

City of Earlville, Illinois

Earlville, Illinois

Annual Financial Report

April 30, 2020

Web Document

City of Earlville, Illinois

Year ended April 30, 2020

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City of Earlville, Illinois

Year ended April 30, 2020

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Wipfli LLP
1104 Meriden Street
Mendota, IL 61342

815.539.5049
Fax 815.539.5644

www.wipfli.com

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, 2020, 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 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, 2020, 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 opinions on the financial statements that collectively comprise City of Earlville, Illinois' basic financial statements. The Management's Discussion and Analysis and budgetary comparison information on pages 3-11 and 42-64, 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.

Wipfli LLP

Mendota, Illinois
August 7, 2020

Management's Discussion and Analysis
(Unaudited)

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City of Earlville, Illinois

Management's Discussion and Analysis

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, 2020 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 and other information.

Governmental Financial Highlights for FY2020

- The City's governmental assets exceeded its liabilities at the close of the fiscal year by \$1,046,456 (net position). Of this amount, \$112,919 (unrestricted net position) may be used to meet the City's ongoing obligations.
- The City's governmental total net position increased by \$6,456 during fiscal year 2020 as reported in the statement of activities.
- The City's major governmental revenue consisted of \$329,105 in property tax revenues and \$439,010 in other tax revenues.
- As of the close of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$562,272, an increase of \$17,351 in comparison to 2019.

Business-Type Financial Highlights for FY2020

- The City's business-type assets exceeded its liabilities at the close of the fiscal year by \$4,527,705 (net position). The restricted net position of \$191 is restricted for debt service requirements.
- The City's business-type net position decreased by \$140,242 during fiscal year 2020 as reported in the statement of activities.
- The City's major business-type revenue consisted of \$735,350 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

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 three business-type activities accounted for by the City: the water and sewer utilities and garbage pick-up service.

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 modified 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 revenues, expenditures and changes in fund balances – modified cash basis provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains ten 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 revenues, expenditures, and changes in fund balances – modified cash basis for major governmental funds, (the General Fund and TIF III Fund). 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

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 – 41 of this report.

Other Information

This information addresses the City's budgetary comparison schedules, and the IMRF (Illinois Municipal Retirement Fund) Schedule of Changes in Net Pension Liability and Schedule of Contributions. 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 42 – 45 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 46 – 49 of this report. The City has also elected to include a statement of revenues compared with appropriated amounts for the General Fund (page 50) and statements of expenditures compared with appropriated amounts for each individual fund. These statements can be found on pages 51 – 63 of this report. The assessed valuations, tax rates, extensions, and collections are presented on page 64.

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

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	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 562,272	\$ 544,920	\$ 213,359	\$ 426,189	\$ 775,631	\$ 971,109
Noncurrent assets	882,184	958,813	4,371,825	4,472,404	5,254,009	5,431,217
Total assets	1,444,456	1,503,733	4,585,184	4,898,593	6,029,640	6,402,326
Current liabilities	54,000	65,733	57,479	230,646	111,479	296,379
Noncurrent liabilities	344,000	398,000	-	-	344,000	398,000
Total liabilities	398,000	463,733	57,479	230,646	455,479	694,379
Net position:						
Net investment in capital assets	484,184	495,080	4,371,825	4,297,404	4,856,009	4,792,484
Restricted	449,353	407,700	191	97,247	449,544	504,947
Unrestricted	112,919	137,220	155,689	273,296	268,608	410,516
Total net position	\$1,046,456	\$1,040,000	\$ 4,527,705	\$ 4,667,947	\$5,574,161	\$5,707,947

Governmental Activities

The net position of the City's governmental activities increased 0.62% or \$6,456 (\$1,046,456 compared to \$1,040,000). The unrestricted net position decreased by \$24,301. 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 \$41,653. There were no notable increases or decreases that varied significantly from 2019 to 2020.

Business-Type Activities

The net position of the City's business-type activities decreased 3.00% or \$140,242 (\$4,527,705 compared to \$4,667,947). The unrestricted net position decreased by \$117,607. The City generally can only use this net position to finance the continuing operations of the water and sewer utilities. The restricted net position decreased by \$97,056. The decrease in net position was due largely in part to a significant sewer maintenance project that took place during the year.

City of Earlville, Illinois

Management's Discussion and Analysis

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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 45,270	\$ 47,201	\$ 735,350	\$ 744,189	\$ 780,620	\$ 791,390
Operating grants and contributions	61,490	43,308			43,308	43,308
General revenue:						
Local property taxes	329,105	319,280	2,981	2,985	332,086	322,265
Other taxes	439,010	410,913			439,010	410,913
Unrestricted investment earnings	5,436	6,134	1,457	2,089	6,893	8,223
Miscellaneous	3,426	26,158			3,426	26,158
Total revenues	883,737	852,994	739,788	749,263	1,623,525	1,602,257
Expenditures:						
General government	224,774	248,923			224,774	248,923
Public health and safety	306,160	279,046			306,160	279,046
Streets and alleys	273,277	309,172			273,277	309,172
Culture and recreation	22,436	15,717			22,436	15,717
Interest	16,770	18,996			16,770	18,996
Community development	13,957	13,957			13,957	13,957
Public works projects			880,030	720,803	880,030	720,803
Other	19,907	20,054			19,907	20,054
Total expenditures	877,281	905,865	880,030	720,803	1,757,311	1,626,668
Increase (decrease) in net position	\$ 6,456	\$(52,871)	\$(140,242)	\$ 28,460	\$(133,786)	\$(24,411)

City of Earlville, Illinois

Management's Discussion and Analysis

Government-Wide Financial Analysis (Continued)

Governmental Activities

For the fiscal year ended April 30, 2020, revenues from governmental activities totaled \$883,737, an increase of \$30,743 from 2019. Tax revenues (\$768,115 or 86.92%) continue to represent the largest source of income for governmental activities.

For the fiscal year ended April 30, 2020, expenditures from governmental activities totaled \$877,281, a decrease of \$28,584 from 2019. 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, 2020, revenues from business-type activities totaled \$739,788, a decrease of \$9,475 from 2019. Charges for services (\$735,350 or 99.40%) 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, 2020, expenditures for business-type activities totaled \$880,030, an increase of \$159,227 from 2019. The increase in expenditures was due largely in part to a significant sewer maintenance project that took place during the year.

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 Funds.

City of Earlville, Illinois

Management's Discussion and Analysis

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 2020 continue to be property taxes and intergovernmental receipts. Intergovernmental taxes (shown on page 42) for 2020 were \$339,140 compared with the budgeted amount of \$346,400. Also, the local taxes for 2020 were \$194,744 compared with the budgeted amount of \$211,325.

Cash Disbursements

The City continues to appropriate much higher than is currently needed for all functions of the General Fund (see page 42). This is primarily done to protect the City in case of any large and/or unexpected expenses that could arise during the fiscal year.

TIF III Fund Budgetary Variances

Cash receipts were comparable to their budgeted amounts and cash disbursements were significantly lower than budgeted amounts for the TIF III Fund.

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City of Earlville, Illinois

Management's Discussion and Analysis

Capital Asset and Long-Term Debt Activity

Capital Assets

The City's investment in capital assets for its governmental activities at year end totaled \$882,184 (net of accumulated depreciation) and business-type activities at year end totaled \$4,371,825 (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 \$152,426 of total capital asset additions recorded during the year and \$329,634 of depreciation charges were expensed on the total capital assets. See Note 4 for details of capital assets.

Governmental		
Net Book Value of Capital Assets		
	2020	2019
Land	\$ 14,380	\$ 14,380
Buildings	204,630	199,543
Equipment	91,336	90,583
Vehicles	-	-
Other improvements	18,975	23,093
Infrastructure	552,863	631,214
Total	\$ 882,184	\$ 958,813

Business-Type		
Net Book Value of Capital Assets		
	2020	2019
Buildings	\$ 26,611	\$ 36,180
Equipment	99,241	69,716
Other improvements	8,035	9,887
Infrastructure	4,237,938	4,356,621
Total	\$4,371,825	\$4,472,404

City of Earlville, Illinois

Management's Discussion and Analysis

Capital Asset and Long-Term Debt Activity (Continued)

Debt Administration

At April 30, 2020, the City had \$398,000 in governmental activities long-term debt, which consisted of general obligation bonds payable. Principal amounts due next year on these obligations are \$54,000. See Notes 5-7 for details of governmental activities debt.

Governmental Activities – Outstanding Debt		
	2020	2019
Note Payable	\$ -	\$ 13,733
General obligation bonds payable	398,000	450,000
Total	\$ 398,000	\$ 463,733

At April 30, 2020, the business-type activities had no long-term debt as the general obligation bonds were paid off. See Notes 5-7 for details of business-type activities debt.

Business-Type Activities - Outstanding Debt		
	2020	2019
General obligation bonds payable	\$ -	\$ 175,000
Total	\$ -	\$ 175,000

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

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City of Earlville, Illinois

Statement of Net Position - Modified Cash Basis

April 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 532,702	\$ 242,738	\$ 775,440
Internal balances	29,570	(29,570)	-
Restricted:			
Cash and cash equivalents		191	191
Total current assets	562,272	213,359	775,631
Noncurrent assets:			
Capital assets:			
Land	14,380		14,380
Other capital assets, net of accumulated depreciation	867,804	4,371,825	5,239,629
Total noncurrent assets	882,184	4,371,825	5,254,009
Total assets	1,444,456	4,585,184	6,029,640
Liabilities			
Current liabilities:			
Customer deposits		55,900	55,900
Bonds payable	54,000		54,000
Other current liabilities		1,579	1,579
Total current liabilities	54,000	57,479	111,479
Noncurrent liabilities:			
Bonds payable	344,000	-	344,000
Total noncurrent liabilities	344,000	-	344,000
Total liabilities	398,000	57,479	455,479
Net Position			
Net investment in capital assets	484,184	4,371,825	4,856,009
Restricted for debt service	5,323	191	5,514
Restricted for special revenue	280,534		280,534
Restricted for capital projects	163,496		163,496
Unrestricted	112,919	155,689	268,608
Total net position	\$ 1,046,456	\$ 4,527,705	\$ 5,574,161

City of Earlville, Illinois

Statement of Activities - Modified Cash Basis

Year ended April 30, 2020

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
General government	\$ 224,774	\$ 36,753	
Public health and safety	306,160	8,501	
Streets and alleys	273,277		\$ 61,490
Culture and recreation	22,436	16	
Interest	16,770		
Community development	13,957		
Other	19,907		
Total governmental activities	\$ 877,281	\$ 45,270	\$ 61,490
Business-type activities:			
Water	\$ 227,328	\$ 196,449	
Sewer	554,315	443,044	
Garbage	98,387	95,857	
Total business-type activities	\$ 880,030	\$ 735,350	\$ -
		General revenues	
		Taxes:	
		Property taxes	
		Other	
		Unrestricted investment earnings	
		Miscellaneous	
		Total general revenues	
		Change in net position	
		Net position - beginning	
		Net position - ending	

See notes to financial statements

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (188,021)		\$ (188,021)
(297,659)		(297,659)
(211,787)		(211,787)
(22,420)		(22,420)
(16,770)		(16,770)
(13,957)		(13,957)
(19,907)		(19,907)
(770,521)	\$ -	(770,521)
	(30,879)	(30,879)
	(111,271)	(111,271)
	(2,530)	(2,530)
-	(144,680)	(144,680)
329,105	2,981	332,086
439,010		439,010
5,436	1,457	6,893
3,426		3,426
776,977	4,438	781,415
6,456	(140,242)	(133,786)
1,040,000	4,667,947	5,707,947
\$ 1,046,456	\$ 4,527,705	\$ 5,574,161

City of Earlville, Illinois

Balance Sheet - Modified Cash Basis Governmental Funds

April 30, 2020

<i>Assets</i>	General Fund	TIF III Fund	Nonmajor Governmental Funds	Total
<i>Current assets:</i>				
Cash and cash equivalents	\$ 82,919	\$ 54,753	\$ 395,030	\$ 532,702
Due from other funds	30,000		29,570	59,570
Total assets	\$ 112,919	\$ 54,753	\$ 424,600	\$ 592,272
<i>Liabilities and Fund Balances</i>				
<i>Liabilities:</i>				
Due to other funds	\$ -	\$ 30,000	\$ -	\$ 30,000
Total liabilities	-	30,000	-	30,000
<i>Fund balances:</i>				
<i>Unassigned, reported in:</i>				
General Fund	112,919			112,919
<i>Restricted</i>				
Special Revenue Funds		24,753	255,781	280,534
Capital Projects Funds			163,496	163,496
Debt Service Funds			5,323	5,323
Total fund balances (deficit)	112,919	24,753	424,600	562,272
Total liabilities and fund balances	\$ 112,919	\$ 54,753	\$ 424,600	\$ 592,272

City of Earlville, Illinois

Reconciliation of the Governmental Funds Balance Sheet - Modified Cash Basis to the Statement of Net Position - Modified Cash Basis

April 30, 2020

Total fund balances - governmental funds	\$ 562,272
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 \$2,343,042 and the accumulated depreciation is \$1,460,858.	882,184
Long-term liabilities, including notes payable and bonds payable are not reported in the funds.	(398,000)
<hr/>	
Total net position - governmental activities	\$ 1,046,456
<hr/>	

City of Earlville, Illinois

Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis Governmental Funds

Year ended April 30, 2020

	General Fund	TIF III Fund	Nonmajor Governmental Funds	Total
Revenues:				
Local taxes	\$ 194,744	\$ 60,951	\$ 173,280	\$ 428,975
Motor fuel taxes			61,490	61,490
Intergovernmental	339,140			339,140
Licenses, permits and fees	36,753			36,753
Rentals	16			16
Fines and forfeits	8,501			8,501
Other	5,568	268	3,026	8,862
Total revenues	584,722	61,219	237,796	883,737
Expenditures:				
Current:				
General government	113,790	1,507	99,580	214,877
Public health and safety	299,771			299,771
Streets and alleys	146,244		40,323	186,567
Culture and recreation	21,258			21,258
Other		19,157	750	19,907
Debt service:				
Principal	13,733		52,000	65,733
Interest	480		16,290	16,770
Capital outlay	13,749	27,754		41,503
Total expenditures	609,025	48,418	208,943	866,386
Net change in fund balances	(24,303)	12,801	28,853	17,351
Fund balances, beginning of year	137,222	11,952	395,747	544,921
Fund balances, end of year	\$ 112,919	\$ 24,753	\$ 424,600	\$ 562,272

City of Earlville, Illinois

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

Year ended April 30, 2020

Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses) - Governmental funds	\$ 17,351
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 depreciation expense (\$118,132) exceeds capitalized fixed assets (\$41,503).	(76,629)
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.	65,734
<hr/>	
Change in net position of governmental activities	<hr/> \$ 6,456 <hr/>

City of Earlville, Illinois

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

April 30, 2020

	Waterworks Fund	Sewerage Fund	Garbage Fund	Total
Current assets:				
Cash and cash equivalents	\$ 209,448	\$ 20,975	\$ 12,315	\$ 242,738
Restricted:				
Cash and cash equivalents		191		191
Total current assets	209,448	21,166	12,315	242,929
Noncurrent assets:				
Capital assets, net of accumulated depreciation	749,824	3,622,001		4,371,825
Total assets	959,272	3,643,167	12,315	4,614,754
Liabilities				
Current liabilities:				
Customer deposits	55,900			55,900
Due to other funds		29,570		29,570
Other current liabilities	1,579			1,579
Total current liabilities	57,479	29,570	-	87,049
Total liabilities	57,479	29,570	-	87,049
Net Position				
Net position:				
Net investment in capital assets	749,824	3,622,001		4,371,825
Restricted for debt service		191		191
Unrestricted	151,969	(8,595)	12,315	155,689
Total net position	\$ 901,793	\$ 3,613,597	\$ 12,315	\$ 4,527,705

City of Earlville, Illinois

Statement of Revenues, Expenses and Changes in Net Position - Modified Cash Basis Proprietary Funds

Year ended April 30, 2020

	Waterworks Fund	Sewerage Fund	Garbage Fund	Total
Operating revenues:				
Basic charges for service	\$ 196,340	\$ 443,044	\$ 95,857	\$ 735,241
Property tax receipts	-	-	2,981	2,981
Other	109	-	-	109
Total operating revenues	196,449	443,044	98,838	738,331
Operating expenses:				
Personal services	100,273	101,169	-	201,442
Contractual services	49,956	266,963	96,851	413,770
Supplies	15,696	31,659	1,536	48,891
Depreciation	61,403	150,099	-	211,502
Total operating expenses	227,328	549,890	98,387	875,605
Operating income (loss)	(30,879)	(106,846)	451	(137,274)
Non operating revenues (expenses):				
Interest income	890	514	53	1,457
Interest expense	-	(3,675)	-	(3,675)
Other fees and charges	-	(750)	-	(750)
Net non operating revenues (expenses)	890	(3,911)	53	(2,968)
Change in net position	(29,989)	(110,757)	504	(140,242)
Total net position, beginning of year	931,782	3,724,354	11,811	4,667,947
Total net position, end of year	\$ 901,793	\$ 3,613,597	\$ 12,315	\$ 4,527,705

City of Earlville, Illinois

Statement of Cash Flows - Modified Cash Basis Proprietary Funds

Year ended April 30, 2020

	Waterworks Fund	Sewerage Fund	Garbage Fund	Total
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 196,332	\$ 443,044	\$ 98,838	\$ 738,214
Cash received for customer deposits	1,950			1,950
Cash paid to suppliers	(98,816)	(332,097)	(98,387)	(529,300)
Cash paid to employees	(67,109)	(67,694)	-	(134,803)
Net cash provided by (used in) operating activities	32,357	43,253	451	76,061
Cash Flows from Capital and Related Financing Activities:				
Transfer from restricted cash and cash equivalents		97,056		97,056
Loans from other funds - net		29,570		29,570
Principal payments - notes		(175,000)		(175,000)
Acquisition of capital assets	(76,495)	(34,428)		(110,923)
Interest and fees paid		(4,425)		(4,425)
Net cash used in capital and related financing activities	(76,495)	(87,227)	-	(163,722)
Cash Flows from investing Activities:				
Interest received	890	514	53	1,457
Net increase (decrease) in cash and cash equivalents	(43,248)	(43,460)	504	(86,204)
Cash and cash equivalents, beginning of year	252,696	64,435	11,811	328,942
Cash and cash equivalents, end of year	\$ 209,448	\$ 20,975	\$ 12,315	\$ 242,738
		20,975		
Reconciliation of income from operations to net cash provided by operating activities:				
Income (loss) from operations	\$ (30,879)	\$ (106,846)	\$ 451	\$ (137,274)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities -				
Unearned cash paid to customers	(117)			(117)
Depreciation	61,403	150,099		211,502
Decrease in customer deposits	1,950			1,950
Net cash provided by operating activities	\$ 32,357	\$ 43,253	\$ 451	\$ 76,061

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.

TIF III Fund – The TIF III Fund was created to account for the property tax funds received and designated to be spent for the purpose of the City's tax increment finance district.

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.

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 Funds are the 2014A GO Bond and Interest Repayment Fund and the 2017 GO Bond Repayment Fund.

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 17, 2019. 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 August 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 did not amend the appropriation ordinance during fiscal year 2020.

Property Taxes

It is the City's intention that property taxes generated from the 2018 property tax levy be used to finance the operating budget of the fiscal year ending April 30, 2020. Therefore, property tax receipts represent the receipts generated by the 2018 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 2018 tax levy was passed by the City Council on December 13, 2018. 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.

City of Earlville, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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 modified 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.

Cash and cash equivalents as of April 30, 2020 are classified for the City as follows:

	Statement of Net Position
Cash and cash equivalents	\$775,440
Restricted cash and cash equivalents	191
Total	<u>\$775,631</u>

Deposits

At year-end the carrying amount of the City's deposits totaled \$775,631 and the bank balances totaled \$810,000. 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, 2020. 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 \$196,880 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, 2020, the City 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, 2020, 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 regards to the 2014 General Obligation bond, 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:

	2020 Deposits in Banks
2014A GO bond repayment:	
Cash	\$191
Total	\$191

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, 2020 is as follows:

Governmental activities:	Balance April 30, 2019	Additions	Deletions	Balance April 30, 2020
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	352,654	17,200	-	369,854
Equipment	283,118	24,303	-	307,421
Vehicles	150,433	-	-	150,433
Other improvements	511,501	-	-	511,501
Infrastructure	989,453	-	-	989,453
Total capital assets, being depreciated:	2,287,159	41,503	-	2,328,662
Accumulated depreciation:				
Buildings	153,110	12,114	-	165,224
Equipment	192,538	23,547	-	216,085
Vehicles	150,433	-	-	150,433
Other improvements	488,407	4,119	-	492,526
Infrastructure	358,238	78,352	-	436,590
Total accumulated depreciation	1,342,726	118,132	-	1,460,858
Total capital assets, being depreciated, net	944,433	(76,629)	-	867,804
Governmental activities capital assets, net	\$ 958,813	\$(76,629)	\$ -	\$ 882,184

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, 2020 is as follows:

Business-Type activities:	Balance April 30, 2019	Additions	Deletions	Balance April 30, 2020
Capital assets, being depreciated:				
Buildings	\$ 96,469	\$ -	\$ -	\$ 96,469
Equipment	421,765	110,923	-	532,688
Vehicles	23,471	-	-	23,471
Other improvements	36,551	-	-	36,551
Infrastructure	8,120,152	-	-	8,120,152
Total capital assets, being depreciated:	8,698,408	110,923	-	8,809,331
Accumulated depreciation:				
Buildings	60,290	9,570	-	69,860
Equipment	352,046	20,065	-	372,111
Vehicles	23,471	-	-	23,471
Other improvements	26,662	1,852	-	28,514
Infrastructure	3,763,535	180,015	-	3,943,550
Total accumulated depreciation	4,226,004	211,502	-	4,437,506
Total capital assets, being depreciated, net	4,472,404	(100,579)	-	4,371,825
Business-Type activities capital assets, net	\$ 4,472,404	\$ (100,579)	\$ -	\$ 4,371,825
Depreciation expense was charged to the functions as follows:				
Governmental activities				
General government				\$ 9,896
Public safety				6,390
Streets and alleys				86,710
Culture and recreation				1,178
Community development				13,958
Total depreciation expense-governmental activities				118,132
Business-type activities				
Water				61,403
Sewer				150,099
Total depreciation expense-business type activities				211,502
Total depreciation expense				\$ 329,634

City of Earlville, Illinois

Notes to Financial Statements

Note 5 2017 General Obligation Bonds

During the 2018 fiscal year, the City of Earlville, Illinois, issued \$500,000 in general obligation bonds for the purpose of capital improvements. Interest accrues on the bonds at 3.50% and payments are payable on December 1 of each year commencing on December 1, 2018. The bonds are payable from a property tax levy. During the fiscal year ended April 30, 2020, principal of \$52,000 and interest of \$16,290 was paid.

Future payment requirements are as follows:

Fiscal Year Ending April 30,	Rate	Principal	Interest	Total
2021	3.50	\$ 54,000	\$ 14,470	\$ 68,470
2022	3.50	56,000	12,580	68,470
2023	3.50	58,000	10,620	68,470
2024	3.50	60,000	8,590	68,470
2025	3.50	62,000	6,490	68,470
Later Yrs	3.50	108,000	6,080	114,080
		\$ 398,000	\$ 58,830	\$ 456,830

Note 6 Changes in Outstanding Debt

Transactions for the year ended April 30, 2020, are summarized as follows:

Fund Types	Balance April 30, 2019	Issues or Additions	Payments	Balance April 30, 2020
Governmental activities:				
GO bonds	\$450,000	\$-	\$52,000	\$398,000
Notes payable	13,733	-	13,733	-
Total Governmental activities	\$463,733	\$-	\$65,733	\$398,000

City of Earlville, Illinois

Notes to Financial Statements

Note 7 **Municipal Retirement Fund**

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

Benefits provided - IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

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

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

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

City of Earlville, Illinois

Notes to Financial Statements

Note 7 Municipal Retirement Fund (continued)

Employees Covered by the Benefit Terms - At the December 31, 2018 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	4
Active employees	8
<hr/>	
Total	15

Contributions – As set by statute, the employer’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer’s annual contribution rate for calendar year 2019 was 8.08%. For the fiscal year ended April 30, 2020, the employer contributed \$32,421 to the plan. 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 IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The employer’s Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions – The following are the methods and assumptions used to determine total pension liability at December 31, 2019:

The **Actuarial Cost Method** used was Entry Age Normal.

The **Asset Valuation Method** used was Market Value of Assets.

The **Inflation Rate** was assumed to be 2.50%.

Salary Increases were expected to be 3.35% to 14.25%, including inflation.

The **Investment Rate of Return** was assumed to be 7.50%.

Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.

The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

City of Earlville, Illinois

Notes to Financial Statements

Note 7 Municipal Retirement Fund (continued)

Actuarial assumptions (continued)

The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60 – 7.60%
Cash Equivalents	1%	1.85%
Total		

Single Discount rate - A Single Discount Rate of 7.25% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

Due to the City preparing its financial statements on the modified cash basis of accounting, pension liabilities and deferred inflows and outflows referred to throughout the note disclosure are not recognized in the actual financial statements.

City of Earlville, Illinois

Notes to Financial Statements

Note 7 Municipal Retirement Fund (continued)

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance January 1, 2019	\$1,184,525	\$1,075,761	\$108,764
Service costs	39,733	-	39,733
Interest on total pension liability	85,450	-	85,450
Difference between expected and actual experience	34,113	-	34,113
Changes in assumptions	-	-	-
Employer contributions	-	33,767	(33,767)
Employee contributions	-	18,806	(18,806)
Net investment income	-	186,151	(186,151)
Benefit payments – net of refunds	(51,528)	(51,528)	-
Administrative expense	-	-	-
Other changes (Net Transfer)	-	8,613	(8,613)
Net changes	107,768	195,809	(88,041)
Balances as of December 31, 2019	\$1,292,293	\$1,271,570	\$20,723

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Rate (7.25%)	1% Increase (8.25%)
Total Pension Liability	\$1,467,316	\$1,292,293	\$1,146,549
Plan Fiduciary Net Position	1,271,570	1,271,570	1,271,570
Net Pension Liability (Asset)	\$ 195,746	\$ 20,723	\$ (125,021)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IMRF financial report which is publicly available at <http://imrf.org>.

City of Earlville, Illinois

Notes to Financial Statements

Note 7 Municipal Retirement Fund (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended April 30, 2020; the City recognized pension expense of \$32,421. At April 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, which are not reported due to the modified cash basis of accounting:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 32,919	\$ 56,374
Changes in assumptions	21,920	16,831
Net difference between projected and actual earnings	-	39,117
Employer contributions subsequent to the measurement date	9,354	-
Total	\$ 64,193	\$112,322

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

Year ended December 31:

2020	\$(13,022)
2021	(20,512)
2022	1,732
2023	(16,327)
2024	-
Thereafter	-
Total	<u>\$(48,129)</u>

Note 8 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 \$35,891, equal to the total required contribution for the year ended April 30, 2020.

City of Earlville, Illinois

Notes to Financial Statements

Note 9 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, 2020, cumulative disbursements for police protection have exceeded cumulative tax receipts.

Note 10 Legal Debt Margin

The following schedule illustrates the legal debt margin of the City as of April 30, 2020:

Assessed valuation – 2019	\$21,582,519
Statutory debt limitation (8.625% of assessed valuation)	\$1,861,492
Debt outstanding at April 30, 2020: Governmental Activities (IEPA loans not considered under debt margin calculations)	(398,000)
Legal debt margin	\$1,463,492

Note 11 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, 2020 were as follows:

Fund Owed	Fund Owing	Total
General	TIF III	\$30,000
2017 GO Bond Capital Project	Sewer	29,570
		\$59,570

The interfund loans are to cover project costs.

City of Earlville, Illinois

Notes to Financial Statements

Note 12 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, 2020.

During the year ended April 30, 2020, 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 13 TIF Districts

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

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 14 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 did not make any payments under this agreement. As of April 30, 2020 the total amount paid is \$70,622.

City of Earlville, Illinois

Notes to Financial Statements

Note 15 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	\$ 16,564
Audit Services	10,613
Liability Insurance	29,789
Unemployment Insurance	3,861
Workmen's Compensation	37,421
Municipal Retirement	28,402
TIF III	24,753
Capital Projects	163,496
Debt Service	5,323
Road Maintenance	129,131
<hr/>	
Total Restricted	\$449,353

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.

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.

City of Earlville, Illinois

Notes to Financial Statements

Note 16 Impact of Pending Accounting Principles

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2019. The City is evaluating what impact this new standard will have on its financial statements.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating what impact this new standard will have on its financial statements.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. At this time, the City does not feel this standard will have a material effect on its financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. At this time, the City does not feel this standard will have a material effect on its financial statements.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, provides more relevant information about capital assets and the cost of borrowing for a reporting period. This Statement's objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. At this time, the City does not feel this standard will have a material effect on its financial statements.

GASB Statement No. 90, *Majority Equity Interests* an amendment of GASB Statements No. 14 and No. 61, improves accounting and financial reporting by presenting majority equity interest in legally separate organizations that were previously reported inconsistently. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. At this time, the City does not feel this standard will have a material effect on its financial statements.

City of Earlville, Illinois

Notes to Financial Statements

Note 16 Impact of Pending Accounting Principles (continued)

GASB Statement No. 91, *Conduit Debt Obligations*, clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by the issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. At this time, the City does not feel this standard will have a material effect on its financial statements.

GASB Statement No. 92, *Omnibus 2020*, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The City is evaluating what impact this new standard will have on its financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, amends certain hedge accounting from GASB Statement No. 53 and variable lease payments in accordance with GASB Statement No. 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. At this time, the City does not feel this standard will have a material effect on its financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides more guidance for accounting and financial reporting for availability payments arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. At this time, the City does not feel this standard will have a material effect on its financial statements.

Note 17 Subsequent Events

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID 19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the City had not yet suffered material adverse impact from the CV19 Crisis. The future impact of the CV19 Crisis on the City cannot be reasonably estimated at this time.

Other Information

Web Document

City of Earlville, Illinois

Schedule of Revenues and Expenditures Compared with Appropriations - Modified Cash Basis General Fund

Year ended April 30, 2020

	Appropriated Amounts		Actual	Over/(Under) Budget
	Original and Final			
Revenues:				
Local taxes	\$ 211,325	\$ 194,744	\$ (16,581)	
Intergovernmental	346,400	339,140	(7,260)	
Licenses, permits and fees	69,080	36,753	(32,327)	
Rentals	40	16	(24)	
Fines and forfeits	9,600	8,501	(1,099)	
Other	5,600	5,568	(32)	
Total revenues	\$ 642,045	\$ 584,722	\$ (57,323)	
Expenditures:				
General government	\$ 162,752	\$ 113,790	\$ (48,962)	
Public health and safety	332,038	299,771	(32,267)	
Streets and alleys	248,476	146,244	(102,232)	
Culture and recreation	28,318	21,258	(7,060)	
Capital outlay	123,700	13,749	(109,951)	
Debt service	-	14,213	14,213	
Total expenditures	\$ 895,284	\$ 609,025	\$ (286,259)	

City of Earlville, Illinois

Schedule of Revenues and Expenditures Compared with Appropriations - Modified Cash Basis TIF III Fund

Year ended April 30, 2020

	Appropriated Amounts			Over/(Under)
	Original and	Actual		Budget
	Final			
Revenues:				
Property taxes	\$ 61,051	\$ 60,951	\$	(100)
Other - Interest	500	268		(232)
Total revenues	\$ 61,551	\$ 61,219	\$	(332)
Expenditures:				
General government:				
Contract services	\$ 1,500	\$ 613	\$	(887)
Legal	100	-		(100)
Maintenance - building	72,000	771		(71,229)
Maintenance - equipment	5,000	-		(5,000)
Miscellaneous	300	123		(177)
Other:				
Inter-governmental agreements:				
Earlville CUSD #9	13,533	13,533		-
LaSalle County	3,357	3,357		-
Illinois Valley Community College	2,268	2,267		(1)
Capital outlay				
Buildings	15,000	27,754		12,754
Total expenditures	\$ 113,058	\$ 48,418	\$	(64,640)

City of Earlville, Illinois

Other Information - Illinois Municipal Retirement Fund (IMRF) Multiyear Schedule of Changes in Net Pension Liability and Related Ratios Last 10 Calendar Years (schedule to be built prospectively from 2015)

Calendar year ending December 31,	2019	2018	2017	2016	2015
Total pension liability:					
Service cost	\$39,733	\$43,423	\$48,269	\$43,209	\$49,100
Interest on the total pension liability	85,450	83,572	80,924	70,512	65,227
Benefit changes	-	-	-	-	-
Difference between expected and actual experience	34,113	(52,678)	(39,020)	26,315	(40,473)
Assumption changes	-	34,104	(33,892)	(9,250)	4,120
Benefit payments and refunds	(51,528)	(32,959)	(4,146)	-	(937)
Net change in total pension liability	107,768	75,462	52,135	130,786	77,037
Total pension liability - beginning	1,184,525	1,109,063	1,056,928	926,142	849,105
Total pension liability - ending (a)	\$1,292,293	\$1,184,525	\$1,109,063	\$1,056,928	\$926,142
Plan fiduciary net position:					
Employer contributions	\$33,767	\$43,853	\$44,387	\$39,369	\$41,212
Employee contributions	18,806	18,530	18,342	16,511	17,061
Pension plan net investment income	186,151	(39,835)	134,879	54,207	3,921
Benefit payments and refunds	(51,528)	(32,959)	(4,146)	-	(937)
Other	8,613	19,937	84	(1,635)	(52,456)
Net change in plan fiduciary net position	195,809	9,526	193,546	108,452	8,801
Plan fiduciary net position - beginning	1,075,761	1,066,235	872,689	764,237	755,436
Plan fiduciary net position - ending (b)	\$1,271,570	\$1,075,761	\$1,066,235	\$872,689	\$764,237
Net pension liability(asset) - Ending (a) - (b)	20,723	108,764	42,828	184,239	161,905
Plan fiduciary net position as a percentage of total pension liability	98.40%	90.82%	96.14%	82.57%	82.52%
Covered valuation payroll	417,908	411,765	366,902	366,902	379,127
Net pension liability as a percentage of covered valuation payroll	4.96%	26.41%	11.67%	50.21%	42.70%

The City implemented GASB Statement No. 68 in the fiscal year ending April 30, 2016.

City of Earlville, Illinois

Illinois Municipal Retirement Fund Multiyear Schedule of Contributions – Last 10 Calendar Years

April 30, 2020
(Unaudited)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$41,211	\$41,212	\$(1)	\$379,127	10.87%
2016	39,369	39,369	-	366,902	10.73%
2017	44,388	44,387	1	407,602	10.89%
2018	43,853	43,853	-	411,765	10.65%
2019	33,767*	33,767	-	417,908	8.08%

* Estimated based on contribution rate of 8.08% and covered valuation payroll of \$417,908.

Schedule to be built prospectively. The City implemented GASB Statement No. 68 in the fiscal year ending April 30, 2016.

Web Document

City of Earlville, Illinois

Combining Statement of Assets, Liabilities, and Fund Balances
 Modified Cash Basis
 Nonmajor Governmental Funds

April 30, 2020

<i>Assets</i>	Special Revenue Funds	Capital Projects Fund 2017 GO Bond Projects Fund	Debt Service Fund 2017 GO Bond Repayment Fund	Total Nonmajor Governmental Funds
Cash	\$ 255,781	\$ 133,926	\$ 5,323	\$ 395,030
Due from other funds	-	29,570	-	29,570
Total assets	\$ 255,781	\$ 163,496	\$ 5,323	\$ 424,600
<i>Liabilities and Fund Balances</i>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	-
Fund balances:				
Unreserved	-	-	-	-
Reserved	255,781	163,496	5,323	424,600
Total fund balances	255,781	163,496	5,323	424,600
Total liabilities and fund balances	\$ 255,781	\$ 163,496	\$ 5,323	\$ 424,600

Web Document

City of Earlville, Illinois

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

April 30, 2020

<i>Assets</i>	Audit Fund	Social Security Fund	Liability Insurance Fund	Unemployment Compensation Fund
Cash	\$ 10,613	\$ 16,564	\$ 29,789	\$ 3,861
Total assets	\$ 10,613	\$ 16,564	\$ 29,789	\$ 3,861
<hr/> <i>Liabilities and Fund Balance</i> <hr/>				
Liabilities:				
Other liabilities				
Total liabilities	-	-	-	-
Fund balances:				
Unreserved				
Reserved	\$ 10,613	\$ 16,564	\$ 29,789	\$ 3,861
Total fund balances	10,613	16,564	29,789	3,861
Total liabilities and fund balances	\$ 10,613	\$ 16,564	\$ 29,789	\$ 3,861

	Workmen's Compensation Fund	IMRF Fund	Motor Fuel Tax Fund	Total Nonmajor Special Revenue Funds
	\$ 37,421	\$ 28,402	\$ 129,131	\$ 255,781
	\$ 37,421	\$ 28,402	\$ 129,131	\$ 255,781
	-	-	-	-
	\$ 37,421	\$ 28,402	\$ 129,131	\$ 255,781
	37,421	28,402	129,131	255,781
	\$ 37,421	\$ 28,402	\$ 129,131	\$ 255,781

Web Document

City of Earlville, Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis Nonmajor Governmental Funds

Year ended April 30, 2020

	Special Revenue Funds	Capital Projects Fund 2017 GO Bond Projects Fund	Debt Service Fund 2017 GO Bond Repayment Fund	Total Nonmajor Governmental Funds
Revenues:				
Local taxes:				
Property taxes	\$ 106,325	\$ -	\$ 66,955	\$ 173,280
Motor fuel taxes	61,490			61,490
Interest	2,537	375	114	3,026
Total revenues	170,352	375	67,069	237,796
Expenditures:				
General government	99,580			99,580
Streets and alleys	40,323			40,323
Debt service			69,040	69,040
Total expenditures	139,903	-	69,040	208,943
Net change in fund balances	30,449	375	(1,971)	28,853
Fund balances, beginning of year	225,332	163,121	7,294	395,747
Fund balances, end of year	\$ 255,781	\$ 163,496	\$ 5,323	\$ 424,600

Web Document

City of Earlville, Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis Nonmajor Special Revenue Funds

Year ended April 30, 2020

	Audit Fund	Social Security Fund	Liability Insurance Fund
Revenues:			
Local taxes:			
Property taxes	\$ 8,447	\$ 24,842	\$ 19,377
Motor fuel taxes			
Other:			
Interest	42	92	143
Total revenues	8,489	24,934	19,520
Expenditures:			
General government	7,800	25,578	24,471
Streets and alleys			
Total expenditures	7,800	25,578	24,471
Excess (deficiency) of revenues over (under) expenditures	689	(644)	(4,951)
Fund balances (deficit), beginning of year	9,924	17,208	34,740
Fund balances (deficit), end of year	\$ 10,613	\$ 16,564	\$ 29,789

Unemployment Compensation Fund	Workmen's Compensation Fund	IMRF Fund	Motor Fuel Tax Fund	Total Nonmajor Special Revenue Funds
\$ 497	\$ 22,855	\$ 30,307	\$ -	\$ 106,325
			61,490	61,490
22	152	125	1,961	2,537
519	23,007	30,432	63,451	170,352
3,093	16,569	22,069		99,580
			40,323	40,323
3,093	16,569	22,069	40,323	139,903
(2,574)	6,438	8,363	23,128	30,449
6,435	30,983	20,039	106,003	225,332
\$ 3,861	\$ 37,421	\$ 28,402	\$ 129,131	\$ 255,781

Web Document

City of Earlville, Illinois

Statement of Revenues Compared with Appropriated Amounts General Fund - Modified Cash Basis

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Local taxes:			
Property taxes	\$ 95,325	\$ 94,874	\$ (451)
Utility taxes	84,000	76,834	(7,166)
Telecommunications taxes	32,000	23,036	(8,964)
	211,325	194,744	(16,581)
Intergovernmental:			
Sales tax	85,000	81,534	(3,466)
Use tax	60,000	58,853	(1,147)
Income tax	185,000	184,362	(638)
Replacement tax	8,400	8,686	286
Video gaming tax	8,000	5,705	(2,295)
	346,400	339,140	(7,260)
Licenses, permits and fees:			
Gas franchise fees	4,000	3,048	(952)
Cable franchise permit	14,000	8,988	(5,012)
Building permits	3,500	1,642	(1,858)
Wireless network permit	1,200	780	(420)
Liquor licenses	3,500	1,600	(1,900)
Plan review fees	3,000	-	(3,000)
Development fees	4,000	-	(4,000)
Vehicle sticker fees	20,000	15,710	(4,290)
Impound fees	12,000	3,750	(8,250)
Miscellaneous licenses, permits & fees	3,880	1,235	(2,645)
	69,080	36,753	(32,327)
Rentals	40	16	(24)
Fines and forfeits:			
County court fines	3,100	4,110	1,010
Local police and DUI fines	2,500	159	(2,341)
Drug fines	1,000	1,522	522
Ordinance violation fines	3,000	2,710	(290)
	9,600	8,501	(1,099)
Other:			
Interest	2,600	2,142	(458)
Miscellaneous	3,000	3,426	426
	5,600	5,568	(32)
Total	\$ 642,045	\$ 584,722	\$ (57,323)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts General Fund - Modified Cash Basis

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
General government:			
Administration:			
Salaries:			
Employees	\$ 40,200	\$ 39,859	\$ (341)
Elected officials	29,500	29,500	-
Overtime	2,000	96	(1,904)
Employee benefits	19,272	15,842	(3,430)
Legal	6,000	2,025	(3,975)
Engineering services	500	-	(500)
Postage	500	30	(470)
Telephone	4,000	2,726	(1,274)
Publishing	1,500	725	(775)
Printing	1,000	784	(216)
Dues, memberships, and publications	1,650	1,230	(420)
Travel expense	1,800	683	(1,117)
Training	5,000	554	(4,446)
Data processing	4,000	2,983	(1,017)
Bonds	150	99	(51)
Equipment maintenance	1,000	47	(953)
Contract services	5,000	4,644	(356)
Office supplies	1,000	571	(429)
Other supplies	600	174	(426)
Donations	2,500	500	(2,000)
Economic incentive expense	4,380	-	(4,380)
Miscellaneous	600	269	(331)
Capital outlay:			
Equipment	5,000	-	(5,000)
	137,152	103,341	(33,811)
City Hall:			
Maintenance service:			
Building	3,000	1,940	(1,060)
Equipment	2,000	-	(2,000)
Professional services	2,000	1,245	(755)
Contract services	500	50	(450)
Utilities	1,500	810	(690)
Janitorial supplies	500	217	(283)
Miscellaneous	300	30	(270)
Capital outlay:			
Building	7,500	-	(7,500)
Equipment	4,000	-	(4,000)
	21,300	4,292	(17,008)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts General Fund - Modified Cash Basis (Continued)

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
General government (cont.):			
Zoning:			
Contract services	7,000	6,106	(894)
Engineering	7,000	-	(7,000)
Legal	3,000	-	(3,000)
Printing	2,000	-	(2,000)
Publishing	1,500	51	(1,449)
Miscellaneous	300	-	(300)
	20,800	6,157	(14,643)
<hr/>			
Total general government	179,252	113,790	(65,462)
<hr/>			
Public health and safety:			
Police:			
Salaries:			
Full time	154,500	153,722	(778)
Part time	38,000	21,204	(16,796)
Overtime	10,000	14,295	4,295
Employee benefits	77,088	56,561	(20,527)
Uniforms	3,000	4,314	1,314
Legal	5,000	6,330	1,330
Maintenance service:			
Equipment	3,500	5,401	1,901
Vehicles	4,000	4,072	72
Data processing	2,000	4,541	2,541
Postage	350	142	(208)
Telephone	3,000	2,988	(12)
Printing	500	283	(217)
Dispatching	11,000	9,826	(1,174)
Dues, memberships, and publications	1,500	1,793	293
Travel expense	800	570	(230)
Training	3,000	1,818	(1,182)
Animal control services	500	-	(500)
Other supplies	1,500	1,505	5
Office supplies	1,500	236	(1,264)
Gas and oil	10,000	8,331	(1,669)
Drug enforcement expense	1,000	1,752	752
Miscellaneous	300	87	(213)
Capital outlay:			
Equipment	7,000	3,973	(3,027)
Furniture	700	-	(700)
	339,738	303,744	(35,994)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts General Fund - Modified Cash Basis (Continued)

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Streets and alleys:			
Salaries:			
Full time	62,800	62,148	(652)
Part time	-	81	81
Overtime	7,000	5,369	(1,631)
Employee benefits	33,726	17,860	(15,866)
Uniforms	400	424	24
Legal	1,000	-	(1,000)
Maintenance:			
Building	2,000	623	(1,377)
Equipment	10,000	4,849	(5,151)
Vehicles	5,000	7,787	2,787
Streets	50,000	8,498	(41,502)
Contract service	20,000	150	(19,850)
Engineering service	2,500	913	(1,587)
Services - Julie	300	234	(66)
Travel	200	-	(200)
Training	300	-	(300)
Telephone	700	822	122
Utilities - heating	1,000	396	(604)
Street lighting	27,000	26,118	(882)
Equipment rental	5,000	-	(5,000)
Supplies:			
Snow removal	6,000	1,887	(4,113)
Other	4,500	2,324	(2,176)
Small tools	750	340	(410)
Gas and oil	8,000	5,391	(2,609)
Miscellaneous	300	30	(270)
Debt service:			
Principal	-	13,733	13,733
Interest	-	480	480
Capital outlay:			
Equipment	40,000	9,776	(30,224)
Sidewalk	5,000	-	(5,000)
Streets	40,000	-	(40,000)
Storm sewer improvement	10,000	-	(10,000)
Total streets and alleys	343,476	170,233	(133,243)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts General Fund - Modified Cash Basis (Continued)

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Culture and recreation:			
Parks:			
Salaries - full time	8,200	7,842	(358)
Salaries - overtime	1,500	228	(1,272)
Employee benefits	4,818	2,551	(2,267)
Maintenance:			
Building	3,000	1,057	(1,943)
Equipment	2,000	790	(1,210)
Contract services	5,000	7,495	2,495
Utilities - park lighting	2,000	955	(1,045)
Gas and oil	500	30	(470)
Supplies - other	1,000	310	(690)
Miscellaneous	300	-	(300)
Capital outlay:			
City park improvements	2,000	-	(2,000)
Equipment	2,500	-	(2,500)
Total culture and recreation	32,818	21,258	(11,560)
Total General Fund expenditures	\$ 895,284	\$ 609,025	\$ (286,259)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Special Revenue Funds - Modified Cash Basis

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
<i>Audit Fund</i>			
General government:			
Audit expense	\$ 14,725	\$ 7,800	\$ (6,925)
Interfund operating transfer	3,700		(3,700)
Total Audit Fund	\$ 18,425	\$ 7,800	\$ (10,625)
<i>Motor Fuel Tax Fund</i>			
Streets and alleys:			
Engineering	\$ 18,000	\$ 4,480	\$ (13,520)
Street repairs	160,000	35,843	(124,157)
Total Motor Fuel Tax Fund	\$ 178,000	\$ 40,323	\$ (137,677)
<i>Social Security Fund</i>			
General government:			
Payroll taxes	\$ 42,209	\$ 25,578	\$ (16,631)
<i>Liability Insurance Fund</i>			
General government:			
Insurance expense	\$ 54,240	\$ 24,471	\$ (29,769)
<i>Unemployment Compensation Fund</i>			
General government:			
Unemployment taxes	\$ 6,990	\$ 3,093	\$ (3,897)
<i>Workmen's Compensation Fund</i>			
General government:			
Insurance expense	\$ 53,984	\$ 16,569	\$ (37,415)
<i>IMRF Fund</i>			
General government:			
IMRF expense	\$ 50,540	\$ 22,069	\$ (28,471)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Special Revenue Funds - Modified Cash Basis (Continued)

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
<i>TIF III Fund</i>			
General government:			
Contract services	\$ 1,500	\$ 613	\$ (887)
Legal	100	-	(100)
Maintenance - building	72,000	771	(71,229)
Maintenance - equipment	5,000	-	(5,000)
Miscellaneous	300	123	(177)
	78,900	1,507	(77,393)
Other:			
Inter-governmental agreements:			
Earlville CUSD #9	13,533	13,533	-
LaSalle County	3,357	3,357	-
Illinois Valley Community College	2,268	2,267	(1)
	19,158	19,157	(1)
Capital outlay:			
Building	15,000	27,754	12,754
	15,000	27,754	12,754
Total TIF III Fund	\$ 113,058	\$ 48,418	\$ (64,640)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Debt Service Funds - Modified Cash Basis

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
<i>2017 GO Bond</i>			
<i>Repayment Fund</i>			
Debt service:			
Principal	\$ 52,000	\$ 52,000	\$ -
Interest	16,290	16,290	-
Fees/Charges	750	750	-
	69,040	69,040	-
Total Debt Service Funds	\$ 69,040	\$ 69,040	\$ -

Web Document

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Capital Projects Funds - Modified Cash Basis

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
<i>2017 GO Bond</i>			
<i>Capital Project Fund</i>			
Contractual Services:			
Maintenance:			
Street	\$ 83,000		\$ 83,000
Utility System	80,000		80,000
Total Capital Projects Funds	\$ 163,000	\$ -	\$ 163,000

Web Document

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Waterworks Fund - Modified Cash Basis

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Personal services:			
Salaries:			
Full time	\$ 64,100	\$ 63,388	\$ (712)
Part time	1,500	245	(1,255)
Overtime	5,000	3,476	(1,524)
Payroll taxes	5,310	5,134	(176)
IMRF contribution	5,448	5,176	(272)
Uniform allowance	400	-	(400)
Employee benefits	28,908	22,854	(6,054)
	110,666	100,273	(10,393)
Contractual services:			
Legal	3,000	-	(3,000)
Maintenance:			
Building	45,000	778	(44,222)
Equipment	3,000	1,108	(1,892)
Utility system	80,000	5,726	(74,274)
Vehicle	2,000	1,015	(985)
Engineering service	8,000	4,013	(3,987)
Service - Julie	300	234	(66)
Testing	5,500	4,517	(983)
Data processing	4,500	5,019	519
Audit	3,000	2,600	(400)
Insurance:			
Liability	6,500	5,300	(1,200)
Workmen's compensation	4,600	1,532	(3,068)
Unemployment	300	493	193
Telephone	1,500	1,388	(112)
Printing	1,000	312	(688)
Dues, memberships, and publications	500	297	(203)
Travel	300	44	(256)
Training	500	226	(274)
Equipment rental	2,000	-	(2,000)
Utilities:			
Electricity	16,000	13,085	(2,915)
Heating	3,500	2,239	(1,261)
Miscellaneous	300	30	(270)
	191,300	49,956	(141,344)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Waterworks Fund - Modified Cash Basis (Continued)

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Supplies:			
Small tools and supplies	6,000	2,716	(3,284)
Postage	2,500	1,056	(1,444)
Testing supplies	1,500	1,500	-
Gas and oil	2,500	1,994	(506)
Chemicals	15,000	8,430	(6,570)
	27,500	15,696	(11,804)
Capital outlay:			
Equipment	8,000	-	(8,000)
Land	15,000	-	(15,000)
Utility system	50,000	-	(50,000)
	73,000	-	(73,000)
Depreciation		61,403	61,403
	\$ 402,466	\$ 227,328	\$ (175,138)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Sewerage Fund - Modified Cash Basis

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Personal services:			
Salaries:			
Full time	\$ 64,100	\$ 63,622	\$ (478)
Part time	1,500	596	(904)
Overtime	5,000	3,476	(1,524)
Payroll taxes	5,310	5,179	(131)
IMRF contribution	5,448	5,176	(272)
Uniform allowance	400	266	(134)
Employee benefits	28,908	22,854	(6,054)
	110,666	101,169	(9,497)
Contractual services:			
Legal	1,000	-	(1,000)
Maintenance:			
Building	3,000	1,275	(1,725)
Equipment	7,500	1,502	(5,998)
Utility system	50,000	35,155	(14,845)
Vehicle	2,000	1,015	(985)
Special project	215,000	162,570	(52,430)
Engineering service	10,000	(239)	(10,239)
Service - Julie	300	234	(66)
Testing	500	289	(211)
Data processing	4,500	5,018	518
Audit	3,000	2,600	(400)
Insurance:			
Liability	15,000	9,818	(5,182)
Workmen's compensation	4,600	1,532	(3,068)
Unemployment	300	504	204
Telephone	1,500	1,301	(199)
Printing	1,000	-	(1,000)
Dues, memberships, and publications	500	297	(203)
Travel	500	168	(332)
Training	600	226	(374)
Equipment rental	2,000	-	(2,000)
Garbage disposal	10,000	4,223	(5,777)
Utilities:			
Electricity	45,000	36,090	(8,910)
Heating	4,000	852	(3,148)
Permit fees	4,500	2,500	(2,000)
Miscellaneous	300	33	(267)
	386,600	266,963	(119,637)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Sewerage Fund - Modified Cash Basis (Continued)

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Supplies:			
Small tools and supplies	13,000	11,970	(1,030)
Postage	2,500	1,056	(1,444)
Testing supplies	3,000	2,671	(329)
Gas and oil	2,500	2,024	(476)
Chemicals	22,000	13,938	(8,062)
	43,000	31,659	(11,341)
Capital outlay:			
Equipment	5,000	-	(5,000)
Utility system	25,000	-	(25,000)
	30,000	-	(30,000)
Debt service:			
Principal	234,000	-	(234,000)
Interest	3,675	3,675	-
Fees/charges	750	750	-
	238,425	4,425	(234,000)
Depreciation	-	150,099	150,099
	\$ 808,691	\$ 554,315	\$ (254,376)

City of Earlville, Illinois

Statement of Expenditures Compared with Appropriated Amounts Garbage Fund

Year ended April 30, 2020

	Appropriations	Actual	Over/(Under) Budget
Services - garbage disposal	\$ 105,000	\$ 96,851	\$ (8,149)
Services - printing	400	-	(400)
Postage	1,200	1,056	(144)
Supplies	500	480	(20)
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	\$ 107,100	\$ 98,387	\$ (8,713)

Web Document

City of Earlville, Illinois

Assessed Valuations, Tax Rates, Extensions and Collections

April 30, 2020

	Maximum Rate	Tax Year		
		2019	2018	2017
Assessed valuations		\$ 21,582,519	\$ 20,080,985	\$ 18,451,517
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	.0139	.0149	.0163
Audit	No limit	.0394	.0423	.0461
Liability insurance	No limit	.0904	.0971	.1111
Social security	No limit	.1158	.1245	.1328
IMRF	No limit	.1413	.1519	.1626
Workmen's compensation	No limit	.1066	.1145	.1247
Unemployment insurance	No limit	.0046	.0025	.0027
Bonds and interest	No limit	.3129	.3356	.3640
		1.3065	1.3649	1.3603
Tax extensions:				
General		\$ 53,956	\$ 50,202	\$ 46,129
Road and Bridge (from Township)		17,611	16,386	15,056
Police protection		32,374	30,121	27,677
Garbage		3,000	3,000	3,010
Audit		8,504	8,500	8,517
Liability insurance		19,511	19,501	20,491
Social security		24,993	25,001	24,512
IMRF		30,496	30,501	30,012
Workmen's compensation		23,007	23,001	23,030
Unemployment insurance		993	500	510
Bonds and interest		67,532	67,382	67,169
		\$ 281,976	\$ 274,095	\$ 266,112
Collections: (includes mobile home and back taxes)				
		\$ -	\$ 271,376	\$ 264,395
Percentage of extensions collected		0.00%	99.01%	99.35%

Wipfli LLP
1104 Meriden Street
Mendota, IL 61342

815.539.5049
Fax 815.539.5644

www.wipfli.com

Independent Accountant's Report

Honorable Mayor and City Council
City of Earlville, Illinois
Earlville, IL 60518

We have examined management's assertion, included in its representation letter dated August 7, 2020 that the City of Earlville, Illinois complied with the provisions of subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142) during the year ended April 30, 2020. Management is responsible for the City's assertion and for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the City's compliance with statutory requirements.

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".

In our opinion, management's assertion that the City of Earlville, Illinois complied with the aforementioned requirements for the year ended April 30, 2020 is fairly stated, in all material respects.

This report is intended solely for the information and use of the Mayor, the City Council, management of the City, the Illinois State Comptroller's Office and the joint review boards and is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

Mendota, Illinois
August 7, 2020