



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF LEBANON, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
APRIL 30, 2018

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CITY OF LEBANON, ILLINOIS

TABLE OF CONTENTS APRIL 30, 2018

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balances Arising From Modified Cash Basis Transactions - Governmental Funds	13
Reconciliation of the Statement of Assets, Liabilities and Fund Balances Arising From Modified Cash Basis Transactions to the Statement of Net Position	14
Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Governmental Funds	15
Reconciliation of the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions to the Statement of Activities	16
Statement of Net Position – Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19 - 20
Notes to Financial Statements	21 – 38
Required Supplementary Information:	
Budgetary Comparison Schedule (Modified Cash Basis):	
General Fund	39
Municipal Utility Tax Fund	40
Schedule of Changes in Net Pension Liability and Related Ratios	41
Schedule of Contributions	42
Other Supplementary Information:	
Combining Fund Financial Statements:	
Combining Statement of Assets, Liabilities and Fund Balances Arising from Modified Cash Basis Transactions - Nonmajor Governmental Funds	43
Combining Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Nonmajor Governmental Funds	44



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Lebanon, Illinois:

Report on the Financial Statements

We have audited the accompanying financial statements of the of the City of Lebanon, Illinois as of and for the year ended April 30, 2018, 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 the governmental funds financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the governmental fund financial statements in the circumstances. Management is also responsible for the preparation and fair presentation of the business-type and proprietary fund financial statements in accordance with accounting principles generally accepted in the United States of America. 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities (modified cash basis), the business-type activities (accrual basis), the discretely presented component unit (modified cash basis), each major fund (governmental-modified cash basis, proprietary-accrual basis), and the aggregate remaining fund information of the City of Lebanon, Illinois as of April 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Required Supplementary Information/Other Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 to 10), budgetary comparison information (pages 40 to 41) and schedules of pension funding information (pages 42 to 43) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lebanon, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

C. J. Schuman & Company LLC

Certified Public Accountants

Alton, Illinois

August 10, 2018

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Lebanon, Illinois' (City) annual audit presents a management's discussion and analysis of the City's financial activity during the fiscal year ended April 30, 2017. The Management's Discussion and Analysis (MD&A) is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the City.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information/other information and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, and cemetery. The business-type activities include water and sewer.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. Changes in net position are reported on the modified cash basis for the governmental activities and on the accrual basis for the business-type activities.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary.

Governmental Funds. Governmental funds are used to account for essential functions reported as governmental activities in the government-wide financial statements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both of the governmental fund financial statements provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for two major funds: General Fund and Municipal Utility Tax Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds." Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules in the other supplementary information section of this report.

The City adopts an annual budget for all governmental funds. Budgetary comparison schedules for the major funds have been provided to demonstrate legal compliance with the adopted budget.

Proprietary funds. Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information/Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information/other information concerning the City's progress in funding its obligation to provide pension benefits to its employees. The City also reports expenditures of its major funds in comparison to budgeted amounts.

Other supplementary information. The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information/other information.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City presents its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$10,372,345 at the close of the most recent fiscal year.

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017	April 30, 2018	April 30, 2017
ASSETS						
Current and other assets	\$ 617,619	\$ 649,622	\$ 2,032,673	\$ 1,842,762	\$ 2,650,292	\$ 2,492,384
Capital assets, net	4,628,187	4,686,975	4,892,440	4,773,671	9,520,627	9,460,646
Total assets	5,245,806	5,336,597	6,925,113	6,616,433	12,170,919	11,953,030
DEFERRED OUTFLOWS						
Future Pension Expense	-	-	-	70,165	-	70,165
LIABILITIES						
Other liabilities	6,386	5,941	293,894	343,070	300,280	349,011
Long-term liabilities	258,889	315,662	1,087,829	1,395,757	1,346,718	1,711,419
Total liabilities	265,275	321,603	1,381,723	1,738,827	1,646,998	2,060,430
DEFERRED INFLOWS						
Future Pension Expense	-	-	151,576	70,165	151,576	70,165
NET POSITION						
Net investment in capital assets	4,369,298	4,371,313	3,998,283	3,797,515	8,367,581	8,168,828
Restricted	566,767	506,907	-	-	566,767	506,907
Unrestricted	44,466	136,774	1,393,531	1,150,256	1,437,997	1,287,030
Total net position	\$ 4,980,531	\$ 5,014,994	\$ 5,391,814	\$ 4,947,771	\$ 10,372,345	\$ 9,962,765

Total net position increased \$409,580 resulting in a balance of \$10,372,345 as of April 30, 2018. Current assets, which include cash, investments and accounts receivable, increased \$157,908. Non-current assets increased \$59,981. Current liabilities, which include accounts payable, advance payments for water and sewer tap deposits and customer deposits, decreased \$48,731. Long-term liabilities decreased \$364,701 primarily due to a decrease in the net pension liability and the retirement of debt.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2018</u>		<u>2017</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	80.7%	\$ 8,367,581	82.0%	\$ 8,168,828
Restricted	5.5%	566,767	5.1%	506,907
Unrestricted	13.9%	1,437,997	12.9%	1,287,030
Total net position	<u>100.0%</u>	<u>\$ 10,372,345</u>	<u>100.0%</u>	<u>\$ 9,962,765</u>

Total net position balances increased by \$409,580 in fiscal year 2018 to a total ending balance of \$10,372,345. Capital net position balances increased by \$198,753 in the current year due to capital additions of \$414,808 that were offset by depreciation of \$354,827 and a net increase in debt balances of \$138,772. The combined restricted and unrestricted net position balances changed by the net income of operating activities. The revenue and expenditure comparisons that comprise the current year increases follow.

GOVERNMENTAL ACTIVITIES

<u>Revenues by type</u>	<u>2018</u>	<u>2017</u>
Property tax	\$ 290,454	\$ 284,260
Other charges for services	166,609	181,889
Sales and use tax	621,937	602,439
State income tax	467,978	420,650
Motor fuel tax	112,364	112,362
Replacement tax	4,921	6,446
Telecommunications Tax	64,345	74,190
Video Gaming Tax	32,421	16,855
Utility tax	242,487	211,220
Capital grants and contributions	58,551	518,419
Franchise fees	41,767	45,679
Investment Income	8,401	13,389
Other miscellaneous	61,215	62,800
	<u>\$ 2,173,450</u>	<u>\$ 2,550,598</u>

Total governmental revenues decreased \$377,148 for the year ended April 30, 2018. The primary reason for the decrease is the lower reported capital grant contributions for payments the state made on capital projects in the City. Sales taxes, utility taxes, and income taxes all reported increases in the current year.

<u>Expenditures by category</u>	<u>2018</u>		<u>2017</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	19.6%	\$ 433,650	13.5%	\$ 266,895
Public safety	52.3%	1,154,582	58.5%	1,154,324
Highways and streets	25.6%	564,526	25.5%	503,826
Miscellaneous - Cemetery	2.3%	51,410	2.1%	41,148
Interest on Long-Term Debt	0.2%	3,745	0.3%	5,866
Total expenditures	<u>100.0%</u>	<u>\$ 2,207,913</u>	<u>100.0%</u>	<u>\$ 1,972,059</u>

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City increased expenses in the governmental activities by \$235,854. In both years, the largest category of expense is public safety which consists of the City police department and ambulance services. Highways and streets, which include the street department, motor fuel tax expenses, and expenses paid out of the Municipal Utility Tax fund, was the second largest category of governmental activities expenses. A large reason for the increase in general expenditures related to payments made to an external government tax auditor to review and ultimately increase the City's share of receipts.

The above expenditure categories include amounts for depreciation expense on assets purchased in the current and prior years. The breakdown by category is as follows:

	<u>2018</u>	<u>2017</u>
General government	\$ 5,591	\$ 5,882
Public safety	18,174	13,426
Highways and streets	140,154	123,229
Miscellaneous - cemetery	<u>525</u>	<u>525</u>
Total depreciation	<u>\$ 164,444</u>	<u>\$ 143,062</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$105,656 which is lower in comparison to the current year depreciation.

BUSINESS-TYPE ACTIVITIES

<u>Revenues by type</u>	<u>2018</u>	<u>2017</u>
Water and sewer charges	\$ 1,734,114	\$ 1,634,198
Capital grants and contributions	-	105,000
Investment Income	<u>16,124</u>	<u>22,083</u>
	<u>\$ 1,750,238</u>	<u>\$ 1,761,281</u>

Water and sewer revenue for charges increased by \$99,916 in the current year. The City did not receive any grants related to the enterprise funds in the year ended April 30, 2018.

<u>Operating Expenditures</u>	<u>2018</u>		<u>2017</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	45.4%	\$ 581,140	46.6%	\$ 588,739
Contractual services	33.2%	424,923	32.0%	405,245
Supplies and materials	0.6%	7,463	1.3%	16,606
Heat, light and power	6.0%	77,310	5.6%	70,317
Depreciation	<u>14.9%</u>	<u>190,383</u>	<u>14.5%</u>	<u>183,548</u>
Total expenditures	<u>100.0%</u>	<u>\$ 1,281,219</u>	<u>100.0%</u>	<u>\$ 1,264,455</u>

Expenses in the business type activities increased by \$16,764. As in the prior year, the largest categories of operating expense were for personal services and contractual services. Overall there were no significant changes in the current year.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUNDS FINANCIAL ANALYSIS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

At the end of 2018, the City's governmental funds reported combined ending fund balances of \$611,233, a decrease of \$32,448 in comparison with the prior year. The total amount constitutes balances which are available for spending at the City's discretion. However, \$1,043,644 of the balance has been designated for specific purposes.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$(432,411). As a measure of the General Fund's liquidity, it is useful to compare the unassigned fund balance to total fund expenditures. Due to the negative balance in the General Fund, this calculation is not pertinent. The fund balance of the City's general fund decreased by \$151,928 during the current fiscal year.

The municipal utility tax fund reported an increase of \$59,620. This increase is related to utility tax monies received which are greater than the amount spent on City projects in the current year.

Proprietary fund. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the water and sewer funds at the end of the year amounted to \$1,393,531, an increase of \$243,275. The revenues and expenditures that make up this increase are discussed in the above paragraphs.

BUDGETARY HIGHLIGHTS

A comparison of appropriations and actual expenditures for the general fund is as follows:

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 1,753,313	\$ 1,879,396

The budget was not amended in the current year.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

TRANSFERS

The City makes transfers between the governmental funds to assist in paying general expenditures and transferring unrestricted interest income. All transfers were from unrestricted funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30, 2018</u>	<u>April 30, 2017</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>
Land	\$ 70,507	\$ 70,507	\$ -	\$ -	\$ 70,507	\$ 70,507
Buildings and Improvements	100,493	108,797	743,504	679,139	843,997	787,936
Vehicles and Equipment	186,211	179,943	111,394	119,463	297,605	299,406
Infrastructure Systems	4,270,976	4,327,728	4,037,542	3,975,069	8,308,518	8,302,797
Total net assets	<u>\$ 4,628,187</u>	<u>\$ 4,686,975</u>	<u>\$ 4,892,440</u>	<u>\$ 4,773,671</u>	<u>\$ 9,520,627</u>	<u>\$ 9,460,646</u>

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2018, amounts to \$9,520,627, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total increase in capital assets for the current year was \$59,981. This increase is due to capital acquisitions of \$414,808 that were offset by current year depreciation expense of \$354,827. The largest outlays in the current year were related to expenditures for the Harmon lift station and for street and sidewalk improvements. Capital assets are described in additional detail in Note 7 of the financial statements.

Long-term Debt

At the end of 2018, the City had total long-term debt obligations for governmental activities and business-type activities in the amount of \$258,889 and \$894,157, respectively, compared to \$315,662 and \$976,156 at the end of 2017. The City entered into a new debt agreement in the current year for a 2018 Ford Explorer.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30, 2018</u>	<u>April 30, 2017</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>
Notes Payable	<u>\$ 258,889</u>	<u>\$ 315,662</u>	<u>\$ 894,157</u>	<u>\$ 976,156</u>	<u>\$ 1,153,046</u>	<u>\$ 1,291,818</u>

Other information related to long-term debt is described in more detail in Note 5 of the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City of Lebanon, Illinois' for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk's office, 312 West St. Louis St., Lebanon, IL 62254.

CITY OF LEBANON, ILLINOIS

STATEMENT OF NET POSITION
 (BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)
 (GOVERNMENTAL ACTIVITIES AND COMPONENT UNIT - MODIFIED CASH BASIS)
 APRIL 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
<u>Assets</u>				
Cash and Cash Equivalents	\$ 287,054	\$ 778,176	\$ 1,065,230	\$ 135,584
Investments	250,565	1,179,294	1,429,859	50,223
Receivables (Net of allowance for uncollectible):	-	150,141	150,141	-
Prepaid Expenses	-	5,062	5,062	-
Internal Balances	80,000	(80,000)	-	-
Capital Assets:				
Land	70,507	-	70,507	-
Buildings and Improvements	277,488	1,133,158	1,410,646	53,438
Infrastructure	4,896,249	6,798,028	11,694,277	-
Vehicles and Equipment	674,941	641,168	1,316,109	10,309
Accumulated Depreciation	(1,290,998)	(3,679,914)	(4,970,912)	(15,957)
Total Assets	<u>\$ 5,245,806</u>	<u>\$ 6,925,113</u>	<u>\$ 12,170,919</u>	<u>\$ 233,597</u>
<u>Liabilities</u>				
Accounts Payable	\$ 6,386	\$ 31,360	\$ 37,746	\$ -
Accrued Salaries	-	2,876	2,876	-
Compensated Absences	-	9,574	9,574	-
Accrued Interest Payable	-	1,969	1,969	-
Customer Deposits	-	137,115	137,115	-
Deposit Advances	-	111,000	111,000	-
Noncurrent Liabilities:				
Due Within One Year	93,292	84,203	177,495	-
Due In More Than One Year	165,597	1,003,626	1,169,223	-
Total Liabilities	<u>265,275</u>	<u>1,381,723</u>	<u>1,646,998</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>				
Future Pension Expense	<u>\$ -</u>	<u>\$ 151,576</u>	<u>\$ 151,576</u>	<u>\$ -</u>
<u>Net Position</u>				
Net Investment in Capital Assets	4,369,298	3,998,283	8,367,581	47,790
Restricted	566,767	-	566,767	185,807
Unrestricted	44,466	1,393,531	1,437,997	-
Total Net Position	<u>\$ 4,980,531</u>	<u>\$ 5,391,814</u>	<u>\$ 10,372,345</u>	<u>\$ 233,597</u>

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

STATEMENT OF ACTIVITIES
(BUSINESS - TYPE ACTIVITIES - ACCRUAL BASIS)
(GOVERNMENTAL ACTIVITIES AND COMPONENT UNIT - MODIFIED CASH BASIS)
FOR THE YEAR ENDED APRIL 30, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total
Functions/Programs								
Primary Government:								
Governmental Activities:								
General Government	\$ 433,650	\$ 64,250	\$ -	\$ -	\$ (369,400)	\$ (369,400)		
Public Safety	1,154,582	87,459	-	-	(1,067,123)	(1,067,123)		
Highways and Streets	564,526	-	-	58,551	(505,975)	(505,975)		
Miscellaneous - Cemetery	51,410	14,900	-	-	(36,510)	(36,510)		
Interest on Long-Term Debt	3,745	-	-	-	(3,745)	(3,745)		
Total Governmental Activities	2,207,913	166,609	-	58,551	(1,982,753)	(1,982,753)		
Business-type Activities:								
Water and Sewer	1,306,195	1,734,114	-	-	\$ 427,919	427,919		
Total Business-type Activities	1,306,195	1,734,114	-	-	427,919	427,919		
Total Primary Government	\$ 3,514,108	\$ 1,900,723	\$ -	\$ 58,551	(1,982,753)	(1,554,834)		
Component Unit:								
Library	\$ 86,943	\$ 2,831	\$ 2,309	\$ -			\$ (81,803)	
General Revenues:								
Property Tax, Levied for General Purposes					290,454	290,454	79,837	
Sales and Use Tax					621,937	621,937	-	
Replacement Tax					4,921	4,921	1,496	
State Income Tax					467,978	467,978	-	
Motor Fuel Tax					112,364	112,364	-	
Telecommunications Tax					64,345	64,345	-	
Video Gaming Tax					32,421	32,421	-	
Utility Tax					242,487	242,487	-	
Franchise Fees					41,767	41,767	-	
Unrestricted Investment Earnings					8,401	8,401	2,057	
Miscellaneous					61,215	61,215	9,255	
Total General Revenues					1,948,290	1,948,290	92,645	
Change in Net Position					(34,463)	(34,463)	10,842	
Net Position - Beginning					5,014,994	4,947,771	222,755	
Net Position - Ending					\$ 4,980,531	\$ 5,391,814	\$ 233,597	

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
APRIL 30, 2018

	<u>General</u>	<u>Municipal Utility Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 59,773	\$ 102,481	\$ 124,800	\$ 287,054
Investments	-	-	250,565	250,565
Due from Other Funds	-	372,760	191,402	564,162
Total Assets	<u>\$ 59,773</u>	<u>\$ 475,241</u>	<u>\$ 566,767</u>	<u>\$ 1,101,781</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Payroll Withholdings	\$ 6,386	\$ -	\$ -	\$ 6,386
Due to Other Funds	477,484	6,678	-	484,162
Total Liabilities	<u>483,870</u>	<u>6,678</u>	<u>-</u>	<u>490,548</u>
Fund Balance:				
Nonspendable	-	-	210,742	210,742
Restricted	-	-	356,025	356,025
Committed	8,314	468,563	-	476,877
Unassigned	(432,411)	-	-	(432,411)
Total Fund Balance	<u>(424,097)</u>	<u>468,563</u>	<u>566,767</u>	<u>611,233</u>
Total Liabilities and Fund Balance	<u>\$ 59,773</u>	<u>\$ 475,241</u>	<u>\$ 566,767</u>	<u>\$ 1,101,781</u>

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

RECONCILIATION OF THE STATEMENT OF ASSETS,
LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED
CASH BASIS TRANSACTIONS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED APRIL 30, 2018

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 611,233
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	4,628,187
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	<u>(258,889)</u>
Net position of governmental activities	<u>\$ 4,980,531</u>

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	<u>General</u>	<u>Municipal Utility Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Tax	\$ 290,454	\$ -	\$ -	\$ 290,454
Intergovernmental:				
Replacement Tax	4,921	-	-	4,921
Sales Tax	369,586	-	137,743	507,329
State Income Tax	467,978	-	-	467,978
Local Use Tax	114,608	-	-	114,608
Motor Fuel Tax	-	-	112,364	112,364
Telecommunications Tax	64,345	-	-	64,345
Grant Receipts	58,551	-	-	58,551
Video Gaming Tax	32,421	-	-	32,421
Utility Tax	-	242,487	-	242,487
Licenses and Permits	34,761	-	-	34,761
Fines and Penalties	15,989	-	-	15,989
Rental Income	3,000	-	-	3,000
Franchise Fees	41,767	-	-	41,767
Other Fees	112,859	-	-	112,859
Investment Earnings	314	93	7,994	8,401
Reimbursements	41,799	-	-	41,799
Miscellaneous	36,037	10,145	13,934	60,116
Total Revenues	<u>1,689,390</u>	<u>252,725</u>	<u>272,035</u>	<u>2,214,150</u>
Expenditures:				
Current:				
General Government	236,436	110,353	81,270	428,059
Public Safety	1,136,408	-	-	1,136,408
Highways and Streets	332,608	9,992	122,472	465,072
Miscellaneous - Cemetery	50,885	-	-	50,885
Capital Outlay	100,036	5,620	-	105,656
Debt Service:				
Principal	20,970	65,448	-	86,418
Interest	2,053	1,692	-	3,745
Total Expenditures	<u>1,879,396</u>	<u>193,105</u>	<u>203,742</u>	<u>2,276,243</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(190,006)</u>	<u>59,620</u>	<u>68,293</u>	<u>(62,093)</u>
Other Financing Sources (Uses):				
Proceeds From Debt	29,645	-	-	29,645
Transfers In (Out)	8,433	-	(8,433)	-
Total Other Financing Sources (Uses)	<u>38,078</u>	<u>-</u>	<u>(8,433)</u>	<u>29,645</u>
Net Change in Fund Balances	(151,928)	59,620	59,860	(32,448)
Fund Balance (Deficit), Beginning of Year	<u>(272,169)</u>	<u>408,943</u>	<u>506,907</u>	<u>643,681</u>
Fund Balance (Deficit), End of Year	<u>\$ (424,097)</u>	<u>\$ 468,563</u>	<u>\$ 566,767</u>	<u>\$ 611,233</u>

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES ARISING FROM MODIFIED CASH BASIS
TRANSACTIONS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018

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

Net change in fund balances - total governmental funds \$ (32,448)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$164,444) exceeded capital outlays (\$47,105) and capital contributions (\$58,551) in the current year.

(58,788)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

56,773

Change in net position of governmental activities \$ (34,463)

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2018

<u>Assets</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current Assets:			
Cash and Cash Equivalents	\$ 154,030	\$ 624,146	\$ 778,176
Investments	254,217	925,077	1,179,294
Receivables:			
Customers	52,201	70,588	122,789
Unbilled Revenue	12,041	15,311	27,352
Prepaid Expenses	3,385	1,677	5,062
Due From Other Funds	-	195,101	195,101
Total Current Assets	<u>475,874</u>	<u>1,831,900</u>	<u>2,307,774</u>
Noncurrent Assets:			
Property, Plant and Equipment:			
Buildings and Improvements	66,051	1,067,107	1,133,158
Distribution and Collection Systems	4,349,078	2,448,950	6,798,028
Vehicles and Equipment	126,962	514,206	641,168
	<u>4,542,091</u>	<u>4,030,263</u>	<u>8,572,354</u>
Less - Accumulated Depreciation	1,505,971	2,173,943	3,679,914
Net Property, Plant and Equipment	<u>3,036,120</u>	<u>1,856,320</u>	<u>4,892,440</u>
Total Assets	<u>\$ 3,511,994</u>	<u>\$ 3,688,220</u>	<u>\$ 7,200,214</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$ 22,918	\$ 8,442	\$ 31,360
Accrued Salaries	1,229	1,647	2,876
Accrued Interest	1,969	-	1,969
Due To Other Funds	275,101	-	275,101
Current Portion of Debt	84,203	-	84,203
Deposit Advances	56,000	55,000	111,000
Compensated Absences	75,580	70,283	145,863
Customer Deposits	69,055	68,060	137,115
Total Current Liabilities	<u>586,055</u>	<u>203,432</u>	<u>789,487</u>
Noncurrent Liabilities:			
Net Pension Liability	26,817	30,566	57,383
Long Term Debt (Net of Current Portion)	809,954	-	809,954
Total Noncurrent Liabilities	<u>836,771</u>	<u>30,566</u>	<u>867,337</u>
Total Liabilities	<u>\$ 1,422,826</u>	<u>\$ 233,998</u>	<u>\$ 1,656,824</u>
<u>Deferred Inflows of Resources</u>			
Future Pension Expense	<u>\$ 70,836</u>	<u>\$ 80,740</u>	<u>\$ 151,576</u>
<u>Net Position</u>			
Net Investment in Capital Assets	2,141,963	1,856,320	3,998,283
Unrestricted	<u>(123,631)</u>	<u>1,517,162</u>	<u>1,393,531</u>
Total Net Position	<u>\$ 2,018,332</u>	<u>\$ 3,373,482</u>	<u>\$ 5,391,814</u>

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	Water	Sewer	Total
Operating Revenue:			
Charges for Services:			
Water and Sewer Charges	\$ 765,259	\$ 935,373	\$ 1,700,632
Connection Fees	17,820	5,000	22,820
Miscellaneous	4,374	6,288	10,662
Total Operating Revenue	787,453	946,661	1,734,114
Operating Expenses:			
Personal Services	279,690	301,450	581,140
Contractual Services and Other	329,709	95,214	424,923
Supplies and Materials	3,879	3,584	7,463
Heat, Light and Power	11,926	65,384	77,310
Depreciation	111,956	78,427	190,383
Total Operating Expenses	737,160	544,059	1,281,219
Operating Income (Loss)	50,293	402,602	452,895
Nonoperating Revenues (Expenses):			
Interest Income	725	15,399	16,124
Interest Expense	(24,976)	-	(24,976)
Total Nonoperating Revenues (Expenses)	(24,251)	15,399	(8,852)
Change in Net Position	26,042	418,001	444,043
Net Position, Beginning of Year	1,992,290	2,955,481	4,947,771
Net Position, End of Year	\$ 2,018,332	\$ 3,373,482	\$ 5,391,814

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 792,561	\$ 947,145	\$ 1,739,706
Payments to Suppliers	(417,657)	(232,399)	(650,056)
Payments to Employees	<u>(209,578)</u>	<u>(237,566)</u>	<u>(447,144)</u>
Net Cash Provided by Operating Activities	<u>165,326</u>	<u>477,180</u>	<u>642,506</u>
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets	(12,567)	(339,856)	(352,423)
Payment of Debt Principal	(81,999)	-	(81,999)
Payment of Debt Interest	<u>(25,148)</u>	<u>-</u>	<u>(25,148)</u>
Net Cash Provided (Used) by Capital Financing Activities	<u>(119,714)</u>	<u>(339,856)</u>	<u>(459,570)</u>
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments	(172)	(14,587)	(14,759)
Interest Income	<u>725</u>	<u>15,399</u>	<u>16,124</u>
Net Cash Provided by Investing Activities	<u>553</u>	<u>812</u>	<u>1,365</u>
Cash Flows from Non-Capital Financing Activities:			
Customer Deposits	<u>1,640</u>	<u>1,720</u>	<u>3,360</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>1,640</u>	<u>1,720</u>	<u>3,360</u>
Net Change in Cash and Cash Equivalents	47,805	139,856	187,661
Cash and Cash Equivalents, Beginning of Year	<u>106,225</u>	<u>484,290</u>	<u>590,515</u>
Cash and Cash Equivalents, End of Year	<u>\$ 154,030</u>	<u>\$ 624,146</u>	<u>\$ 778,176</u>

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Income	\$ 50,293	\$ 402,602	\$ 452,895
Adjustments to Reconcile Net Income			
Net Cash Provided by Operating Activities:			
Depreciation	111,956	78,427	190,383
(Increase) Decrease in:			
Accounts Receivable	6,926	2,973	9,899
Unbilled Revenue	(818)	(1,489)	(2,307)
Prepaid Expenses	(77)	4,994	4,917
Future Pension Expense	104,529	117,212	221,741
Increase (Decrease) in:			
Accounts Payable	(5,464)	(1,059)	(6,523)
Accrued Salaries	(324)	(414)	(738)
Net Pension Liability	(108,231)	(115,620)	(223,851)
Compensated Absences	7,536	(9,446)	(1,910)
Deposit Advances	(1,000)	(1,000)	(2,000)
Net Cash Provided by Operating Activities	<u>\$ 165,326</u>	<u>\$ 477,180</u>	<u>\$ 642,506</u>

The notes to the financial statements are an integral part of this statement

CITY OF LEBANON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lebanon, Illinois have been prepared in conformity with the modified cash basis of accounting for the Governmental Fund Types and the accrual basis for the Proprietary Fund Types as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

(a) The financial reporting entity

The City of Lebanon is a political subdivision of the State of Illinois. These financial statements present the government and its component units. Component units are legally separate entities for which the City is financially accountable. Component units, although legally separate entities, are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Lebanon Public Library

The Lebanon Public Library (Library) provides services to residents within the geographic boundaries of the City. The City oversees the budget and levies taxes for the Library. The Library does not prepare separate financial statements.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is also reported separately from legally separate component units for which the primary government is financially accountable.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

(c) Measurement focus, basis of accounting and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. Property taxes are recognized as revenues in the year for which they are received.

The government-wide financial statements are reported on the basis of accounting as used by the individual funds in the fund financial statements.

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 Municipal Utility Tax Fund accounts for the taxes received and amounts paid related to various program expenses.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The City reports the following major proprietary funds:

The Water and Sewer Funds account for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities. The City operates the water distribution system as well as the sewage treatment plant, sewage pumping stations and collection systems.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenues of the City.

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

(d) Assets, liabilities and net assets or equity

Deposits and investments

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

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. Investment income is recognized by fund in accordance with the accounting basis.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The cemetery care fund is authorized to invest in the same obligations of the City as well as preferred or common stocks. Investment income is recognized as earned.

All cash and investments are reported at fair value.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade receivables are shown net of an allowance for uncollectible.

Unbilled water and sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Type of Property And Equipment	Estimated Useful Lives
Buildings and Improvements	15 - 40 Years
Infrastructure Systems	15 - 50 Years
Vehicles and Equipment	5 - 10 Years

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net positions. Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund balances

In the fund financial statements, the City classifies the fund balances based upon the following criteria:

Nonspendable - includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted - balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed - balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the City Council; the government's highest level of decision-making authority.

Assigned - balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned - the residual classification of the General Fund balance.

When expenditures are incurred for which the City has both restricted and unrestricted funds available, the City spends any restricted funds before using unrestricted sources. Likewise, the City uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following details the description and amount of all constraints recorded by the City in the fund financial statements:

<u>Governmental Funds</u>	
Nonspendable:	
Cemetery Trust	\$ 210,742
Restricted:	
Motor Fuel Tax	\$ 131,222
Additional Sales Tax	224,803
	<u>\$ 356,025</u>
Committed:	
Municipal Utility Tax	\$ 468,563
Police Funds	8,314
	<u>\$ 476,877</u>

(e) Estimates

The City uses estimates and assumptions in preparing these financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

(f) Risk management

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

(g) Budget and budgetary accounting

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

1. The City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to May 1, the budget is legally enacted through the passage of an ordinance.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Enterprise Funds.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Governmental & Business-Type Activities

At April 30, 2018, the carrying amount of the City's deposits was \$2,290,244 and the bank balance was \$2,371,566. The deposits are comprised of checking, interest checking, money market funds and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name.

As of April 30, 2018, cash deposit balances of \$1,390,399, which were in excess of FDIC insurance, were collateralized with investments by the financial institution. Cash deposit balances of \$24,941 were in excess of FDIC insurance and were not collateralized with other investments.

At April 30, 2018, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	--	\$ 204,845
Deposits as reported above		<u>2,290,244</u>
Total deposits and investments		<u>\$ 2,495,089</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 1,065,230
Investments		<u>1,429,859</u>
		<u>\$ 2,495,089</u>

Interest Rate Risk. The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2018, the City did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2018, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2018, the City did not have a foreign currency risk.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Component Unit

At April 30, 2018, the carrying amount of the component unit deposits were \$135,584 and the bank balance was \$135,584. The deposits were comprised of interest checking accounts, savings accounts and certificates of deposit. The Library has also invested funds in fixed annuities for \$50,223.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the component unit's deposits may not be returned to it. The component unit requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the component unit's name.

Interest Rate Risk. The component unit's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of April 30, 2018, the component unit did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2018, the component unit did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2018, the component unit did not have a foreign currency risk.

NOTE 3: RECEIVABLES

The City reports the following receivables for business-type activities in the statement of net position as of April 30, 2018. These amounts are reported net of the applicable allowances for uncollectible accounts.

Receivables:	
Customer Accounts	\$ 122,789
Unbilled Revenue	<u>27,352</u>
	<u>\$ 150,141</u>

NOTE 4: RETIREMENT FUND COMMITMENTS

A. 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 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

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

report that includes financial statements and required supplementary information. The report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2017 was 11.65 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Covered Employees. The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	21
Inactive, non-Retired Members	13
Active Members	<u>22</u>
Total	<u>56</u>

Discount Rate. GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.31%; and the resulting single discount rate is 7.50%.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Actuarial Valuation Date	12/31/17
Measurement Date of the Net Pension Liability	12/31/17
Fiscal Year End	04/30/18

Development of the Single Discount Rate as of December 31, 2017	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.31%
Last year ending December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded	2117
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate calculated using December 31, 2016 Measurement Date	7.50%

The Long-Term Municipal Bond Rate is based on Fidelity Index's "20-Year Municipal GOAA Index" as of December 29, 2017.

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the 2017 contribution rate.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 26 year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014. The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current Imrf experience.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Net Pension Liability. The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

Total pension liability	
Service Cost	\$ 134,662
Interest on the Total Pension Liability	460,713
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(22,272)
Changes of assumptions	(214,058)
Benefit payments, including refunds of employee contributions	<u>(365,176)</u>
Net change in total pension liability	\$ (6,131)
Total pension liability - beginning	<u>6,258,096</u>
Total pension liability - ending	<u>\$ 6,251,965</u>
Plan fiduciary net position	
Contributions - employer	\$ 154,979
Contributions - employee	57,295
Net investment income	930,736
Benefit payments, including refunds of employee contributions	(365,176)
Other (Net Transfer)	<u>(108,100)</u>
Net change in plan fiduciary net position	\$ 669,734
Plan fiduciary net position - beginning	<u>5,410,782</u>
Plan fiduciary net position - ending	<u>\$ 6,080,516</u>
Net pension liability/(asset)	<u>\$ 171,449</u>
Plan fiduciary net position as a percentage of the total pension liability	97.26%
Covered valuation payroll	\$ 1,273,226
Net pension liability as a percentage of covered valuation payroll	13.47%

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	Current Single Discount		
	1% Decrease <u>6.50%</u>	Rate Assumption <u>7.50%</u>	1% Increase <u>8.50%</u>
Total Pension Liability	\$ 7,163,869	\$ 6,251,965	\$ 5,506,094
Plan Fiduciary Net Position	<u>6,080,516</u>	<u>6,080,516</u>	<u>6,080,516</u>
Net Pension Liability/(Asset)	<u>\$ 1,083,353</u>	<u>\$ 171,449</u>	<u>\$ (574,422)</u>

Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses. The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 62,466
Changes in assumptions	3,273	176,521
Subsequent employer contributions	50,148	-
Net difference between projected and actual earnings on pension plan investments	<u>160,454</u>	<u>427,772</u>
Total	<u>\$ 213,875</u>	<u>\$ 666,759</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2018	\$ (56,888)
2019	(104,698)
2020	(157,897)
2021	(133,401)
2022	-
	<u>\$ (452,884)</u>

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5: LONG-TERM DEBT

The City has the following long-term debt as of April 30, 2018.

Governmental Activities

On August 11, 2014, the City entered into a loan to perform infrastructure projects for \$250,000. The loan is to be repaid by 84 monthly payments of \$3,105, including interest at 1.20%. The loan is to be repaid from the Municipal Utility Tax Fund. \$ 121,647

On December 3, 2014, the City entered into a loan to purchase a used street sweeper for \$116,350. The loan is to be repaid by 84 monthly payments of \$1,502, including interest at 2.30%. The loan is to be repaid from the Municipal Utility Tax Fund. \$ 63,323

On December 5, 2015, the City entered into a loan to purchase a Ford Explorer for \$23,500. The loan is to be repaid by 5 annual payments of \$4,996, including interest at 2.05%. The loan is to be repaid from the General Fund. \$ 14,395

On April 1, 2016, the City entered into a repayment agreement to the IL Department of Transportation for a street project for \$89,638. The loan is to be repaid by 3 annual payments of \$29,879. The loan is to be repaid from the General Fund. \$ 29,879

On November 28, 2017, the City entered into a loan to purchase a 2018 Ford Explorer for \$29,645. The loan is to be repaid by 5 annual payments of \$6,233, including interest at 2.010. The loan is to be repaid from the General Fund. \$ 29,645

Business-type Activities

On October 5, 2006, the City entered into a loan for construction of a new elevated water storage tank for \$1,100,000. The loan is to be repaid by 40 semiannual payments of \$35,809, including interest at 2.50%. The loan is to be repaid from the Water Fund. \$ 630,214

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

On September 29, 2016, the City entered into a loan with First Federal Savings Bank of Mascoutah for ground storage tank renovations of \$300,000. The loan is to be repaid by 120 monthly payments of \$2,961, including interest at 3.00%. The loan is to be repaid from the Water Fund.

\$ 263,943

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended <u>April 30,</u>	Governmental <u>Activities</u>		Business-type <u>Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 93,292	\$ 3,102	\$ 84,203	\$ 22,943
2020	64,095	2,420	86,451	20,695
2021	65,154	1,361	88,796	18,351
2022	30,242	388	91,186	15,961
2023	6,106	128	93,640	13,506
2024-2028	-	-	449,881	29,597
	<u>\$ 258,889</u>	<u>\$ 7,399</u>	<u>\$ 894,157</u>	<u>\$ 121,053</u>

The following is a summary of changes in long-term debt for the year ended April 30, 2018.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental Activities:</u>					
Notes Payable	\$ 315,662	\$ 29,645	\$ 86,418	\$ 258,889	\$ 93,292
	<u>\$ 315,662</u>	<u>\$ 29,645</u>	<u>\$ 86,418</u>	<u>\$ 258,889</u>	<u>\$ 93,292</u>
<u>Business-type Activities:</u>					
Note Payable	\$ 976,156	\$ -	\$ 81,999	\$ 894,157	\$ 84,203
Net Pension Liability	281,234	-	223,851	57,383	-
Compensated Absences	138,367	-	2,078	136,289	-
	<u>\$ 1,395,757</u>	<u>\$ -</u>	<u>\$ 307,928</u>	<u>\$ 1,087,829</u>	<u>\$ 84,203</u>

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6: PROPERTY TAXES

The City's property taxes are levied each year on all taxable real property located in the City on or before the last Tuesday in December. The City Council passed the levy on December 21, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in four installments. The County has not mailed tax bills as of April 30 and past mailing practices of the County have been subsequent to April 30 of each year. The City receives distributions of tax receipts beginning in July and August after the County mails the tax bills.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	Maximum Rate	Levy Years		
		2016	2015	2014
<u>Tax Rates:</u>				
General	\$ 0.3300	\$ 0.3300	\$ 0.3300	\$ 0.3300
Audit	None	0.0136	0.0139	0.0140
Emergency Services	0.0500	0.0005	0.0005	0.0005
Library	0.1500	0.1434	0.1421	0.1437
Social Security/Medicare	None	0.0812	0.0825	0.0833
Totals		<u>\$ 0.5687</u>	<u>\$ 0.5690</u>	<u>\$ 0.5715</u>
Assessed Valuation		<u>\$ 55,251,222</u>	<u>\$ 54,325,981</u>	<u>\$ 54,094,781</u>
<u>Tax Extensions:</u>				
General		\$ 182,329	\$ 179,276	\$ 177,587
Audit		7,514	7,551	7,534
Emergency Services		276	271	269
Library		79,230	77,197	77,331
Social Security/Medicare		44,864	44,819	44,827
Totals		<u>\$ 314,213</u>	<u>\$ 309,114</u>	<u>\$ 307,548</u>
Collections		<u>\$ 316,520</u>	<u>\$ 307,826</u>	<u>\$ 305,352</u>
Percentage of Extensions Collected		<u>100.73%</u>	<u>99.58%</u>	<u>99.29%</u>

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2018 was as follows:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 70,507	\$ -	\$ -	\$ 70,507
Capital assets, being depreciated:				
Buildings and improvements	277,488	-	-	277,488
Vehicles and equipment	634,456	41,485	1,000	674,941
Infrastructure	4,832,078	64,171	-	4,896,249
Total capital assets being depreciated	<u>5,744,022</u>	<u>105,656</u>	<u>1,000</u>	<u>5,848,678</u>
Less accumulated depreciation for:				
Buildings and improvements	168,691	8,304	-	176,995
Vehicles and equipment	454,513	35,217	1,000	488,730
Infrastructure	504,350	120,923	-	625,273
Total accumulated depreciation	<u>1,127,554</u>	<u>164,444</u>	<u>1,000</u>	<u>1,290,998</u>
Total capital assets, being depreciated, net	<u>4,616,468</u>	<u>(58,788)</u>	<u>-</u>	<u>4,557,680</u>
Governmental activities capital assets, net	<u>\$ 4,686,975</u>	<u>\$ (58,788)</u>	<u>\$ -</u>	<u>\$ 4,628,187</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,057,762	\$ 75,396	\$ -	\$ 1,133,158
Distribution and collection systems	6,589,406	208,622	-	6,798,028
Vehicles and equipment	648,601	25,134	32,567	641,168
Total capital assets, being depreciated	<u>8,295,769</u>	<u>309,152</u>	<u>32,567</u>	<u>8,572,354</u>
Less accumulated depreciation for:				
Buildings and improvements	378,623	11,031	-	389,654
Distribution and collection systems	2,614,337	146,149	-	2,760,486
Vehicles and equipment	529,138	33,203	32,567	529,774
Total accumulated depreciation	<u>3,522,098</u>	<u>190,383</u>	<u>32,567</u>	<u>3,679,914</u>
Business-type activities capital assets, net	<u>\$ 4,773,671</u>	<u>\$ 118,769</u>	<u>\$ -</u>	<u>\$ 4,892,440</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

<u>Governmental activities:</u>	
General government	\$ 5,591
Public safety	18,174
Highways and street	140,154
Miscellaneous - cemetery	525
Total depreciation expense - governmental activities	<u>\$ 164,444</u>
Business-type activities - water and sewer	<u>\$ 190,383</u>

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivable and payable balances as of April 30, 2018 are as follows:

	Interfund Receivable/ <u>(Payable)</u>
General Fund Due (To):	
Municipal Utility Tax Fund	\$(292,760)
Additional Sales Tax Fund	(184,724)
Municipal Utility Tax Fund Due (To):	
General Fund	292,760
Motor Fuel Tax Fund	(6,678)
Water Fund	80,000
Motor Fuel Tax Fund Due (To):	
Municipal Utility Tax Fund	6,678
Additional Sales Tax Fund Due From:	
General Fund	184,724
Water Fund Due (To):	
Sewer Fund	(195,101)
Municipal Utility Tax Fund	(80,000)
Sewer Fund Due (To):	
Water Fund	<u>195,101</u>
	<u>\$ -</u>

The interfund receivables/payables are short term in nature and are expected to be repaid in the subsequent year.

NOTE 9: SUBSEQUENT EVENTS

The City has evaluated events occurring after the financial statement date through August 10, 2018 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

NOTE 10: ACTUAL EXPENDITURES IN EXCESS OF BUDGET

The actual expenditures for the General Fund of \$1,879,396 exceeded the budgeted amount of \$1,753,313 for the year ended April 30, 2018. The actual expenditures for the Municipal Utility Tax Fund of \$193,105 exceeded the budgeted amount of \$162,138 for the year ended April 30, 2018.

CITY OF LEBANON, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 11: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2018:

General Fund Transfer From:	
Cemetery Care Fund	\$ 3,664
Additional Sales Tax Fund	4,769
Cemetery Care Fund Transfer (To):	
General Fund	(3,664)
Additional Sales Tax Fund Transfer (To):	
General Fund	<u>(4,769)</u>
	<u>\$ -</u>

Transfers were made between funds to transfer unrestricted interest income and to reimburse general costs.

CITY OF LEBANON, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2018

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Revenues:			
Property Tax	\$ 293,800	\$ 293,800	\$ 290,454
Replacement Tax	2,500	2,500	4,921
Sales Tax	514,000	514,000	369,586
State Income Tax	450,000	450,000	467,978
Local Use Tax	105,000	105,000	114,608
Telecommunications Tax	105,000	105,000	64,345
Video Gaming Tax	14,000	14,000	32,421
Franchise Fees	55,000	55,000	41,767
Licenses and Permits	47,700	47,700	34,761
Fines and Penalties	26,000	26,000	15,989
Rental Income	3,600	3,600	3,000
Fees	127,000	127,000	112,859
Investment Earnings	3,500	3,500	314
Reimbursement of Expenses	60,000	60,000	41,799
Miscellaneous	25,000	25,000	36,037
Total Revenues	<u>1,832,100</u>	<u>1,832,100</u>	<u>1,689,390</u>
Expenditures:			
Current:			
General Government	224,585	224,585	236,436
Public Safety	1,076,055	1,076,055	1,136,408
Highways and Streets	364,570	364,570	332,608
Miscellaneous - Cemetery	37,180	37,180	50,885
Capital Outlay	22,500	22,500	100,036
Debt Service:			
Principal	25,352	25,352	20,970
Interest	3,071	3,071	2,053
Total Expenditures	<u>1,753,313</u>	<u>1,753,313</u>	<u>1,879,396</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>78,787</u>	<u>78,787</u>	<u>(190,006)</u>
Other Financing Sources:			
Transfers From (To) Other Funds	7,500	7,500	8,433
Proceeds from Debt	-	-	29,645
Total Other Financing Sources	<u>7,500</u>	<u>7,500</u>	<u>38,078</u>
Net Change in Fund Balances	<u>\$ 86,287</u>	<u>\$ 86,287</u>	<u>(151,928)</u>
No change for modified cash basis reporting			-
As reported on the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions			<u>\$ (151,928)</u>

CITY OF LEBANON, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MODIFIED CASH BASIS
 MUNICIPAL UTILITY TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Revenues:			
Utility Tax	\$ 280,000	\$ 280,000	\$ 242,487
Investment Earnings	-	-	93
Miscellaneous	-	-	10,145
Total Revenues	<u>280,000</u>	<u>280,000</u>	<u>252,725</u>
Expenditures:			
Highways and Streets	-	-	110,353
Highways and Streets	15,000	15,000	9,992
Capital Outlay	80,000	80,000	5,620
Debt Service	<u>67,138</u>	<u>67,138</u>	<u>67,140</u>
Total Expenditures	<u>162,138</u>	<u>162,138</u>	<u>193,105</u>
Net Change in Fund Balances	<u>\$ 117,862</u>	<u>\$ 117,862</u>	59,620
No change for modified cash basis reporting			<u>-</u>
As reported on the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions			<u>\$ 59,620</u>

CITY OF LEBANON, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:			
Service Cost	\$ 134,662	\$ 134,793	\$ 132,704
Interest	460,713	443,338	428,256
Difference between expected and actual experience	(22,272)	(15,247)	(94,845)
Assumption changes	(214,058)	(17,416)	8,532
Benefit payments, including refunds	<u>(365,176)</u>	<u>(293,898)</u>	<u>(238,946)</u>
Net change in total pension liability	(6,131)	251,570	235,701
Total pension liability - beginning	<u>6,258,096</u>	<u>6,006,526</u>	<u>5,770,825</u>
Total pension liability - ending	<u>\$ 6,251,965</u>	<u>\$ 6,258,096</u>	<u>\$ 6,006,526</u>
Plan Fiduciary Net Position			
Contributions - employer	154,979	155,460	156,843
Contributions - employee	57,295	55,832	53,267
Net investment income	930,736	348,197	25,279
Benefit payments, including refunds	(365,176)	(293,898)	(238,946)
Other	<u>(108,100)</u>	<u>81,098</u>	<u>(2,479)</u>
Net change in plan fiduciary net position	669,734	346,689	(6,036)
Plan fiduciary net position - beginning	<u>5,410,782</u>	<u>5,064,093</u>	<u>5,070,129</u>
Plan fiduciary net position - ending	<u>\$ 6,080,516</u>	<u>\$ 5,410,782</u>	<u>\$ 5,064,093</u>
Net Pension Liability	<u>\$ 171,449</u>	<u>\$ 847,314</u>	<u>\$ 942,433</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.26%</u>	<u>86.46%</u>	<u>84.31%</u>
Covered-employee Payroll	<u>\$ 1,273,226</u>	<u>\$ 1,240,704</u>	<u>\$ 1,183,722</u>
Net position liability as a percentage of covered-employee payroll	<u>13.47%</u>	<u>68.29%</u>	<u>79.62%</u>

CITY OF LEBANON, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2018

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 148,331	\$ 155,460	\$ 156,843
Contributions in relation to actuarial determined contribution	<u>154,979</u>	<u>155,460</u>	<u>156,843</u>
Contribution deficiency (excess)	<u>\$ (6,648)</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered-employee Payroll	 <u>\$ 1,273,226</u>	 <u>\$ 1,240,704</u>	 <u>\$ 1,183,722</u>
 Contributions as a percentage of covered-employee payroll	 <u>12.17%</u>	 <u>12.53%</u>	 <u>13.25%</u>

Actuarial valuation date for above is December 31, 2017.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	26 years
Asset Valuation Method:	Gains and losses recognized over a five year period
 Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Wage Growth	3.50%
Price Inflation	2.75%

CITY OF LEBANON, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
 FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2018

	<u>Special Revenue Funds</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Motor Fuel Tax</u>	<u>Additional Sales Tax</u>	<u>Cemetery Care</u>	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 78,824	\$ 40,079	\$ 5,897	\$ 124,800
Investments	45,720	-	204,845	250,565
Due from Other Funds	<u>6,678</u>	<u>184,724</u>	<u>-</u>	<u>191,402</u>
Total Assets	<u>131,222</u>	<u>224,803</u>	<u>210,742</u>	<u>566,767</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:				
Nonspendable	-	-	210,742	210,742
Committed	-	-	-	-
Restricted	<u>131,222</u>	<u>224,803</u>	<u>-</u>	<u>356,025</u>
Total Fund Balance	<u>131,222</u>	<u>224,803</u>	<u>210,742</u>	<u>566,767</u>
Total Liabilities and Fund Balance	<u>\$ 131,222</u>	<u>\$ 224,803</u>	<u>\$ 210,742</u>	<u>\$ 566,767</u>

CITY OF LEBANON, ILLINOIS

COMBINING STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	Special Revenue Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Motor Fuel Tax	Additional Sales Tax	Cemetery Care	
Revenues:				
Motor Fuel Tax	\$ 112,364	\$ -	\$ -	\$ 112,364
Sales Tax	-	137,743	-	137,743
Grant Receipts	-	-	-	-
Investment Earnings	345	136	7,513	7,994
Miscellaneous	-	13,934	-	13,934
Total Revenues	112,709	151,813	7,513	272,035
Expenditures:				
Current:				
General Government	-	79,123	2,147	81,270
Highways and Streets	122,472	-	-	122,472
Total Expenditures	122,472	79,123	2,147	203,742
Excess (Deficiency) of Revenues Over Expenditures	(9,763)	72,690	5,366	68,293
Other Financing Sources (Uses):				
Transfers In (Out)	-	(4,769)	(3,664)	(8,433)
Total Other Financing Sources (Uses)	-	(4,769)	(3,664)	(8,433)
Net Change in Fund Balances	(9,763)	67,921	1,702	59,860
Fund Balance, Beginning of Year	140,985	156,882	209,040	506,907
Fund Balance, End of Year	\$ 131,222	\$ 224,803	\$ 210,742	\$ 566,767