

CITY OF KEWANEE, ILLINOIS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED APRIL 30, 2016



CliftonLarsonAllen

**CITY OF KEWANEE, ILLINOIS
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YEAR ENDED APRIL 30, 2016**

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**CITY OF KEWANEE, ILLINOIS
CITY OFFICIALS
APRIL 30, 2016**

| <u>Official Title</u> | <u>Official</u> | <u>Term Expiration Date of Elected Officials</u> |
|-------------------------------------|------------------------|--|
| Elected Officials: | | |
| Mayor | Steve Looney | 4/30/2019 |
| Council Member | Andy Koehler | 4/30/2019 |
| Council Member | Deann Schweitzer | 4/30/2019 |
| Council Member | Mike Yaklich | 4/30/2017 |
| Council Member | Kellie Wallace McKenna | 4/30/2017 |
| Administration: | | |
| City Manager | Gary Bradley | |
| City Clerk | Melinda Edwards | |
| City Attorney | Justin Raver | |
| City Treasurer | Ray Jacobs | |
| Departments: | | |
| Police | Chief James Dison | |
| Fire | Chief Paul Schaecher | |
| Parks and Cemetery | Kevin Newton | |
| Health, Building, and Zoning | Keith Edwards | |
| Operations Manager | Rod Johnson | |
| City Engineer | Dale Nobel | |
| Finance and Administrative Services | Deborah Johnson | |

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, City Council, and City Manager
City of Kewanee, Illinois
Kewanee, Illinois

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Kewanee, Illinois (the City), as of and for the year ended April 30, 2016, 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 cash basis of accounting described in Note 1; this includes determining that the 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighters' Pension Trust Fund or the Police Pension Trust Fund, which represent 34% and 40%, respectively, of the fund balances/net position, and 6% and 9%, respectively, of the receipts of the aggregate remaining fund information. Those statements were audited by another auditor whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Firefighter's Pension Trust Fund and the Police Pension Trust Fund, is based solely on the reports of the other auditor. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Honorable Mayor, City Council, and City Manager
City of Kewanee, Illinois

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of April 30, 2016, and the respective changes in financial position-cash basis thereof for the year then ended on the basis of accounting described in Note 1.

Emphasis of a Matter – Restatements

During fiscal year ended April 30, 2016, the City determined it had incorrectly classified funds for the year ending April 30, 2015. Moreover, the Internal Service funds' cash balances were not included on the Statement of Activities and Fund Balance/Net Position as of April 30, 2015. As a result, beginning net position and fund balance were adjusted for various funds (see Note 16). Our auditors' opinions were not modified with respect to the restatements.

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 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City' basic financial statements. The combining schedules of cash transactions and budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of cash transactions are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining schedules of cash transactions are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The schedules of cash transactions - budget to actual have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



CliftonLarsonAllen LLP

Peoria, Illinois
October 5, 2016

CITY OF KEWANEE, ILLINOIS
STATEMENT OF ACTIVITIES AND FUND BALANCE/NET POSITION – CASH BASIS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016

| FUNCTIONS/PROGRAMS | Program Receipts | | | Net Receipts (Disbursements) and Changes in Cash Basis Fund Balance/Net Position | | |
|--|------------------|--------------|------------|---|---------------------|----------------------|
| | Disbursements | Charges for | Operating | Governmental | Business-Type | Total |
| | | Services | Grants | | | |
| FUNCTIONS/PROGRAMS | | | | | | |
| Governmental Activities: | | | | | | |
| General Government | \$ 1,517,490 | \$ 416,217 | \$ - | \$ (1,101,273) | \$ - | \$ (1,101,273) |
| Public Safety | 5,434,529 | 773,277 | 154,718 | (4,506,534) | - | (4,506,534) |
| Public Works and Transportation | 2,943,358 | 4,670 | - | (2,938,688) | - | (2,938,688) |
| Health and Welfare | - | - | - | - | - | - |
| Culture and Recreation | 78,529 | - | - | (78,529) | - | (78,529) |
| Development | 56,668 | - | - | (56,668) | - | (56,668) |
| Debt Service: | | | | | | |
| Principal Retirement | 1,514,234 | - | - | (1,514,234) | - | (1,514,234) |
| Interest | 387,526 | - | - | (387,526) | - | (387,526) |
| Total Governmental Activities | 11,932,334 | 1,194,164 | 154,718 | (10,583,452) | - | (10,583,452) |
| Business-Type Activities: | | | | | | |
| Sanitation | 1,020,730 | 1,004,630 | - | - | (16,100) | (16,100) |
| Water | 2,056,680 | 2,210,958 | - | - | 154,278 | 154,278 |
| Sewer | 1,366,992 | 1,600,391 | - | - | 233,399 | 233,399 |
| Cemetery | 270,430 | 55,297 | - | - | (215,133) | (215,133) |
| Ambulance | 685 | 1,914 | - | - | 1,229 | 1,229 |
| Total Business-Type Activities | 4,715,517 | 4,873,190 | - | - | 157,673 | 157,673 |
| Total | \$ 16,647,851 | \$ 6,067,354 | \$ 154,718 | (10,583,452) | 157,673 | (10,425,779) |
| GENERAL RECEIPTS AND OTHER FINANCING SOURCES (USES) | | | | | | |
| Property and Other City Tax Levied for: | | | | | | |
| General Purposes | | | | 2,726,318 | 49,358 | 2,775,676 |
| Debt Service | | | | 286,011 | - | 286,011 |
| Sales and Local Option Sales Tax | | | | 2,899,173 | - | 2,899,173 |
| State Income Tax | | | | 1,379,147 | - | 1,379,147 |
| Motor Fuel Tax | | | | 331,088 | - | 331,088 |
| Replacement Tax | | | | 335,426 | - | 335,426 |
| Interest Income | | | | 35,890 | 12,241 | 48,131 |
| Miscellaneous | | | | 594,907 | 80,053 | 674,960 |
| Proceeds from Loan | | | | 350,000 | - | 350,000 |
| Proceeds from Bond Sale | | | | 4,004,079 | - | 4,004,079 |
| Transfers In | | | | 1,706,115 | 3,935,398 | 5,641,513 |
| Transfers Out | | | | (4,573,690) | (1,067,823) | (5,641,513) |
| Total General Receipts and Other Financing Sources (Uses) | | | | 10,074,464 | 3,009,227 | 13,083,691 |
| CHANGE IN CASH BASIS NET POSITION | | | | (508,988) | 3,166,900 | 2,657,912 |
| Cash Basis Net Position - April 30, 2015, as Previously Reported | | | | 13,275,690 | 1,675,647 | 14,951,337 |
| Prior Period Adjustments | | | | 972,602 | 1,318,770 | 2,291,372 |
| Cash Basis Net Position - April 30, 2015, as Restated | | | | 14,248,292 | 2,994,417 | 17,242,709 |
| CASH BASIS NET POSITION - APRIL 30, 2016 | | | | <u>\$ 13,739,304</u> | <u>\$ 6,161,317</u> | <u>\$ 19,900,621</u> |
| ASSETS | | | | | | |
| Cash and Cash Equivalents | | | | <u>\$ 13,739,304</u> | <u>\$ 6,161,317</u> | <u>\$ 19,900,621</u> |
| NET POSITION | | | | | | |
| Restricted - Nonexpendable | | | | \$ - | \$ 1,076,925 | \$ 1,076,925 |
| Restricted - Expendable | | | | 2,544,741 | 3,210,488 | 5,755,229 |
| Unrestricted | | | | 11,194,563 | 1,873,904 | 13,068,467 |
| Total Cash Basis Net Position | | | | <u>\$ 13,739,304</u> | <u>\$ 6,161,317</u> | <u>\$ 19,900,621</u> |

See accompanying Notes to Basic Financial Statements.

CITY OF KEWANEE, ILLINOIS
STATEMENT OF CASH TRANSACTIONS
GOVERNMENTAL FUND TYPES
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016

| | General Fund | Capital Projects | | Nonmajor Governmental Funds | Total Governmental Fund Types |
|---|---------------------|---------------------|---|-----------------------------|-------------------------------|
| | | Acquisition Fund | NHR Sales Tax Infrastructure Improvement Fund | | |
| RECEIPTS | | | | | |
| Taxes | \$ 1,047,236 | \$ - | \$ - | \$ 1,965,093 | \$ 3,012,329 |
| Licenses and Permits | 416,217 | - | - | - | 416,217 |
| Intergovernmental Receipts | 4,130,746 | - | 605,644 | 331,088 | 5,067,478 |
| Charges for Services | 604,158 | - | - | 19,079 | 623,237 |
| Interest Income | 27,861 | - | 3,514 | 3,667 | 35,042 |
| Fines and Forfeits | 154,710 | - | - | - | 154,710 |
| Contributions | 32,074 | - | - | 1,214 | 33,288 |
| Other Receipts | 416,916 | - | 10,629 | 28,740 | 456,285 |
| Total Receipts | 6,829,918 | - | 619,787 | 2,348,881 | 9,798,586 |
| DISBURSEMENTS | | | | | |
| General Government | 588,437 | - | - | 921,439 | 1,509,876 |
| Public Safety | 4,539,833 | - | - | 655,150 | 5,194,983 |
| Public Works and Transportation | 889,976 | 169,738 | 1,286,090 | 588,455 | 2,934,259 |
| Health and Welfare | - | - | - | - | - |
| Culture and Recreation | 78,529 | - | - | - | 78,529 |
| Development | 56,668 | - | - | - | 56,668 |
| Debt Service: | | | | | |
| Principal Retirement | - | 10,000 | 230,000 | 1,274,234 | 1,514,234 |
| Interest and Fiscal Charges | - | - | 116,665 | 270,861 | 387,526 |
| Total Disbursements | 6,153,443 | 179,738 | 1,632,755 | 3,710,139 | 11,676,075 |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 676,475 | (179,738) | (1,012,968) | (1,361,258) | (1,877,489) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers In | 84,555 | 580,650 | - | 1,040,910 | 1,706,115 |
| Transfers Out | (852,915) | (5,966) | (57,199) | (3,657,610) | (4,573,690) |
| Proceeds from Loan | 350,000 | - | - | - | 350,000 |
| Proceeds from Bond Sale | - | - | - | 4,004,079 | 4,004,079 |
| Total Other Financing Sources (Uses) | (418,360) | 574,684 | (57,199) | 1,387,379 | 1,486,504 |
| NET CHANGE IN CASH FUND BALANCES | 258,115 | 394,946 | (1,070,167) | 26,121 | (390,985) |
| Cash Balances - April 30, 2015, as Previously Reported | 4,574,995 | 3,600,889 | 1,567,757 | 3,532,049 | 13,275,690 |
| Prior Period Adjustments | 404,878 | - | - | (378,443) | 26,435 |
| Cash Balances - April 30, 2015, as Restated | 4,979,873 | 3,600,889 | 1,567,757 | 3,153,606 | 13,302,125 |
| CASH BALANCES - APRIL 30, 2016 | \$ 5,237,988 | \$ 3,995,835 | \$ 497,590 | \$ 3,179,727 | \$ 12,911,140 |
| CASH BASIS FUND BALANCES | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 228,050 | - | 483,447 | 1,833,244 | 2,544,741 |
| Committed | - | - | - | 13 | 13 |
| Assigned | - | 3,995,835 | 14,143 | 1,362,106 | 5,372,084 |
| Unassigned | 5,009,938 | - | - | (15,636) | 4,994,302 |
| Total Cash Basis Fund Balances | \$ 5,237,988 | \$ 3,995,835 | \$ 497,590 | \$ 3,179,727 | \$ 12,911,140 |

See accompanying Notes to Basic Financial Statements.

**CITY OF KEWANEE, ILLINOIS
STATEMENT OF CASH TRANSACTIONS
PROPRIETARY FUND TYPES
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

| | Enterprise | | | | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Funds | Total Proprietary Fund Types |
|---|--------------------|---------------------|---------------------|---------------------|---------------------------------|------------------------------|------------------------------|------------------------------------|
| | Sanitation Fund | Water Fund | Sewer Fund | Cemetery Fund | | | | |
| RECEIPTS | | | | | | | | |
| Taxes | \$ 49,358 | \$ - | \$ - | \$ - | \$ - | \$ 49,358 | \$ - | \$ 49,358 |
| Licenses and Permits | - | 1,337 | - | - | - | 1,337 | - | 1,337 |
| Charges for Services | 974,041 | 2,144,300 | 1,569,473 | 55,297 | 1,914 | 4,745,025 | 1,400,983 | 6,146,008 |
| Interest Income | 12 | 5,102 | 1,976 | 4,925 | - | 12,015 | 1,074 | 13,089 |
| Fines and Forfeits | 30,589 | 65,321 | 30,918 | - | - | 126,828 | - | 126,828 |
| Other Receipts | 6 | - | 27,682 | 15,516 | - | 43,204 | 175,471 | 218,675 |
| Total Receipts | <u>1,054,006</u> | <u>2,216,060</u> | <u>1,630,049</u> | <u>75,738</u> | <u>1,914</u> | <u>4,977,767</u> | <u>1,577,528</u> | <u>6,555,295</u> |
| DISBURSEMENTS | | | | | | | | |
| Personnel | 400,113 | 620,128 | 156,431 | 207,665 | 401 | 1,384,738 | 1,561,383 | 2,946,121 |
| Contractual | 545,387 | 600,627 | 979,307 | 16,766 | 84 | 2,142,171 | 99,679 | 2,241,850 |
| Commodities | 25,169 | 394,317 | 93,686 | 27,192 | 200 | 540,564 | 62,689 | 603,253 |
| Capital Expenditures | 5,161 | 384,834 | 124,312 | 2,420 | - | 516,727 | 84 | 516,811 |
| Other | 29,560 | 23,898 | 1,835 | 10,504 | - | 65,797 | 141 | 65,938 |
| Total Disbursements | <u>1,005,390</u> | <u>2,023,804</u> | <u>1,355,571</u> | <u>264,547</u> | <u>685</u> | <u>4,649,997</u> | <u>1,723,976</u> | <u>6,373,973</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 48,616 | 192,256 | 274,478 | (188,809) | 1,229 | 327,770 | (146,448) | 181,322 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | - | 2,597,302 | 1,110,089 | 222,610 | 5,397 | 3,935,398 | - | 3,935,398 |
| Transfers Out | (72,250) | (720,689) | (198,527) | (5,000) | (71,357) | (1,067,823) | - | (1,067,823) |
| Total Other Financing Sources (Uses) | <u>(72,250)</u> | <u>1,876,613</u> | <u>911,562</u> | <u>217,610</u> | <u>(65,960)</u> | <u>2,867,575</u> | <u>-</u> | <u>2,867,575</u> |
| CHANGE IN CASH BASIS NET POSITION | (23,634) | 2,068,869 | 1,186,040 | 28,801 | (64,731) | 3,195,345 | (146,448) | 3,048,897 |
| Cash Balances - April 30, 2015, as Previously Reported | 338,344 | 588,542 | 625,397 | 31,545 | 91,819 | 1,675,647 | 1,210,412 | 2,886,059 |
| Prior Period Adjustments | - | - | - | 1,054,525 | - | 1,054,525 | - | 1,054,525 |
| Cash Balances - April 30, 2015, as Restated | <u>338,344</u> | <u>588,542</u> | <u>625,397</u> | <u>1,086,070</u> | <u>91,819</u> | <u>2,730,172</u> | <u>1,210,412</u> | <u>3,940,584</u> |
| CASH BALANCES - APRIL 30, 2016 | <u>\$ 314,710</u> | <u>\$ 2,657,411</u> | <u>\$ 1,811,437</u> | <u>\$ 1,114,871</u> | <u>\$ 27,088</u> | <u>\$ 5,925,517</u> | <u>\$ 1,063,964</u> | <u>\$ 6,989,481</u> |
| CASH BASIS NET POSITION | | | | | | | | |
| Restricted - Nonexpendable | \$ - | \$ - | \$ - | \$ 1,076,925 | \$ - | \$ 1,076,925 | \$ - | \$ 1,076,925 |
| Restricted - Expendable | - | 2,159,429 | 1,025,453 | - | 25,606 | 3,210,488 | - | 3,210,488 |
| Unrestricted | 314,710 | 497,982 | 785,984 | 37,946 | 1,482 | 1,638,104 | 1,063,964 | 2,702,068 |
| Total Cash Basis Net Position | <u>\$ 314,710</u> | <u>\$ 2,657,411</u> | <u>\$ 1,811,437</u> | <u>\$ 1,114,871</u> | <u>\$ 27,088</u> | <u>\$ 5,925,517</u> | <u>\$ 1,063,964</u> | <u>\$ 6,989,481</u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF KEWANEE, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND TYPES
AS OF APRIL 30, 2016**

| | <u>Trust Funds</u> |
|--|-----------------------------|
| ASSETS | |
| Cash in Bank | \$ 278,629 |
| Money Market Funds | 223,036 |
| Contributions Receivable | 3,378 |
| Interest Receivable | 87,198 |
| Investments: | |
| U.S. Government and Agency Obligations | 4,132,062 |
| State and Local Obligations | 5,348,789 |
| Mutual Funds | 4,001,062 |
| Certificates of Deposit | 2,726,395 |
| Annuities | 3,167 |
| Total Assets | <u>16,803,716</u> |
| LIABILITIES | |
| Payroll Benefits and Taxes Payable | <u>74,472</u> |
| NET POSITION | <u><u>\$ 16,729,244</u></u> |

See accompanying Notes to Basic Financial Statements.

**CITY OF KEWANEE, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED APRIL 30, 2016**

| | <u>Trust Funds</u> |
|---|---------------------------------|
| ADDITIONS | |
| Net Appreciation in Fair Value of Investments | \$ (648,334) |
| Realized Gain on Investments | 76,983 |
| Interest (Net of Investment Expenses) | 235,180 |
| Dividends | 144,204 |
| Employer Contributions | 655,150 |
| Employee Contributions | <u>257,265</u> |
| Total Additions | 720,448 |
| DEDUCTIONS | |
| Benefit Payments - Retired and Disabled | 1,325,275 |
| Benefit Payments - Surviving Spouse | 252,757 |
| Administrative Expenses | <u>25,143</u> |
| Total Deductions | <u>1,603,175</u> |
| CHANGE IN NET POSITION | (882,727) |
| Net Position - Beginning of year | <u>17,611,971</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 16,729,244</u></u> |

See accompanying Notes to Basic Financial Statements.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The City was originally incorporated in 1855 and reincorporated as a city under general law in 1872. The City is a nonhome rule unit of local government and operates under a council-manager form of government. The City provides numerous services to citizens including law enforcement, fire protection, water and sewer utility services, sanitation, recycling, and landscape waste service.

Reporting Entity

For financial reporting purposes, the City of Kewanee, Illinois has included all funds, organizations, agencies, boards, commissions, and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

The Firefighter's Pension Trust Fund and Police Pension Trust Fund were established to provide retirement, death and disability payments to the firemen and police of the City or their beneficiaries. Each is a single-employer defined benefit pension plan. Contribution levels are mandated by Illinois Statutes and may be amended only by the Illinois legislature.

Trust funds that are to be reported in the fiduciary fund financial statements:

Firefighters' Pension Trust Fund - Funding for the pension fund is provided by a property tax levy on the citizens of Kewanee, Illinois. City officials and employees are board members of the fund.

Police Pension Trust Fund - Funding for the pension fund is provided by a property tax levy on the citizens of Kewanee, Illinois. City employees and citizens are board members of the fund.

These component units' financial information is included in the trust fund statements and schedules. See Note 17 for further information on these trust funds.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statement reports information on all of the nonfiduciary activities of the City. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

Measurement Focus, Basis of Accounting, and Basis of Presentation

The City maintains its financial statements on the cash basis of accounting. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Revenues are recognized when they are received rather than earned, and expenses when paid rather than incurred. Capital assets are expensed as purchased. Accordingly, the financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications - committed, assigned and then unassigned fund balances.

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City classified the principal amount of investments as nonspendable in the Cemetery Board of Managers Fund as of April 30, 2016.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified the state and federal grants as being restricted because their use is restricted by granting agencies. The City has also considered various taxes as being restricted because their use is restricted by state laws and regulations.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to the City's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Acquisition Fund (capital projects fund) accounts for the acquisition of property for City purposes.

NHR Sales Tax Infrastructure Improvement Fund (capital projects fund) accounts for the additional 1/2% of sales tax implemented effective January 1, 2010 to be used for property tax relief or infrastructure improvements.

Proprietary funds distinguish between operating revenues and expenses from nonoperating items. Operating revenues, such as utility user charges, services and permits, and other charges result from exchange transactions associated with the principal activity of the City. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest income, result from nonexchange transactions or ancillary activities. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All other expenses not meeting this definition, such as interest expense, are reported as nonoperating expenses.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business. 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.

The City reports the following major enterprise funds:

The Sanitation Fund accounts for sanitation services provided to the residents of the City.

The Water Fund accounts for water services provided to the residents of the City.

The Sewer Fund accounts for sewer services provided to the residents of the City.

The Cemetery Fund accounts for cemetery plot and maintenance services provided to the residents of the City.

Internal Service Funds are used to account for health insurance coverage and maintenance services provided to other departments based on actual cost.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Budgets

The State of Illinois requires municipalities of less than 500,000 inhabitants to pass an ordinance within the first quarter of each fiscal year to appropriate sums of money deemed necessary to defray all necessary expenses and liabilities of the municipality. This ordinance, setting forth the appropriations budget, is adopted on the cash basis of accounting for all funds except the Firefighters' and Police Pension Funds, which are each budgeted on the accrual basis of accounting.

Statutory compliance with the appropriations budget is at the total expenditure level. State law provides authority for the City Council, by a two-thirds vote of all members of the body, to make transfers within any department of the City; however, any revisions that alter total appropriations are prohibited. All annual appropriations lapse at fiscal year-end.

An annual operating budget is also adopted, by resolution of the City Council, on the cash basis of accounting for all funds from the sum appropriated. The budget includes amounts of funds and categories of receipts and expenditures.

The City amends the budget through City Council action upon review of receipts and expenditures at mid-year and recommendation by the City Manager.

**CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts of assets and fund equities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

Minimum Fund Balance Requirements

Effective June 14, 2010, the City established minimum fund balance levels for the General, Water, Sewer, and Health Insurance Reserve Funds. The minimum fund balance for the General Fund is 30% of the audited expenditures for the General Fund, plus 10% of the audited expenditures for the Water Fund, plus 10% of the audited expenditures for the Sewer Fund, as averaged over the prior three fiscal years. At April 30, 2016, the City met the minimum fund balance requirements.

Program Revenues

Program revenues for the City are primarily charges for services. These charges are primarily service charges such as water usage fees, sewer fees, and sanitation fees, and EMS fees.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Statutory Budget Compliance

As explained in Note 1, the City adopts an annual appropriations budget, which is the legally binding budget. The City also adopts an operating budget by fund. The budgets are approved by the City Council and controlled by the City Manager.

Statutory compliance is demonstrated as follows:

| | |
|--------------------------------------|-----------------------|
| Total Annual Appropriation | <u>\$ 113,116,921</u> |
| Total Operating Budget | <u>\$ 23,142,438</u> |
| Total Expenditures - Budgetary Basis | <u>\$ 18,050,048</u> |

Deficit Fund Balance of Individual Funds

The following funds had deficit fund balances at April 30, 2016:

| | |
|---|-------------------|
| Governmental Funds - Audit Fund | <u>\$ (3,945)</u> |
| Governmental Funds - Social Security Fund | <u>\$ (9,193)</u> |

The deficits in these funds resulted from expenditures exceeding the property taxes levied or transfers in and will be eliminated through future tax levies, refunds received, or transfers.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

At year-end, the carrying amount of the City's deposits was \$20,393,411 and the bank balance was \$20,816,329 as shown in the following schedule:

| | City Excluding Pension Funds | Firefighters' Pension Fund | Police Pension Fund | Total |
|-----------------------------|---------------------------------|-------------------------------|------------------------|----------------------|
| Total Cash and Investments | \$ 19,900,621 | \$ 7,719,510 | \$ 8,993,630 | \$ 36,613,761 |
| Less: Investments | - | (7,575,308) | (8,636,167) | (16,211,475) |
| Less: Illinois Funds | (8,875) | - | - | (8,875) |
| Carrying Amount of Deposits | <u>\$ 19,891,746</u> | <u>\$ 144,202</u> | <u>\$ 357,463</u> | <u>\$ 20,393,411</u> |
| Bank Balance | <u>\$ 20,251,851</u> | <u>\$ 207,015</u> | <u>\$ 357,463</u> | <u>\$ 20,816,329</u> |

The City considers all cash accounts and all certificates of deposit, regardless of their maturity date, to be cash and cash equivalents.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Illinois Pension Code requires all funds to be deposited into an approved depository and be either insured or collateralized.

Information regarding the City's bank balances is as follows:

| | City Excluding Pension Funds | Firefighters' Pension Fund | Police Pension Fund | Total |
|--|---------------------------------|-------------------------------|------------------------|----------------------|
| Amount Covered by FDIC or through state pooled collateral | \$ 14,904,102 | \$ 207,015 | \$ 357,463 | \$ 15,468,580 |
| Collateralized with Securities Held by the Pledging Financial Institution's Trust Department Agent | 4,644,719 | - | - | 4,644,719 |
| Uncollateralized | 703,030 | - | - | 703,030 |
| Total Bank Balance | <u>\$ 20,251,851</u> | <u>\$ 207,015</u> | <u>\$ 357,463</u> | <u>\$ 20,816,329</u> |

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 4 REVOLVING LOAN FUND

The City maintains a revolving loan fund for economic development purposes. The program was initially funded by the state of Illinois. At April 30, 2016, total outstanding loans were approximately \$691,000. During the fiscal year, the City made no new loans and collected principal payments of approximately \$26,000. At April 30, 2016, there was approximately \$683,000 of loans in default.

NOTE 5 BONDS AND LOANS PAYABLE

Revenue Bonds – The City issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. There are six revenue bonds outstanding at April 30, 2016. The 2004 East and 11th Street TIF bond was issued at \$420,000 at a fixed interest rate of 4.00%. This bond was refinanced in 2009 for \$302,779, requires semi-annual payments in varying amounts and bears interest at a fixed rate of 2.00%. During the refinancing, \$83,721 of principal was reduced. The second bond was issued in 1998 and was for the construction of the new city hall. The bond was originally issued at \$3,000,000 and was refinanced in 2005 at \$2,410,000 and again in 2011 at \$1,430,000. The bond bears a variable interest rate of 2.50% to a high of 3.00% and requires semi-annual payments in varying amounts. The third bond was issued in 2001 at \$3,200,000 and is for sewerage improvements to existing sewers and the construction of a new sewerage system. The bond was refinanced in 2011 at \$1,315,000, requiring semi-annual payments of varying amounts and bears a variable interest rate of 2.50% to a high of 3.00%. The fourth bond was issued in 2012 for \$3,755,000 and is for various municipal facilities and infrastructural improvements. This bond requires semi-annual payments in varying amounts and bears a variable interest rate of 2.00% to a high of 4.00%. The two bonds for the Mill Creek TIF were issued together in 2003 and include an \$800,000 tax-exempt portion and a \$175,000 taxable portion. They were both refinanced during 2012 for \$613,000 and \$122,000, respectively, and require semi-annual payments in varying amounts. They both bear a fixed interest rate of 1.75% with payments beginning November 15, 2013.

During the year ended April 30, 2013, the City issued revenue bonds in order to consolidate and refinance three loans originally issued by the IEPA Water Revolving Fund for the acquisition, construction and installation of waterworks and sewerage facilities, improvements and costs. Total bonds issued were \$5,935,000 of which the City had a balance outstanding of \$4,585,000 at April 30, 2016. The bonds require annual payments of principal ranging from \$470,000 to \$680,000 and semi-annual payments of interest at rates ranging from 2.00% to 2.70%.

During the year ended April 30, 2016, the City issued revenue bonds for the purpose of financing the acquisition, construction, installation and rehabilitation of City infrastructure, including, but not limited to, various water and sewer system facilities and paying for costs related thereto. Total bonds issued were \$3,640,000, all of which was outstanding at April 30, 2016. The bonds require annual payments of principal ranging from \$60,000 to \$270,000 and semi-annual payments of interest at rates ranging from 2.00% to 4.00%. These bonds were issued at a premium of \$76,479 which will be amortized over the life of the bond, 17 years. The balance of the premium at April 30, 2016 was \$76,479.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 5 BONDS AND LOANS PAYABLE (CONTINUED)

During the year ended April 30, 2016, the City issued revenue bonds for the purpose of refunding certain outstanding obligations of the City and for the payment of expenses incident thereto. Total bonds issued were \$287,600, all of which was outstanding at April 30, 2016. The bonds require a one-time principal payment of \$287,600 with a one-time interest payment at a rate of 1.90%.

Illinois Environmental Protection Agency Water Revolving Fund – During the year ended April 30, 2004, the City obtained an \$8.5 million loan from the Illinois Environmental Protection Agency for the construction of a reverse osmosis water treatment plant. During fiscal year ended April 30, 2006, the City had received its last disbursement from the loan and total funds drawn were \$8,332,214, of which the City had a balance outstanding of \$405,072 at April 30, 2013. These bonds were refinanced with the issuance of general obligation refunding alternate revenue bonds, series 2013, as noted above.

A loan was obtained during fiscal year 2012 for various water main replacement projects. Total project costs were \$468,236, of which \$128,997 was forgiven and the City has a balance outstanding of \$281,166 at April 30, 2016. The loan requires semi-annual payments of \$10,005 and bears interest at a fixed rate of 1.25%.

A loan was obtained during fiscal year 2013 for the acquisition, construction, installation, improvement, and extension of waterworks and sewerage facilities. The project costs were \$807,003. During fiscal year 2015, \$225,000 of this note was forgiven and the balance as of April 30, 2016 is \$533,511. The loan requires semi-annual payments of \$18,595 and bears interest at a fixed rate of 2.295%.

A loan was obtained during fiscal year 2009 for the purchase of a new emergency rescue squad ambulance for the Kewanee Fire Department. The balance of the loan was \$40,000 as of April 30, 2016. The loan requires annual payments on November 1 of each year of \$10,000 beginning November 1, 2010 and ending November 1, 2019.

A loan was obtained during fiscal year 2016 for the purchase of a new fire truck. The balance of the loan was \$350,000 as of April 30, 2016. The loan requires annual principal payments of \$17,500 and bears interest at a fixed rate of 2.21%.

The City expenses its bonds payments when the cash is disbursed rather than carrying the principal amount on the statement of activities and applying the principal payment to that balance which is the treatment required under accounting principles generally accepted in the United States of America.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 5 BONDS AND LOANS PAYABLE (CONTINUED)

A summary of the debt activity during the fiscal year ended April 30, 2016, is as follows:

| | Balance April 30, 2015 | Issued | Retired | Balance April 30, 2016 |
|--|---------------------------|---------------------|---------------------|---------------------------|
| Revenue Bonds: | | | | |
| General Obligation Alternative Bonds 2011B | \$ 645,000 | \$ - | \$ 210,000 | \$ 435,000 |
| General Obligation Sewage Bonds 2011A | 280,000 | - | 280,000 | - |
| General Obligation NHRST Bonds 2012 | 3,310,000 | - | 230,000 | 3,080,000 |
| Mill Creek Station TIF Bonds 2012 - Tax-Exempt | 538,502 | - | 40,000 | 498,502 |
| Mill Creek Station TIF Bonds 2012 - Taxable | 106,993 | - | 8,000 | 98,993 |
| East and 11th Street TIF Bonds 2009 | 247,340 | - | 15,369 | 231,971 |
| General Obligation Waterworks and Sewerage Refunding Bonds 2013 | 5,265,000 | - | 680,000 | 4,585,000 |
| General Obligation Alternative Bonds 2015 | - | 3,640,000 | - | 3,640,000 |
| General Obligation Alternative Bonds 2015A | - | 287,600 | - | 287,600 |
| Illinois Environmental Protection | | | | |
| Agency Water Revolving Fund: | | | | |
| Water Revolving Fund - L17422800 | 297,508 | - | 16,342 | 281,166 |
| Water Revolving Fund - L17481700 | 558,034 | - | 24,523 | 533,511 |
| Firetruck Loan | - | 350,000 | - | 350,000 |
| Ambulance Loan | 50,000 | - | 10,000 | 40,000 |
| Total Outstanding Debt | <u>\$ 11,298,377</u> | <u>\$ 4,277,600</u> | <u>\$ 1,514,234</u> | <u>\$ 14,061,743</u> |

Annual debt service requirements to maturity for bonds and loans payable are as follows:

| <u>Year Ending April 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|----------------------|---------------------|----------------------|
| 2017 | \$ 1,561,174 | \$ 444,191 | \$ 2,005,365 |
| 2018 | 1,279,733 | 357,397 | 1,637,130 |
| 2019 | 1,030,904 | 327,540 | 1,358,444 |
| 2020 | 1,057,098 | 304,757 | 1,361,855 |
| 2021 | 1,068,308 | 279,600 | 1,347,908 |
| 2022-2026 | 5,165,741 | 955,045 | 6,120,786 |
| 2027-2031 | 1,976,485 | 341,833 | 2,318,318 |
| 2032-2036 | 922,300 | 63,571 | 985,871 |
| Total | <u>\$ 14,061,743</u> | <u>\$ 3,073,934</u> | <u>\$ 17,135,677</u> |

The City's debt limit is 8.625% of the Total City Equalized Value or approximately \$7,438,000 as of April 30, 2016. Of the total debt listed above, approximately \$1,219,000 is applicable to the debt limit statute. Remaining debt capacity is approximately \$6,219,000.

NOTE 6 COMPENSATED ABSENCES

City employees are paid for vacation and compensated time by prescribed formulas based on employment contracts. The liability for compensated absences as of April 30, 2016 was approximately \$1,305,000.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 7 PENSION AND RETIREMENT BENEFITS

Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and other information. That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the City regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City annual required contribution rate for calendar year 2015 was 11.03%. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Contributions Made. For the year ended April 30, 2016, the City contributed \$215,030. Contributions for years ended April 30, 2015 and 2014 were \$217,047 and \$210,655, respectively.

The required contribution for 2015 was determined as part of the December 31, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2013, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan as allowed by Internal Revenue Code Section 457. The plan allows City employees to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency, and each employee's account will be immediately 100% vested.

The plan, all amounts deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights, are held in trust for the exclusive benefit of participants and their beneficiaries.

The City is responsible for due care in managing the investments and the participant or beneficiary assumes the risk of loss from decreases in the value of plan assets. At April 30, 2016, plan assets consisted of stocks, bonds, mutual funds, and a life insurance policy.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 8 PUBLIC ENTITY RISK POOL

The City is a member of the Municipal (Self) Insurance Cooperative Agency (MICA). MICA is a cooperative agency voluntarily established by contracting Illinois Municipalities and other Illinois units of government pursuant to Article VII, Section 10, of the 1970 Constitution of the State of Illinois and 5 ILCS 220/6 of the Illinois Compiled Statutes for the purpose of seeking the prevention or lessening of casualty losses to member governmental properties and injuries to persons or property. At April 30, 2016, MICA consisted of 25 Illinois governmental entities, including the City of Kewanee, Illinois.

MICA provides coverage to its members with the following limits: \$400 million on property claims, \$10 million on general liability claims, and \$1 million on cyber liability. MICA provides coverage on workman's compensation claims on amounts in excess of \$750,000. MICA purchases commercial insurance for coverage in excess of the self-insured reserve (SIR) limits. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Claim payments in excess of the per occurrence retention limit and corridor deductible, if applicable, or total loss aggregates are recovered from reinsurers.

NOTE 9 HEALTH BENEFITS

The City has established a Health Insurance Fund for insuring benefits provided to City employees and covered dependents. This is included in the Internal Service Fund types. Health benefits are self-insured up to an annual amount of \$65,000 per individual covered, and for the City as a whole, and an unlimited aggregate annual amount. Coverage from a private insurance company is maintained for losses in excess of these amounts. All claims handling procedures are performed by an independent claims administrator.

NOTE 10 STATE UNEMPLOYMENT TAX

The City is on the reimbursement method for state of Illinois unemployment taxes. Claims for unemployment are paid by the State as incurred and reimbursed by the City. Claims paid for the year ending April 30, 2016 totaled \$31,351.

NOTE 11 PROPERTY TAXES

Property taxes are levied as of January 1 on property values assessed as of the same date. The tax levy is divided into two billings: the first billing is an estimate of the current year's levy based on the prior year's taxes; the second billing reflects adjustments to the current year's actual levy. The first billing is mailed in May of each year and consists of two installments due by June and September, with penalties and interest charged on late payments. Property taxes received during the year ended April 30, 2016 were for the 2014 assessment paid in 2015.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 12 CONDUIT DEBT

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, the State, and any political subdivisions thereof are not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of April 30, 2016, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$587,000.

NOTE 13 COMMITMENTS

The City has extended an agreement with a company to operate its Wastewater Treatment Plant, excess flow lagoon and pumping station, and all lift stations. The agreement requires monthly payments and expires April 30, 2024. Total expense for the year ending April 30, 2016 was \$456,875.

In addition, the City has extended an agreement with the same company to operate its Reverse Osmosis Water Plants. The agreement requires monthly payments and expires April 30, 2024. Total expense for the year ending April 30, 2016 was \$166,724.

The City also entered into an agreement with a waste disposal company to transfer solid waste from the transfer station to the landfill. The contract expires December 31, 2017 and requires monthly payments that are based on tonnage hauled at a specified rate identified in the contract. Total expense under this contract for the year ending April 30, 2016 was \$493,886.

The City has a contract for legal services with the City Attorney. The agreement requires monthly payments of \$6,250 beginning May 11, 2015 and expires May 10, 2019.

The City has entered into a contract with O & W Cleaning Specialists to provide janitorial services at City Hall and the AMTRAK Depot for the period May 1, 2016 to April 30, 2017 at a total cost of \$15,000.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 13 COMMITMENTS (CONTINUED)

The City entered into a contract with Laverdiere Construction for construction of water mains at Main and 2nd Streets in Kewanee. The contract totals \$1,080,000 and is to be completed during fiscal year 2017.

The City has entered into an agreement with Leander Construction, Inc. for the Wastewater Treatment Plant clarifier upgrades project. The contract totals \$948,900 and is to be completed during fiscal year 2017.

The City has entered into an agreement with J.W. Ossola, Co., Inc. for construction of the water system improvements pressure reducing valves and supply meters project. The contract totals \$238,770 and is to be completed during fiscal year 2017.

Future payments required on the above contracts as of April 30, 2016 are:

| <u>Year Ending April 30,</u> | <u>Amount</u> |
|------------------------------|----------------------------|
| 2017 | \$ 2,271,908 |
| 2018 | 1,072,489 |
| 2019 | 734,838 |
| 2020 | 673,117 |
| 2021 | 686,663 |
| Thereafter | 2,083,381 |
| Total | <u><u>\$ 7,522,396</u></u> |

NOTE 14 RELATED PARTIES

A City Council member manages the Henry County Humane Society. The City pays the Henry County Humane Society for animal shelter assistance. Total amount paid to the Henry County Humane Society in fiscal year 2016 was \$23,236. In addition, the City leases a building to the Humane Society for an annual fee of \$1.

The Cemetery Board of Managers Fund is a component unit of the City. A Cemetery board member is the president of People's National Bank. As of year end, the City had approximately \$1,500,000 of deposits with this institution.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 15 INTERFUND TRANSFERS

The following table summarizes the net interfund transfers for the year ended April 30, 2016.

| | <u>Transfers To</u> | <u>Transfers From</u> |
|------------------|---------------------|-----------------------|
| General | \$ 84,555 | \$ 852,915 |
| Special Revenues | 5,966 | 32,610 |
| Debt Service | 989,944 | 3,625,000 |
| Capital Projects | 625,650 | 63,165 |
| Enterprise | 3,912,788 | 1,067,823 |
| Trust | 22,610 | - |
| Total | <u>\$ 5,641,513</u> | <u>\$ 5,641,513</u> |

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources. Transfers are also made between various funds to make debt service payments. Further, the General Fund subsidizes the Cemetery Fund each year for operations. In the current year, the General fund transferred \$45,000 to the Municipal Building Fund for maintenance repairs and \$580,650 to the Acquisition Fund for capital projects.

NOTE 16 RESTATEMENTS OF FUND BALANCES/NET POSITION

The City determined it had incorrectly classified funds for the year ending April 30, 2015. Moreover, the Internal Service Funds' cash balances were not included on the Statement of Activities as of April 30, 2015. Fund classification changes include:

1. The Public Benefits Fund and Francis Park Fund were previously reported as special revenue funds and are now included in the General Fund.
2. The Public Properties Fund was previously reported as a capital projects fund and is now included in the General Fund.
3. The Cemetery Board of Managers Fund was previously reported as a trust fund and is now reported as a permanent fund.
4. The Firefighters' Pension Agency Fund, Police Pension Agency Fund, and Perpetual Care Fund were previously reported as agency funds and are now reported as special revenue funds.
5. The TIF Development Fund was previously reported as a debt service fund and is now reported as a special revenue fund.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 16 RESTATEMENTS OF FUND BALANCES/NET POSITION (CONTINUED)

Beginning fund balances/net position have thereby been restated as follows:

| | |
|--|---|
| | Governmental Activities Net Position |
| Net Position, Beginning of Year, as Previously Reported | \$ 13,275,690 |
| Adjustment to Include Internal Service Fund Net Position | 946,167 |
| Adjustment for Classification of Funds | 26,435 |
| Net Position, Beginning of Year, as Restated | \$ 14,248,292 |
| | Business-Type Activities Net Position |
| Net Position, Beginning of Year, as Previously Reported | \$ 1,675,647 |
| Adjustment to Include Internal Service Fund Net Position | 264,245 |
| Adjustment for Classification of Funds | 1,054,525 |
| Net Position, Beginning of Year, as Restated | \$ 2,994,417 |
| | Agency Funds |
| Net Position, Beginning of Year, as Previously Reported | \$ 26,435 |
| Adjustment for Classification of Funds | (26,435) |
| Net Position, Beginning of Year, as Restated | \$ - |
| | Cash Basis Trust Fund |
| Net Position, Beginning of Year, as Previously Reported | \$ 1,054,525 |
| Adjustment for Classification of Funds | (1,054,525) |
| Net Position, Beginning of Year, as Restated | \$ - |
| | General Fund |
| Fund Balance, Beginning of Year, as Previously Reported | \$ 4,574,995 |
| Adjustment for Classification of Funds | 404,878 |
| Fund Balance, Beginning of Year, as Restated | \$ 4,979,873 |
| | Special Revenue Funds |
| Fund Balance, Beginning of Year, as Previously Reported | \$ 1,854,173 |
| Adjustment for Classification of Funds | (39,913) |
| Fund Balance, Beginning of Year, as Restated | \$ 1,814,260 |
| | Debt Service Funds |
| Fund Balance, Beginning of Year, as Previously Reported | \$ 1,339,080 |
| Adjustment for Classification of Funds | (62,278) |
| Fund Balance, Beginning of Year, as Restated | \$ 1,276,802 |
| | Capital Projects Funds |
| Fund Balance, Beginning of Year, as Previously Reported | \$ 5,507,442 |
| Adjustment for Classification of Funds | (276,252) |
| Fund Balance, Beginning of Year, as Restated | \$ 5,231,190 |
| | Cemetery Fund |
| Fund Balance, Beginning of Year, as Previously Reported | \$ 31,545 |
| Adjustment for Classification of Funds | 1,054,525 |
| Fund Balance, Beginning of Year, as Restated | \$ 1,086,070 |

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 17 PENSION TRUST FUNDS

Complete financial statements of the Firefighters' Pension Trust Fund and the Police Pension Trust Fund, which issued separate financial statements, can be obtained from their respective administrative offices. Fire and Police personnel are covered by the City of Kewanee Firefighters' Pension Fund and Police Pension Fund, which are defined benefit single-employer pension plans. Although these are single-employer pension plans, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes and may be amended only by the Illinois legislature. Complete financial statements of the Firefighters' Pension Trust Fund and the Police Pension Trust Fund, which issued separate financial statements, can be obtained from their respective administrative offices by contacting the City.

Investments

Investments consist of government securities, which are valued at amortized cost subject to market declines judged to be other than temporary. As of April 30, 2016, there were no declines in market value judged to be other than temporary. Investments also consist of variable annuities reported at market value. Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of states and their political subdivisions, savings accounts, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Public Treasurers' Investment Pool. The Cemetery Board of Managers fund is further authorized to invest in bonds or other financial instruments that have as a first objective or proven history, the preservation of principal. The City of Kewanee Firefighters' and Police Pension Funds are authorized to invest in various instruments in accordance with Chapter 40 ILCS 5, Section 1-113.2 -113.4 of the Illinois State Statutes.

The assets of the City of Kewanee Firefighters' and Police Pension Funds shall be in accordance with the following asset allocation guidelines measured at fair value:

| <u>Asset Class</u> | <u>Target</u> | <u>Range</u> |
|---------------------------|---------------|--------------|
| Equities | 40% | 10% - 45% |
| Fixed Income | 57% | 50% - 80% |
| Cash and Cash Equivalents | 3% | 1% - 10% |

Investments consist of U.S. Government and agency obligations, state and local obligations, mutual funds, and certificates of deposit.

The Illinois Funds is an investment pool created for the sole participation and benefit of Illinois political subdivisions. All investments in the pool are collateralized time deposits, full faith and credit securities of the Federal Government and repurchase agreements secured by securities of the Federal Government. The money market funds invested through the Illinois Funds are rated AAAM by Standard and Poor's.

**CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016**

NOTE 17 PENSION TRUST FUNDS (CONTINUED)

Investments (Continued)

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’s investment policy states that risks of market price volatility shall be controlled through maturity diversification so that aggregate price losses on instruments with maturities approaching one year shall not be greater than coupon interest and investment income received from the balance of the portfolio.

| Description of Investments | Fair Value | Less than 1 Year | 1-5 Years | 6-10 Years | More than 10 Years |
|--|---------------------|---------------------|---------------------|---------------------|--------------------|
| As of April 30, 2016, the City’s Firefighters’ Pension Fund had the following investments with the following maturities: | | | | | |
| U.S. Government and Agency | \$ 3,907,022 | \$ 250,112 | \$ 2,234,504 | \$ 1,336,579 | \$ 85,827 |
| Mutual Funds | 3,665,119 | 3,665,119 | - | - | - |
| Annuities | 3,167 | 3,167 | - | - | - |
| Total | <u>\$ 7,575,308</u> | <u>\$ 3,918,398</u> | <u>\$ 2,234,504</u> | <u>\$ 1,336,579</u> | <u>\$ 85,827</u> |

As of April 30, 2016, the City’s Police Pension Fund had the following investments with the following maturities:

| | | | | | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| U.S. Government and Agency | \$ 225,040 | \$ - | \$ - | \$ - | \$ 225,040 |
| State and Local Obligations | 1,683,670 | - | 305,028 | 219,668 | 1,158,974 |
| Mutual Funds | 4,001,062 | 4,001,062 | - | - | - |
| Certificates of Deposit | 2,726,395 | 321,236 | 1,605,409 | 799,750 | - |
| Total | <u>\$ 8,636,167</u> | <u>\$ 4,322,298</u> | <u>\$ 1,910,437</u> | <u>\$ 1,019,418</u> | <u>\$ 1,384,014</u> |

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

As of April 30, 2016, both the City’s Firefighters’ and Police Pension Funds had the following ratings:

| Investment Type: | <u>Moody’s</u> | <u>Standard & Poor’s</u> |
|----------------------------|----------------|------------------------------|
| U.S. Government and Agency | AAA | AAA |

All other investment types are not rated or not required to be rated.

CITY OF KEWANEE, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 17 PENSION TRUST FUNDS (CONTINUED)

Plan Description

The following is a summary of the City of Kewanee Firefighters' Pension Fund and Police Pension Fund as provided for in Illinois State Statutes:

The City of Kewanee Firefighters' Pension Fund and Police Pension Fund provide retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive monthly retirement benefits of one-half the monthly salary attached to the rank held in the fire or police service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service and one-twelfth of 1% of such monthly service for each additional month over 30 years of service to a maximum of 75% of such monthly salary.

Employees with at least 10 (firefighter) or 8 (police) years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter or policeman who retired with 20 or more years of service after January 1, 1978 (firefighter) or January 1, 1977 (police), shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% annually thereafter.

Funding Policy

Covered employees are required to contribute 9.455% (firefighter) or 9.910% (police) of their salary to the Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City of Kewanee, Illinois is required to contribute the remaining amounts (not less than 9.25%) necessary to finance the Plan as actuarially determined by an enrolled actuary. By the year 2040, the contributions must accumulate to the point where any past service cost for the Funds are 90% funded. At April 30, 2016, the percent funded was 63.7% and 67.8% for the Firefighters' Pension Fund and Police Pension Fund, respectively.

CITY OF KEWANEE, ILLINOIS
COMBINING SCHEDULE OF CASH TRANSACTIONS
ALL FUND TYPES
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016

| | Governmental Fund Types | | | | | Proprietary Fund Types | | | Fiduciary | City-Wide |
|--|-------------------------|---------------------|---------------------|---------------------|----------------------|------------------------|---------------------|---------------------|-------------|----------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Total | Enterprise | Internal Service | Total | Fund Types | |
| | | | | | | | | | Agency | |
| RECEIPTS | | | | | | | | | | |
| Taxes | \$ 1,047,236 | \$ 1,679,082 | \$ 286,011 | \$ - | \$ 3,012,329 | \$ 49,358 | \$ - | \$ 49,358 | \$ - | \$ 3,061,687 |
| Licenses and Permits | 416,217 | - | - | - | 416,217 | 1,337 | - | 1,337 | - | 417,554 |
| Intergovernmental Receipts | 4,130,746 | 331,088 | - | 605,644 | 5,067,478 | - | - | - | - | 5,067,478 |
| Charges for Services | 604,158 | 19,079 | - | - | 623,237 | 4,745,025 | 1,400,983 | 6,146,008 | - | 6,769,245 |
| Interest Income | 27,861 | 2,704 | 963 | 3,514 | 35,042 | 12,015 | 1,074 | 13,089 | - | 48,131 |
| Fines and Forfeits | 154,710 | - | - | - | 154,710 | 126,828 | - | 126,828 | - | 281,538 |
| Contributions | 32,074 | 1,214 | - | - | 33,288 | - | - | - | - | 33,288 |
| Other Receipts | 416,916 | 27,727 | - | 11,642 | 456,285 | 43,204 | 175,471 | 218,675 | - | 674,960 |
| Total Receipts | 6,829,918 | 2,060,894 | 286,974 | 620,800 | 9,798,586 | 4,977,767 | 1,577,528 | 6,555,295 | - | 16,353,881 |
| DISBURSEMENTS | | | | | | | | | | |
| General Government | 588,437 | 849,688 | - | 71,751 | 1,509,876 | - | - | - | - | 1,509,876 |
| Public Safety | 4,539,833 | 655,150 | - | - | 5,194,983 | - | - | - | - | 5,194,983 |
| Public Works and Transportation | 889,976 | 588,455 | - | 1,455,828 | 2,934,259 | - | - | - | - | 2,934,259 |
| Culture and Recreation | 78,529 | - | - | - | 78,529 | - | - | - | - | 78,529 |
| Development | 56,668 | - | - | - | 56,668 | - | - | - | - | 56,668 |
| Personal | - | - | - | - | - | 1,384,738 | 1,561,383 | 2,946,121 | - | 2,946,121 |
| Contractual | - | - | - | - | - | 2,142,171 | 99,679 | 2,241,850 | - | 2,241,850 |
| Commodities | - | - | - | - | - | 540,564 | 62,689 | 603,253 | - | 603,253 |
| Capital Expenditures | - | - | - | - | - | 516,727 | 84 | 516,811 | - | 516,811 |
| Other | - | - | - | - | - | 65,797 | 141 | 65,938 | - | 65,938 |
| Debt Service: | | | | | | | | | | |
| Principal Retirement | - | 63,369 | 1,210,865 | 240,000 | 1,514,234 | - | - | - | - | 1,514,234 |
| Interest and Fiscal Charges | - | 16,177 | 254,684 | 116,665 | 387,526 | - | - | - | - | 387,526 |
| Operations | - | - | - | - | - | - | - | - | - | - |
| Total Disbursements | 6,153,443 | 2,172,839 | 1,465,549 | 1,884,244 | 11,676,075 | 4,649,997 | 1,723,976 | 6,373,973 | - | 18,050,048 |
| CHANGE IN CASH BALANCES | 676,475 | (111,945) | (1,178,575) | (1,263,444) | (1,877,489) | 327,770 | (146,448) | 181,322 | - | (1,696,167) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers In | 84,555 | 5,966 | 989,944 | 625,650 | 1,706,115 | 3,935,398 | - | 3,935,398 | - | 5,641,513 |
| Transfers Out | (852,915) | (32,610) | (3,625,000) | (63,165) | (4,573,690) | (1,067,823) | - | (1,067,823) | - | (5,641,513) |
| Proceeds from Loan | 350,000 | - | - | - | 350,000 | - | - | - | - | 350,000 |
| Proceeds from Bond Sale | - | - | 4,004,079 | - | 4,004,079 | - | - | - | - | 4,004,079 |
| Total Other Financing Sources (Uses) | (418,360) | (26,644) | 1,369,023 | 562,485 | 1,486,504 | 2,867,575 | - | 2,867,575 | - | 4,354,079 |
| EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES | 258,115 | (138,589) | 190,448 | (700,959) | (390,985) | 3,195,345 | (146,448) | 3,048,897 | - | 2,657,912 |
| Cash Balances - April 30, 2015, as Previously Reported | 4,574,995 | 1,854,173 | 1,339,080 | 5,507,442 | 13,275,690 | 1,675,647 | 1,210,412 | 2,886,059 | 26,435 | 16,188,184 |
| Prior Period Adjustments | 404,878 | (39,913) | (62,278) | (276,252) | 26,435 | 1,054,525 | - | 1,054,525 | (26,435) | 1,054,525 |
| Cash Balances - April 30, 2015, as Restated | 4,979,873 | 1,814,260 | 1,276,802 | 5,231,190 | 13,302,125 | 2,730,172 | 1,210,412 | 3,940,584 | - | 17,242,709 |
| CASH BALANCES - APRIL 30, 2016 | <u>\$ 5,237,988</u> | <u>\$ 1,675,671</u> | <u>\$ 1,467,250</u> | <u>\$ 4,530,231</u> | <u>\$ 12,911,140</u> | <u>\$ 5,925,517</u> | <u>\$ 1,063,964</u> | <u>\$ 6,989,481</u> | <u>\$ -</u> | <u>\$ 19,900,621</u> |
| CASH BASIS FUND BALANCES/NET POSITION | | | | | | | | | | |
| Restricted - Nonexpendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,076,925 | \$ - | \$ 1,076,925 | \$ - | 1,076,925 |
| Restricted - Expendable | 228,050 | 1,681,357 | 151,887 | 483,447 | 2,544,741 | 3,210,488 | - | 3,210,488 | - | 5,755,229 |
| Committed | - | 13 | - | - | 13 | - | - | - | - | 13 |
| Assigned | - | 9,937 | 1,315,363 | 4,046,784 | 5,372,084 | - | - | - | - | 5,372,084 |
| Unrestricted | - | - | - | - | - | 1,638,104 | 1,063,964 | 2,702,068 | - | 2,702,068 |
| Unassigned | 5,009,938 | (15,636) | - | - | 4,994,302 | - | - | - | - | 4,994,302 |
| Total Cash Basis Fund Balances/Net Position | <u>\$ 5,237,988</u> | <u>\$ 1,675,671</u> | <u>\$ 1,467,250</u> | <u>\$ 4,530,231</u> | <u>\$ 12,911,140</u> | <u>\$ 5,925,517</u> | <u>\$ 1,063,964</u> | <u>\$ 6,989,481</u> | <u>\$ -</u> | <u>\$ 19,900,621</u> |

**CITY OF KEWANEE, ILLINOIS
COMBINING SCHEDULE OF CASH TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

| | Total Nonmajor Governmental Funds | Audit Fund | Liability Insurance Fund | Motor Fuel Tax Fund | Municipal Retirement Fund | Social Security Fund | Public Benefits Fund | Chlorination of Sewer Fund |
|---|--|-------------------|--------------------------------|---------------------------|---------------------------------|----------------------------|----------------------------|----------------------------------|
| RECEIPTS | | | | | | | | |
| Taxes | \$ 1,965,093 | \$ 25,724 | \$ 419,370 | \$ - | \$ 197,346 | \$ 197,346 | \$ - | \$ 9,888 |
| Intergovernmental Receipts | 331,088 | - | - | 331,088 | - | - | - | - |
| Charges for Services | 19,079 | - | - | - | - | - | - | - |
| Interest Income | 3,667 | 6 | 105 | 462 | 79 | 50 | - | 2 |
| Contributions | 1,214 | - | - | - | - | - | - | - |
| Other Receipts | 28,740 | - | - | - | - | - | - | - |
| Total Receipts | <u>2,348,881</u> | <u>25,730</u> | <u>419,475</u> | <u>331,550</u> | <u>197,425</u> | <u>197,396</u> | <u>-</u> | <u>9,890</u> |
| DISBURSEMENTS | | | | | | | | |
| General Government | 921,439 | 26,400 | 399,591 | - | 170,492 | 194,848 | - | - |
| Public Safety | 655,150 | - | - | - | - | - | - | - |
| Public Works and Transportation | 588,455 | - | - | 560,511 | - | - | - | - |
| Debt Service: | | | | | | | | |
| Principal Retirement | 1,274,234 | - | - | - | - | - | - | - |
| Interest and Fiscal Charges | 270,861 | - | - | - | - | - | - | - |
| Total Disbursements | <u>3,710,139</u> | <u>26,400</u> | <u>399,591</u> | <u>560,511</u> | <u>170,492</u> | <u>194,848</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,361,258) | (670) | 19,884 | (228,961) | 26,933 | 2,548 | - | 9,890 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | 1,040,910 | - | - | - | - | - | - | - |
| Transfers Out | (3,657,610) | - | - | - | - | - | - | (10,000) |
| Proceeds from Bond Sale | 4,004,079 | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>1,387,379</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(10,000)</u> |
| NET CHANGE IN CASH FUND BALANCES | 26,121 | (670) | 19,884 | (228,961) | 26,933 | 2,548 | - | (110) |
| Cash Balances - April 30, 2015, as Previously Reported | 3,532,049 | (3,275) | 154,805 | 626,761 | 8,359 | (11,741) | 59,851 | 695 |
| Prior Period Adjustment | (378,443) | - | - | - | - | - | (59,851) | - |
| Cash Balances - April 30, 2015, as Restated | <u>3,153,606</u> | <u>(3,275)</u> | <u>154,805</u> | <u>626,761</u> | <u>8,359</u> | <u>(11,741)</u> | <u>-</u> | <u>695</u> |
| CASH BALANCES - APRIL 30, 2016 | <u>\$ 3,179,727</u> | <u>\$ (3,945)</u> | <u>\$ 174,689</u> | <u>\$ 397,800</u> | <u>\$ 35,292</u> | <u>\$ (9,193)</u> | <u>\$ -</u> | <u>\$ 585</u> |
| CASH BASIS FUND BALANCES | | | | | | | | |
| Restricted | \$ 1,833,244 | \$ - | \$ 174,584 | \$ 397,338 | \$ 35,213 | \$ 2,498 | \$ - | \$ 583 |
| Committed | 13 | - | - | - | - | - | - | - |
| Assigned | 1,362,106 | - | 105 | 462 | 79 | - | - | 2 |
| Unassigned | (15,636) | (3,945) | - | - | - | (11,691) | - | - |
| Total Cash Basis Fund Balances | <u>\$ 3,179,727</u> | <u>\$ (3,945)</u> | <u>\$ 174,689</u> | <u>\$ 397,800</u> | <u>\$ 35,292</u> | <u>\$ (9,193)</u> | <u>\$ -</u> | <u>\$ 585</u> |

**CITY OF KEWANEE, ILLINOIS
 COMBINING SCHEDULE OF CASH TRANSACTIONS
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

| | Unemployment Insurance Fund | CDAP Housing Fund | TIF Development Fund | IEPA Water Loan Fund | Revolving Loan Fund | 2015 Bond Fund | Francis Park Fund | 2011A Sewer Bond Fund |
|---|-----------------------------------|-------------------------|----------------------------|----------------------------|---------------------------|----------------------|-------------------------|--------------------------------|
| RECEIPTS | | | | | | | | |
| Taxes | \$ 4,984 | \$ - | \$ 170,652 | \$ - | \$ - | \$ - | \$ - | \$ 286,011 |
| Intergovernmental Receipts | - | - | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - | - | - |
| Interest Income | 2 | 13 | 634 | - | 1,187 | 321 | - | 642 |
| Contributions | - | - | - | - | - | - | - | - |
| Other Receipts | - | - | 1,500 | - | 26,227 | - | - | - |
| Total Receipts | <u>4,986</u> | <u>13</u> | <u>172,786</u> | <u>-</u> | <u>27,414</u> | <u>321</u> | <u>-</u> | <u>286,653</u> |
| DISBURSEMENTS | | | | | | | | |
| General Government | 31,351 | - | 27,006 | - | - | - | - | - |
| Public Safety | - | - | - | - | - | - | - | - |
| Public Works and Transportation | - | - | 27,944 | - | - | - | - | - |
| Debt Service: | | | | | | | | |
| Principal Retirement | - | - | 63,369 | 40,865 | - | - | - | 280,000 |
| Interest and Fiscal Charges | - | - | 16,177 | 16,335 | - | 89,855 | - | 13,776 |
| Total Disbursements | <u>31,351</u> | <u>-</u> | <u>134,496</u> | <u>57,200</u> | <u>-</u> | <u>89,855</u> | <u>-</u> | <u>293,776</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (26,365) | 13 | 38,290 | (57,200) | 27,414 | (89,534) | - | (7,123) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | - | - | 5,966 | 57,199 | - | - | - | - |
| Transfers Out | - | - | - | - | - | (3,625,000) | - | - |
| Proceeds from Bond Sale | - | - | - | - | - | 4,004,079 | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>5,966</u> | <u>57,199</u> | <u>-</u> | <u>379,079</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN CASH FUND BALANCES | (26,365) | 13 | 44,256 | (1) | 27,414 | 289,545 | - | (7,123) |
| Cash Balances - April 30, 2015, as Previously Reported | 75,692 | 12,962 | 62,278 | 23,289 | 861,289 | - | 68,775 | 159,652 |
| Prior Period Adjustments | - | - | - | - | - | - | (68,775) | - |
| Cash Balances - April 30, 2015, as Restated | <u>75,692</u> | <u>12,962</u> | <u>62,278</u> | <u>23,289</u> | <u>861,289</u> | <u>-</u> | <u>-</u> | <u>159,652</u> |
| CASH BALANCES - APRIL 30, 2016 | <u>\$ 49,327</u> | <u>\$ 12,975</u> | <u>\$ 106,534</u> | <u>\$ 23,288</u> | <u>\$ 888,703</u> | <u>\$ 289,545</u> | <u>\$ -</u> | <u>\$ 152,529</u> |
| CASH BASIS FUND BALANCES | | | | | | | | |
| Restricted | \$ 49,325 | \$ 12,962 | \$ 98,434 | \$ - | \$ 887,516 | \$ - | \$ - | \$ 151,887 |
| Committed | - | 13 | - | - | - | - | - | - |
| Assigned | 2 | - | 8,100 | 23,288 | 1,187 | 289,545 | - | 642 |
| Unassigned | - | - | - | - | - | - | - | - |
| Total Cash Basis Fund Balances | <u>\$ 49,327</u> | <u>\$ 12,975</u> | <u>\$ 106,534</u> | <u>\$ 23,288</u> | <u>\$ 888,703</u> | <u>\$ 289,545</u> | <u>\$ -</u> | <u>\$ 152,529</u> |

**CITY OF KEWANEE, ILLINOIS
 COMBINING SCHEDULE OF CASH TRANSACTIONS
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

| | 2013 Bond Fund | 2011B Alternate Bond Fund | Capital Maint./ Municipal Building Fund | Firefighters' Pension Fund | Police Pension Fund | Perpetual Care Fund | Public Properties Fund |
|---|----------------------|------------------------------------|--|----------------------------------|---------------------------|---------------------------|------------------------------|
| RECEIPTS | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 314,628 | \$ 339,144 | \$ - | \$ - |
| Intergovernmental Receipts | - | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | 19,079 | - |
| Interest Income | - | - | - | 79 | 85 | - | - |
| Contributions | - | - | - | 600 | 614 | - | - |
| Other Receipts | - | - | 1,013 | - | - | - | - |
| Total Receipts | <u>-</u> | <u>-</u> | <u>1,013</u> | <u>315,307</u> | <u>339,843</u> | <u>19,079</u> | <u>-</u> |
| DISBURSEMENTS | | | | | | | |
| General Government | - | - | 71,751 | - | - | - | - |
| Public Safety | - | - | - | 315,307 | 339,843 | - | - |
| Public Works and Transportation | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | |
| Principal Retirement | 680,000 | 210,000 | - | - | - | - | - |
| Interest and Fiscal Charges | 115,103 | 19,615 | - | - | - | - | - |
| Total Disbursements | <u>795,103</u> | <u>229,615</u> | <u>71,751</u> | <u>315,307</u> | <u>339,843</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (795,103) | (229,615) | (70,738) | - | - | 19,079 | - |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers In | 703,130 | 229,615 | 45,000 | - | - | - | - |
| Transfers Out | - | - | - | - | - | (22,610) | - |
| Proceeds from Bond Sale | - | - | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>703,130</u> | <u>229,615</u> | <u>45,000</u> | <u>-</u> | <u>-</u> | <u>(22,610)</u> | <u>-</u> |
| NET CHANGE IN CASH FUND BALANCES | (91,973) | - | (25,738) | - | - | (3,531) | - |
| Cash Balances - April 30, 2015, as Previously Reported | 1,093,861 | - | 62,544 | - | - | - | 276,252 |
| Prior Period Adjustment | - | - | - | - | - | 26,435 | (276,252) |
| Cash Balances - April 30, 2015, as Restated | <u>1,093,861</u> | <u>-</u> | <u>62,544</u> | <u>-</u> | <u>-</u> | <u>26,435</u> | <u>-</u> |
| CASH BALANCES - APRIL 30, 2016 | <u>\$ 1,001,888</u> | <u>\$ -</u> | <u>\$ 36,806</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,904</u> | <u>\$ -</u> |
| CASH BASIS FUND BALANCES | | | | | | | |
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,904 | \$ - |
| Committed | - | - | - | - | - | - | - |
| Assigned | 1,001,888 | - | 36,806 | - | - | - | - |
| Unassigned | - | - | - | - | - | - | - |
| Total Cash Basis Fund Balances | <u>\$ 1,001,888</u> | <u>\$ -</u> | <u>\$ 36,806</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,904</u> | <u>\$ -</u> |

**CITY OF KEWANEE, ILLINOIS
COMBINING SCHEDULE OF CASH TRANSACTIONS
NONMAJOR ENTERPRISE AND INTERNAL SERVICE FUNDS
AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

| | Nonmajor Enterprise Funds | | | | | Internal Service Funds | | |
|---|--|---------------------------------|------------------------------|------------------------------|-------------------|---------------------------------------|--------------------------------|-----------------------------|
| | Total Nonmajor Enterprise Funds | IEPA Water Treatment Fund | Water Improvement Fund | Sewer Improvement Fund | Ambulance Fund | Total Internal Service Funds | Central Maintenance Fund | Health Insurance Fund |
| RECEIPTS | | | | | | | | |
| Charges for Services | \$ 1,914 | \$ - | \$ - | \$ - | \$ 1,914 | \$ 1,400,983 | \$ 225,063 | \$ 1,175,920 |
| Interest Income | - | - | - | - | - | 1,074 | - | 1,074 |
| Other Receipts | - | - | - | - | - | 175,471 | - | 175,471 |
| Total Receipts | <u>1,914</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,914</u> | <u>1,577,528</u> | <u>225,063</u> | <u>1,352,465</u> |
| DISBURSEMENTS | | | | | | | | |
| Personnel | 401 | - | - | - | 401 | 1,561,383 | 29,944 | 1,531,439 |
| Contractual | 84 | - | - | - | 84 | 99,679 | 74,479 | 25,200 |
| Commodities | 200 | - | - | - | 200 | 62,689 | 62,689 | - |
| Capital Expenditures | - | - | - | - | - | 84 | 84 | - |
| Other | - | - | - | - | - | 141 | 141 | - |
| Total Disbursements | <u>685</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>685</u> | <u>1,723,976</u> | <u>167,337</u> | <u>1,556,639</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | 1,229 | - | - | - | 1,229 | (146,448) | 57,726 | (204,174) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers In | 5,397 | - | - | 5,397 | - | - | - | - |
| Transfers Out | (71,357) | - | (59,802) | - | (11,555) | - | - | - |
| Total Other Financing Sources (Uses) | <u>(65,960)</u> | <u>-</u> | <u>(59,802)</u> | <u>5,397</u> | <u>(11,555)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CHANGE IN CASH BASIS NET POSITION | (64,731) | - | (59,802) | 5,397 | (10,326) | (146,448) | 57,726 | (204,174) |
| Cash Balances - April 30, 2015, as Previously Reported | 91,819 | 25,606 | 59,802 | (5,397) | 11,808 | 1,210,412 | 251,465 | 958,947 |
| Prior Period Adjustment | - | - | - | - | - | - | - | - |
| Cash Balances - April 30, 2015, as Restated | <u>91,819</u> | <u>25,606</u> | <u>59,802</u> | <u>(5,397)</u> | <u>11,808</u> | <u>1,210,412</u> | <u>251,465</u> | <u>958,947</u> |
| CASH BALANCES - APRIL 30, 2016 | <u>\$ 27,088</u> | <u>\$ 25,606</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,482</u> | <u>\$ 1,063,964</u> | <u>\$ 309,191</u> | <u>\$ 754,773</u> |
| CASH BASIS NET POSITION | | | | | | | | |
| Restricted - Nonexpendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted - Expendable | 25,606 | 25,606 | - | - | - | - | - | - |
| Unrestricted | 1,482 | - | - | - | 1,482 | 1,063,964 | 309,191 | 754,773 |
| Total Cash Basis Net Position | <u>\$ 27,088</u> | <u>\$ 25,606</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,482</u> | <u>\$ 1,063,964</u> | <u>\$ 309,191</u> | <u>\$ 754,773</u> |

**CITY OF KEWANEE, ILLINOIS
 COMBINING SCHEDULE OF CASH TRANSACTIONS
 AGENCY FUNDS
 AS OF AND FOR THE YEAR ENDED APRIL 30, 2016**

| | Total Agency Funds | Firefighters' Pension Agency Fund | Police Pension Agency Fund | Perpetual Care Agency Fund |
|--|--------------------------|--|-------------------------------------|-------------------------------------|
| RECEIPTS | \$ - | \$ - | \$ - | \$ - |
| DISBURSEMENTS | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS OF RECEIPTS OVER DISBURSEMENTS | - | - | - | - |
| Cash Balances - April 30, 2015, as Previously Reported | 26,435 | - | - | 26,435 |
| Prior Period Adjustments | <u>(26,435)</u> | <u>-</u> | <u>-</u> | <u>(26,435)</u> |
| Cash Balances - April 30, 2015, as Restated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH BALANCES - APRIL 30, 2016 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| CASH BASIS FUND BALANCES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**CITY OF KEWANEE, ILLINOIS
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION
 TRUST FUNDS
 AS OF APRIL 30, 2016**

| | Total Trust Funds | Firefighters' Pension Trust Fund | Police Pension Trust Fund |
|--|-------------------------|---|------------------------------------|
| ASSETS | | | |
| Cash in Bank | \$ 278,629 | \$ 126,966 | \$ 151,663 |
| Money Market Funds | 223,036 | 17,236 | 205,800 |
| Contributions Receivable | 3,378 | 3,378 | - |
| Interest Receivable | 87,198 | 39,986 | 47,212 |
| Investments: | | | |
| U.S. Government and Agency Obligations | 4,132,062 | 3,907,022 | 225,040 |
| State and Local Obligations | 5,348,789 | 3,665,119 | 1,683,670 |
| Mutual Funds | 4,001,062 | - | 4,001,062 |
| Certificates of Deposit | 2,726,395 | - | 2,726,395 |
| Annuities | 3,167 | 3,167 | - |
| Total Assets | 16,803,716 | 7,762,874 | 9,040,842 |
| LIABILITIES | | | |
| Payroll Benefits and Taxes Payable | 74,472 | 8,024 | 66,448 |
| NET POSITION | \$ 16,729,244 | \$ 7,754,850 | \$ 8,974,394 |

**CITY OF KEWANEE, ILLINOIS
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
 TRUST FUNDS
 FOR THE YEAR ENDED APRIL 30, 2016**

| | Total Trust Funds | Firefighters' Pension Trust Fund | Police Pension Trust Fund | Cemetery Board of Managers Fund |
|--|-------------------------|---|------------------------------------|--|
| ADDITIONS | | | | |
| Net Appreciation in Fair Value of Investments | \$ (648,334) | \$ (385,684) | \$ (262,650) | \$ - |
| Realized Gain on Investments | 76,983 | 76,983 | - | - |
| Interest (Net of Investment Expenses) | 235,180 | 75,040 | 160,140 | - |
| Dividends | 144,204 | 81,148 | 63,056 | - |
| Employer Contributions | 655,150 | 315,307 | 339,843 | - |
| Employee Contributions | 257,265 | 130,596 | 126,669 | - |
| Total Additions | <u>720,448</u> | <u>293,390</u> | <u>427,058</u> | <u>-</u> |
| DEDUCTIONS | | | | |
| Benefit Payments - Retired and Disabled | 1,325,275 | 711,604 | 613,671 | - |
| Benefit Payments - Surviving Spouse | 252,757 | 97,602 | 155,155 | - |
| Administrative Expenses | 25,143 | 9,493 | 15,650 | - |
| Total Deductions | <u>1,603,175</u> | <u>818,699</u> | <u>784,476</u> | <u>-</u> |
| CHANGE IN NET POSITION | (882,727) | (525,309) | (357,418) | - |
| Net Position - Beginning of year | <u>17,611,971</u> | <u>8,280,159</u> | <u>9,331,812</u> | <u>-</u> |
| NET POSITION - END OF YEAR | <u>\$ 16,729,244</u> | <u>\$ 7,754,850</u> | <u>\$ 8,974,394</u> | <u>-</u> |
| Cash Balances - April 30, 2015, as Previously Reported | | | | 1,054,525 |
| Prior Period Adjustments | | | | <u>(1,054,525)</u> |
| Cash Balances - April 30, 2015, as Restated | | | | <u>-</u> |
| CASH BALANCES - APRIL 30, 2016 | | | | <u>\$ -</u> |

CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
ALL FUND TYPES
YEAR ENDED APRIL 30, 2016

| | Budget | | Actual | Over (Under) |
|---|------------------------------|------------------------------|-----------------------------|----------------------------|
| | Original | Final | | Budget |
| RECEIPTS | | | | |
| Taxes | \$ 3,336,727 | \$ 3,336,727 | \$ 3,061,687 | \$ (275,040) |
| Licenses and Permits | 401,400 | 401,400 | 417,554 | 16,154 |
| Intergovernmental Receipts | 4,378,400 | 4,499,266 | 5,067,478 | 568,212 |
| Charges for Services | 5,217,840 | 5,217,840 | 6,769,245 | 1,551,405 |
| Interest Income | 42,161 | 42,161 | 48,131 | 5,970 |
| Fines and Forfeits | 234,000 | 234,000 | 281,538 | 47,538 |
| Contributions | - | - | 33,288 | 33,288 |
| Other Receipts | 783,494 | 783,494 | 674,960 | (108,534) |
| Total Receipts | <u>14,394,022</u> | <u>14,514,888</u> | <u>16,353,881</u> | <u>1,838,993</u> |
| DISBURSEMENTS | | | | |
| General Government | 1,552,192 | 1,552,192 | 1,509,876 | (42,316) |
| Public Safety | 4,992,567 | 5,113,433 | 5,194,983 | 81,550 |
| Public Works and Transportation | 2,466,245 | 2,466,245 | 2,934,259 | 468,014 |
| Health and Welfare | 261,177 | 261,177 | - | (261,177) |
| Culture and Recreation | 84,622 | 84,622 | 78,529 | (6,093) |
| Development | 350,000 | 350,000 | 56,668 | (293,332) |
| Personnel | 2,618,036 | 2,618,036 | 2,946,121 | 328,085 |
| Contractual | 2,357,072 | 2,357,072 | 2,241,850 | (115,222) |
| Commodities | 573,950 | 573,950 | 603,253 | 29,303 |
| Capital Expenditures | 5,968,200 | 5,878,200 | 516,811 | (5,361,389) |
| Other | 600 | 600 | 65,938 | 65,338 |
| Debt Service: | | | | |
| Principal Retirement | 1,504,234 | 1,504,234 | 1,514,234 | 10,000 |
| Interest and Fiscal Charges | 292,832 | 382,677 | 387,526 | 4,849 |
| Total Disbursements | <u>23,021,727</u> | <u>23,142,438</u> | <u>18,050,048</u> | <u>(5,092,390)</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (8,627,705) | (8,627,550) | (1,696,167) | 6,931,383 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 4,779,669 | 7,289,669 | 5,641,513 | (1,648,156) |
| Transfers Out | (2,535,250) | (6,160,250) | (5,641,513) | 518,737 |
| Proceeds from Loan | - | - | 350,000 | 350,000 |
| Proceeds from Bond Sale | 2,600,000 | 3,716,479 | 4,004,079 | 287,600 |
| Proceeds from Revolving Loans | 70,000 | 70,000 | - | (70,000) |
| Total Other Financing Sources (Uses) | <u>4,914,419</u> | <u>4,915,898</u> | <u>4,354,079</u> | <u>(561,819)</u> |
| NET CHANGE IN CASH BALANCES | <u>\$ (3,713,286)</u> | <u>\$ (3,711,652)</u> | 2,657,912 | <u>\$ 6,369,564</u> |
| Balances - April 30, 2015, as Previously Reported | | | 16,188,184 | |
| Prior Period Adjustments | | | <u>1,054,525</u> | |
| Cash Balances - April 30, 2015, as Restated | | | <u>17,242,709</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ 19,900,621</u> | |

CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
GENERAL FUND
YEAR ENDED APRIL 30, 2016

| | Budget | | Actual | Over (Under) Budget |
|---|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 984,241 | \$ 984,241 | \$ 1,047,236 | \$ 62,995 |
| Licenses and Permits | 400,200 | 400,200 | 416,217 | 16,017 |
| Intergovernmental Receipts | 3,760,000 | 3,880,866 | 4,130,746 | 249,880 |
| Charges for Services | 480,218 | 480,218 | 604,158 | 123,940 |
| Interest Income | 20,000 | 20,000 | 27,861 | 7,861 |
| Fines and Forfeits | 107,000 | 107,000 | 154,710 | 47,710 |
| Contributions | - | - | 32,074 | 32,074 |
| Other Receipts | 504,220 | 504,220 | 416,916 | (87,304) |
| Total Receipts | <u>6,255,879</u> | <u>6,376,745</u> | 6,829,918 | 453,173 |
| DISBURSEMENTS | | | | |
| General Government | 443,397 | 443,397 | 588,437 | 145,040 |
| Public Safety | 4,329,855 | 4,450,721 | 4,539,833 | 89,112 |
| Public Works and Transportation | 818,674 | 818,674 | 889,976 | 71,302 |
| Culture and Recreation | 84,622 | 84,622 | 78,529 | (6,093) |
| Development | 50,000 | 50,000 | 56,668 | 6,668 |
| Total Disbursements | <u>5,726,548</u> | <u>5,847,414</u> | <u>6,153,443</u> | <u>306,029</u> |
| EXCESS OF RECEIPTS OVER DISBURSEMENTS | | | | |
| | 529,331 | 529,331 | 676,475 | 147,144 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 97,290 | 97,290 | 84,555 | (12,735) |
| Transfers Out | (1,172,812) | (1,172,812) | (852,915) | 319,897 |
| Proceeds from Loan | - | - | 350,000 | 350,000 |
| Total Other Financing Sources (Uses) | <u>(1,075,522)</u> | <u>(1,075,522)</u> | <u>(418,360)</u> | <u>657,162</u> |
| NET CHANGE IN CASH FUND BALANCE | | | | |
| | <u>\$ (546,191)</u> | <u>\$ (546,191)</u> | 258,115 | <u>\$ 804,306</u> |
| Balances - April 30, 2015, as Previously Reported | | | 4,574,995 | |
| Prior Period Adjustments | | | 404,878 | |
| Balances - April 30, 2015, as Restated | | | <u>4,979,873</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ 5,237,988</u> | |

CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
ACQUISITION FUND
YEAR ENDED APRIL 30, 2016

| | Budget | | Actual | Over (Under) Budget |
|---|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Total Receipts | \$ - | \$ - | \$ - | \$ - |
| DISBURSEMENTS | | | | |
| Public Works and Transportation | 943,361 | 943,361 | 169,738 | (773,623) |
| Debt Service: | | | | |
| Principal Retirement | - | - | 10,000 | 10,000 |
| Total Disbursements | <u>943,361</u> | <u>943,361</u> | <u>179,738</u> | <u>(763,623)</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (943,361) | (943,361) | (179,738) | 763,623 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 553,250 | 553,250 | 580,650 | 27,400 |
| Transfers Out | (89,166) | (89,166) | (5,966) | 83,200 |
| Total Other Financing Sources (Uses) | <u>464,084</u> | <u>464,084</u> | <u>574,684</u> | <u>110,600</u> |
| NET CHANGE IN CASH FUND BALANCE | <u>\$ (479,277)</u> | <u>\$ (479,277)</u> | 394,946 | <u>\$ 874,223</u> |
| Balances - April 30, 2015 | | | <u>3,600,889</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ 3,995,835</u> | |

CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
NHR SALES TAX INFRASTRUCTURE IMPROVEMENT FUND
YEAR ENDED APRIL 30, 2016

| | Budget | | Actual | Over (Under) Budget |
|---|-----------------------|-----------------------|-------------------|------------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Intergovernmental Receipts | \$ 625,000 | \$ 625,000 | \$ 605,644 | \$ (19,356) |
| Interest Income | 3,000 | 3,000 | 3,514 | 514 |
| Other Receipts | - | - | 10,629 | 10,629 |
| Total Receipts | <u>628,000</u> | <u>628,000</u> | <u>619,787</u> | <u>(8,213)</u> |
| DISBURSEMENTS | | | | |
| Public Works and Transportation | 1,695,000 | 1,695,000 | 1,286,090 | (408,910) |
| Debt Service: | | | | |
| Principal Retirement | 230,000 | 230,000 | 230,000 | - |
| Interest and Fiscal Charges | 116,700 | 116,700 | 116,665 | (35) |
| Total Disbursements | <u>2,041,700</u> | <u>2,041,700</u> | <u>1,632,755</u> | <u>(408,945)</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,413,700) | (1,413,700) | (1,012,968) | 400,732 |
| OTHER FINANCING USES | | | | |
| Transfers Out | <u>(57,199)</u> | <u>(57,199)</u> | <u>(57,199)</u> | <u>-</u> |
| NET CHANGE IN CASH FUND BALANCE | <u>\$ (1,470,899)</u> | <u>\$ (1,470,899)</u> | (1,070,167) | <u>\$ 400,732</u> |
| Balances - April 30, 2015 | | | <u>1,567,757</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ 497,590</u> | |

CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
SANITATION FUND
YEAR ENDED APRIL 30, 2016

| | Budget | | Actual | Over (Under) Budget |
|--|--------------------|--------------------|-------------------|------------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Taxes | \$ 50,000 | \$ 50,000 | \$ 49,358 | \$ (642) |
| Charges for Services | 998,000 | 998,000 | 974,041 | (23,959) |
| Interest Income | 20 | 20 | 12 | (8) |
| Fines and Forfeits | 28,000 | 28,000 | 30,589 | 2,589 |
| Other Receipts | - | - | 6 | 6 |
| Total Receipts | <u>1,076,020</u> | <u>1,076,020</u> | <u>1,054,006</u> | <u>(22,014)</u> |
| DISBURSEMENTS | | | | |
| Personnel | 427,500 | 427,500 | 400,113 | (27,387) |
| Contractual | 553,750 | 553,750 | 545,387 | (8,363) |
| Commodities | 37,050 | 37,050 | 25,169 | (11,881) |
| Capital Expenditures | 3,000 | 3,000 | 5,161 | 2,161 |
| Other | - | - | 29,560 | 29,560 |
| Total Disbursements | <u>1,021,300</u> | <u>1,021,300</u> | <u>1,005,390</u> | <u>(15,910)</u> |
| EXCESS OF RECEIPTS OVER DISBURSEMENTS | | | | |
| | 54,720 | 54,720 | 48,616 | (6,104) |
| OTHER FINANCING USES | | | | |
| Transfers Out | <u>(109,464)</u> | <u>(109,464)</u> | <u>(72,250)</u> | <u>37,214</u> |
| CHANGE IN CASH NET POSITION | | | | |
| | <u>\$ (54,744)</u> | <u>\$ (54,744)</u> | <u>(23,634)</u> | <u>\$ 31,110</u> |
| Balances - April 30, 2015 | | | <u>338,344</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ 314,710</u> | |

CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
WATER FUND
YEAR ENDED APRIL 30, 2016

| | Budget | | Actual | Over (Under) Budget |
|---|---------------------|---------------------|---------------------|------------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Licenses and Permits | \$ 1,200 | \$ 1,200 | \$ 1,337 | \$ 137 |
| Charges for Services | 2,147,000 | 2,147,000 | 2,144,300 | (2,700) |
| Interest Income | 300 | 300 | 5,102 | 4,802 |
| Fines and Forfeits | 68,000 | 68,000 | 65,321 | (2,679) |
| Other Receipts | 2,500 | 2,500 | - | (2,500) |
| Total Receipts | <u>2,219,000</u> | <u>2,219,000</u> | <u>2,216,060</u> | <u>(2,940)</u> |
| DISBURSEMENTS | | | | |
| Personnel | 636,003 | 636,003 | 620,128 | (15,875) |
| Contractual | 631,660 | 631,660 | 600,627 | (31,033) |
| Commodities | 403,100 | 403,100 | 394,317 | (8,783) |
| Capital Expenditures | 2,805,000 | 2,742,500 | 384,834 | (2,357,666) |
| Other | 500 | 500 | 23,898 | 23,398 |
| Total Disbursements | <u>4,476,263</u> | <u>4,413,763</u> | <u>2,023,804</u> | <u>(2,389,959)</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (2,257,263) | (2,194,763) | 192,256 | 2,387,019 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 159,232 | 2,696,732 | 2,597,302 | (99,430) |
| Transfers Out | (664,650) | (664,650) | (720,689) | (56,039) |
| Proceeds from Bond Sale | 2,600,000 | - | - | - |
| Total Other Financing Sources (Uses) | <u>2,094,582</u> | <u>2,032,082</u> | <u>1,876,613</u> | <u>(155,469)</u> |
| CHANGE IN CASH NET POSITION | <u>\$ (162,681)</u> | <u>\$ (162,681)</u> | 2,068,869 | <u>\$ 2,231,550</u> |
| Balances - April 30, 2015 | | | <u>588,542</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ 2,657,411</u> | |

CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
SEWER FUND
YEAR ENDED APRIL 30, 2016

| | Budget | | Actual | Over (Under) Budget |
|---|--------------------|--------------------|---------------------|------------------------|
| | Original | Final | | |
| RECEIPTS | | | | |
| Charges for Services | \$ 1,550,000 | \$ 1,550,000 | \$ 1,569,473 | \$ 19,473 |
| Interest Income | - | - | 1,976 | 1,976 |
| Fines and Forfeits | 31,000 | 31,000 | 30,918 | (82) |
| Other Receipts | 24,856 | 24,856 | 27,682 | 2,826 |
| Total Receipts | <u>1,605,856</u> | <u>1,605,856</u> | <u>1,630,049</u> | <u>24,193</u> |
| DISBURSEMENTS | | | | |
| Personnel | 157,424 | 157,424 | 156,431 | (993) |
| Contractual | 898,454 | 898,454 | 979,307 | 80,853 |
| Commodities | 105,150 | 105,150 | 93,686 | (11,464) |
| Capital Expenditures | 1,398,000 | 1,370,500 | 124,312 | (1,246,188) |
| Other | 157,130 | 157,130 | 1,835 | (155,295) |
| Total Disbursements | <u>2,716,158</u> | <u>2,688,658</u> | <u>1,355,571</u> | <u>(1,333,087)</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | (1,110,302) | (1,082,802) | 274,478 | 1,357,280 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 1,125,000 | 1,097,500 | 1,110,089 | 12,589 |
| Transfers Out | (39,823) | (39,823) | (198,527) | (158,704) |
| Total Other Financing Sources (Uses) | <u>1,085,177</u> | <u>1,057,677</u> | <u>911,562</u> | <u>(146,115)</u> |
| CHANGE IN CASH NET POSITION | <u>\$ (25,125)</u> | <u>\$ (25,125)</u> | 1,186,040 | <u>\$ 1,211,165</u> |
| Balances - April 30, 2015 | | | <u>625,397</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ 1,811,437</u> | |

**CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
WATER IMPROVEMENT FUND
YEAR ENDED APRIL 30, 2016**

| | Budget | | Actual | Over (Under) Budget |
|---|-------------|-------------|--------------------|------------------------|
| | Original | Final | | |
| RECEIPTS | \$ - | \$ - | \$ - | \$ - |
| DISBURSEMENTS | - | - | - | - |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | - | - | - | - |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | - | - | (59,802) | (59,802) |
| CHANGE IN CASH NET POSITION | <u>\$ -</u> | <u>\$ -</u> | (59,802) | <u>\$ (59,802)</u> |
| Balances - April 30, 2015 | | | <u>59,802</u> | |
| BALANCES - APRIL 30, 2016 | | | <u><u>\$ -</u></u> | |

**CITY OF KEWANEE, ILLINOIS
SCHEDULE OF CASH TRANSACTIONS – BUDGET TO ACTUAL
SEWER IMPROVEMENT FUND
YEAR ENDED APRIL 30, 2016**

| | Budget | | Actual | Over (Under) Budget |
|---|-------------|-------------|----------------|------------------------|
| | Original | Final | | |
| RECEIPTS | \$ - | \$ - | \$ - | \$ - |
| DISBURSEMENTS | - | - | - | - |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | - | - | - | - |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | - | - | 5,397 | 5,397 |
| CHANGE IN CASH NET POSITION | <u>\$ -</u> | <u>\$ -</u> | 5,397 | <u>\$ 5,397</u> |
| Balances - April 30, 2015 | | | <u>(5,397)</u> | |
| BALANCES - APRIL 30, 2016 | | | <u>\$ -</u> | |