015, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	11
Inactive, non-retired members	14
Active members	<u>19</u>
Total	<u>44</u>

Contributions

As set by statute, City regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require 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 2015 was 10.44%. 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.

Net Pension Liability / (Asset)

The net pension liability / (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability / (asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability / (asset), deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of IMRF, and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 7 – Defined Benefit Pension Plan – Continued:

Actuarial Assumptions

Total pension liabilities for the Regular plan were determined by actuarial valuations performed as of December 31, 2015, using the following actuarial methods and assumptions:

	<u>Regular Plan</u>
Actuarial cost method	Entry age normal
Asset valuation method	Market value

Actuarial assumptions:

Investment rate of return	7.49%
Inflation	3.50%
Salary increase	3.75% to 14.50%, including inflation
Price inflation	2.75%

Mortality

For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projections scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Morality Table with 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-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 7 – Defined Benefit Pension Plan – Continued:

Long-Term Expected Real Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Returns/Risk</u>	
		<u>One Year Arithmetic</u>	<u>Ten Year Geometric</u>
Equities	38%	8.85%	7.39%
International equities	17%	9.55%	7.59%
Fixed income	27%	3.05%	3.00%
Real estate	8%	7.20%	6.00%
Alternatives	9%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1%	2.25%	2.25%

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.49%. The discount rate calculated using the December 31, 2014, measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rate equal to the differences between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax-exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015, to arrive at a discount rate of 7.49% used to determine the total pension liability. The year ending December 31, 2090, is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 7 – Defined Benefit Pension Plan – Continued:

Discount Rate Sensitivity

The following is a sensitivity analysis of the net position liability / (asset) to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.49% as well as what the net position liability / (asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.49%) or 1 percentage point higher (8.49%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 4,901,201	\$ 4,285,098	\$ 3,785,630
Plan fiduciary net position	<u>3,729,549</u>	<u>3,729,549</u>	<u>3,729,549</u>
Net position liability / (asset)	\$ <u>1,171,652</u>	\$ <u>555,549</u>	\$ <u>56,081</u>

Change in Net Pension Liability / (Asset)

The City's change in net position liability / (asset) for the calendar year ended December 31, 2015, was as follows:

	<u>Increase / (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
Balance at December 31, 2014	\$ 3,882,270	\$ 3,746,368	\$ 135,902
Service cost	98,569	-	98,569
Interest on total pension liability	288,290	-	288,290
Differences between expected and actual experience of the total pension liability	185,816	-	185,816
Change of assumptions	5,654	-	5,654
Benefit payments, including refunds of employee contributions	(175,501)	(175,501)	-
Contributions – employer	-	97,622	(97,622)
Contributions – employee	-	42,079	(42,079)
Net investment income	-	18,642	(18,642)
Other (net transfer)	-	339	(339)
Balance at December 31, 2015	\$ <u>4,285,098</u>	\$ <u>3,729,549</u>	\$ <u>555,549</u>

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 7 – Defined Benefit Pension Plan – Continued:

Pension Expense and Deferred Inflows/Outflows of Resources

For the year ended December 31, 2015, the City recognized pension expense of \$154,485 for the Regular Plan. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Regular:</u>		
Difference between expected and actual experience	\$ 149,427	\$ -
Assumption changes	4,547	-
Net difference between projected and actual earnings on pension plan investments	<u>208,805</u>	<u>-</u>
Total	<u>\$ 362,779</u>	<u>\$ -</u>

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net position liabilities / (asset) for the year ending December 31, 2015. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 89,697
2017	89,697
2018	89,697
2019	89,698
2020	3,990
Thereafter	-
Total	<u>\$ 362,779</u>

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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:

<u>General Fund</u>	
From	
Non-Major Governmental Funds	\$ 65,805
Refuse Disposal Fund	2,985
	<u>\$ 68,790</u>
<u>Non-Major Governmental Funds</u>	
To	
General Fund	<u>\$ (65,805)</u>
<u>Refuse Disposal Fund</u>	
To	
General Fund	<u>\$ (2,985)</u>

Interfund transfers consist of the following transactions:

<u>General Fund</u>	
To	
2007 General Obligation Bond Fund	<u>\$ (147,765)</u>
<u>2007 General Obligation Bond Fund</u>	
From	
General Fund	<u>\$ 147,765</u>
To	
Non-Major Governmental Funds	<u>\$ (172,700)</u>

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 9 – Interfund Loans and Transfers – Continued:

Non-Major Governmental Funds

From		
2007 General Obligation Bond Fund	\$	172,700
Water Fund		15,000
Sewer Fund		15,000
Refuse Disposal Fund		15,000
		<u>217,700</u>
\$		<u>217,700</u>
To		
Water Fund	\$	<u>(93,850)</u>

Water Fund

From		
Non-Major Government Funds	\$	<u>93,850</u>
To		
Non-Major Governmental Funds	\$	<u>(15,000)</u>

Sewer Fund

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

Refuse Disposal Fund

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

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, 2016. All interfund balances are expected to be repaid in a future fiscal year.

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

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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 the fiscal year ended April 30, 2016, in the amount of \$22,625 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 an \$8.00 per month landfill closure fee effective May 2010 through April 2018.

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

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:

Fund	Amount of Deficit
2009 General Obligation Bond Fund	(65,805)

Note 15 – Restatement of Fund Balances and Net Position:

During the year ended April 30, 2016, the City changed the internal classification of one of its governmental funds. In order to enhance comparability between financial statements, net assets have been restated to reflect the reclassified balances.

The following financial statement items were affected by this reclassification as of April 30, 2015:

<i>Balance Sheet – Governmental Funds</i>	As Previously Stated	As Restated	Effect of Restatement
Cash – General Fund	\$ 482,870	\$ 379,354	\$ (103,516)
Receivable (other taxes) – General Fund	264,343	250,827	(13,516)
Fund balance – General Fund	825,173	708,528	(116,645)
Cash – Non-Major Funds	-	103,516	103,516
Receivable (other taxes) – Non-Major Funds	-	13,129	13,129
Fund balance – Non-Major Funds	-	116,645	116,645

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 15 – Restatement of Fund Balances and Net Position – Continued:

Change in accounting principle

Net position has been restated as a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension liability and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
<u>Statement of Net Position – Proprietary Funds</u>			
Deferred outflows related			
to pension obligations – Water Fund	\$ -	\$ 19,902	\$ 19,902
IMRF pension obligation – Water Fund	-	14,650	14,650
Net position – Water Fund	960,707	965,959	5,252
Deferred outflows related			
to pension obligations – Sewer Fund	\$ -	\$ 14,751	\$ 14,751
IMRF pension obligation – Sewer Fund	-	10,859	10,859
Net position – Sewer Fund	3,130,014	3,133,906	3,892
Deferred outflows related			
to pension obligations – Refuse Fund	\$ -	\$ 8,179	\$ 8,179
IMRF pension obligation – Refuse Fund	-	6,020	6,020
Net position – Refuse Fund	947,230	949,389	2,159
<u>Statement of Net Position – Government-Wide</u>			
Deferred outflows related to pension			
obligations – Governmental Activities	\$ -	\$ 141,786	\$ 141,786
IMRF pension obligation – Governmental			
Activities	-	104,373	104,373
Net position – Governmental Activities	6,342,035	6,379,448	37,413
Deferred outflows related to pension			
obligations – Business-Type Activities	\$ -	\$ 42,832	\$ 42,832
IMRF pension obligation – Business-			
Type Activities	-	31,529	31,529
Net position – Business-Type Activities	5,037,951	5,049,254	11,303

City of LeRoy, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 16 – Subsequent Events:

The City authorized General Obligation Refunding Bond (ARS) Series 2016A, with a face value of \$2,865,000, on June 16, 2016. This bond issue partially refunded the General Obligation Series 2007 and 2009.

The City authorized General Obligation Refunding Bond (ARS) Series 2016B, with a face value of \$2,510,000, on June 16, 2016. This bond issue partially refunded the Waterworks Revenue Bond Series 2013 and provided additional money to the City for projects.

No other events have occurred subsequent to April 30, 2016, that are required to be disclosed in these financial statements, except as previously noted. This evaluation was made as of October 26, 2016, the date these financial statements were available to be issued.

Required Supplementary Information

City of Leroy, Illinois

**Illinois Municipal Retirement Fund
Schedule of Changes in the City's Net Pension
Liability and Related Ratios**

Most Recent Calendar Year

	<u>2015</u>
Total pension liability:	
Service cost	\$ 98,569
Interest on the total pension liability	288,285
Changes in benefit terms	-
Differences between expected and actual experience on the total pension liability	185,816
Changes in assumptions	5,654
Benefit payments, including refunds of employee contributions	<u>(175,501)</u>
Net change in total pension liability	\$ 402,823
Total pension liability – beginning	<u>3,882,270</u>
Total pension liability – ending (a)	<u>\$ 4,285,093</u>
Plan fiduciary net position:	
Employer contributions	\$ 97,622
Employee contributions	42,079
Net investment income	18,642
Benefit payments, including refunds of member contributions	(175,501)
Other (net transfer)	<u>339</u>
Net change in plan fiduciary net position	(16,819)
Plan fiduciary net position – beginning	<u>3,746,368</u>
Plan fiduciary net position – ending (b)	<u>\$ 3,729,549</u>
Employer's net pension liability – ending – (a) - (b)	<u>\$ 555,544</u>
Plan fiduciary net position as a percentage of the total pension liability	87.04%
Covered-employee payroll	935,079
Employer's net pension liability as a percentage of covered-employee payroll	59.41%

Note to schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

City of Leroy, Illinois

**Illinois Municipal Retirement Fund
Schedule of Employer Contributions**

December 31, 2015

<u>Calendar Year Ending December 31,</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 % of Covered Valuation Payroll</u>
2015	\$ 97,622	\$ 97,622	\$ -	\$ 935,079	10.44%

Note to schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years closed period until remaining period reaches 15 years (then 15 year rolling period)
	Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the Employer upon adoption of ERI
Asset valuation method	5-Year Smoothed Market, 20% Corridor
Wage growth	4.00%
Inflation	3.00%
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table
Other information	There were no benefit changes during the year.

City of LeRoy, Illinois

Budgetary Comparison Schedule – General Fund – Unaudited

For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Property taxes	\$ 495,305	\$ 495,305	\$ 495,648	\$ 343
Sales tax	376,900	376,900	356,677	(20,223)
Use tax	69,044	69,044	81,927	12,883
Replacement tax	12,400	12,400	14,796	2,396
Excise tax	17,000	17,000	13,945	(3,055)
Utility taxes	156,000	156,000	146,571	(9,429)
Video gaming tax	47,000	47,000	51,076	4,076
Licenses and permits	21,550	21,550	23,909	2,359
Fines	21,500	21,500	23,419	1,919
Interest	3,500	3,500	4,549	1,049
Grants	15,000	15,000	7,134	(7,866)
Other	<u>59,772</u>	<u>59,772</u>	<u>66,345</u>	<u>6,573</u>
 Total revenues	 <u>1,294,971</u>	 <u>1,294,971</u>	 <u>1,285,996</u>	 <u>(8,975)</u>
 Expenditures:				
Administration	287,989	287,989	215,251	(72,738)
Streets	420,731	420,731	383,852	(36,879)
Parks	40,551	40,551	50,027	9,476
Zoning and building	60,945	60,945	40,437	(20,508)
Police	594,736	594,736	600,035	5,299
ESDA	5,400	5,400	6,752	1,352
Animal control	3,550	3,550	60	(3,490)
Debt service:				
Principal	51,500	51,500	69,132	17,632
Interest	-	-	5,535	5,535
Capital outlay	<u>15,000</u>	<u>15,000</u>	<u>8,838</u>	<u>(6,162)</u>
 Total expenditures	 <u>1,480,402</u>	 <u>1,480,402</u>	 <u>1,379,919</u>	 <u>(100,483)</u>
 Excess (deficiency) of revenues over expenditures	 <u>(185,431)</u>	 <u>(185,431)</u>	 <u>(93,923)</u>	 <u>91,508</u>

- Continued -

City of LeRoy, Illinois

Budgetary Comparison Schedule – General Fund – Unaudited – Continued

For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(147,765)</u>	<u>(147,765)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(147,765)</u>	<u>(147,765)</u>
Net change in fund balance	(185,431)	(185,431)	(241,688)	(56,257)
Fund balance, beginning of year	<u>708,528</u>	<u>708,528</u>	<u>708,528</u>	<u>-</u>
Fund balance, end of year	<u>\$ 523,097</u>	<u>\$ 523,097</u>	<u>\$ 466,840</u>	<u>\$ (56,257)</u>

City of LeRoy, Illinois

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

April 30, 2016

Total revenue sources for general fund activities		\$ 1,285,996
Difference – Budget to GAAP:		
The accounts receivable are not recorded as revenue as a budgetary source but are revenue for financial reporting purposes:		
Intergovernmental tax receivable		<u>(19,143)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances		\$ <u>1,266,853</u>
Total expenditures for general fund activities		\$ 1,379,919
Difference – Budget to GAAP:		
The accrued expenses are not recorded as expenses as a budgetary source but are expenses for financial reporting purposes:		
Accounts payable	\$ 2,814	
Accrued expenses	<u>1,579</u>	<u>4,393</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances		\$ <u>1,384,312</u>

City of LeRoy, Illinois

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

For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Total revenues	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Expenditures:				
Economic development	<u> 134,750</u>	<u> 134,750</u>	<u> 49,750</u>	<u> (85,000)</u>
Total expenditures	<u> 134,750</u>	<u> 134,750</u>	<u> 49,750</u>	<u> (85,000)</u>
Net change in fund balance	(134,750)	(134,750)	(49,750)	85,000
Fund balance, beginning of year	<u> 714,614</u>	<u> 714,614</u>	<u> 714,614</u>	<u> -</u>
Fund balance, end of year	<u>\$ 579,864</u>	<u>\$ 579,864</u>	<u>\$ 664,864</u>	<u>\$ 85,000</u>

City of LeRoy, Illinois

Budgetary Comparison Schedule – Motor Fuel Tax Fund – Unaudited

For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Motor fuel tax	\$ 84,704	\$ 84,704	\$ 91,239	\$ 6,535
Interest	<u>500</u>	<u>500</u>	<u>531</u>	<u>31</u>
Total revenues	<u>85,204</u>	<u>85,204</u>	<u>91,770</u>	<u>6,566</u>
Expenditures:				
Public works	18,000	18,000	1,534	(16,466)
Capital outlay	<u>235,500</u>	<u>235,500</u>	<u>235,901</u>	<u>401</u>
Total expenditures	<u>253,500</u>	<u>253,500</u>	<u>237,435</u>	<u>(16,065)</u>
Net change in fund balance	<u>(168,296)</u>	<u>(168,296)</u>	<u>(145,665)</u>	<u>22,631</u>
Fund balance, beginning of year	<u>243,744</u>	<u>243,744</u>	<u>243,744</u>	<u>-</u>
Fund balance, end of year	<u>\$ 75,448</u>	<u>\$ 75,448</u>	<u>\$ 98,079</u>	<u>\$ 22,631</u>

City of LeRoy, Illinois

Reconciliation of Budgetary Basis Cash Receipts and Cash Disbursements
to GAAP Revenues and Expenses – Motor Fuel Tax Fund

April 30, 2016

Total revenue sources for Motor Fuel Tax Fund activities \$ 91,770

Difference – Budget to GAAP:

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

Other taxes (motor fuel tax) (178)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances \$ 91,592

Total expenditures for Motor Fuel Tax Fund activities \$ 237,435

Difference – Budget to GAAP:

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

Accrued payables -

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances \$ 237,435

City of LeRoy, Illinois

**Budgetary Comparison Schedule – 2007 General Obligation
(Alternative Revenue) Bond Fund**

April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Revenues:				
Sales tax	\$ 146,556	\$ 146,556	\$ 126,197	\$ (20,359)
Income tax	<u>360,350</u>	<u>360,350</u>	<u>380,131</u>	<u>19,781</u>
Total revenues	<u>506,906</u>	<u>506,906</u>	<u>506,328</u>	<u>(578)</u>
Expenditures:				
Debt service:				
Principal	155,000	155,000	155,000	-
Interest	<u>138,768</u>	<u>138,768</u>	<u>138,768</u>	<u>-</u>
Total expenditures	<u>293,768</u>	<u>293,768</u>	<u>293,768</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>213,138</u>	<u>213,138</u>	<u>212,560</u>	<u>(578)</u>
Other financing sources (uses):				
Transfer in	-	-	147,765	147,765
Transfers out	<u>-</u>	<u>-</u>	<u>(172,700)</u>	<u>(172,700)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(24,935)</u>	<u>(24,935)</u>
Net change in fund balance	213,138	213,138	187,625	(25,513)
Fund balance, beginning of year	<u>(22,297)</u>	<u>(22,297)</u>	<u>(22,297)</u>	<u>-</u>
Fund balance, end of year	<u>\$ 190,841</u>	<u>\$ 190,841</u>	<u>\$ 165,328</u>	<u>\$ (25,513)</u>

City of LeRoy, Illinois

Reconciliation of Budgetary Basis Cash Receipts and Cash Disbursements
to GAAP Revenues and Expenses – 2007 GO Bond Fund

April 30, 2016

Total revenue sources for general fund activities \$ 506,328

Difference – Budget to GAAP:

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

Sales tax (20,606)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances \$ 485,722

Total expenditures for general fund activities \$ 293,768

Difference – Budget to GAAP:

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

Accounts payable \$ -
Accrued expenses - -

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances \$ 293,768

City of LeRoy, Illinois

Notes to Required Supplementary Information

April 30, 2016

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. 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 appointed 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:

There were no funds that had expenditures in excess of budgeted amounts for the year ended April 30, 2016.

Other Schedules

City of LeRoy, Illinois

Schedule of Departmental Expenditures – General Fund

For the Year Ended April 30, 2016

	<u>Administration</u>	<u>Streets</u>	<u>Parks</u>	<u>Zoning & Building</u>
Personal Services:				
Salaries	\$ 86,500	\$ 147,118	\$ 20,209	\$ 21,598
Payroll taxes and retirement	15,729	27,076	3,736	5,081
Health insurance	<u>1,803</u>	<u>30,630</u>	<u>1,894</u>	<u>6,702</u>
Total personal services	<u>104,032</u>	<u>204,824</u>	<u>25,839</u>	<u>33,381</u>
Operations and				
Contractual services	20,659	13,312	12,213	2,507
Insurance and bonding	18,786	15,698	-	-
Utilities and telephone	10,466	3,625	1,057	351
Maintenance and repairs	8,050	85,873	3,339	-
Supplies and materials	1,901	38,717	8,396	221
Vehicle maintenance	-	16,413	-	-
Professional fees	34,592	-	-	114
Office expense	464	-	-	215
Meetings and training	1,742	56	-	-
Grants	-	-	-	-
Other	<u>7,253</u>	<u>4,963</u>	<u>1,034</u>	<u>1,170</u>
Total operations and contractual services	<u>103,913</u>	<u>178,657</u>	<u>26,039</u>	<u>4,578</u>
Total operating expenditures before capital items	207,945	383,481	51,878	37,959
Capital items	<u>5,500</u>	<u>1,899</u>	<u>-</u>	<u>-</u>
Total operating expenditures	<u>\$ 213,445</u>	<u>\$ 385,380</u>	<u>\$ 51,878</u>	<u>\$ 37,959</u>

<u>Police</u>	<u>ESDA</u>	<u>Animal Control</u>	<u>Total</u>
\$ 366,320	\$ -	\$ -	\$ 641,745
68,802	-	-	120,424
<u>72,302</u>	<u>-</u>	<u>-</u>	<u>113,331</u>
<u>507,424</u>	<u>-</u>	<u>-</u>	<u>875,500</u>
9,714	1,990	50	60,445
17,027	-	-	51,511
11,146	4,833	-	31,478
10,584	38	-	107,884
4,249	-	-	53,484
20,912	-	-	37,325
7,050	-	-	41,756
776	-	-	1,455
2,552	-	-	4,350
10,444	-	-	10,444
<u>10,195</u>	<u>550</u>	<u>10</u>	<u>25,175</u>
<u>104,649</u>	<u>7,411</u>	<u>60</u>	<u>425,307</u>
612,073	7,411	60	1,300,807
<u>1,439</u>	<u>-</u>	<u>-</u>	<u>8,838</u>
<u>\$ 613,512</u>	<u>\$ 7,411</u>	<u>\$ 60</u>	<u>\$ 1,309,645</u>

City of LeRoy, Illinois

Combining Balance Sheet – Non-Major Governmental Funds

April 30, 2016

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Project</u>	
	<u>Community Projects Fund</u>	<u>Tourism Fund</u>	<u>2009 General Obligation Bonds Fund</u>	<u>Enterprise Capital Replacement Fund</u>	<u>Total Non-Major Governmental Funds</u>
Assets					
Cash	\$ 87,006	\$ 38,448	\$ -	\$ 103,005	\$ 228,459
Receivables, net:					
Other taxes	-	2,383	-	-	2,383
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ <u>87,006</u>	\$ <u>40,831</u>	\$ <u>-</u>	\$ <u>103,005</u>	\$ <u>230,842</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued expenses	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>65,805</u>	<u>-</u>	<u>65,805</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>65,805</u>	<u>-</u>	<u>65,805</u>
Fund balances:					
Restricted for:					
Economic					
development	87,006	-	-	-	87,006
Tourism	-	40,831	-	-	40,831
Debt service	-	-	-	-	-
Committed:					
Capital expenditure	-	-	-	103,005	103,005
Unassigned	<u>-</u>	<u>-</u>	<u>(65,805)</u>	<u>-</u>	<u>(65,805)</u>
Total fund balances (deficits)	<u>87,006</u>	<u>40,831</u>	<u>(65,805)</u>	<u>103,005</u>	<u>165,037</u>
Total liabilities and fund balances	\$ <u>87,006</u>	\$ <u>40,831</u>	\$ <u>-</u>	\$ <u>103,005</u>	\$ <u>230,842</u>

City of LeRoy, Illinois

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

April 30, 2016

	<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Project</u>	
	<u>Community</u>	<u>Tourism</u>	2009 General	Enterprise	Total
	<u>Projects</u>	<u>Fund</u>	Obligation	Capital	Non-Major
	<u>Fund</u>		<u>Bonds</u>	Replacement	Governmental
			<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-
Interest	594	26	-	458	1,078
Other	<u>3,922</u>	<u>39,326</u>	<u>-</u>	<u>-</u>	<u>43,248</u>
Total revenue	<u>4,516</u>	<u>39,352</u>	<u>-</u>	<u>458</u>	<u>44,326</u>
Expenditures:					
Administration	-	-	-	-	-
Parks	-	-	-	-	-
Economic development	37,026	-	-	-	37,026
Tourism	-	11,650	-	-	11,650
Debt service:					
Principal	-	-	50,000	-	50,000
Interest	<u>-</u>	<u>-</u>	<u>28,365</u>	<u>-</u>	<u>28,365</u>
Capital outlay					
Total expenditures	<u>37,026</u>	<u>11,650</u>	<u>78,365</u>	<u>-</u>	<u>127,041</u>
Excess (deficiency) of revenues over expenditures	<u>(32,510)</u>	<u>27,702</u>	<u>(78,365)</u>	<u>458</u>	<u>(82,715)</u>
Other financing sources:					
Proceeds from sale of capital assets	16,000	-	-	-	16,000
Transfer in	-	-	172,700	45,000	217,700
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93,850)</u>	<u>(93,850)</u>
Total other financing sources	<u>16,000</u>	<u>-</u>	<u>172,700</u>	<u>(48,850)</u>	<u>139,850</u>
Net change in fund balances	(16,510)	27,702	94,335	(48,392)	57,135
Fund balances (deficits), beginning of year, as restated	<u>103,516</u>	<u>13,129</u>	<u>(160,140)</u>	<u>151,397</u>	<u>107,902</u>
Fund balances (deficits), end of year	<u>\$ 87,006</u>	<u>\$ 40,831</u>	<u>\$ (65,805)</u>	<u>\$ 103,005</u>	<u>\$ 165,037</u>

City of LeRoy, Illinois
Computation of Legal Debt Margin – Unaudited
For the Year Ended April 30, 2016

Total assessed valuation as of April 30, 2016	\$ <u>54,704,437</u>
Legal debt margin (based on 8.625% assessed valuation)	\$ 4,718,258
Deduct general obligation debt:	
General Obligation Bonds	(565,000)
Note Payable	<u>(15,000)</u>
Available legal debt margin – April 30, 2016	\$ <u>4,138,258</u>

City of LeRoy, Illinois

Schedule of Long-Term Debt and Interest

April 30, 2016

	Fiscal Year Ended <u>April 30,</u>	<u>Annual Payments</u>	
		<u>Principal</u>	<u>Interest</u>
Waterworks Revenue Bonds Issued June 28, 2013			
	2017	\$ -	\$ 12,968
	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>\$ 950,000</u>	<u>\$ 107,426</u>
General Obligation Bond (Alternate Revenue) Recreation Center Construction Bonds Issued September 1, 2007			
	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>\$ 2,705,000</u>	<u>\$ 825,805</u>

- Continued -

City of LeRoy, Illinois

Schedule of Long-Term Debt and Interest – Continued

April 30, 2016

	Fiscal Year Ended <u>April 30,</u>	<u>Annual Payments</u>	
		<u>Principal</u>	<u>Interest</u>
General Obligation Bond			
Recreation Center Construction Bonds			
Issued August 1, 2009	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	<u>75,000</u>	<u>3,262</u>
		<u>\$ 565,000</u>	<u>\$ 128,492</u>
Note Payable			
Illinois Environmental Protection			
Agency drinking water loan			
Issued January 17, 2014	2017	\$ 8,005	\$ 2,332
	2018	8,160	2,177
	2019	8,319	2,018
	2020	8,480	1,857
	2021	8,644	1,693
	2022	8,812	1,525
	2023	8,983	1,354
	2024	9,157	1,180
	2025	9,335	1,002
	2026	9,516	821
	2027	9,700	636
	2028	9,889	448
	2029	10,080	257
	2030	<u>5,720</u>	<u>55</u>
		<u>\$ 122,800</u>	<u>\$ 17,355</u>

- Continued -

City of LeRoy, Illinois

Schedule of Long-Term Debt and Interest – Continued

April 30, 2016

	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	2017	\$ 5,000	\$ -
	2018	5,000	-
	2019	<u>5,000</u>	<u>-</u>
		<u>\$ 15,000</u>	<u>\$ -</u>
Capital Lease Payable			
General Fund			
Signed June 24, 2013	2017	\$ <u>36,273</u>	\$ <u>1,191</u>
		<u>\$ 36,273</u>	<u>\$ 1,191</u>
Capital Lease Payable			
General Fund			
Signed June 11, 2014	2017	\$ 30,032	\$ 2,171
	2018	<u>31,210</u>	<u>1,106</u>
		<u>\$ 61,242</u>	<u>\$ 3,277</u>

City of LeRoy, Illinois
Schedule of Investments
April 30, 2016

	<u>Interest Rate</u>	<u>Principal</u>
GENERAL FUND		
Bi-Centennial Committee Fund		
Certificate of Deposit – Busey Bank	0.75%	\$ <u>6,016</u>

City of LeRoy, Illinois

Statement of Assessed Valuation and Taxes Received – Unaudited

April 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Rate Setting Assessed Valuation	\$ <u>54,704,437</u>	\$ <u>54,116,253</u>	\$ <u>53,162,179</u>
Tax Rates:			
General Fund*	0.27548	0.27404	0.27329
Retirement	0.16869	0.18230	0.16856
Police	0.07500	0.07500	0.07500
Liability Insurance	0.11212	0.11817	0.14406
Street and Bridge**	0.00000	0.00000	0.00000
Social Security	0.13245	0.13014	0.12995
Civil Defense	0.05000	0.03814	0.01815
Refuse Disposal	0.00000	0.00000	0.00000
Workers Compensation	0.08052	0.07206	0.08003
Unemployment Insurance	0.00468	0.00000	0.00000
1996 Sewer System Improvement			
General Obligation Bonds	<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>
Totals	<u>0.89894</u>	<u>0.88985</u>	<u>0.88904</u>
Tax Extensions:			
General Fund	\$ 150,700	\$ 148,301	\$ 145,287
Retirement	92,281	98,654	89,610
Police	41,028	40,587	39,872
Liability Insurance	61,335	63,949	76,585
Street and Bridge	-	-	-
Social Security	72,456	70,427	69,084
Civil Defense	27,352	20,640	9,649
Refuse Disposal	-	-	-
Workers compensation	44,048	38,995	42,546
Unemployment Insurance	2,560	-	-
1996 Sewer System Improvement			
General Obligation Bonds	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ <u>491,760</u>	\$ <u>481,553</u>	\$ <u>472,633</u>

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>\$ 42,608,341</u>	<u>\$ 42,857,466</u>	<u>\$ 42,800,821</u>	<u>\$ 42,134,895</u>	<u>\$ 41,394,244</u>
0.27328	0.27246	0.08919	0.08629	0.08366
0.16849	0.16504	0.01648	0.01595	0.01546
0.07500	0.07350	0.05934	0.05741	0.05566
0.23235	0.22759	0.01979	0.01915	0.01856
0.00000	0.00000	0.00000	0.00000	0.00000
0.13757	0.13475	0.01647	0.01594	0.01545
0.00212	0.00208	0.00824	0.00797	0.00773
0.00000	0.00000	0.08242	0.07973	0.07730
0.00000	0.00000	0.00000	0.00000	0.00000
0.00000	0.00000	0.00000	0.00000	0.00000
<u>0.00000</u>	<u>0.00000</u>	<u>0.00000</u>	<u>0.22690</u>	<u>0.23112</u>
<u>0.88881</u>	<u>0.87542</u>	<u>0.29193</u>	<u>0.50934</u>	<u>0.50494</u>
\$ 116,440	\$ 116,769	\$ 38,174	\$ 36,310	\$ 34,630
71,791	70,732	7,054	6,712	6,400
31,956	31,500	25,398	24,158	23,040
99,000	97,539	8,470	8,058	7,683
-	-	-	-	-
58,616	57,750	7,049	6,708	6,395
903	892	3,527	3,354	3,200
-	-	35,276	33,550	31,998
-	-	-	-	-
-	-	-	95,478	95,670
<u>\$ 378,706</u>	<u>\$ 375,182</u>	<u>\$ 124,948</u>	<u>\$ 214,6115</u>	<u>\$ 209,016</u>

- Continued -

City of LeRoy, Illinois

Statement of Assessed Valuation and Taxes Received – Unaudited – Continued

April 30, 2016

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net Collections, Including Back Taxes:			
General Fund	\$ -	\$ 146,371	\$ 176,865
Retirement	-	97,370	109,085
Police	-	40,059	48,537
Liability Insurance	-	63,117	93,230
Street and Bridge	-	-	-
Social Security	-	69,510	84,098
Civil Defense	-	20,371	11,746
Refuse Disposal	-	-	-
Workers Compensation Insurance	-	38,489	51,792
1996 Sewer System Improvement			
General Obligation Bonds	<u>-</u>	<u>-</u>	<u>-</u>
 Totals	 <u>\$ -</u>	 <u>\$ 475,287</u>	 <u>\$ 575,353</u>
 Percentage of Extensions Collected	 <u>0.0000%</u>	 <u>98.6988%</u>	 <u>121.7336%</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 2015, payable in 2006 through 2016, respectively, was included in the levy for Empire Township instead of the levy for the City of LeRoy.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	116,344	\$ 116,559	\$ 38,155	\$ 36,310	\$ 34,665
	71,732	70,604	7,050	6,712	6,406
	31,930	31,444	25,385	24,158	23,063
	98,919	97,363	8,466	8,058	7,690
	-	-	-	-	-
	58,568	57,646	7,046	6,708	6,402
	902	890	3,525	3,354	3,203
	-	-	35,259	33,550	32,030
	-	-	-	-	-
	-	-	-	95,478	95,766
\$	<u>378,395</u>	<u>374,506</u>	<u>124,886</u>	<u>214,328</u>	<u>209,225</u>
	<u>99.9178%</u>	<u>99.8198%</u>	<u>99.9504%</u>	<u>100.1320%</u>	<u>100.1000%</u>

City of LeRoy, Illinois

General Information – Unaudited

April 30, 2016

General Statistics:

Total gallons received at the Waste Water Plant	516,650,000
Total gallons of finished water	83,097,000
Total gallons billed for water	73,383,729
Estimated water loss	9,713,271
Number of users connected to the system	1,480
Number of non-metered users	7
Number of miles of sewer mains	22.5
Number of miles of water mains	25
Number of miles of streets	30
Water rate:	
\$8.15 minimum for 0 to 1,000 gallons	
\$8.15 per 1,000 gallons beyond 1,000 gallons	
Sewer rate:	
\$7.95 minimum for 0 to 1,000 gallons	
\$7.95 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