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CERTIFIED PUBLIC ACCOUNTANTS

CITY OF LEBANON, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
APRIL 30, 2017

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CITY OF LEBANON, ILLINOIS

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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, 2017, 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, 2017, 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. Schlosser & Company LLC
Certified Public Accountants
Alton, Illinois
August 23, 2017

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.

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 six 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 \$9,962,765 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:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30, 2017</u>	<u>April 30, 2016</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>
ASSETS						
Current and other assets	\$ 649,622	\$ 745,086	\$ 1,842,762	\$ 1,732,708	\$ 2,492,384	\$ 2,477,794
Capital assets, net	4,686,975	4,125,618	4,773,671	4,159,430	9,460,646	8,285,048
Total assets	<u>5,336,597</u>	<u>4,870,704</u>	<u>6,616,433</u>	<u>5,892,138</u>	<u>11,953,030</u>	<u>10,762,842</u>
DEFERRED OUTFLOWS						
Future Pension Expense	-	-	70,165	89,121	70,165	89,121
LIABILITIES						
Other liabilities	5,941	9,568	343,070	344,159	349,011	353,727
Long-term liabilities	315,662	413,681	1,395,757	1,175,253	1,711,419	1,588,934
Total liabilities	<u>321,603</u>	<u>423,249</u>	<u>1,738,827</u>	<u>1,519,412</u>	<u>2,060,430</u>	<u>1,942,661</u>
NET POSITION						
Net investment in capital assets	4,371,313	3,711,937	3,797,515	3,420,896	8,168,828	7,132,833
Restricted	506,907	444,440	-	-	506,907	444,440
Unrestricted	<u>136,774</u>	<u>291,078</u>	<u>1,150,256</u>	<u>1,040,951</u>	<u>1,287,030</u>	<u>1,332,029</u>
Total net position	<u>\$ 5,014,994</u>	<u>\$ 4,447,455</u>	<u>\$ 4,947,771</u>	<u>\$ 4,461,847</u>	<u>\$ 9,962,765</u>	<u>\$ 8,909,302</u>

Total net position increased \$1,053,463 resulting in a balance of \$9,962,765 as of April 30, 2017. Current assets, which include cash, investments and accounts receivable, increased \$14,590. Non-current assets increased \$1,175,598. Current liabilities, which include accounts payable, advance payments for water and sewer tap deposits and customer deposits, decreased \$4,716. Long-term liabilities increased approximately \$122,485 primarily due to a new loan for the ground storage tank rehabilitation.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	82.0%	\$ 8,168,828	80.1%	\$ 7,132,833
Restricted	5.1%	506,907	5.0%	444,440
Unrestricted	<u>12.9%</u>	<u>1,287,030</u>	<u>15.0%</u>	<u>1,332,029</u>
Total net position	<u>100.0%</u>	<u>\$ 9,962,765</u>	<u>100.0%</u>	<u>\$ 8,909,302</u>

Total net position balances increased by \$1,053,463 in fiscal year 2017 to a total ending balance of \$9,962,765. Capital net position balances increased by \$1,035,995 in the current year due to capital additions of \$1,502,208 that were offset by depreciation of \$326,610 and a net increase in debt balances of \$139,603. 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.

REVENUE COMPARISON BY TYPE

<u>Revenues by type</u>	<u>2017</u>	<u>2016</u>
Property tax	\$ 284,260	\$ 279,819
Other charges for services	181,889	188,593
Sales and use tax	602,439	498,901
State income tax	420,650	471,746
Motor fuel tax	112,362	113,228
Replacement tax	6,446	5,748
Telecommunications Tax	74,190	86,670
Video Gaming Tax	16,855	2,441
Operating grant and contributions	-	1,500
Utility tax	211,220	177,495
Capital grants and contributions	518,419	732,123
Franchise fees	45,679	45,397
Investment Income	13,389	305
Other miscellaneous	<u>62,800</u>	<u>37,346</u>
	<u>\$ 2,550,598</u>	<u>\$ 2,641,312</u>
Water and sewer charges	\$ 1,634,198	\$ 1,365,532
Capital grants and contributions	105,000	-
Investment Income	<u>22,083</u>	<u>7,273</u>
	<u>\$ 1,761,281</u>	<u>\$ 1,372,805</u>

Total governmental revenues decreased \$90,714 for the year ended April 30, 2017. 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 reported an increase while income taxes reported decreases in the current year. Water and sewer charges increased by \$268,666 and the business type funds also received a capital grant of \$105,000.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENDITURES BY CATEGORY

GOVERNMENTAL ACTIVITIES

<u>Expenditures by category</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	13.5%	\$ 266,895	13.0%	\$ 234,741
Public safety	58.5%	1,154,324	56.9%	1,029,884
Highways and streets	25.5%	503,826	27.4%	494,937
Miscellaneous - Cemetery	2.1%	41,148	2.4%	43,001
Interest on Long-Term Debt	<u>0.3%</u>	<u>5,866</u>	<u>0.3%</u>	<u>5,874</u>
Total expenditures	<u>100.0%</u>	<u>\$ 1,972,059</u>	<u>100.0%</u>	<u>\$ 1,808,437</u>

The City increased expenses in the governmental activities by \$163,622. 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.

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>2017</u>	<u>2016</u>
General government	\$ 5,882	\$ 5,883
Public safety	13,426	20,881
Highways and streets	123,229	102,311
Miscellaneous - cemetery	<u>525</u>	<u>525</u>
Total depreciation	<u>\$ 143,062</u>	<u>\$ 129,600</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$235,671 which is considerably higher in comparison to the current year depreciation.

BUSINESS-TYPE ACTIVITIES

<u>Operating Expenditures</u>	<u>2017</u>		<u>2016</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	46.6%	\$ 588,739	49.3%	\$ 658,427
Contractual services	32.0%	405,245	31.6%	422,748
Supplies and materials	1.3%	16,606	0.6%	8,114
Heat, light and power	5.6%	70,317	5.0%	67,114
Depreciation	<u>14.5%</u>	<u>183,548</u>	<u>13.4%</u>	<u>179,537</u>
Total expenditures	<u>100.0%</u>	<u>\$ 1,264,455</u>	<u>100.0%</u>	<u>\$ 1,335,940</u>

Expenses in the business type activities decreased by \$71,485. As in the prior year, the largest categories of operating expense were for personal services and contractual services. The large decrease in personal services related to the reporting of GASB 68 between years.

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 2017, the City's governmental funds reported combined ending fund balances of \$643,681, a decrease of \$91,837 in comparison with the prior year. The total amount constitutes balances which are available for spending at the City's discretion. However, \$944,171 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 \$(300,490). 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 \$177,499 during the current fiscal year.

The municipal utility tax fund reported an increase of \$26,754. 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 \$1,150,256, an increase of \$109,305. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's government-wide financial statements.

BUDGETARY HIGHLIGHTS

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

	<u>Budget</u>	<u>Actual</u>
General Fund	\$ 1,752,176	\$ 1,826,739

The budget was 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, 2017</u>	<u>April 30, 2016</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Land	\$ 70,507	\$ 70,507	\$ -	\$ -	\$ 70,507	\$ 70,507
Buildings and Improvements	108,797	113,124	679,139	350,975	787,936	464,099
Vehicles and Equipment	179,943	210,841	119,463	149,251	299,406	360,092
Infrastructure Systems	4,327,728	3,731,146	3,975,069	3,659,204	8,302,797	7,390,350
Total net assets	<u>\$ 4,686,975</u>	<u>\$ 4,125,618</u>	<u>\$ 4,773,671</u>	<u>\$ 4,159,430</u>	<u>\$ 9,460,646</u>	<u>\$ 8,285,048</u>

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2017, amounts to \$9,460,646, 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 \$912,447. This increase is due to capital acquisitions of \$1,502,208 that were offset by current year depreciation expense of \$326,610. The largest outlays in the current year were related to expenditures for street improvements and ground storage tank renovations. Capital assets are described in additional detail in Note 8 of the financial statements.

Long-term Debt

At the end of 2017, the City had total long-term debt obligations for governmental activities and business-type activities in the amount of \$315,662 and \$976,156, respectively, compared to \$413,681 and \$738,534 at the end of 2016. The City entered into a new debt agreement in the current year for the ground storage tank renovation.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30, 2017</u>	<u>April 30, 2016</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Notes Payable	<u>\$ 315,662</u>	<u>\$ 413,681</u>	<u>\$ 976,156</u>	<u>\$ 738,534</u>	<u>\$ 1,291,818</u>	<u>\$ 1,152,215</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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
<u>Assets</u>				
Cash and Cash Equivalents	\$ 320,500	\$ 590,515	\$ 911,015	\$ 125,451
Investments	249,122	1,164,535	1,413,657	48,278
Receivables (Net of allowance for uncollectible):	-	157,733	157,733	-
Prepaid Expenses	-	9,979	9,979	-
Internal Balances	80,000	(80,000)	-	-
Capital Assets:				
Land	70,507	-	70,507	-
Buildings and Improvements	277,488	1,057,762	1,335,250	53,438
Infrastructure	4,832,078	6,589,406	11,421,484	-
Vehicles and Equipment	634,456	648,601	1,283,057	25,226
Accumulated Depreciation	(1,127,554)	(3,522,098)	(4,649,652)	(29,638)
Total Assets	\$ 5,336,597	\$ 6,616,433	\$ 11,953,030	\$ 222,755
<u>Deferred Outflows of Resources</u>				
Future Pension Expense	\$ -	\$ 70,165	\$ 70,165	\$ -
<u>Liabilities</u>				
Accounts Payable	\$ 5,941	\$ 81,154	\$ 87,095	\$ -
Accrued Salaries	-	3,614	3,614	-
Compensated Absences	-	9,406	9,406	-
Accrued Interest Payable	-	2,141	2,141	-
Customer Deposits	-	133,755	133,755	-
Deposit Advances	-	113,000	113,000	-
Noncurrent Liabilities:				
Due Within One Year	86,418	81,999	168,417	-
Due In More Than One Year	229,244	1,313,758	1,543,002	-
Total Liabilities	321,603	1,738,827	2,060,430	-
<u>Net Position</u>				
Net Investment in Capital Assets	4,371,313	3,797,515	8,168,828	49,026
Restricted	506,907	-	506,907	173,729
Unrestricted	136,774	1,150,256	1,287,030	-
Total Net Position	\$ 5,014,994	\$ 4,947,771	\$ 9,962,765	\$ 222,755

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, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Functions/Programs							
Primary Government:							
Governmental Activities:							
General Government	\$ 266,895	\$ 68,031	\$ -	\$ -	\$ (198,864)	\$ (198,864)	
Public Safety	1,154,324	94,658	-	-	(1,059,666)	(1,059,666)	
Highways and Streets	503,826	-	-	518,419	14,593	14,593	
Miscellaneous - Cemetery	41,148	19,200	-	-	(21,948)	(21,948)	
Interest on Long-Term Debt	5,866	-	-	-	(5,866)	(5,866)	
Total Governmental Activities	<u>1,972,059</u>	<u>181,889</u>	<u>-</u>	<u>518,419</u>	<u>(1,271,751)</u>	<u>(1,271,751)</u>	
Business-type Activities:							
Water and Sewer	1,286,357	1,634,198	-	105,000	\$ 452,841	\$ 452,841	
Total Business-type Activities	<u>1,286,357</u>	<u>1,634,198</u>	<u>-</u>	<u>105,000</u>	<u>452,841</u>	<u>452,841</u>	
Total Primary Government	<u>\$ 3,258,416</u>	<u>\$ 1,816,087</u>	<u>\$ -</u>	<u>\$ 623,419</u>	<u>(1,271,751)</u>	<u>(818,910)</u>	
Component Unit:							
Library	\$ 80,983	\$ 3,449	\$ 10,401	\$ -			\$ (67,133)
General Revenues:							
Property Tax, Levied for General Purposes				284,260		284,260	76,888
Sales and Use Tax				602,439		602,439	-
Replacement Tax				6,446		6,446	1,294
State Income Tax				420,650		420,650	-
Motor Fuel Tax				112,362		112,362	-
Telecommunications Tax				74,190		74,190	-
Video Gaming Tax				16,855		16,855	-
Utility Tax				211,220		211,220	-
Franchise Fees				45,679		45,679	-
Unrestricted Investment Earnings				13,389	22,083	35,472	1,105
Miscellaneous				62,800		62,800	9,255
Transfers				(11,000)	11,000	-	-
Total General Revenues				<u>1,839,290</u>	<u>33,083</u>	<u>1,872,373</u>	<u>88,542</u>
Change in Net Position				567,539	485,924	1,053,463	21,409
Net Position - Beginning, As Restated				4,447,455	4,461,847	8,909,302	201,346
Net Position - Ending				<u>\$ 5,014,994</u>	<u>\$ 4,947,771</u>	<u>\$ 9,962,765</u>	<u>\$ 222,755</u>

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, 2017

	General	Municipal Utility Tax	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and Cash Equivalents	\$ 101,244	\$ 61,861	\$ 157,395	\$ 320,500
Investments	-	-	249,122	249,122
Due from Other Funds	-	353,760	100,390	454,150
Total Assets	\$ 101,244	\$ 415,621	\$ 506,907	\$ 1,023,772
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Payroll Withholdings	\$ 5,941	\$ -	\$ -	\$ 5,941
Due to Other Funds	367,472	6,678	-	374,150
Total Liabilities	373,413	6,678	-	380,091
Fund Balance:				
Nonspendable	-	-	209,040	209,040
Restricted	-	-	297,867	297,867
Committed	28,321	408,943	-	437,264
Unassigned	(300,490)	-	-	(300,490)
Total Fund Balance	(272,169)	408,943	506,907	643,681
Total Liabilities and Fund Balance	\$ 101,244	\$ 415,621	\$ 506,907	\$ 1,023,772

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, 2017

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 643,681
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	4,686,975
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	<u>(315,662)</u>
Net position of governmental activities	<u>\$ 5,014,994</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, 2017

	<u>General</u>	<u>Municipal Utility Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Tax	\$ 284,260	\$ -	\$ -	\$ 284,260
Intergovernmental:				
Replacement Tax	6,446	-	-	6,446
Sales Tax	359,126	-	135,370	494,496
State Income Tax	420,650	-	-	420,650
Local Use Tax	107,943	-	-	107,943
Motor Fuel Tax	-	-	112,362	112,362
Telecommunications Tax	74,190	-	-	74,190
Grant Receipts	-	49,671	-	49,671
Video Gaming Tax	16,855	-	-	16,855
Utility Tax	-	211,220	-	211,220
Licenses and Permits	37,636	-	-	37,636
Fines and Penalties	23,146	-	-	23,146
Rental Income	3,000	-	-	3,000
Franchise Fees	45,679	-	-	45,679
Other Fees	118,107	-	-	118,107
Investment Earnings	153	96	13,140	13,389
Reimbursements	73,972	-	-	73,972
Miscellaneous	22,541	36,287	-	58,828
Total Revenues	<u>1,593,704</u>	<u>297,274</u>	<u>260,872</u>	<u>2,151,850</u>
Expenditures:				
Current:				
General Government	256,546	-	4,467	261,013
Public Safety	1,140,898	-	-	1,140,898
Highways and Streets	352,081	6,886	91,630	450,597
Miscellaneous - Cemetery	40,623	-	-	40,623
Capital Outlay	-	171,016	64,655	235,671
Debt Service:				
Principal	32,996	65,023	-	98,019
Interest	3,595	2,271	-	5,866
Total Expenditures	<u>1,826,739</u>	<u>245,196</u>	<u>160,752</u>	<u>2,232,687</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(233,035)</u>	<u>52,078</u>	<u>100,120</u>	<u>(80,837)</u>
Other Financing Sources (Uses):				
Transfers In (Out)	55,536	(25,324)	(41,212)	(11,000)
Total Other Financing Sources (Uses)	<u>55,536</u>	<u>(25,324)</u>	<u>(41,212)</u>	<u>(11,000)</u>
Net Change in Fund Balances	(177,499)	26,754	58,908	(91,837)
Fund Balance (Deficit), Beginning of Year	<u>(94,670)</u>	<u>382,189</u>	<u>447,999</u>	<u>735,518</u>
Fund Balance (Deficit), End of Year	<u>\$ (272,169)</u>	<u>\$ 408,943</u>	<u>\$ 506,907</u>	<u>\$ 643,681</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, 2017

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

Net change in fund balances - total governmental funds \$ (91,837)

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 capital outlays (\$235,671) and capital contributions (\$468,748) exceeded depreciation expense (\$143,062) in the current year.

561,357

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.

98,019

Change in net position of governmental activities \$ 567,539

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, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 106,225	\$ 484,290	\$ 590,515
Investments	254,045	910,490	1,164,535
Receivables:			
Customers	59,127	73,561	132,688
Unbilled Revenue	11,223	13,822	25,045
Prepaid Expenses	3,308	6,671	9,979
Due From Other Funds	-	195,101	195,101
Total Current Assets	<u>433,928</u>	<u>1,683,935</u>	<u>2,117,863</u>
Noncurrent Assets:			
Property, Plant and Equipment:			
Buildings and Improvements	66,051	991,711	1,057,762
Distribution and Collection Systems	4,349,078	2,240,328	6,589,406
Vehicles and Equipment	127,774	520,827	648,601
	4,542,903	3,752,866	8,295,769
Less - Accumulated Depreciation	<u>1,407,394</u>	<u>2,114,704</u>	<u>3,522,098</u>
Net Property, Plant and Equipment	<u>3,135,509</u>	<u>1,638,162</u>	<u>4,773,671</u>
Total Assets	<u>\$ 3,569,437</u>	<u>\$ 3,322,097</u>	<u>\$ 6,891,534</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	<u>\$ 33,693</u>	<u>\$ 36,472</u>	<u>\$ 70,165</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts Payable	\$ 28,382	\$ 52,772	\$ 81,154
Accrued Salaries	1,553	2,061	3,614
Accrued Interest	2,141	-	2,141
Due To Other Funds	275,101	-	275,101
Current Portion of Debt	81,999	-	81,999
Deposit Advances	57,000	56,000	113,000
Compensated Absences	68,044	79,729	147,773
Customer Deposits	67,415	66,340	133,755
Total Current Liabilities	<u>581,635</u>	<u>256,902</u>	<u>838,537</u>
Noncurrent Liabilities:			
Net Pension Liability	135,048	146,186	281,234
Long Term Debt (Net of Current Portion)	<u>894,157</u>	<u>-</u>	<u>894,157</u>
Total Noncurrent Liabilities	<u>1,029,205</u>	<u>146,186</u>	<u>1,175,391</u>
Total Liabilities	<u>1,610,840</u>	<u>403,088</u>	<u>2,013,928</u>
<u>Net Position</u>			
Net Investment in Capital Assets	2,159,353	1,638,162	3,797,515
Unrestricted	<u>(167,063)</u>	<u>1,317,319</u>	<u>1,150,256</u>
Total Net Position	<u>\$ 1,992,290</u>	<u>\$ 2,955,481</u>	<u>\$ 4,947,771</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, 2017

	Water	Sewer	Total
Operating Revenue:			
Charges for Services:			
Water and Sewer Charges	\$ 725,304	\$ 836,921	\$ 1,562,225
Connection Fees	40,942	22,000	62,942
Miscellaneous	5,494	3,537	9,031
Total Operating Revenue	771,740	862,458	1,634,198
Operating Expenses:			
Personal Services	288,476	300,263	588,739
Contractual Services and Other	323,562	81,683	405,245
Supplies and Materials	5,259	11,347	16,606
Heat, Light and Power	9,276	61,041	70,317
Depreciation	105,362	78,186	183,548
Total Operating Expenses	731,935	532,520	1,264,455
Operating Income (Loss)	39,805	329,938	369,743
Nonoperating Revenues (Expenses):			
Interest Income	3,005	19,078	22,083
Interest Expense	(21,902)	-	(21,902)
Total Nonoperating Revenues (Expenses)	(18,897)	19,078	181
Income (Loss) Before Transfers and Contributions	20,908	349,016	369,924
Capital Contributions - Capital Grants	105,000	-	105,000
Transfers	11,000	-	11,000
Total Transfers and Contributions	116,000	-	116,000
Change in Net Position	136,908	349,016	485,924
Net Position, Beginning of Year	1,855,382	2,606,465	4,461,847
Net Position, End of Year	\$ 1,992,290	\$ 2,955,481	\$ 4,947,771

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, 2017

	Water	Sewer	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 763,027	\$ 844,296	\$ 1,607,323
Payments to Suppliers	(418,975)	(212,894)	(631,869)
Payments to Employees	<u>(209,231)</u>	<u>(225,757)</u>	<u>(434,988)</u>
Net Cash Provided by Operating Activities	<u>134,821</u>	<u>405,645</u>	<u>540,466</u>
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets	(435,454)	(362,335)	(797,789)
Payment of Debt Principal	(62,378)	-	(62,378)
Payment of Debt Interest	(22,069)	-	(22,069)
Capital Contributions	105,000	-	105,000
Proceeds from Loan	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Net Cash Provided (Used) by Capital Financing Activities	<u>(114,901)</u>	<u>(362,335)</u>	<u>(477,236)</u>
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments	(2,681)	(18,647)	(21,328)
Interest Income	<u>3,005</u>	<u>19,078</u>	<u>22,083</u>
Net Cash Provided by Investing Activities	<u>324</u>	<u>431</u>	<u>755</u>
Cash Flows from Non-Capital Financing Activities:			
Payments from (to) Other Funds	11,000	-	11,000
Customer Deposits	<u>(405)</u>	<u>(445)</u>	<u>(850)</u>
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>10,595</u>	<u>(445)</u>	<u>10,150</u>
Net Change in Cash and Cash Equivalents	30,839	43,296	74,135
Cash and Cash Equivalents, Beginning of Year	<u>75,386</u>	<u>440,994</u>	<u>516,380</u>
Cash and Cash Equivalents, End of Year	<u>\$ 106,225</u>	<u>\$ 484,290</u>	<u>\$ 590,515</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, 2017

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Income	\$ 39,805	\$ 329,938	\$ 369,743
Adjustments to Reconcile Net Income			
Net Cash Provided by Operating Activities:			
Depreciation	105,362	78,186	183,548
(Increase) Decrease in:			
Accounts Receivable	(2,530)	(9,671)	(12,201)
Unbilled Revenue	(2,183)	(4,491)	(6,674)
Prepaid Expenses	497	3,787	4,284
Future Pension Expense	9,242	9,714	18,956
Increase (Decrease) in:			
Accounts Payable	(6,948)	15,333	8,385
Accrued Salaries	36	(28)	8
Net Pension Liability	(16,113)	(16,420)	(32,533)
Compensated Absences	11,653	3,297	14,950
Deposit Advances	(4,000)	(4,000)	(8,000)
Net Cash Provided by Operating Activities	<u>\$ 134,821</u>	<u>\$ 405,645</u>	<u>\$ 540,466</u>

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

CITY OF LEBANON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2017

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.

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

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.

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.

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

(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.

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.

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

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:

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

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.

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

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.

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	<u>\$ 209,040</u>
Restricted:	
Motor Fuel Tax	\$ 140,985
Additional Sales Tax	<u>156,882</u>
	<u>\$ 297,867</u>
Committed:	
Municipal Utility Tax	\$ 408,943
Police Funds	<u>28,321</u>
	<u>\$ 437,264</u>

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.

(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.

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

(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.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

Governmental & Business-Type Activities

At April 30, 2017, the carrying amount of the City's deposits was \$2,121,217 and the bank balance was \$2,160,209. 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, 2017, cash deposit balances of \$902,308, which were in excess of FDIC insurance, were collateralized with investments by the financial institution. Cash deposit balances of \$24,452 were in excess of FDIC insurance and were not collateralized with other investments.

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

At April 30, 2017, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	--	\$ 203,455
Deposits as reported above		<u>2,121,217</u>
Total deposits and investments		<u>\$ 2,324,672</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 911,015
Investments		<u>1,413,657</u>
		<u>\$ 2,324,672</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, 2017, the City did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2017, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2017, the City did not have a foreign currency risk.

Component Unit

At April 30, 2017, the carrying amount of the component unit deposits were \$125,451 and the bank balance was \$125,713. The deposits were comprised of interest checking accounts, savings accounts and certificates of deposit. The Library has also invested funds in fixed annuities for \$48,278.

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.

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

Credit Risk. As of April 30, 2017, the component unit did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2017, the component unit did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2017, 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, 2017. These amounts are reported net of the applicable allowances for uncollectible accounts.

Receivables:	
Customer Accounts	\$ 132,688
Unbilled Revenue	<u>25,045</u>
	<u>\$ 157,733</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 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 2016 was 12.53 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.

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

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

Retirees and Beneficiaries	21
Inactive, non-Retired Members	16
Active Members	<u>22</u>
Total	<u>59</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 3.78%; and the resulting single discount rate is 7.50%.

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

Actuarial Valuation Date	12/31/16
Measurement Date of the Net Pension Liability	12/31/16
Fiscal Year End	04/30/17

Development of the Single Discount Rate as of December 31, 2016	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.78%
Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2116
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate calculated using December 31, 2015 Measurement Date	7.48%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2016.

Actuarial Assumptions. The following are the actuarial assumptions used in the calculation of the net pension liability.

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: 27 year closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	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	\$ 134,793
Interest on the Total Pension Liability	443,338
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(15,247)
Changes of assumptions	(17,416)
Benefit payments, including refunds of employee contributions	<u>(293,898)</u>
Net change in total pension liability	\$ 251,570
Total pension liability - beginning	<u>6,006,526</u>
Total pension liability - ending	<u>\$ 6,258,096</u>
Plan fiduciary net position	
Contributions - employer	\$ 155,460
Contributions - employee	55,832
Net investment income	348,197
Benefit payments, including refunds of employee contributions	(293,898)
Other (Net Transfer)	<u>81,098</u>
Net change in plan fiduciary net position	\$ 346,689
Plan fiduciary net position - beginning	<u>5,064,093</u>
Plan fiduciary net position - ending	<u>\$ 5,410,782</u>
Net pension liability/(asset)	<u>\$ 847,314</u>
Plan fiduciary net position as a percentage of the total pension liability	86.46%
Covered valuation payroll	\$ 1,240,704
Net pension liability as a percentage of covered valuation payroll	68.29%

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.

	<u>Current Single Discount</u>		
	<u>1% Decrease</u> 6.50%	<u>Rate Assumption</u> 7.50%	<u>1% Increase</u> 8.50%
Total Pension Liability	\$ 7,202,406	\$ 6,258,006	\$ 5,489,515
Plan Fiduciary Net Position	<u>5,410,782</u>	<u>5,410,782</u>	<u>5,410,782</u>
Net Pension Liability/(Asset)	<u>\$ 1,791,624</u>	<u>\$ 847,224</u>	<u>\$ 78,733</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.

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual experience	\$ -	\$ 67,874
Changes in assumptions	5,026	13,701
Subsequent employer contributions		
Net difference between projected and actual earnings	50,420	-
on pension plan investments	<u>237,526</u>	<u>-</u>
Total	<u>\$ 292,972</u>	<u>\$ 81,575</u>

<u>Year Ending</u> <u>December 31,</u>	<u>Net Deferred</u> <u>Outflows of</u> <u>Resources</u>
2017	\$ 102,795
2018	52,375
2019	54,713
2020	1,514
2021	<u>-</u>
	<u>\$ 211,397</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, 2017.

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.

\$ 157,215

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.

\$ 79,687

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.

\$ 19,001

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.

\$ 59,759

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.

\$ 685,047

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.

\$ 291,109

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

Year Ended April 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 86,418	\$ 3,744	\$ 81,999	\$ 25,147
2019	87,323	2,839	84,203	22,943
2020	58,359	1,923	86,451	20,695
2021	59,299	984	88,795	18,351
2022	24,263	134	91,185	15,961
2023-2027	-	-	473,224	41,782
2028	-	-	70,299	1,321
	<u>\$ 315,662</u>	<u>\$ 9,624</u>	<u>\$ 976,156</u>	<u>\$ 146,200</u>

The following is a summary of changes in long-term debt for the year ended April 30, 2016.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Notes Payable	\$ 413,681	\$ -	\$ 98,019	\$ 315,662	\$ 86,418
	<u>\$ 413,681</u>	<u>\$ -</u>	<u>\$ 98,019</u>	<u>\$ 315,662</u>	<u>\$ 86,418</u>
<u>Business-type Activities:</u>					
Note Payable	\$ 738,534	\$ 300,000	\$ 62,378	\$ 976,156	\$ 81,999
Net Pension Liability	313,767	-	32,533	281,234	-
Compensated Absences	122,952	15,415	-	138,367	-
	<u>\$ 1,175,253</u>	<u>\$ 315,415</u>	<u>\$ 94,911</u>	<u>\$ 1,395,757</u>	<u>\$ 81,999</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 12, 2016. 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		
		2015	2014	2013
<u>Tax Rates:</u>				
General	\$ 0.3300	\$ 0.3300	\$ 0.3300	\$ 0.3300
Audit	None	0.0139	0.0140	0.0139
Emergency Services	0.0500	0.0005	0.0005	0.0005
Library	0.1500	0.1421	0.1437	0.1341
Social Security/Medicare	None	0.0825	0.0833	0.0829
Totals		<u>\$ 0.5690</u>	<u>\$ 0.5715</u>	<u>\$ 0.5614</u>
Assessed Valuation		<u>\$ 54,325,981</u>	<u>\$ 54,094,781</u>	<u>\$ 54,094,781</u>
<u>Tax Extensions:</u>				
General		\$ 179,276	\$ 177,587	\$ 178,513
Audit		7,551	7,534	7,519
Emergency Services		271	269	270
Library		77,197	77,331	72,541
Social Security/Medicare		44,819	44,827	44,845
Totals		<u>\$ 309,114</u>	<u>\$ 307,548</u>	<u>\$ 303,688</u>
Collections		<u>\$ 307,826</u>	<u>\$ 305,352</u>	<u>\$ 300,515</u>
Percentage of Extensions Collected		<u>99.58%</u>	<u>99.29%</u>	<u>98.96%</u>

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

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 70,507	\$ -	\$ -	\$ 70,507
Capital assets, being depreciated:				
Buildings and improvements	273,610	3,878	-	277,488
Vehicles and equipment	634,456	-	-	634,456
Infrastructure	<u>4,131,537</u>	<u>700,541</u>	-	<u>4,832,078</u>
Total capital assets being depreciated	<u>5,039,603</u>	<u>704,419</u>	-	<u>5,744,022</u>
Less accumulated depreciation for:				
Buildings and improvements	160,486	8,205	-	168,691
Vehicles and equipment	423,615	30,898	-	454,513
Infrastructure	<u>400,391</u>	<u>103,959</u>	-	<u>504,350</u>
Total accumulated depreciation	<u>984,492</u>	<u>143,062</u>	-	<u>1,127,554</u>
Total capital assets, being depreciated, net	<u>4,055,111</u>	<u>561,357</u>	-	<u>4,616,468</u>
Governmental activities capital assets, net	<u>\$ 4,125,618</u>	<u>\$ 561,357</u>	<u>\$ -</u>	<u>\$ 4,686,975</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 718,567	\$ 339,195	\$ -	\$ 1,057,762
Distribution and collection systems	6,136,312	453,094	-	6,589,406
Vehicles and equipment	<u>643,101</u>	<u>5,500</u>	-	<u>648,601</u>
Total capital assets, being depreciated	<u>7,497,980</u>	<u>797,789</u>	-	<u>8,295,769</u>
Less accumulated depreciation for:				
Buildings and improvements	367,592	11,031	-	378,623
Distribution and collection systems	2,477,108	137,229	-	2,614,337
Vehicles and equipment	<u>493,850</u>	<u>35,288</u>	-	<u>529,138</u>
Total accumulated depreciation	<u>3,338,550</u>	<u>183,548</u>	-	<u>3,522,098</u>
Business-type activities capital assets, net	<u>\$ 4,159,430</u>	<u>\$ 614,241</u>	<u>\$ -</u>	<u>\$ 4,773,671</u>

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

<u>Governmental activities:</u>	
General government	\$ 5,882
Public safety	13,426
Highways and street	123,229
Miscellaneous - cemetery	<u>525</u>
Total depreciation expense - governmental activities	<u>\$ 143,062</u>
Business-type activities - water and sewer	<u>\$ 183,548</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, 2017 are as follows:

	Interfund Receivable/ (Payable)
General Fund Due (To):	
Municipal Utility Tax Fund	\$ (273,760)
Additional Sales Tax Fund	(93,712)
Municipal Utility Tax Fund Due (To):	
General Fund	273,760
Motor Fuel Tax Fund	(6,678)
Water Fund	80,000
Additional Sales Tax Fund Due From:	
General Fund	93,712
Motor Fuel Tax Fund Due (To):	
Municipal Utility Tax Fund	6,678
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 23, 2017 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.

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

NOTE 10: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2017:

General Fund Transfer From:	
Cemetery Care Fund	\$ 3,513
Additional Sales Tax Fund	23,239
Utility Tax Fund	28,784
Cemetery Care Fund Transfer (To):	
General Fund	(3,513)
Municipal Utility Tax Fund Transfer (To):	
Additional Sales Tax Fund	3,260
Project 250 Fund	200
General Fund	(28,784)
Motor Fuel Tax Fund Transfer From (To):	
Water Fund	(11,000)
Additional Sales Tax Fund Transfer From:	
Municipal Utility Tax Fund	(3,260)
General Fund	(23,239)
Water Fund Transfer From:	
Motor Fuel Tax Fund	11,000
Project 250 Fund Transfer (To):	
Municipal Utility Tax Fund	<u>(200)</u>
	<u>\$ -</u>

Transfers were made between funds to transfer unrestricted interest income and to reimburse costs related to capital asset additions.

NOTE 11: ACTUAL EXPENDITURES IN EXCESS OF BUDGET

The actual expenditures for the General Fund of \$1,826,739 exceeded the budgeted amount of \$1,752,176 for the year ended April 30, 2017. The actual expenditures for the Municipal Utility Tax Fund of \$245,196 exceeded the budgeted amount of \$157,260 for the year ended April 30, 2017.

CITY OF LEBANON, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Final</u>	(Budget Basis)
Revenues:			
Property Tax	\$ 291,800	\$ 291,800	\$ 284,260
Replacement Tax	5,000	5,000	6,446
Sales Tax	430,000	430,000	359,126
State Income Tax	450,000	450,000	420,650
Local Use Tax	85,000	85,000	107,943
Telecommunications Tax	105,000	105,000	74,190
Video Gaming Tax	1,200	1,200	16,855
Franchise Fees	53,000	53,000	45,679
Licenses and Permits	52,500	52,500	37,636
Fines and Penalties	26,000	26,000	23,146
Rental Income	2,500	2,500	3,000
Fees	126,500	126,500	118,107
Investment Earnings	3,500	3,500	153
Reimbursement of Expenses	60,000	60,000	73,972
Miscellaneous	<u>27,000</u>	<u>27,000</u>	<u>22,541</u>
Total Revenues	<u>1,719,000</u>	<u>1,719,000</u>	<u>1,593,704</u>
Expenditures:			
Current:			
General Government	244,305	232,805	256,546
Public Safety	1,072,078	1,072,078	1,140,898
Highways and Streets	368,000	368,000	352,081
Miscellaneous - Cemetery	36,120	36,120	40,623
Capital Outlay	32,776	32,776	-
Debt Service:			
Principal	10,397	10,397	32,996
Interest	-	-	3,595
Total Expenditures	<u>1,763,676</u>	<u>1,752,176</u>	<u>1,826,739</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(44,676)</u>	<u>(33,176)</u>	<u>(233,035)</u>
Other Financing Sources:			
Transfers From (To) Other Funds	3,000	3,000	55,536
Proceeds from Debt	-	-	-
Total Other Financing Sources	<u>3,000</u>	<u>3,000</u>	<u>55,536</u>
Net Change in Fund Balances	<u>\$ (41,676)</u>	<u>\$ (30,176)</u>	(177,499)
No change for modified cash basis reporting			-
As reported on the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions			<u>\$ (177,499)</u>

CITY OF LEBANON, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 MODIFIED CASH BASIS
 MUNICIPAL UTILITY TAX FUND
 FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Revenues:			
Utility Tax	\$ 190,000	\$ 190,000	\$ 211,220
Grants	-	-	49,671
Investment Earnings	-	-	96
Miscellaneous	-	-	36,287
Total Revenues	<u>190,000</u>	<u>190,000</u>	<u>297,274</u>
Expenditures:			
Highways and Streets	15,000	15,000	6,886
Capital Outlay	105,000	105,000	171,016
Debt Service	<u>37,260</u>	<u>37,260</u>	<u>67,294</u>
Total Expenditures	<u>157,260</u>	<u>157,260</u>	<u>245,196</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>32,740</u>	<u>32,740</u>	<u>52,078</u>
Other Financing Sources (Uses):			
Transfers To Other Funds	-	-	(25,324)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(25,324)</u>
Net Change in Fund Balances	<u>\$ 32,740</u>	<u>\$ 32,740</u>	26,754
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>\$ 26,754</u>

CITY OF LEBANON, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2017

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

CITY OF LEBANON, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2017

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

Actuarial valuation date for above is December 31, 2016.

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:	27 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, 2017

	<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>Project 250</u>	<u>Cemetery Care</u>	
<u>Assets</u>					
Cash and Cash Equivalents	\$ 88,640	\$ 63,170	\$ -	\$ 5,585	\$ 157,395
Investments	45,667	-	-	203,455	249,122
Due from Other Funds	<u>6,678</u>	<u>93,712</u>	<u>-</u>	<u>-</u>	<u>100,390</u>
Total Assets	<u>140,985</u>	<u>156,882</u>	<u>-</u>	<u>209,040</u>	<u>506,907</u>
 <u>Liabilities and Fund Balance</u>					
Liabilities:					
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:					
Nonspendable	-	-	-	209,040	209,040
Committed	-	-	-	-	-
Restricted	<u>140,985</u>	<u>156,882</u>	<u>-</u>	<u>-</u>	<u>297,867</u>
Total Fund Balance	<u>140,985</u>	<u>156,882</u>	<u>-</u>	<u>209,040</u>	<u>506,907</u>
Total Liabilities and Fund Balance	<u>\$ 140,985</u>	<u>\$ 156,882</u>	<u>\$ -</u>	<u>\$ 209,040</u>	<u>\$ 506,907</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, 2017

	<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>Project 250</u>	<u>Cemetery Care</u>	
Revenues:					
Motor Fuel Tax	\$ 112,362	\$ -	\$ -	\$ -	\$ 112,362
Sales Tax	-	135,370	-	-	135,370
Investment Earnings	309	131	-	12,700	13,140
Total Revenues	<u>112,671</u>	<u>135,501</u>	<u>-</u>	<u>12,700</u>	<u>260,872</u>
Expenditures:					
Current:					
General Government	-	2,448	40	1,979	4,467
Highways and Streets	91,630	-	-	-	91,630
Capital Outlay	-	61,336	3,319	-	64,655
Total Expenditures	<u>91,630</u>	<u>63,784</u>	<u>3,359</u>	<u>1,979</u>	<u>160,752</u>
Excess (Deficiency) of Revenues Over Expenditures	21,041	71,717	(3,359)	10,721	100,120
Other Financing Sources (Uses):					
Transfers In (Out)	<u>(11,000)</u>	<u>(26,499)</u>	<u>(200)</u>	<u>(3,513)</u>	<u>(41,212)</u>
Total Other Financing Sources (Uses)	<u>(11,000)</u>	<u>(26,499)</u>	<u>(200)</u>	<u>(3,513)</u>	<u>(41,212)</u>
Net Change in Fund Balances	10,041	45,218	(3,559)	7,208	58,908
Fund Balance, Beginning of Year	<u>130,944</u>	<u>111,664</u>	<u>3,559</u>	<u>201,832</u>	<u>447,999</u>
Fund Balance, End of Year	<u>\$ 140,985</u>	<u>\$ 156,882</u>	<u>\$ -</u>	<u>\$ 209,040</u>	<u>\$ 506,907</u>