

City of Earlville, Illinois

Earlville, Illinois

Annual Financial Report

April 30, 2015

Web Document

City of Earlville, Illinois

Year ended April 30, 2015

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City of Earlville, Illinois

Year ended April 30, 2015

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Independent Auditors' Report

Mayor and City Council
City of Earlville
Earlville, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Earlville, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Earlville, Illinois as of April 30, 2015, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise City of Earlville, Illinois' financial statements. The Management's Discussion and Analysis and budgetary comparison information on pages 3-11 and 40-62, which are the responsibility of management, are presented for purposes of additional analysis are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express opinions or provide any assurance on it.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 5, 2015, on our consideration of the City of Earlville, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Earlville, Illinois' internal control over financial reporting and compliance.

Wipac LLP

Mendota, Illinois
August 5, 2015

Management's Discussion and Analysis
(Unaudited)

Web Document

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

The City of Earlville, Illinois' (the "City") management's discussion and analysis (MD&A) is generally intended to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activities, (3) identify changes in the City's financial position (its ability to meet future financial demands and conditions), (4) identify any material deviations from the governmental unit's financial plan (approved budget), and (5) identify individual fund issues or concerns.

The MD&A is provided at the beginning of the report to provide an overview of the City's financial position at April 30, 2015 along with the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the basic financial statements, notes to the financial statements, required and other supplementary information.

Governmental Financial Highlights for FY2015

- The City's governmental assets exceeded its liabilities at the close of the fiscal year by \$1,175,759 (net position). Of this amount, \$278,709 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's governmental total net position increased by \$172,284 during fiscal year 2015 as reported in the statement of activities.
- The City's major governmental revenue consisted of \$431,626 in property tax revenues and \$414,202 in other tax revenues.
- As of the close of fiscal year 2015, the City's governmental funds reported combined ending fund balances of \$536,113, an increase of \$104,968 in comparison to 2014.

Business-Type Financial Highlights for FY2015

- The City's business-type assets exceeded its liabilities at the close of the fiscal year by \$4,559,445 (net position). The restricted net position of \$135,498 is restricted for debt service requirements.
- The City's business-type net position increased by \$45,819 during fiscal year 2015 as reported in the statement of activities.
- The City's major business-type revenue consisted of \$720,302 in charges for services.

Overview of the Financial Statements

This document serves as an introduction to the City's basic financial statements. There are three components to the basic financial statements – government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other information.

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Government-Wide Financial Statements

These are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business, using the modified cash basis of accounting.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of improvements or deterioration of the financial position of the City.

The Statement of Activities presents information that shows how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as cash flows occur.

These statements highlight the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general control and administration, planning and zoning, public safety, highways and streets, health and welfare, and culture and recreation. There are two business-type activities accounted for by the City: the water and sewer utilities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund financial statements are reported on the cash basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental funds statement of assets, liabilities and fund balances and the governmental funds statement of cash receipts, cash disbursements and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds and three business-type funds. Information is presented separately in the governmental funds statement of assets, liabilities and fund balance and in the governmental funds statement of cash receipts, cash disbursements, and changes in fund balances for major governmental funds, (the General Fund, Motor Fuel Tax Fund, TIF II and TIF III). All other non-major governmental funds are combined and presented in one column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental fund financial statements can be found on pages 14 – 17 of this report.

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Government-Wide Financial Statements (Continued)

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements. The City maintains three proprietary funds, the Waterworks Fund, Sewerage Fund, and Garbage Fund which are in the form of an enterprise fund.

The proprietary fund financial statements provide separate information for the Waterworks Fund, Sewerage Fund, and Garbage Fund considered to be major funds of the City. The proprietary funds financial statements can be found on pages 18 – 20 of this report.

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 21 – 39 of this report.

Other Information

This information addresses the City's budgetary comparison schedules, and the IMRF (Illinois Municipal Retirement Fund) Schedule of Funding Progress. The City adopts an annual appropriation ordinance for its General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Enterprise Funds. A comparison schedule has been provided for the General Fund and the other major funds to demonstrate compliance with this appropriation ordinance. The pension schedules have been provided to present the City's progress in funding its obligation to provide pension benefits to City employees through the IMRF system. This information can be found on pages 40 – 44 of this report.

Combining statements, as discussed earlier in connection with non-major governmental funds, are presented immediately following the information on pensions on pages 45 – 48 of this report. The City has also elected to include a statement of cash receipts compared with appropriated amounts for the General Fund (page 49) and statements of cash disbursements compared with appropriated amounts for each individual non-major fund. These statements can be found on pages 50 – 61 of this report. The assessed valuations, tax rates, extensions, and collections are presented on page 62.

Government-Wide Financial Analysis

A large portion of the City's net position is reflected in its investments in capital assets (i.e., land, buildings, equipment, vehicles, other improvements, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services. Therefore, these assets are not available for future spending. Although the City's investments in its capital assets are reported net of available debt, it should be noted that the resources required to repay this type of debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these types of liabilities.

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Government-Wide Financial Analysis (continued)

The following condensed financial information was derived from the *Government-Wide Statement of Net Position* and reflects how the City's net position compares to the prior fiscal year:

	Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 536,113	\$ 434,821	\$ 428,902	\$ 988,246	\$965,015	\$1,423,067
Noncurrent assets	834,646	832,261	5,194,854	5,399,641	6,029,500	6,231,902
Total assets	1,370,759	1,267,082	5,623,756	6,387,887	6,994,515	7,654,969
Current liabilities	65,000	69,932	249,311	223,083	314,311	293,015
Noncurrent liabilities	130,000	190,000	815,000	1,654,853	945,000	1,844,853
Total liabilities	195,000	259,932	1,064,311	1,877,936	1,259,311	2,137,868
Net position:						
Net investment in capital assets	639,646	572,329	4,174,854	3,563,097	4,814,500	4,135,426
Restricted	257,404	213,670	135,498	694,367	392,902	694,367
Unrestricted	278,709	221,151	249,093	252,487	527,802	687,308
Total net position	\$1,175,759	\$1,007,150	\$ 4,559,445	\$ 4,509,951	\$5,735,204	\$5,517,101

Governmental Activities

The net position of the City's governmental activities increased 16.74% or \$168,609 (\$1,175,759 compared to \$1,007,150). The unrestricted net position increased by \$57,558. This is the portion of net position that can be used to finance day-to-day operations of the City. The restricted net position increased by \$43,734. The increase is due to consistent tax revenues combined with decreases in various expenses from the prior year.

Business-Type Activities

The net position of the City's business-type activities increased 1.10% or \$49,494 (\$4,559,445 compared to \$4,509,951). The unrestricted net position decreased by \$3,394. The City generally can only use this net position to finance the continuing operations of the water and sewer utilities. There were no notable increases or decreases that varied significantly from 2014 to 2015.

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Government-Wide Financial Analysis (Continued)

The following table reflects the condensed financial information from the *Government-Wide Statement of Activities* and reflects how the City's revenues, expenditures, and changes in net position compare to the prior fiscal year:

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 35,544	\$ 34,014	\$ 720,302	\$ 666,622	\$ 755,846	\$ 700,636
Operating grants and contributions	56,308				56,308	
General revenue:						
Local property taxes	431,626	448,549	3,904		435,530	448,549
Other taxes	414,202	463,469			414,202	463,469
Unrestricted investment earnings	1,724	768	1,525	6,686	3,249	7,454
Miscellaneous	82,631	6,330			82,631	6,330
Total revenues	1,022,035	953,130	725,731	673,308	1,747,766	1,626,438
Expenditures:						
General government	248,699	214,164			248,699	214,164
Public health and safety	262,558	260,096			262,558	260,096
Streets and alleys	253,878	217,728			253,878	217,728
Culture and recreation	11,095	12,844			11,095	12,844
Interest	11,996	14,507			11,996	14,507
Community development	14,437	14,437			14,437	14,437
Public works projects			679,912	665,296	679,912	665,296
Other	47,088	50,027			47,088	50,027
Total expenditures	849,751	783,803	679,912	665,296	1,529,663	1,449,099
Increase (decrease) in net position before transfers	172,284	169,327	45,819	8,012	218,103	177,339
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	\$172,284	\$169,327	\$ 45,819	\$ 8,012	\$ 218,103	\$ 177,339

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Government-Wide Financial Analysis (Continued)

Governmental Activities

For the fiscal year ended April 30, 2015, revenues from governmental activities totaled \$1,022,035, an increase of \$68,905 from 2014. Tax revenues (\$845,828 or 82.76%) continue to represent the largest source of income for governmental activities. The increase in revenue was due to the City receiving compensatory income in the amount of \$77,500 for assistance in a railroad crossing closure.

For the fiscal year ended April 30, 2015, expenditures from governmental activities totaled \$849,751, an increase of \$65,948 from 2014. Expenditures for streets and roads and public safety continue to represent the largest use of City funds.

Business-Type Activities

For the fiscal year ended April 30, 2015, revenues from business-type activities totaled \$725,731, an increase of \$52,423 from 2014. Charges for services (\$720,302 or 99.25%) represent the largest source of revenues for the business-type activities. These charges are mainly derived from fees for water, sewer, and garbage services.

For the fiscal year ended April 30, 2015, expenditures for business-type activities totaled \$679,912, an increase of \$14,616 from 2014. This figure is in line with the total from recent fiscal years and represents consistent operating expenses within the water and sewer utilities.

Financial Analysis of the City's Major Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Budgetary Highlights

The City's appropriation ordinance is prepared according to Illinois law and is based on accounting for certain transactions on a cash basis of accounting. An appropriation to actual schedule is provided as required supplementary information for the General Fund and the major Special Revenue and Capital Projects Funds.

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Financial Analysis of the City's Major Funds (Continued)

General Fund Budgetary Variances

Cash Receipts

The most significant cash receipts for all funds during fiscal year 2015 continue to be property taxes and intergovernmental receipts. Intergovernmental taxes (shown on page 40) for 2015 were \$293,778 compared with the budgeted amount of \$312,400. The budgetary variance is attributable to the fact that the State of Illinois continues to be behind on income tax payments to local governmental units. Also, the local taxes for 2015 were \$198,520 compared with the budgeted amount of \$226,340.

Cash Disbursements

The City continues to appropriate much higher than is currently needed for all functions of the General Fund (see page 40). This is primarily done to protect the City in case of any large and/or unexpected expenses that could arise during the fiscal year.

Motor Fuel Tax Fund Budgetary Variances

Cash Receipts

Motor fuel taxes for 2015 were \$56,308 compared with the budgeted amount of \$55,000.

Cash Disbursements

Similar to the General Fund, the City appropriates higher than is currently needed in case unexpected road maintenance projects come up.

TIF II Fund Budgetary Variances

Cash receipts and disbursement for the TIF II Fund were comparable to their budgeted amounts.

TIF III Fund Budgetary Variances

Cash receipts and disbursement for the TIF III Fund were comparable to their budgeted amounts.

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Capital Asset and Long-Term Debt Activity

Capital Assets

The City's investment in capital assets for its governmental activities at year end totaled \$834,646 (net of accumulated depreciation) and business-type activities at year end totaled \$5,194,854 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, other improvements, and infrastructure such as streets, water and sewer. There were \$110,786 of total capital asset additions recorded during the year and \$313,188 of depreciation charges were expensed on the total capital assets. See footnote 4 for details of capital assets.

Governmental Net Book Value of Capital Assets		
	2015	2014
Land	\$ 14,380	\$ 14,380
Buildings	187,610	195,864
Equipment	46,036	37,693
Vehicles	22,381	29,300
Other improvements	54,391	92,729
Infrastructure	509,848	462,295
Total	\$ 834,646	\$ 832,261

Business-Type Net Book Value of Capital Assets		
	2015	2014
Buildings	\$ 25,868	\$ 28,559
Equipment	72,027	84,183
Vehicles	2,524	3,999
Other improvements	17,401	19,463
Infrastructure	5,077,034	5,263,437
Total	\$5,194,854	\$5,399,641

City of Earlville, Illinois

Management's Discussion and Analysis

Years Ended April 30, 2015 and 2014

Capital Asset and Long-Term Debt Activity (Continued)

Debt Administration

At April 30, 2015, the City had \$195,000 in governmental activities long-term debt, which consisted of general obligation bonds payable. Amounts due next year on these obligations are \$65,000. See Footnotes 5-7 for details of governmental activities debt.

Governmental Activities – Outstanding Debt		
	2015	2014
Debt certificates	\$ -	\$ 250,000
General obligation bonds payable	195,000	-
Notes payable	-	9,932
Total	\$ 195,000	\$ 259,932

At April 30, 2015, the City had \$1,020,000 in business-type activities long-term debt which consists of general obligation bonds payable. Amounts due next year on these obligations are \$205,000. See Footnotes 5-7 for details of business-type activities debt.

Business-Type Activities - Outstanding Debt		
	2015	2014
IEPA notes payable	\$ -	\$1,836,544
General obligation bonds payable	1,020,000	-
Total	\$1,020,000	\$1,836,544

Economic Factors

Overall attention has been given to industrial, commercial and residential growth. The City's proactive approach has included partnering with developers in working agreements.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and potential creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Earlville, Illinois
210 W. Railroad
Earlville, Illinois 60518
Phone: (815) 246-9588

Basic Financial Statements

Web Document

City of Earlville, Illinois

Statement of Net Position - Modified Cash Basis

April 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 536,113	\$ 293,404	\$ 829,517
Restricted:			
Cash and cash equivalents		135,498	135,498
Total current assets	536,113	428,902	965,015
Noncurrent assets:			
Capital assets:			
Land	14,380		14,380
Other capital assets, net of accumulated depreciation	820,266	5,194,854	6,015,120
Total noncurrent assets	834,646	5,194,854	6,029,500
Total assets	1,370,759	5,623,756	6,994,515
Liabilities			
Current liabilities:			
Customer deposits		43,200	43,200
Notes payable		205,000	205,000
Bonds payable	65,000		65,000
Other current liabilities		1,111	1,111
Total current liabilities	65,000	249,311	314,311
Noncurrent liabilities:			
Notes payable		815,000	815,000
Bonds payable	130,000		130,000
Total noncurrent liabilities	130,000	815,000	945,000
Total liabilities	195,000	1,064,311	1,259,311
Net Position			
Net investment in capital assets	639,646	4,174,854	4,814,500
Restricted for debt service	2,908	135,498	138,406
Restricted	254,496		254,496
Unrestricted	278,709	249,093	527,802
Total net position	\$ 1,175,759	\$ 4,559,445	\$ 5,735,204

City of Earlville, Illinois

Statement of Activities - Modified Cash Basis

Year ended April 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 248,699	\$ 27,074	
Public health and safety	262,558	8,446	
Streets and alleys	253,878		\$ 56,308
Culture and recreation	11,095	24	
Interest	11,996		
Community development	14,437		
Other	47,088		
Total governmental activities	\$ 849,751	\$ 35,544	\$ 56,308
Business-type activities:			
Water	\$ 219,178	\$ 205,016	
Sewer	400,436	458,943	
Garbage	60,298	56,343	
Total business-type activities	\$ 679,912	\$ 720,302	\$ -

General revenues

Taxes:

Property taxes

Other

Unrestricted investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position adjustment to present Garbage
Fund as a "Business-type Activity" (Note 17)

Net position - ending

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (221,625)		\$ (221,625)
(254,112)		(254,112)
(197,570)		(197,570)
(11,071)		(11,071)
(11,996)		(11,996)
(14,437)		(14,437)
(47,088)		(47,088)
(757,899)	\$ -	(757,899)
	(14,162)	(14,162)
	58,507	58,507
	(3,955)	(3,955)
-	40,390	40,390
252,977	3,904	256,881
414,202		414,202
1,197	1,525	2,722
82,631		82,631
751,007	5,429	756,436
(6,892)	45,819	38,927
1,007,150	4,509,951	5,517,101
(3,675)	3,675	-
\$ 996,583	\$ 4,559,445	\$ 5,556,028

City of Earlville, Illinois

Statement of Assets, Liabilities and Fund Balances - Cash Basis Governmental Funds

April 30, 2015

<i>Assets</i>	General Fund	Motor Fuel Tax Fund
Current assets:		
Cash and cash equivalents	\$ 278,086	\$ 169,941
Due from other funds	66,000	
Total assets	\$ 344,086	\$ 169,941
<i>Liabilities and Fund Balances</i>		
Liabilities:		
Due to other funds	\$ -	\$ -
Total liabilities	-	-
Fund balances:		
Unassigned, reported in:		
General Fund	344,086	
Special Revenue Funds with deficit fund balances		
Restricted		
Special Revenue Funds		169,941
Debt Service Funds		
Total fund balances (deficit)	344,086	169,941
Total liabilities and fund balances	\$ 344,086	\$ 169,941

See notes to financial statements

TIF II Fund	TIF III Fund	Nonmajor Governmental Funds	Total
\$ -	\$ 623	\$ 87,463	\$ 536,113
			66,000
\$ -	\$ 623	\$ 87,463	\$ 602,113
\$ -	\$ 66,000	\$ -	\$ 66,000
	66,000	-	66,000
	(65,377)	-	344,086
			(65,377)
		84,555	254,496
		2,908	2,908
	(65,377)	87,463	536,113
\$ -	\$ 623	\$ 87,463	\$ 602,113

City of Earlville, Illinois

Reconciliation of the Governmental Funds Statement of Assets, Liabilities and Fund Balances - Cash Basis to the Statement of Net Position - Modified Cash Basis

April 30, 2015

Total fund balances - governmental funds	\$ 536,113
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$1,809,336 and the accumulated depreciation is \$974,690.	834,646
Long-term liabilities, including notes payable and bonds payable are not reported in the funds.	(195,000)
<hr/>	
Total net position - governmental activities	<hr/> <hr/> \$ 1,175,759

City of Earlville, Illinois

Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances Governmental Funds

Year ended April 30, 2015

	General Fund	Motor Fuel Tax Fund
Cash receipts:		
Local taxes	\$ 198,520	
Intergovernmental	293,778	\$ 56,308
Licenses, permits and fees	27,074	
Rentals	24	
Fines and forfeits	8,446	
Other	25,696	57,815
Total cash receipts	553,538	114,123
Cash disbursements:		
Current:		
General government	104,255	
Public health and safety	251,986	
Streets and alleys	192,053	
Culture and recreation	10,025	
Other		
Debt service:		
Principal		
Interest		
Capital outlay	19,827	77,984
Total cash disbursements	578,146	77,984
Excess (deficiency) of cash receipts over (under) cash disbursements	(24,608)	36,139
Other financing sources (uses):		
Proceeds from bond issuance		
Operating transfer in		
Operating transfer out		
Total other financing sources (uses)	-	-
Excess (deficiency) of cash receipts over (under) cash disbursements and other financing sources (uses)	(24,608)	36,139
Fund balances (deficit), beginning of year	368,694	133,802
Fund balances (deficit), end of year	\$ 344,086	\$ 169,941

See notes to financial statements

TIF II Fund	TIF III Fund	Nonmajor Governmental Funds	Total
\$ 105,843	\$ 72,806	\$ 174,881	\$ 552,050
			350,086
			27,074
			24
			8,446
95	432	317	84,355
105,938	73,238	175,198	1,022,035
454	39,122	97,345	241,176
			251,986
			192,053
			10,025
26,476	20,612		47,088
	9,932	250,000	259,932
	413	11,583	11,996
			97,811
26,930	70,079	358,928	1,112,067
79,008	3,159	(183,730)	(90,032)
		195,000	195,000
14,138			14,138
	(14,138)		(14,138)
14,138	(14,138)	195,000	195,000
93,146	(10,979)	11,270	104,968
(93,146)	(54,398)	76,193	431,145
\$ -	\$ (65,377)	\$ 87,463	\$ 536,113

City of Earlville, Illinois

Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis

Year ended April 30, 2015

Excess (deficiency) of cash receipts over (under) cash disbursements and other financing sources (uses) - Governmental funds	\$ 104,968
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capitalized fixed assets (\$97,811) exceeds depreciation expense (\$95,427)	2,384
Proceeds from the issuance of debt is recorded in the governmental funds as other financing sources. However they are not recorded in the statement of activities. This is the proceeds from the issuance of debt.	(195,000)
Note, bond, and lease payments are reported in governmental funds as expenditures. However, only the interest on notes, bonds, and leases are recorded in the statement of activities. This is the principal amount of notes, bonds and lease payments made during the period.	259,932
<hr/>	
Change in net position of governmental activities	<hr/> \$ 172,284 <hr/>

City of Earlville, Illinois

Statement of Assets, Liabilities and Net Position Modified Cash Basis Proprietary Funds

April 30, 2015

	Waterworks Fund	Sewerage Fund	Garbage Fund	Total
Current assets:				
Cash and cash equivalents	\$ 256,411	\$ 33,353	\$ 3,640	\$ 293,404
Restricted:				
Cash and cash equivalents		135,498		135,498
Total current assets	256,411	168,851	3,640	428,902
Noncurrent assets:				
Capital assets, net of accumulated depreciation	891,548	4,303,306		5,194,854
Total assets	1,147,959	4,472,157	3,640	5,623,756
Liabilities				
Current liabilities:				
Customer deposits	43,200			43,200
Notes payable		205,000		205,000
Other current liabilities	1,111			1,111
Total current liabilities	44,311	205,000	-	249,311
Noncurrent liabilities:				
Notes payable		815,000		815,000
Total liabilities	44,311	1,020,000	-	1,064,311
Net Position				
Net position:				
Net investment in capital assets	891,548	3,283,306		4,174,854
Restricted for debt service		135,498		135,498
Unrestricted	212,100	33,353	3,640	249,093
Total net position	\$ 1,103,648	\$ 3,452,157	\$ 3,640	\$ 4,559,445

City of Earlville, Illinois

Statement of Cash Receipts, Cash Disbursements and Changes in Net Position Proprietary Funds

Year ended April 30, 2015

	Waterworks Fund	Sewerage Fund	Garbage Fund	Total
Operating receipts:				
Basic charges for service	\$ 204,790	\$ 458,943	\$ 56,343	\$ 720,076
Property tax receipts			3,904	3,904
Other	226			226
Total operating receipts	205,016	458,943	60,247	724,206
Operating disbursements:				
Personal services	88,338	88,696		177,034
Contractual services	57,496	83,613	59,515	200,624
Supplies	11,658	21,911	783	34,352
Depreciation	61,686	156,075		217,761
Total operating disbursements	219,178	350,295	60,298	629,771
Operating income (loss)	(14,162)	108,648	(51)	94,435
Non operating receipts (disbursements):				
Interest income	603	906	16	1,525
Interest expense		(26,719)		(26,719)
Other fees and charges		(23,422)		(23,422)
Net non operating receipts (disbursements)	603	(49,235)	16	(48,616)
Change in net position	(13,559)	59,413	(35)	45,819
Total net position, beginning of year	1,117,207	3,392,744	3,675	4,513,626
Total net position, end of year	\$ 1,103,648	\$ 3,452,157	\$ 3,640	\$ 4,559,445

City of Earlville, Illinois

Statement of Cash Flows Proprietary Funds

Year ended April 30, 2015

	Waterworks Fund	Sewerage Fund	Garbage Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 205,335	\$ 458,943	\$ 60,247	\$ 724,525
Cash received for customer deposits	2,600			2,600
Cash paid to suppliers	(96,574)	(133,005)	(60,298)	(289,877)
Cash paid to employees	(60,918)	(61,215)	0	(122,133)
Net cash provided by operating activities	50,443	264,723	(51)	315,115
Cash Flows from Non-Capital Financing Activities:				
Internal activity - payments from (to) other funds	-	80,000	-	80,000
Cash Flows from Capital and Related Financing Activities:				
Transfer to restricted cash and cash equivalents		558,869		558,869
Principal payments - notes		(2,036,544)		(2,036,544)
Proceeds from bond issuance		1,220,000		1,220,000
Acquisition of capital assets	(6,088)	(6,887)		(12,975)
Interest and fees paid		(50,141)		(50,141)
Net cash used in capital and related financing activities	(6,088)	(314,703)	-	(320,791)
Cash Flows from investing Activities:				
Interest received	603	906	16	1,525
Net increase (decrease) in cash and cash equivalents	44,958	30,926	(35)	75,849
Cash and cash equivalents, beginning of year	211,453	2,427	3,675	217,555
Cash and cash equivalents, end of year	\$ 256,411	\$ 33,353	\$ 3,640	\$ 293,404
Reconciliation of income from operations to net cash provided by operating activities:				
Income from operations	\$ (14,162)	\$ 108,648	\$ (51)	\$ 94,435
Adjustments to reconcile income from operations to net cash provided by operating activities -				
Unearned cash paid to customers	319			319
Depreciation	61,686	156,075		217,761
Decrease in customer deposits	2,600			2,600
Net cash provided by operating activities	\$ 50,443	\$ 264,723	\$ (51)	\$ 315,115

Notes to Financial Statements

Web Document

City of Earlville, Illinois

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Reporting entity

The City Council is the basic level of government which has oversight responsibility and control over all activities related to the operation of the City of Earlville, the primary government unit. The Council receives funding from local, state, and Federal government sources and must comply with the requirements of these funding source entities. However, the Council is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. There are no component units to be included with the primary government.

Summary of significant accounting policies

Government-Wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of the interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to citizens or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Earnings on investments not properly included among program revenues are reported instead as general revenue.

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

The government-wide financial statements are reported using the modified cash basis of accounting as are the proprietary fund financial statements. Revenues are recorded when cash is received and expenses are recorded when cash is paid, regardless of the timing of related cash flows. Property taxes are recognized as revenues when cash is received. Grants and similar items are recognized as revenue.

City of Earlville, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, cash receipts, and cash disbursements. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City has the following funds:

Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used, current liabilities are assigned to the fund from which they are paid, and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

General Fund – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments; street and highway maintenance and public safety are accounted for in this fund.

Motor Fuel Tax Fund – The Motor Fuel Tax Fund was created to account for intergovernmental tax funds received and designated to be spent for the purpose of maintaining City infrastructure, streets, and roads.

City of Earlville, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (continued)

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, fiduciary, or major capital projects) that are legally restricted to expenditures for specified purposes. The City's nonmajor Special Revenue Funds are the Audit Fund, Social Security Fund, Liability Insurance Fund, Unemployment Compensation Fund, Workmen's Compensation Fund, IMRF Fund, and TIF III Fund.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The City's nonmajor Debt Service Fund is the 2007 Debt Certificate and Interest Repayment Fund.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds). The City currently has no non-major capital projects funds.

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body 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. The Waterworks Fund, Sewerage Fund, and Garbage Fund are the major enterprise funds of the City.

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 government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks Fund, Sewerage Fund and Garbage Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

City of Earlville, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The City budgets for the General, Special Revenue, Debt Service, Capital Projects, and Enterprise Funds through an appropriation ordinance.

The City's appropriation ordinance is prepared on the basis of anticipated cash receipts and disbursements (cash basis).

The ordinance was passed on July 9, 2014. For each fund, total fund expenditures may not legally exceed the budgeted expenditures. The ordinance lapses at the end of each fiscal year. The City does not utilize an encumbrance system.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to May 1, the City prepares an annual appropriation ordinance for the fiscal year commencing May 1 of that year. The ordinance includes proposed expenditures and the means of financing them.

Legal spending control for City monies is at the fund level, but management control is exercised at budgetary line item levels within each fund.

- b) The City may amend the ordinance anytime by a two-thirds vote of all City Council members. The Council may make transfers between funds, but no appropriation may be reduced below an amount sufficient to cover such obligation. The City's appropriation ordinance was amended on April 21, 2015.

Property Taxes

It is the City's intention that property taxes generated from the 2013 property tax levy be used to finance the operating budget of the fiscal year ending April 30, 2015. Therefore, property tax receipts represent the receipts generated by the 2013 property tax levy.

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. The 2013 tax levy was passed by the City Council on December 11, 2013. Property taxes attach as an enforceable lien on property as of January 1, and are generally payable in two installments in early June and September. The City receives significant distributions of tax receipts within one month of these due dates.

Cash and Investments:

For the purpose of reporting cash and cash equivalents on the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

City of Earlville, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Investments (continued)

The City considers certificates of deposit with a maturity of more than three months when purchased to be investments. Restricted cash and investments consist of loan requirement accounts.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates.

Note 2 Cash and Investments

The City's cash and cash equivalents at year end consist of interest bearing demand deposit accounts and Illinois Funds. The restricted investment accounts represent two certificates of deposit held as of April 30, 2015.

Cash and cash equivalents as of April 30, 2015 are classified for the City as follows:

	Statement of Net Position
Cash and cash equivalents	\$ 829,517
Restricted cash and cash equivalents	135,498
Total	\$ 965,015

Deposits

At year-end the carrying amount of the City's deposits totaled \$965,015 and the bank balances totaled \$965,642. Of the City's deposits, all amounts are either FDIC insured or covered by collateral held by the pledging institution in the City's name. No deposits are uninsured or uncollateralized as of April 30, 2015. The City has no foreign currency risk for deposits at year end.

City of Earlville, Illinois

Notes to Financial Statements

Note 2 Cash and Investments (Continued)

Illinois Funds

The City has \$186,039 in the "Illinois Money Market Fund," formerly known as IPTIP. It is a money market fund that was created in 1975 by the Illinois General Assembly. Its primary purpose is to provide the custodians of public funds with an alternative investment vehicle which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds. The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements. The time deposits are collateralized 110% over FDIC or FSLIC \$100,000 insurance with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations, and the collateral is checked daily to determine sufficiency. The individual participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral; therefore no collateral is identified with each individual participant's account.

For financial statement purposes, the City shows Illinois Funds as cash and cash equivalents.

Investments

As of April 30, 2015, the Village had no investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City has no specific policy on the interest rate risk at year-end as it has no investments.

City of Earlville, Illinois

Notes to Financial Statements

Note 2 Cash and Investments (Continued)

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of another party. At April 30, 2015, the City had no custodial credit risk as no City deposits were uninsured or uncollateralized.

Foreign Currency Risk

The City has no foreign currency risk for investments at year end.

Note 3 Restricted Cash and Investments

In accordance with the provisions of the City's IEPA loan agreements, special accounts have been established to receive and disburse funds for debt retirement. Departmental revenues are transferred to these accounts as specified after first being deposited in a common cash account. The special accounts established by the loan agreements are not expendable for operating expenses of the City. The following schedule shows the detail of these accounts:

	2015
	Deposits in Banks
IEPA loan repayment:	
Cash	\$ 135,498
Total	\$ 135,498

City of Earlville, Illinois

Notes to Financial Statements

Note 4 Capital Assets

Capital assets

Capital assets, which include buildings, improvements, equipment, vehicles, and infrastructure, are reported in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$1,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of acquisition.

The cost of normal maintenance and repair that does not add to the value of the asset or materially extend the useful life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except land and construction in process which are not depreciated, are being depreciated using the straight line method over the following useful lives:

Buildings	40 years
Equipment	4-7 years
Vehicles	5 years
Other improvements	10-20 years
Infrastructure	40 years

Capital assets are reported as expenditures when incurred in the governmental fund financial statements.

City of Earlville, Illinois

Notes to Financial Statements

Note 4 Capital Assets (Continued)

The governmental activities capital asset activity for the year ended April 30, 2015 is as follows:

Governmental activities:	Balance April 30, 2014	Additions	Deletions	Balance April 30, 2015
Capital assets, not being depreciated:				
Land	\$ 14,380	\$ -	\$ -	\$ 14,380
Total capital assets, not being depreciated	14,380	-	-	14,380
Capital assets, being depreciated:				
Buildings	304,100	-	-	304,100
Equipment	149,475	19,826	-	169,301
Vehicles	150,433	-	-	150,433
Other improvements	511,501	-	-	511,501
Infrastructure	581,636	77,985	-	659,621
Total capital assets, being depreciated:	1,697,145	97,811	-	1,794,956
Accumulated depreciation:				
Buildings	108,235	8,255	-	116,490
Equipment	111,782	11,483	-	123,265
Vehicles	121,133	6,919	-	128,052
Other improvements	418,772	38,338	-	457,110
Infrastructure	119,341	30,432	-	149,773
Total accumulated depreciation	879,263	95,427	-	974,690
Total capital assets, being depreciated, net	817,882	2,384	-	820,266
Governmental activities capital assets, net	\$832,262	\$ 2,384	\$ -	\$834,646

City of Earlville, Illinois

Notes to Financial Statements

Note 4 Capital Assets (Continued)

The business-type activities capital asset activity for the year ended April 30, 2015 is as follows:

Business-Type activities:	Balance April 30, 2014	Additions	Deletions	Balance April 30, 2015
Capital assets, being depreciated:				
Buildings	\$ 56,469	\$ -	\$ -	\$ 56,469
Equipment	320,068	12,975	-	333,043
Vehicles	23,471	-	-	23,471
Other improvements	36,551	-	-	6,551
Infrastructure	8,120,153	-	-	8,120,153
Total capital assets, being depreciated:	8,556,712	12,975	-	8,569,687
Accumulated depreciation:				
Buildings	27,910	2,691	-	30,601
Equipment	235,886	25,129	-	261,015
Vehicles	19,472	1,476	-	20,948
Other improvements	17,088	2,061	-	19,149
Infrastructure	2,856,716	186,404	-	3,043,120
Total accumulated depreciation	3,157,072	217,761	-	3,374,833
Total capital assets, being depreciated, net	5,399,640	(204,786)	-	5,194,854
Business-Type activities capital assets, net	\$ 5,399,640	\$ (204,786)	\$ -	\$ 5,194,854

Depreciation expense was charged to the functions as follows:

Governmental activities		
General government		\$ 7,523
Public safety		10,572
Streets and alleys		61,825
Culture and recreation		1,070
Community development		14,437
Total depreciation expense-governmental activities		95,427
Business-type activities		
Water		61,686
Sewer		156,075
Total depreciation expense-business type activities		217,761
Total depreciation expense		\$ 313,188

City of Earlville, Illinois

Notes to Financial Statements

Note 5 2014 Debt Certificates

During the 2015 fiscal year, the City of Earlville, Illinois, issued \$195,000 in general obligation debt certificates for the purpose of refinancing previously issued debt certificates and notes payable. The certificates are due on December 1 of each year, commencing December 1, 2014. Interest accrues on the certificates at 2.00% and is payable on December 1 of each year commencing on December 1, 2014. The certificates are payable from a property tax levy. During the fiscal year ended April 30, 2015, principal of \$- and interest of \$791 was paid.

Future payment requirements are as follows:

Fiscal Year Ending April 30,	Rate	Principal	Interest	Total
2016	2.00	\$ 65,000	\$ 3,900	\$ 68,900
2017	2.00	65,000	2,600	67,600
2018	2.00	65,000	1,300	66,300
		\$ 195,000	\$ 7,800	\$ 202,800

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City of Earlville, Illinois

Notes to Financial Statements

Note 6 2014 Debt Certificates

During the 2015 fiscal year, the City of Earlville, Illinois, issued \$1,220,000 in general obligation debt certificates for the purpose of refinancing previously issued IEPA loans in the City's Sewer Fund. The certificates are due on December 1 of each year, commencing December 1, 2014. Interest accrues on the certificates at varying rates (see below) and is payable on December 1 of each year commencing on December 1, 2014. During the fiscal year ended April 30, 2015, principal of \$200,000 and interest of \$13,680 was paid.

Future payment requirements are as follows:

Fiscal Year Ending April 30,	Rate	Principal	Interest	Total
2016	2.00	\$ 205,000	\$ 20,575	\$ 225,575
2017	2.00	210,000	16,475	226,475
2018	2.00	215,000	12,275	227,275
2019	2.00	215,000	7,975	222,975
2020	2.10	175,000	3,675	178,675
		\$ 1,020,000	\$ 60,975	\$ 1,080,975

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City of Earlville, Illinois

Notes to Financial Statements

Note 7 Changes in Outstanding Debt

Transactions for the year ended April 30, 2015, are summarized as follows:

Fund Types	Balance April 30, 2014	Issues or Additions	Payments	Balance April 30, 2015
Governmental activities:				
Debt certificates	\$ 250,000	\$195,000	\$ 250,000	\$ 195,000
Notes payable	9,932		9,932	-
	259,932	195,000	259,932	195,000
Business-type activities:				
IEPA loans	1,836,544	1,220,000	2,036,544	1,020,000
Total debt	\$2,096,476	\$1,415,000	\$ 2,296,476	\$ 1,215,000

The annual aggregate maturities and interest payments for the five years subsequent to April 30, 2015 are as follows:

Due During Year Ended April 30,	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 65,000	\$ 3,900	\$205,000	\$ 20,575	\$ 294,475
2017	65,000	2,600	210,000	16,475	294,075
2018	65,000	1,300	215,000	12,275	293,575
2019	-	-	215,000	7,975	222,975
2020	-	-	175,000	3,675	178,675
	\$ 195,000	\$ 7,800	\$1,020,000	\$ 60,975	\$1,283,775

City of Earlville, Illinois

Notes to Financial Statements

Note 8 **Municipal Retirement Fund**

The City's defined benefit pension plan 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 online at www.imrf.org.

As set by statute, employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's rate for calendar year 2014 was 11.17% of annual covered payroll. The employer 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.

For December 31, 2014, the City's annual pension cost of \$42,197 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year, attributable to seniority and merit, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 29 year basis.

As of December 31, 2014, the most recent actuarial valuation date, the plan was 80.61% funded. The actuarial accrued liability for benefits was \$860,177 and the actuarial value of assets was \$693,379, resulting in an underfunded actuarial accrued liability (UAAL) of \$166,798. The covered payroll (annual payroll of active employees covered by the plan) was \$377,771 and the ratio of the UAAL to the covered payroll was 44%.

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

City of Earlville, Illinois

Notes to Financial Statements

Note 8 Municipal Retirement Fund (Continued)

TREND INFORMATION			
Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
12/31/14	\$ 42,197	100%	\$ -
12/31/13	39,291	100%	-
12/31/12	33,374	100%	-

Note 9 Social Security

Employees not qualifying for coverage under the Illinois Municipal Retirement Fund are considered to be "non-participating employees." These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under social security. The City paid \$32,432, equal to the total required contribution for the year ended April 30, 2015.

Note 10 Special Tax Levy

Proceeds from the Police Protection Tax Levy and related disbursements have been included in the operations of the General Fund. As of April 30, 2015, cumulative disbursements for police protection have exceeded cumulative tax receipts.

Note 11 Legal Debt Margin

The following schedule illustrates the legal debt margin of the City as of April 30, 2015:

Assessed valuation – 2014	\$ 15,700,036
Statutory debt limitation (8.625% of assessed valuation)	\$ 1,354,128
Debt outstanding at April 30, 2015: Governmental Activities (EPA loans not considered under debt margin calculations)	(195,000)
Legal debt margin	\$ 1,159,128

City of Earlville, Illinois

Notes to Financial Statements

Note 12 Other Required Individual Disclosures

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

Individual fund interfund receivable and payable balances. Balances at April 30, 2015 were as follows:

Fund Owed	Fund Owing	Total
General	TIF III	\$ 66,000
		<u>\$ 66,000</u>

The interfund loans involving the general fund and TIF III fund is to cover operating costs.

Following are interfund transfers for the year ended April 30, 2015:

Transfer from the TIF III Fund to the TIF II Fund to reimburse TIF eligible expenses	\$ 14,138
<u>Total transfers to other funds</u>	<u>\$ 14,138</u>

As of April 30, 2015, the following funds had a deficit fund balance by the amount stated:

TIF III Fund	\$ 65,377
--------------	-----------

The following funds had expenditure that exceeded the appropriated amount:

	<u>Amount over appropriation</u>
TIF III Fund	\$3,337

This excess was due to unforeseen maintenance costs.

City of Earlville, Illinois

Notes to Financial Statements

Note 13 Risk Management

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation, and public official liability. To limit exposure to these risks, the City participates in the Illinois Municipal League Risk Management Association. The City is liable for up to a \$500 per year deductible for all years it participates in the plan. The City's policy is to record any related expenditures in the year in which they are notified and pay the assessment. The City is not aware of any additional assessments owed as of April 30, 2015.

During the year ended April 30, 2015, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 14 TIF Districts

During the fiscal year ended April 30, 1991, the City established TIF District II, and TIF District III was established during the fiscal year ended April 30, 1999. The goal of the Tax Increment Financing law is to induce private development, which would not occur without public expenditure, in economically depressed areas in order to improve property values and eliminate blight.

TIF District II was established for the development of the Wall Addition, so that the City could offer adequate housing to new residents of the City. Through TIF financing, the City paid for infrastructure improvements to the subdivision.

The City has entered into intergovernmental agreements with the Earlville Fire Protection District, Earlville Community Unit School District No. 9, and Illinois Valley Community College. The terms of the agreement between the City and the Fire District call for the City to pay the Fire District the sum of \$50 per home within the TIF II District until the bonds issued are repaid in full (fiscal year 2004). Thereafter, the City shall pay the Fire District from the incremental increase in taxes from TIF II for capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of said project to the extent the City, by written agreement, accepts and approves such costs.

The School District will receive an impact fee paid by the developer of said redevelopment project. This fee will be \$1,000 per lot, with a \$1,000 limit per lot. The City will also forward 20% of the TIF revenue increment received each year. Illinois Valley Community College receives a payment in the amount of 100% of the College's tax loss due to the TIF District.

TIF District III was established to account for tax increment allocation financing for the Downtown Earlville Tax Increment Redevelopment Project Area.

City of Earlville, Illinois

Notes to Financial Statements

Note 14 TIF Districts (Continued)

There are intergovernmental agreements between the City's TIF District III and LaSalle County, Earlville Community Unit School District No. 9, and Illinois Valley Community College. The terms of the agreement between the City and the County require the City to make annual payments to the County during the life of TIF District III. Said payments shall reimburse the County for 51% of its incremental real estate tax loss within TIF District III. The terms of the agreement between the City and District No. 9, also require the City to reimburse the District for the real estate tax loss to the District caused by TIF District III. Payments to Illinois Valley Community College shall reimburse the College for 100% of its tax loss due to the TIF District.

Note 15 Special Services Area

During a prior fiscal year, the City established a special service area within the City as it was determined that owners of the real property within the area would benefit from the installation of new sidewalks as part of the downtown redevelopment project. The expenses incurred by the City in installing such sidewalks and incurring debt for such purpose shall be borne by the owners of the real property within such special service area, through the levy of an annual tax for a period of ten years. Property owners wishing to pay the entire amount owed could pay the amount due prior to December 1, 2004, to avoid the annual tax. The total amount of the special assessments levied is \$129,425. The first taxes collected from this levy were remitted to the City during the fiscal year ended April 30, 2006. During the current fiscal year the City collected special assessments of \$11,200. The balance of the special assessments, in the amount of \$1,606 will be collected through the annual tax levy over the next fiscal year.

Note 16 Economic Incentive Agreement

During a prior fiscal year, the City entered into an economic incentive agreement with Premier Oil Holdings, LLC. Under the terms of the agreement, the City shall share or rebate one-half (1/2) of the retailers' occupation taxes generated from or at the development during a period of fifteen years, up to a maximum of \$75,000. The City shall have no further obligation to make any further payments when and if such \$75,000 limit has been reached. During the current fiscal year, the City paid the seventh payment due under this agreement in the amount of \$7,093, bringing the total amount paid to \$50,178.

Note 17 Reclassification of Garbage Fund

During the current year, the City entered into an agreement with Republic Services to provide garbage service to the citizens of the City effective July 9th, 2014 with the activity being recorded to the City's previously existing Garbage Fund. As this fund was previously a governmental activity, due to the City charging citizens for the service, it must be classified as a business-type activity on the financial statements.

City of Earlville, Illinois

Notes to Financial Statements

Note 18 Fund Balance Reporting

On April 25, 2012, the City adopted a fund balance policy pursuant to Governmental Accounting Standards Board Statement No. 54. According to this standard, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions for how these balances are reported.

Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has several revenue sources received within different funds that are restricted for the following purposes:

Social Security	\$	18,556
Audit Services		7,185
Liability Insurance		24,631
Unemployment Insurance		6,803
Workmen's Compensation		12,269
Municipal Retirement		15,111
Road Maintenance		169,941
Debt Certificate Repayment		2,908
<hr/>		
Total Restricted	\$	257,404

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to report deficit fund balances in all other funds (TIF II Fund and TIF III Fund).

Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, assigned balances next, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

Other Information

Web Document

City of Earlville, Illinois

Schedule of Cash Receipts and Cash Disbursements Compared with Appropriations General Fund

Year ended April 30, 2015

	Appropriated Amounts			Variance with Final Budget
	Original and	Final	Actual	Positive (Negative)
Cash receipts:				
Local taxes	\$	226,340	\$ 198,520	\$ (27,820)
Intergovernmental		312,400	293,778	(18,622)
Licenses, permits and fees		40,670	27,074	(13,596)
Rentals		30	24	(6)
Fines and forfeits		11,600	8,446	(3,154)
Other		13,400	25,696	12,296
Total cash receipts	\$	604,440	\$ 553,538	\$ (50,902)
Cash disbursements:				
General government	\$	162,002	\$ 104,255	\$ 57,747
Public health and safety		295,824	251,986	43,838
Streets and alleys		234,766	192,053	42,713
Culture and recreation		20,100	10,025	10,075
Capital outlay		105,200	19,827	85,373
Total cash disbursements	\$	817,892	\$ 578,146	\$ 239,746

City of Earlville, Illinois

Schedule of Cash Receipts and Cash Disbursements Compared with Appropriations Motor Fuel Tax Fund

Year ended April 30, 2015

	Appropriated Amounts			Variance with Final Budget
	Original and Final	Actual		Positive (Negative)
Cash receipts:				
Intergovernmental - Motor Fuel taxes	\$ 55,000	\$ 56,308	\$	1,308
Compensatory income	-	57,500		57,500
Other - Interest	50	315		265
Total cash receipts	\$ 55,050	\$ 114,123	\$	59,073
Cash disbursements:				
Streets and alleys	\$ 188,800	\$ -	\$	188,800
Capital outlay	-	77,984		(77,984)
Total cash disbursements	\$ 188,800	\$ 77,984	\$	110,816

Web Document

City of Earlville, Illinois

Schedule of Cash Receipts and Cash Disbursements Compared with Appropriations TIF II Fund

Year ended April 30, 2015

	Appropriated Amounts			Variance with Final Budget
	Original and Final	Actual		Positive (Negative)
Cash receipts:				
Property taxes	\$ 105,843	\$ 105,843	\$	-
Other - Interest	75	95		20
Total cash receipts	\$ 105,918	\$ 105,938	\$	20
Cash disbursements:				
General government:				
Contract services	\$ 1,200	\$ 416	\$	784
Legal	100	-		100
Miscellaneous	300	38		262
Other:				
Inter-governmental agreements:				
Earlville CUSD #9	21,169	21,169		-
Earlville Fire District	1,600	1,600		-
Illinois Valley Community College	3,708	3,707		1
Total cash disbursements	\$ 28,077	\$ 26,930	\$	1,147

City of Earlville, Illinois

Schedule of Cash Receipts and Cash Disbursements Compared with Appropriations TIF III Fund

Year ended April 30, 2015

	Appropriated Amounts		Variance with Final Budget	
	Original and Final	Actual	Positive (Negative)	
Cash receipts:				
Property taxes	\$ 73,143	\$ 72,806	\$ (337)	
Other - Interest	75	432	357	
Total cash receipts	\$ 73,218	\$ 73,238	\$ 20	
Cash disbursements:				
General government:				
Contract services	\$ 1,400	\$ 1,676	\$ (276)	
Legal	100	-	100	
Maintenance - building	30,000	37,409	(7,409)	
Maintenance - equipment	4,000	-	4,000	
Miscellaneous	300	37	263	
Debt service:				
Principal	9,932	9,932	-	
Interest	397	413	(16)	
Other:				
Inter-governmental agreements:				
Earlville CUSD #9	15,519	15,518	1	
LaSalle County	2,935	2,935	-	
Illinois Valley Community College	2,159	2,159	-	
Total cash disbursements	\$ 66,742	\$ 70,079	\$ (3,337)	

City of Earlville, Illinois

Schedule of IMRF Funding Progress

April 30, 2014
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a) / c)
12/31/14	\$693,379	\$860,177	\$166,798	80.61%	\$377,771	44.15%
12/31/13	595,224	744,804	149,580	79.92%	349,562	42.79%
12/31/12	504,992	647,896	142,904	77.94%	318,453	44.87%
12/31/11	431,482	577,701	146,219	74.69%	313,625	46.62%
12/31/10	383,015	500,547	117,532	76.52%	321,860	36.52%
12/31/09	328,296	459,598	131,302	71.43%	328,271	40.00%
12/31/08	275,518	386,939	111,421	71.20%	342,552	32.53%
12/31/07	238,526	306,837	68,311	77.74%	311,486	21.93%
12/31/06	185,983	229,960	43,977	80.88%	258,035	17.04%
12/31/05	147,029	178,834	31,805	82.22%	246,487	12.90%
12/31/04	116,441	180,379	63,938	64.55%	246,166	25.97%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$761,061. On a market basis, the funded ratio would be 88.48%.

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

City of Earlville, Illinois

Combining Statement of Assets, Liabilities, and Fund Balances

Cash Basis

Nonmajor Governmental Funds

April 30, 2015

<i>Assets</i>	Special Revenue Funds	Debt Service Fund - 2007 Debt Certificate Repayment Fund	Total Nonmajor Governmental Funds
Cash	\$ 84,555	\$ 2,908	\$ 87,463
Total assets	\$ 84,555	\$ 2,908	\$ 87,463
<i>Liabilities and Fund Balances</i>			
Liabilities:			
Due to other funds	\$ -	\$ -	\$ -
Fund balances:			
Unreserved	-	-	-
Reserved	84,555	2,908	87,463
Total fund balances	84,555	2,908	87,463
Total liabilities and fund balances	\$ 84,555	\$ 2,908	\$ 87,463

Web Document

City of Earlville, Illinois

Combining Statement of Assets, Liabilities, and Fund Balances
Cash Basis
Nonmajor Special Revenue Funds

April 30, 2015

<i>Assets</i>	Audit Fund	Social Security Fund	Liability Insurance Fund
Cash	\$ 7,185	\$ 18,556	\$ 24,631
Total assets	\$ 7,185	\$ 18,556	\$ 24,631
<i>Liabilities and Fund Balance</i>			
Liabilities:			
Other liabilities			
Total liabilities	-	-	-
Fund balances:			
Unreserved			
Reserved	\$ 7,185	\$ 18,556	\$ 24,631
Total fund balances	7,185	18,556	24,631
Total liabilities and fund balances	\$ 7,185	\$ 18,556	\$ 24,631

Unemployment Compensation Fund	Workmen's Compensation Fund	IMRF Fund	Total Nonmajor Special Revenue Funds
\$ 6,803	\$ 12,269	\$ 15,111	\$ 84,555
\$ 6,803	\$ 12,269	\$ 15,111	\$ 84,555
-	-	-	-
\$ 6,803	\$ 12,269	\$ 15,111	\$ 84,555
6,803	12,269	15,111	84,555
\$ 6,803	\$ 12,269	\$ 15,111	\$ 84,555

Web Document

City of Earlville, Illinois

Combining Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances Nonmajor Governmental Funds

Year ended April 30, 2015

	Special Revenue Funds	Debt Service Fund - 2007 Debt Certificate Repayment Fund	Total Nonmajor Governmental Funds
Cash receipts:			
Local taxes:			
Property taxes	\$ 107,257	\$ 67,624	\$ 174,881
Other:			
Interest	257	60	317
Total cash receipts	107,514	67,684	175,198
Cash disbursements:			
General government	96,220	1,125	97,345
Debt service	-	261,583	261,583
Total cash disbursements	96,220	262,708	358,928
Excess (deficiency) of cash receipts over (under) cash disbursements	11,294	(195,024)	(183,730)
Other financing sources (uses):			
Proceeds from issuance of bonds	-	195,000	195,000
Total other financing sources (uses)	-	195,000	195,000
Excess (deficiency) of cash receipts over (under) cash disbursements and other financing sources (uses)	11,294	(24)	11,270
Fund balances, beginning of year	73,261	2,932	76,193
Fund balances, end of year	\$ 84,555	\$ 2,908	\$ 87,463

City of Earlville, Illinois

Combining Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances Nonmajor Special Revenue Funds

Year ended April 30, 2015

	Audit Fund	Social Security Fund	Liability Insurance Fund
Cash receipts:			
Local taxes:			
Property taxes	\$ 7,808	\$ 22,447	\$ 24,398
Other:			
Interest	17	59	66
Total cash receipts	7,825	22,506	24,464
Cash disbursements:			
General government	7,320	23,089	15,315
Total cash disbursements	7,320	23,089	15,315
Excess (deficiency) of cash receipts over (under) cash disbursements	505	(583)	9,149
Fund balances (deficit), beginning of year	6,680	19,139	15,482
Fund balances (deficit), end of year	\$ 7,185	\$ 18,556	\$ 24,631

Unemployment Compensation Fund	Workmen's Compensation Fund	IMRF Fund	Total Nonmajor Special Revenue Funds
\$ 977	\$ 24,399	\$ 27,228	\$ 107,257
17	43	55	257
994	24,442	27,283	107,514
576	22,035	27,885	96,220
576	22,035	27,885	96,220
418	2,407	(602)	11,294
6,385	9,862	15,713	73,261
\$ 6,803	\$ 12,269	\$ 15,111	\$ 84,555

Web Document

City of Earlville, Illinois

Statement of Cash Receipts Compared with Appropriated Amounts General Fund

Year ended April 30, 2015

	Appropriations	Cash Receipts	Variance positive (negative)
Local taxes:			
Property taxes	\$ 82,340	\$ 78,096	\$ (4,244)
Utility taxes	100,000	86,323	(13,677)
Telecommunications taxes	44,000	34,101	(9,899)
	226,340	198,520	(27,820)
Intergovernmental:			
Sales tax	90,000	85,306	(4,694)
Use tax	35,000	32,756	(2,244)
Income tax	175,000	165,176	(9,824)
Replacement tax	8,400	7,373	(1,027)
Video gaming tax	4,000	3,167	(833)
	312,400	293,778	(18,622)
Licenses, permits and fees:			
Gas franchise fees	3,500	2,920	(580)
Building permits	1,500	843	(657)
Wireless network permit	1,000	180	(820)
Liquor licenses	3,500	3,550	50
Plan review fees	3,000	-	(3,000)
Development fees	4,000	-	(4,000)
Vehicle sticker fees	22,000	16,090	(5,910)
Miscellaneous permits and fees	2,170	3,491	1,321
	40,670	27,074	(13,596)
Rentals	30	24	(6)
Fines and forfeits:			
County court fines	6,000	4,541	(1,459)
Local police and DUI fines	2,000	1,127	(873)
Drug fines	600	378	(222)
Ordinance violation fines	3,000	2,400	(600)
	11,600	8,446	(3,154)
Other:			
Interest	400	565	165
Sale of equipment	-	765	765
Donations	10,000	2,360	(7,640)
Compensatory income	-	20,000	20,000
Miscellaneous	3,000	2,006	(994)
	13,400	25,696	12,296
Total cash receipts	\$ 604,440	\$ 553,538	\$ (50,902)

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts General Fund

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
General government:			
Administration:			
Salaries:			
Employees	\$ 30,100	\$ 29,992	\$ 108
Elected officials	29,500	29,500	-
Employee benefits	10,752	8,642	2,110
Legal	6,000	2,700	3,300
Engineering services	1,500	-	1,500
Postage	500	227	273
Telephone	2,200	2,092	108
Publishing	2,500	1,172	1,328
Printing	1,000	668	332
Dues, memberships, and publications	1,600	1,123	477
Travel expense	1,900	598	1,302
Training	6,000	2,389	3,611
Data processing	5,000	1,866	3,134
Bonds	150	98	52
Equipment maintenance	1,000	315	685
Contract services	10,000	-	10,000
Office supplies	1,000	793	207
Other supplies	1,000	86	914
Donations	2,500	2,100	400
Economic incentive expense	7,500	7,093	407
Miscellaneous	600	271	329
Capital outlay:			
Equipment	7,000	-	7,000
	129,302	91,725	37,577
City Hall:			
Maintenance service:			
Building	5,000	4,480	520
Equipment	4,000	4	3,996
Professional services	2,600	1,464	1,136
Contract services	1,000	-	1,000
Utilities	2,500	877	1,623
Janitorial supplies	500	278	222
Miscellaneous	300	79	221
Capital outlay:			
Building	7,500	-	7,500
Equipment	4,000	-	4,000
	27,400	7,182	20,218

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts General Fund (Continued)

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
General government (cont.):			
Zoning:			
Contract services	7,000	2,110	4,890
Engineering	7,500	1,870	5,630
Legal	4,000	-	4,000
Printing	3,825	-	3,825
Publishing	1,175	1,173	2
Miscellaneous	300	195	105
	23,800	5,348	18,452
<hr/>			
Total general government	180,502	104,255	76,247
<hr/>			
Public health and safety:			
Police:			
Salaries:			
Full time	145,800	145,756	44
Part time	32,800	20,640	12,160
Overtime	12,700	12,558	142
Employee benefits	42,774	37,882	4,892
Uniforms	5,200	5,184	16
Legal	5,000	-	5,000
Maintenance service:			
Equipment	3,000	1,669	1,331
Vehicles	4,000	722	3,278
Data processing	2,335	2,382	(47)
Postage	350	137	213
Telephone	3,000	2,306	694
Printing	600	285	315
Dispatching	8,850	8,850	-
Dues, memberships, and publications	1,000	916	84
Travel expense	200	-	200
Training	2,500	1,223	1,277
Animal control services	415	95	320
Other supplies	1,500	493	1,007
Office supplies	1,500	754	746
Gas and oil	15,000	9,604	5,396
Drug enforcement expense	7,000	-	7,000
Miscellaneous	300	250	50
Capital outlay:			
Equipment	6,000	-	6,000
Furniture	700	280	420
	302,524	251,986	50,538

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts General Fund (Continued)

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
Streets and alleys:			
Salaries:			
Full time	54,300	52,608	1,692
Part time	-	-	-
Overtime	6,000	4,295	1,705
Employee benefits	23,616	16,630	6,986
Uniforms	300	298	2
Legal	1,000	-	1,000
Maintenance:			
Building	2,000	756	1,244
Equipment	10,000	4,414	5,586
Vehicles	5,000	2,940	2,060
Streets	40,450	40,866	(416)
Contract service	29,550	27,287	2,263
Engineering service	2,500	793	1,707
Services - Julie	300	126	174
Travel	200	-	200
Training	300	-	300
Telephone	700	583	117
Utilities - heating	1,000	681	319
Street lighting	27,000	19,300	7,700
Equipment rental	5,000	2,194	2,806
Supplies:			
Snow removal	10,000	9,000	1,000
Other	3,500	1,605	1,895
Small tools	750	309	441
Gas and oil	11,000	7,316	3,684
Miscellaneous	300	52	248
Capital outlay:			
Equipment	55,000	17,982	37,018
Sidewalk	5,000	-	5,000
Storm sewer improvement	10,000	-	10,000
Total streets and alleys	304,766	210,035	94,731

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts General Fund (Continued)

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
Culture and recreation:			
Parks:			
Salaries - full time	7,300	6,440	860
Salaries - overtime	500	13	487
Maintenance:			
Building	4,000	1,696	2,304
Equipment	3,000	320	2,680
Contract services	1,000	-	1,000
Utilities - park lighting	2,000	1,066	934
Gas and oil	500	150	350
Supplies - other	1,500	340	1,160
Miscellaneous	300	-	300
Capital outlay:			
City park improvements	5,000	-	5,000
Equipment	5,000	1,845	3,155
Total culture and recreation	30,100	11,870	18,230
Total General Fund cash disbursements	\$ 817,892	\$ 578,146	\$ 239,746

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Special Revenue Funds

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
<i>Audit Fund</i>			
General government:			
Audit expense	\$ 11,680	\$ 7,320	\$ 4,360
Interfund operating transfer	3,000	-	3,000
Total Audit Fund	\$ 14,680	\$ 7,320	\$ 7,360
<i>Motor Fuel Tax Fund</i>			
Streets and alleys:			
Engineering	\$ 20,800	\$ -	\$ 20,800
Street repairs	168,000	-	168,000
Capital outlay	-	77,984	(77,984)
Total Motor Fuel Tax Fund	\$ 188,800	\$ 77,984	\$ 110,816
<i>Social Security Fund</i>			
General government:			
Payroll taxes	\$ 42,140	\$ 23,089	\$ 19,051
<i>Liability Insurance Fund</i>			
General government:			
Insurance expense	\$ 40,400	\$ 15,315	\$ 25,085
<i>Unemployment Compensation Fund</i>			
General government:			
Unemployment taxes	\$ 7,300	\$ 576	\$ 6,724
<i>Workmen's Compensation Fund</i>			
General government:			
Insurance expense	\$ 34,800	\$ 22,035	\$ 12,765
<i>IMRF Fund</i>			
General government:			
IMRF expense	\$ 43,600	\$ 27,885	\$ 15,715

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Special Revenue Funds (Continued)

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
<i>TIF II Fund</i>			
General government:			
Contract services	\$ 1,200	\$ 416	\$ 784
Legal	100	-	100
Miscellaneous	300	38	262
	1,600	454	1,146
Other:			
Inter-governmental agreements:			
Earlville CUSD #9	21,169	21,169	-
Earlville Fire District	1,600	1,600	-
Illinois Valley Community College	3,708	3,707	1
	26,477	26,476	1
Total TIF II Fund	\$ 28,077	\$ 26,930	\$ 1,147
<i>TIF III Fund</i>			
General government:			
Contract services	\$ 1,400	\$ 1,676	\$ (276)
Legal	100	-	100
Maintenance - building	30,000	37,409	(7,409)
Maintenance - equipment	4,000	-	4,000
Miscellaneous	300	37	263
	35,800	39,122	(3,322)
Debt service:			
Principal	9,932	9,932	-
Interest	397	413	(16)
	10,329	10,345	(16)
Other:			
Inter-governmental agreements:			
Earlville CUSD #9	15,519	15,518	1
LaSalle County	2,935	2,935	-
Illinois Valley Community College	2,159	2,159	-
	20,613	20,612	1
Total TIF III Fund	\$ 66,742	\$ 70,079	\$ (3,337)

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Debt Service Funds

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
<i>2007 Debt Certificate</i>			
<i>Repayment Fund</i>			
General government:			
Fees	\$ 500	\$ 1,125	\$ (625)
Debt service:			
Principal	250,000	250,000	-
Interest	9,400	11,583	(2,183)
	259,400	261,583	(2,183)
Total 2007 Debt Certificate and Interest Repayment Fund	\$ 259,900	\$ 262,708	\$ (2,808)

Web Document

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Waterworks Fund

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
Personal services:			
Salaries:			
Full time	\$ 59,000	\$ 57,877	\$ 1,123
Part time	2,000	123	1,877
Overtime	5,000	2,918	2,082
Payroll taxes	5,100	4,660	440
IMRF contribution	7,310	6,736	574
Uniform allowance	300	251	49
Employee benefits	19,200	15,773	3,427
	97,910	88,338	9,572
Contractual services:			
Legal	1,000	-	1,000
Maintenance:			
Building	4,000	779	3,221
Equipment	3,000	1,502	1,498
Utility system	75,000	19,419	55,581
Vehicle	2,000	156	1,844
Engineering service	20,000	-	20,000
Service - Julie	300	126	174
Testing	3,530	3,530	-
Data processing	4,110	4,104	6
Audit	2,890	2,440	450
Insurance:			
Liability	6,000	4,051	1,949
Workmen's compensation	4,600	3,048	1,552
Unemployment	300	84	216
Machine/boiler	500	-	500
Telephone	1,500	1,094	406
Printing	1,000	343	657
Dues, memberships, and publications	500	266	234
Travel	300	184	116
Training	500	137	363
Equipment rental	1,970	-	1,970
Utilities:			
Electricity	15,000	13,933	1,067
Heating	3,500	2,255	1,245
Miscellaneous	300	45	255
	151,800	57,496	107,352

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Waterworks Fund (Continued)

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
Supplies:			
Small tools and supplies	5,000	2,348	2,652
Postage	2,500	1,104	1,396
Testing supplies	1,500	558	942
Gas and oil	2,500	1,292	1,208
Chemicals	15,000	6,356	8,644
	26,500	11,658	14,842
Capital outlay:			
Equipment	16,000	-	16,000
Utility system	20,000	-	20,000
	36,000	-	36,000
Depreciation	-	61,686	(61,686)
	\$ 312,210	\$ 219,178	\$ 167,766

Web Document

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Sewerage Fund

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
Personal services:			
Salaries:			
Full time	\$ 59,000	\$ 57,877	\$ 1,123
Part time	2,000	420	1,580
Overtime	5,000	2,918	2,082
Payroll taxes	5,100	4,684	416
IMRF contribution	7,310	6,737	573
Uniform allowance	300	287	13
Employee benefits	19,200	15,773	3,427
	97,910	88,696	9,214
Contractual services:			
Legal	1,000	-	1,000
Maintenance:			
Building	2,000	837	1,163
Equipment	7,000	1,146	5,854
Utility system	40,000	20,574	19,426
Vehicle	2,000	156	1,844
Engineering service	20,000	-	20,000
Service - Julie	300	126	174
Testing	500	-	500
Data processing	4,110	4,104	6
Audit	2,890	2,440	450
Insurance:			
Liability	11,000	8,727	2,273
Workmen's compensation	4,600	3,048	1,552
Unemployment	300	86	214
Machine/boiler	750	-	750
Telephone	1,500	1,005	495
Printing	1,000	457	543
Dues, memberships, and publications	500	266	234
Travel	300	287	13
Training	500	357	143
Equipment rental	2,000	-	2,000
Garbage disposal	7,000	6,532	468
Utilities:			
Electricity	40,000	29,862	10,138
Heating	4,000	1,035	2,965
Permit fees	4,500	2,500	2,000
Miscellaneous	300	68	232
	158,050	83,613	74,437

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Sewerage Fund (Continued)

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
Supplies:			
Small tools and supplies	5,000	3,109	1,891
Postage	2,500	1,115	1,385
Testing supplies	2,500	1,705	795
Gas and oil	3,000	1,523	1,477
Chemicals	25,000	14,459	10,541
	38,000	21,911	16,089
Capital outlay:			
Equipment	16,000	-	16,000
Utility system	20,000	-	20,000
	36,000	-	36,000
Depreciation	-	156,075	(156,075)
	\$ 329,960	\$ 350,295	\$ (20,335)

City of Earlville, Illinois

Statement of Cash Disbursements Compared with Appropriated Amounts Garbage Fund

Year ended April 30, 2015

	Appropriations	Cash Disbursements	Variance positive (negative)
Services - garbage disposal	\$ 80,000	\$ 59,515	\$ 20,485
Services - painting	400	155	245
Postage	650	628	22
	\$ 81,050	\$ 60,298	\$ 20,752

Web Document

City of Earlville, Illinois

Assessed Valuations, Tax Rates, Extensions and Collections

April 30, 2015

	Maximum Rate	Tax Year		
		2014	2013	2012
Assessed valuations		\$ 15,700,036	\$ 16,584,783	\$ 17,985,818
Tax rates:				
General	.2500	.2500	.2500	.2500
Road and Bridge (from Township)	No limit	.0816	.0816	.0816
Police protection	.1500	.1500	.1500	.1500
Garbage	.2000	.0255	.0241	.0278
Audit	No limit	.0510	.0482	.0500
Liability insurance	No limit	.1465	.1508	.1390
Social security	No limit	.1465	.1387	.1168
IMRF	No limit	.1784	.1682	.1446
Workmen's compensation	No limit	.1529	.1508	.1168
Unemployment insurance	No limit	.0064	.0060	.0056
Bonds and interest	No limit	.4347	.4178	.3738
		1.6235	1.5862	1.4560
Tax extensions:				
General		\$ 39,250	\$ 41,462	\$ 44,965
Road and Bridge (from Township)		12,811	13,533	14,676
Police protection		23,550	24,877	26,979
Garbage		4,004	3,997	5,000
Audit		8,007	7,994	8,993
Liability insurance		23,001	25,010	25,000
Social security		23,001	23,003	21,007
IMRF		28,009	27,896	26,007
Workmen's compensation		24,005	25,010	21,007
Unemployment insurance		1,005	995	1,007
Bonds and interest		68,252	69,295	67,231
		\$ 254,894	\$ 263,072	\$ 261,874
Collections: (includes mobile home and back taxes)				
		\$ -	\$ 256,879	\$ 258,796
Percentage of extensions collected		0.00%	97.65%	98.82%

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Mayor and
Members of the City Council
City of Earlville
Earlville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Earlville, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise City of Earlville's basic financial statements and have issued our report thereon dated August 5, 2015.

Internal Control Over Financial Reporting

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Segregation of Duties

A good system of internal control procedures contemplates adequate segregation of duties so that no one individual can handle a transaction from its inception to its completion. Within the City's system of internal control, there are situations whereby there is not a complete or adequate segregation of duties that arise due to legal requirements or limited number of personnel.

It would not be practical to set up procedures to detect all instances of noncompliance with controls that do exist, nor is it always practical to establish complete segregation of duties. As a result, however, many controls that are required for any given application could be circumvented without detection.

While we also recognize that ultimate controls cannot be implemented with your current number of employees, we believe that continued strong supervision and review by the City Council compensates for some of these weaknesses. Therefore, it is important that you recognize that regular and active involvement by the City Council is an integral and critical area within the City's system of internal control.

Financial Statements Preparation

Due to the limited number of personnel available in the organization, management with the authorization of the City Council, has requested that our firm prepare the financial statements and footnote disclosures for them to review and approve. This does not violate professional independence standards as management and the City Council take responsibility for the statements and is the most cost effective option for the organization.

Since there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by management and the City Council's review of the financial statements, we consider this to be a significant deficiency in internal control. We recommend that management and the City Council continue to evaluate whether it is cost effective to hire a person with the qualifications to prepare the financial statements and disclosures.

Compliance and Other Matters

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

Purpose of this Report

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

Wipac LLP

Mendota, Illinois
August 5, 2015

City of Earlville, Illinois

Schedule of Responses

For the Year Ended April 30, 2015

Financial Statement Findings

Condition – There is inadequate control over the functions of processing and recording the financial transactions of the City due to the inadequate segregation of duties stemming from limited personnel.

Management responses – The City's management and City council's close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the City's accounting and financial reporting.

Condition – The financial statement and disclosures are prepared by the external auditors.

Management response – The City's management and City council's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

Web Document

Independent Auditor's Report on Compliance with State of Illinois Public Act 85-1142

Illinois Department of Revenue
Springfield, Illinois

We have audited the basic financial statements of the City of Earlville, Illinois for the year ended April 30, 2015, and have issued our report thereon dated August 5, 2015. The basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the TIF district pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was made 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Earlville, Illinois' management is responsible for the government's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicate that for the items tested, the City of Earlville, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

Wipfli LLP

Mendota, Illinois
August 5, 2015