

CITY OF LEBANON, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
APRIL 30, 2022

CITY OF LEBANON, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Lebanon, Illinois ("City"), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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), 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, 2022, 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 for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Lebanon, Illinois and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—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.

Responsibilities of Management 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis, budgetary comparison, and pension funding information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

C. J. Schlueter & Company, LLC

Certified Public Accountants

Alton, Illinois

August 23, 2022

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, 2022. 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 ten 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 three major funds: General Fund, Motor Fuel Tax 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 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 \$15,157,463 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, 2022	April 30, 2021	April 30, 2022	April 30, 2021	April 30, 2022	April 30, 2021
Current and other assets	\$ 1,749,099	\$ 1,020,044	\$ 4,258,543	\$ 3,633,669	\$ 6,007,642	\$ 4,653,713
Capital assets	4,310,194	4,323,921	16,511,360	16,625,575	20,821,554	20,949,496
Total assets	6,059,293	5,343,965	20,769,903	20,259,244	26,829,196	25,603,209
Deferred outflows	-	-	71,076	203,673	71,076	203,673
Long-term liabilities outstanding	150,312	101,815	10,228,386	10,354,238	10,378,698	10,456,053
Other liabilities	9,143	8,122	991,573	1,075,141	1,000,716	1,083,263
Total liabilities	159,455	109,937	11,219,959	11,429,379	11,379,414	11,539,316
Deferred inflows	-	-	363,395	301,411	363,395	301,411
Net position:						
Net investment in capital assets	4,159,882	4,222,106	6,453,762	6,473,191	10,613,644	10,695,297
Restricted	1,232,422	1,047,678	-	-	1,232,422	1,047,678
Unrestricted	507,534	(36,356)	2,803,863	2,258,936	3,311,397	2,222,580
Total net position	\$ 5,899,838	\$ 5,233,428	\$ 9,257,625	\$ 8,732,127	\$ 15,157,463	\$ 13,965,555

Total net position increased \$1,191,908 resulting in a balance of \$15,157,463 as of April 30, 2022. Current assets, which include cash, investments and accounts receivable, increased \$1,353,929. Non-current assets decreased \$127,942. Current liabilities, which include accounts payable, advance payments for water and sewer tap deposits and customer deposits, decreased \$82,547. Long-term liabilities decreased \$77,355 primarily due to the debt maturities.

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

ANALYSIS OF NET POSITION

<u>Analysis of Net Position</u>	<u>2022</u>		<u>2021</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Net invested in capital assets	70.0%	\$ 10,613,644	76.6%	\$ 10,695,297
Restricted	8.1%	1,232,422	7.5%	1,047,678
Unrestricted	<u>21.8%</u>	<u>3,311,397</u>	<u>15.9%</u>	<u>2,222,580</u>
Total net position	<u>100.0%</u>	<u>\$ 15,157,463</u>	<u>100.0%</u>	<u>\$ 13,965,555</u>

Total net position balances increased by \$1,191,908 in fiscal year 2022 to a total ending balance of \$15,157,463. Capital net position balances decreased by \$81,653 in the current year due to capital additions of \$236,749 that were offset by depreciation of \$364,691 and additional capital related debt. 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>2022</u>	<u>2021</u>
Property tax	\$ 338,349	\$ 305,393
Other charges for services	228,314	196,371
Sales and use tax	886,866	693,115
State income tax	652,699	506,468
Motor fuel tax	175,851	156,731
Replacement tax	15,521	6,305
Excise tax	36,499	48,905
Video gaming tax	102,179	45,248
Utility tax	266,661	244,669
Grants and contributions	385,418	347,136
Franchise fees	39,374	41,558
Investment Income	(14,416)	35,686
Other miscellaneous	<u>35,586</u>	<u>29,348</u>
	<u>\$ 3,148,901</u>	<u>\$ 2,656,933</u>

Total governmental revenues increased \$491,968 for the year ended April 30, 2022. The primary reason for the change is related to sales and income taxes which were significantly higher in the current year. The majority of the revenue categories had modest increases in 2022.

<u>Expenditures by category</u>	<u>2022</u>		<u>2021</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
General government	12.6%	\$ 309,810	13.7%	\$ 334,983
Public safety	53.7%	1,318,786	53.9%	1,316,478
Highways and streets	30.2%	741,862	30.5%	745,857
Miscellaneous - Cemetery	1.8%	43,260	1.6%	37,932
Development	1.7%	40,729	0.1%	2,278
Interest on Long-Term Debt	<u>0.1%</u>	<u>2,666</u>	<u>0.2%</u>	<u>4,589</u>
Total expenditures	<u>100.0%</u>	<u>\$ 2,457,113</u>	<u>100.0%</u>	<u>\$ 2,442,117</u>

CITY OF LEBANON, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The City increased expenses in the governmental activities by \$14,996. In both years, the largest category of expense is public safety which consists of the City's 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>2022</u>	<u>2021</u>
General government	\$ 10,435	\$ 8,881
Public safety	34,247	26,808
Highways and streets	<u>144,871</u>	<u>149,465</u>
Total depreciation	<u>\$ 189,553</u>	<u>\$ 185,154</u>

Total capital outlay expenditures for the governmental activities in the current year totaled \$175,826 which is slightly lower in comparison to the current year depreciation.

BUSINESS-TYPE ACTIVITIES

<u>Revenues by type</u>	<u>2022</u>	<u>2021</u>
Water and sewer charges	\$ 1,933,355	\$ 1,899,745
Investment Income	<u>19,203</u>	<u>18,802</u>
	<u>\$ 1,952,558</u>	<u>\$ 1,918,547</u>

Water and sewer revenue for charges increased by \$34,011 in the current year. The City did not receive any grants related to the enterprise funds in the year ended April 30, 2022.

<u>Operating Expenditures</u>	<u>2022</u>		<u>2021</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
Personal services	44.6%	\$ 588,184	45.3%	\$ 594,177
Contractual services	31.7%	417,753	34.8%	457,454
Supplies and materials	1.4%	18,617	1.1%	13,790
Heat, light and power	9.0%	118,126	5.3%	69,843
Depreciation	<u>13.3%</u>	<u>175,138</u>	<u>13.5%</u>	<u>177,790</u>
Total expenditures	<u>100.0%</u>	<u>\$ 1,317,818</u>	<u>100.0%</u>	<u>\$ 1,313,054</u>

Expenses in the business type activities increased by \$4,764. As in the prior year, the largest categories of operating expense were for personal services and contractual services.

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 2022, the City's governmental funds reported combined ending fund balances of \$1,739,956, an increase of \$728,634 in comparison with the prior year. The total amount constitutes balances which are available for spending at the City's discretion. However, \$1,870,979 of the balance has been restricted or 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 \$(311,353). As a measure of the General Fund's liquidity, it is useful to compare the unassigned 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 increased by \$382,641 during the current fiscal year.

The motor fuel tax fund reported an increase of \$57,712 for an ending fund balance of \$350,883. The municipal utility tax fund reported an increase of \$140,388 for an ending fund balance of \$859,965.

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 \$2,803,863, an increase of \$544,927. 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	\$ 2,095,284	\$ 2,076,342

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,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>
Land	\$ 96,345	\$ 96,345	\$ -	\$ -	\$ 96,345	\$ 96,345
Buildings and Improvements	78,456	78,456	12,976,750	12,976,750	13,055,206	13,055,206
Vehicles and Equipment	243,895	243,895	63,863	63,863	307,758	307,758
Infrastructure Systems	3,905,225	3,905,225	3,584,962	3,584,962	7,490,187	7,490,187
Total net assets	<u>\$ 4,323,921</u>	<u>\$ 4,323,921</u>	<u>\$ 16,625,575</u>	<u>\$ 16,625,575</u>	<u>\$ 20,949,496</u>	<u>\$ 20,949,496</u>

The City's investment in capital assets for its governmental and business-type activities as of April 30, 2022, amounts to \$20,821,554, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, equipment, vehicles and infrastructure. The total decrease in capital assets for the current year was \$127,942. This decrease is due to capital acquisitions of \$236,749 that were offset by current year depreciation expense of \$364,691. The largest outlays in the current year were related to expenditures for the watermain replacement, the City Hall HVAC system, and vehicles. Capital assets are described in additional detail in Note 8 of the financial statements.

Long-term Debt

At the end of 2022, the City had total long-term debt obligations for governmental activities and business-type activities in the amount of \$150,312 and \$10,057,598, respectively, compared to \$101,815 and \$10,152,384 at the end of 2021. The City entered into a new loan agreement in the current year for vehicles.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>	<u>April 30,</u> <u>2022</u>	<u>April 30,</u> <u>2021</u>
Notes Payable	<u>\$ 150,312</u>	<u>\$ 101,815</u>	<u>\$ 10,057,598</u>	<u>\$ 10,152,384</u>	<u>\$ 10,207,910</u>	<u>\$10,254,199</u>

Other information related to long-term debt is described in more detail in Note 6 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 - MODIFIED CASH BASIS)
APRIL 30, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 1,454,233	\$ 2,241,466	\$ 3,695,699
Investments	214,866	1,652,275	1,867,141
Receivables (Net of allowance for uncollectible):	-	171,465	171,465
Prepaid Expenses	-	16,880	16,880
Internal Balances	80,000	(80,000)	-
Net Pension Asset	-	256,457	256,457
Capital Assets:			
Land	96,345	-	96,345
Buildings and Improvements	297,695	13,384,922	13,682,617
Infrastructure	4,931,039	6,855,651	11,786,690
Vehicles and Equipment	978,301	600,726	1,579,027
Accumulated Depreciation	<u>(1,993,186)</u>	<u>(4,329,939)</u>	<u>(6,323,125)</u>
Capital Assets, Net	<u>4,310,194</u>	<u>16,511,360</u>	<u>20,821,554</u>
Total Assets	<u>\$ 6,059,293</u>	<u>\$ 20,769,903</u>	<u>\$ 26,829,196</u>
<u>Deferred Outflows of Resources</u>			
Pension Plan Obligations	<u>\$ -</u>	<u>\$ 71,076</u>	<u>\$ 71,076</u>
<u>Liabilities</u>			
Accounts Payable	\$ 9,143	\$ 637,333	\$ 646,476
Accrued Salaries	-	24,402	24,402
Compensated Absences	-	19,398	19,398
Accrued Interest Payable	-	55,685	55,685
Customer Deposits	-	166,755	166,755
Deposit Advances	-	88,000	88,000
Noncurrent Liabilities:			
Due Within One Year	46,862	351,334	398,196
Due In More Than One Year	<u>103,450</u>	<u>9,877,052</u>	<u>9,980,502</u>
Total Liabilities	<u>159,455</u>	<u>11,219,959</u>	<u>11,379,414</u>
<u>Deferred Inflows of Resources</u>			
Pension Plan Obligations	<u>\$ -</u>	<u>\$ 363,395</u>	<u>\$ 363,395</u>
<u>Net Position</u>			
Net Investment in Capital Assets	4,159,882	6,453,762	10,613,644
Restricted	1,232,422	-	1,232,422
Unrestricted	<u>507,534</u>	<u>2,803,863</u>	<u>3,311,397</u>
Total Net Position	<u>\$ 5,899,838</u>	<u>\$ 9,257,625</u>	<u>\$ 15,157,463</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 - MODIFIED CASH BASIS)
FOR THE YEAR ENDED APRIL 30, 2022**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 309,810	\$ 89,196	\$ -	\$ -	\$ (220,614)	\$ -	\$ (220,614)
Public Safety	1,318,786	119,318	288,363	-	(911,105)		(911,105)
Highways and Streets	741,862	-	-	97,055	(644,807)		(644,807)
Miscellaneous - Cemetery	43,260	19,800	-	-	(23,460)		(23,460)
Development	40,729	-	-	-	(40,729)		(40,729)
Interest on Long-Term Debt	2,666	-	-	-	(2,666)		(2,666)
Total Governmental Activities	2,457,113	228,314	288,363	97,055	(1,843,381)		(1,843,381)
Business-type Activities:							
Water and Sewer	1,452,438	1,933,355	-	-	\$ 480,917	\$ 480,917	480,917
Total Business-type Activities	1,452,438	1,933,355	-	-	480,917	480,917	480,917
Total Government	\$ 3,909,551	\$ 2,161,669	\$ 288,363	\$ 97,055	(1,843,381)	480,917	(1,362,464)
General Revenues:							
Property Tax, Levied for General Purposes					338,349	-	338,349
Sales and Use Tax					886,866	-	886,866
Replacement Tax					15,521	-	15,521
State Income Tax					652,699	-	652,699
Motor Fuel Tax					175,851	-	175,851
Excise Tax					36,499	-	36,499
Video Gaming Tax					102,179	-	102,179
Utility Tax					266,661	-	266,661
Franchise Fees					39,374	-	39,374
Unrestricted Investment Earnings					(14,416)	19,203	4,787
Miscellaneous					35,586	-	35,586
Transfers					(25,378)	25,378	-
Total General Revenues					2,509,791	44,581	2,554,372
Change in Net Position					666,410	525,498	1,191,908
Net Position - Beginning					5,233,428	8,732,127	13,965,555
Net Position - Ending					\$ 5,899,838	\$ 9,257,625	\$ 15,157,463

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, 2022

	<u>General</u>	<u>Motor Fuel Tax</u>	<u>Municipal Utility Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 593,503	\$ 344,205	\$ 232,293	\$ 284,232	\$ 1,454,233
Investments	-	-	-	214,866	214,866
Due from Other Funds	-	6,678	634,350	409,068	1,050,096
Total Assets	<u>593,503</u>	<u>350,883</u>	<u>866,643</u>	<u>908,166</u>	<u>2,719,195</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Payroll Withholdings	9,143	-	-	-	9,143
Due to Other Funds	895,713	-	6,678	67,705	970,096
Total Liabilities	<u>904,856</u>	<u>-</u>	<u>6,678</u>	<u>67,705</u>	<u>979,239</u>
Fund Balance:					
Nonspendable	-	-	-	221,408	221,408
Restricted	-	350,883	-	660,131	1,011,014
Committed	-	-	859,965	-	859,965
Unassigned	(311,353)	-	-	(41,078)	(352,431)
Total Fund Balance	<u>(311,353)</u>	<u>350,883</u>	<u>859,965</u>	<u>840,461</u>	<u>1,739,956</u>
Total Liabilities and Fund Balance	<u>\$ 593,503</u>	<u>\$ 350,883</u>	<u>\$ 866,643</u>	<u>\$ 908,166</u>	<u>\$ 2,719,195</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
APRIL 30, 2022**

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 1,739,956
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	4,310,194
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	<u>(150,312)</u>
Net position of governmental activities	<u>\$ 5,899,838</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, 2022

	General	Motor Fuel Tax	Municipal Utility Tax	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Tax	\$ 299,626	\$ -	\$ -	\$ 38,723	\$ 338,349
Intergovernmental:					
Replacement Tax	15,521	-	-	-	15,521
Sales and Use Tax	698,893	-	-	187,973	886,866
State Income Tax	652,699	-	-	-	652,699
Motor Fuel Tax	-	175,851	-	-	175,851
Excise Tax	36,499	-	-	-	36,499
Video Gaming Tax	102,179	-	-	-	102,179
Grants	288,363	97,055	-	-	385,418
Utility Tax	-	-	266,661	-	266,661
Licenses and Permits	38,231	-	-	-	38,231
Fines and Penalties	4,425	-	-	43,423	47,848
Rental Income	3,000	-	-	-	3,000
Franchise Fees	39,374	-	-	-	39,374
Other Fees	139,235	-	-	-	139,235
Investment Earnings	928	636	306	(16,286)	(14,416)
Reimbursements	1,569	-	-	-	1,569
Miscellaneous	27,853	325	-	5,839	34,017
Total Revenues	<u>2,348,395</u>	<u>273,867</u>	<u>266,967</u>	<u>259,672</u>	<u>3,148,901</u>
Expenditures:					
Current:					
General Government	244,781	-	32,532	22,062	299,375
Public Safety	1,235,284	-	-	49,255	1,284,539
Highways and Streets	376,139	190,420	24,433	5,999	596,991
Miscellaneous - Cemetery	43,024	-	-	236	43,260
Development	-	-	22,827	17,902	40,729
Capital Outlay	128,302	25,735	9,055	12,734	175,826
Debt Service:					
Principal	46,151	-	12,349	-	58,500
Interest	2,661	-	5	-	2,666
Total Expenditures	<u>2,076,342</u>	<u>216,155</u>	<u>101,201</u>	<u>108,188</u>	<u>2,501,886</u>
Excess of Revenues Over Expenditures	<u>272,053</u>	<u>57,712</u>	<u>165,766</u>	<u>151,484</u>	<u>647,015</u>
Other Financing Sources (Uses):					
Proceeds From Debt	106,997	-	-	-	106,997
Transfers In (Out)	3,591	-	(25,378)	(3,591)	(25,378)
Total Other Financing Sources (Uses)	<u>110,588</u>	<u>-</u>	<u>(25,378)</u>	<u>(3,591)</u>	<u>81,619</u>
Net Change in Fund Balances	382,641	57,712	140,388	147,893	728,634
Fund Balance (Deficit), Beginning of Year	<u>(693,994)</u>	<u>293,171</u>	<u>719,577</u>	<u>692,568</u>	<u>1,011,322</u>
Fund Balance (Deficit), End of Year	<u>\$ (311,353)</u>	<u>\$ 350,883</u>	<u>\$ 859,965</u>	<u>\$ 840,461</u>	<u>\$ 1,739,956</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, 2022

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

Net change in fund balances - total governmental funds	\$ 728,634
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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 (\$189,553) exceeded capital outlays (\$175,826) in the current year.	(13,727)
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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.	<u>(48,497)</u>
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Change in net position of governmental activities	<u>\$ 666,410</u>
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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, 2022

	<u>Assets</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current Assets:				
Cash and Cash Equivalents	\$	320,747	\$	1,920,719
Investments		315,275		1,337,000
Receivables:				
Customers		44,739	86,237	130,976
Unbilled Revenue		17,028	23,461	40,489
Prepaid Expenses		4,124	12,756	16,880
Due From Other Funds		-	195,101	195,101
Total Current Assets		<u>701,913</u>	<u>3,575,274</u>	<u>4,277,187</u>
Noncurrent Assets:				
Net Pension Asset		112,311	144,146	256,457
Property, Plant and Equipment:				
Buildings and Improvements		66,051	13,318,871	13,384,922
Distribution and Collection Systems		4,406,701	2,448,950	6,855,651
Vehicles and Equipment		100,417	500,309	600,726
		<u>4,573,169</u>	<u>16,268,130</u>	<u>20,841,299</u>
Less - Accumulated Depreciation		<u>1,917,461</u>	<u>2,412,478</u>	<u>4,329,939</u>
Net Property, Plant and Equipment		<u>2,655,708</u>	<u>13,855,652</u>	<u>16,511,360</u>
Total Assets	\$	<u>3,469,932</u>	\$	<u>17,575,072</u>
				<u>\$ 21,045,004</u>
<u>Deferred Outflows of Resources</u>				
Pension Plan Obligations	\$	<u>31,126</u>	\$	<u>39,950</u>
				<u>\$ 71,076</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$	35,220	\$	602,113
Accrued Salaries		11,313		13,089
Accrued Interest		1,240		54,445
Due To Other Funds		275,101	-	275,101
Current Portion of Debt		93,640	257,694	351,334
Deposit Advances		44,000	44,000	88,000
Compensated Absences		115,742	74,444	190,186
Customer Deposits		84,040	82,715	166,755
Total Current Liabilities		<u>660,296</u>	<u>1,128,500</u>	<u>1,788,796</u>
Noncurrent Liabilities:				
Long Term Debt (Net of Current Portion)		<u>449,302</u>	<u>9,256,962</u>	<u>9,706,264</u>
Total Noncurrent Liabilities		<u>449,302</u>	<u>9,256,962</u>	<u>9,706,264</u>
Total Liabilities	\$	<u>1,109,598</u>	\$	<u>10,385,462</u>
				<u>\$ 11,495,060</u>
<u>Deferred Inflows of Resources</u>				
Pension Plan Obligations	\$	<u>159,142</u>	\$	<u>204,253</u>
				<u>\$ 363,395</u>
<u>Net Position</u>				
Net Investment in Capital Assets		2,112,766	4,340,996	6,453,762
Unrestricted		<u>119,552</u>	<u>2,684,311</u>	<u>2,803,863</u>
Total Net Position	\$	<u>2,232,318</u>	\$	<u>7,025,307</u>
				<u>\$ 9,257,625</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, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenue:			
Charges for Services:			
Water and Sewer Charges	\$ 799,593	\$ 1,092,236	\$ 1,891,829
Connection Fees	21,742	13,000	34,742
Miscellaneous	<u>5,522</u>	<u>1,262</u>	<u>6,784</u>
Total Operating Revenue	<u>826,857</u>	<u>1,106,498</u>	<u>1,933,355</u>
Operating Expenses:			
Personal Services	264,696	323,488	588,184
Contractual Services and Other	334,290	83,463	417,753
Supplies and Materials	11,135	7,482	18,617
Heat, Light and Power	11,264	106,862	118,126
Depreciation	<u>111,887</u>	<u>63,251</u>	<u>175,138</u>
Total Operating Expenses	<u>733,272</u>	<u>584,546</u>	<u>1,317,818</u>
Operating Income	<u>93,585</u>	<u>521,952</u>	<u>615,537</u>
Nonoperating Revenues (Expenses):			
Interest Income	4,251	14,952	19,203
Interest Expense	<u>(10,867)</u>	<u>(123,753)</u>	<u>(134,620)</u>
Total Nonoperating Revenues (Expenses)	<u>(6,616)</u>	<u>(108,801)</u>	<u>(115,417)</u>
Income Before Transfers and Contributions	86,969	413,151	500,120
Transfers In	<u>25,378</u>	<u>-</u>	<u>25,378</u>
Change in Net Position	112,347	413,151	525,498
Net Position, Beginning of Year	<u>2,119,971</u>	<u>6,612,156</u>	<u>8,732,127</u>
Net Position, End of Year	<u>\$ 2,232,318</u>	<u>\$ 7,025,307</u>	<u>\$ 9,257,625</u>

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, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 822,347	\$ 1,098,296	\$ 1,920,643
Payments to Suppliers	(448,347)	(317,707)	(766,054)
Payments to Employees	(216,918)	(277,844)	(494,762)
Net Cash Provided by Operating Activities	<u>157,082</u>	<u>502,745</u>	<u>659,827</u>
Cash Flows from Capital Financing Activities:			
Purchase of Fixed Assets	(47,145)	(13,778)	(60,923)
Payment of Debt Principal	(91,186)	(3,600)	(94,786)
Payment of Debt Interest	(11,056)	(193,264)	(204,320)
Net Cash Provided (Used) by Capital Financing Activities	<u>(149,387)</u>	<u>(210,642)</u>	<u>(360,029)</u>
Cash Flows from Investing Activities:			
Sale (Purchase) of Investments	(2,717)	(11,514)	(14,231)
Interest Income	4,251	14,952	19,203
Net Cash Provided by Investing Activities	<u>1,534</u>	<u>3,438</u>	<u>4,972</u>
Cash Flows from Non-Capital Financing Activities:			
Payments from (to) Other Funds	25,378	-	25,378
Customer Deposits	1,630	1,560	3,190
Net Cash Provided by Non-Capital Financing Activities	<u>27,008</u>	<u>1,560</u>	<u>28,568</u>
Net Change in Cash and Cash Equivalents	36,237	297,101	333,338
Cash and Cash Equivalents, Beginning of Year	<u>284,510</u>	<u>1,623,618</u>	<u>1,908,128</u>
Cash and Cash Equivalents, End of Year	<u>\$ 320,747</u>	<u>\$ 1,920,719</u>	<u>\$ 2,241,466</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, 2022

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Income	\$ 93,585	\$ 521,952	\$ 615,537
Adjustments to Reconcile Operating Income			
Net Cash Provided by Operating Activities:			
Depreciation	111,887	63,251	175,138
Change in Pension Obligations	(41,640)	(53,396)	(95,036)
(Increase) Decrease in:			
Accounts Receivable	(2,023)	(6,149)	(8,172)
Unbilled Revenue	(487)	(1,053)	(1,540)
Prepaid Expenses	(1,273)	(9,863)	(11,136)
Increase (Decrease) in:			
Accounts Payable	(8,790)	(17,325)	(26,115)
Accrued Salaries	4,833	4,436	9,269
Compensated Absences	2,990	1,892	4,882
Deposit Advances	<u>(2,000)</u>	<u>(1,000)</u>	<u>(3,000)</u>
Net Cash Provided by Operating Activities	<u>\$ 157,082</u>	<u>\$ 502,745</u>	<u>\$ 659,827</u>

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

CITY OF LEBANON, ILLINOIS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2022

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 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. The City defines its reporting entity in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. Component units are organizations for which the City, as the primary government, is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either (1) be able to impose its will on the organization or (2) the relationship must have the potential for creating a financial benefit to or imposing a financial burden on the City. The City did not have any component units at April 30, 2022.

(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.

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

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

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 Motor Fuel Tax Fund accounts for the taxes received and amounts paid related to motor fuel tax expenditures.

The Municipal Utility Tax Fund accounts for the taxes received and amounts paid related to municipal utility tax expenditures.

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.

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

As a general rule, the effect of interfund 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.

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.

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

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.

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.

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

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	\$ 221,408
Restricted:	
Motor Fuel Tax	\$ 350,883
Police Funds	32,046
City Square Park	9,349
Additional Sales Tax	618,736
	<u>\$ 1,011,014</u>
Committed:	
Municipal Utility Tax	<u>\$ 859,965</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.

In the current year, the Motor Fuel Tax Fund and the Municipal Utility Tax Fund reported expenditures in excess of the budgeted amounts as shown in the budgetary comparison schedule included as supplementary information.

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

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

At April 30, 2022, the carrying amount of the City's deposits was \$5,347,974 and the bank balance was \$5,404,889. 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, 2022, cash deposit balances of \$4,718,156, which were in excess of FDIC insurance, were collateralized with investments by the financial institution. Cash deposit balances of \$262,537 were in excess of FDIC insurance and were not collateralized with other investments.

At April 30, 2022, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Mutual Funds	--	\$ 214,866
Deposits as reported above		<u>5,347,974</u>
Total deposits and investments		<u>\$ 5,562,840</u>
As Reported in the Statement of Net Position:		
Cash and Cash Equivalents		\$ 3,695,699
Investments		<u>1,867,141</u>
		<u>\$ 5,562,840</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, 2022, the City did not have a credit risk.

Concentration of Credit Risk. As of April 30, 2022, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2022, the City did not have a foreign currency risk.

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

NOTE 3: RECEIVABLES

The City reports the following receivables for business-type activities in the statement of net position as of April 30, 2022. These amounts are reported net of the applicable allowances for uncollectible accounts.

Receivables:	
Customer Accounts	\$ 130,976
Unbilled Revenue	<u>40,489</u>
	<u>\$ 171,465</u>

NOTE 4: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2022:

General Fund Transfer From (To):	
Cemetery Care Fund	\$ 3,591
Cemetery Care Fund Transfer (To):	
General Fund	(3,591)
Police Funds Transfer (To):	
Police Special Fund	(2,439)
Police Special Fund Transfer From:	
Police Funds	2,439
Water Fund Transfer from:	
Municipal Utility Tax Fund	25,378
Municipal Utility Tax Fund Transfer (To):	
Water Fund	<u>(25,378)</u>
	<u>\$ -</u>

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

NOTE 5: RETIREMENT FUND COMMITMENTS

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

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

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 2021 was 10.91 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	19
Inactive, non-Retired Members	15
Active Members	<u>23</u>
Total	<u>57</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).

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.25%; the municipal bond rate is 1.84%; and the resulting single discount rate is 7.25%.

Actuarial Valuation Date	12/31/21
Measurement Date of the Net Pension Liability	12/31/21
Fiscal Year End	04/30/22
Development of the Single Discount Rate as of December 31, 2021	
Long-Term Expected Rate of Investment Return	7.25%
Long-Term Municipal Bond Rate	1.84%
Last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded	2121
Resulting Single Discount Rate based on the above development	7.25%
Single Discount Rate calculated using December 31, 2020 Measurement Date	7.25%

The Long-Term Municipal Bond Rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2021.

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

Asset Valuation Method	Aggregate Entry Age Normal
Price Inflation	2.50%
Salary Increases	3.35% to 14.25% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality	For non-disabled retirees, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Healthy Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, IMRF specific mortality rates were used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employees 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	\$ 159,736
Interest on the Total Pension Liability	561,228
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(147,955)
Changes of assumptions	-
Benefit payments, including refunds of employee contributions	(314,044)
Net change in total pension liability	\$ 258,965
Total pension liability - beginning	7,818,233
Total pension liability - ending	<u>\$ 8,077,198</u>
Plan fiduciary net position	
Contributions - employer	\$ 165,054
Contributions - employee	68,079
Net investment income	1,290,024
Benefit payments, including refunds of employee contributions	(314,044)
Other (Net Transfer)	(19,945)
Net change in plan fiduciary net position	\$ 1,189,168
Plan fiduciary net position - beginning	7,707,576
Plan fiduciary net position - ending	<u>\$ 8,896,744</u>
Net pension liability/(asset)	<u>\$ (819,546)</u>
Plan fiduciary net position as a percentage of the total pension liability	110.15%
Covered valuation payroll	\$ 1,512,860
Net pension liability as a percentage of covered valuation payroll	-54.17%

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	Rate Assumption	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Total Pension Liability	\$ 9,195,500	\$ 8,077,198	\$ 7,176,449
Plan Fiduciary Net Position	<u>8,896,744</u>	<u>8,896,744</u>	<u>8,896,744</u>
Net Pension Liability/(Asset)	<u>\$ 298,756</u>	<u>\$ (819,546)</u>	<u>\$ (1,720,295)</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	\$ 152,023	\$ 113,982
Changes in assumptions	28,168	61,026
Subsequent employer contributions	46,943	-
Net difference between projected and actual earnings on pension plan investments	-	986,273
Total	<u>\$ 227,134</u>	<u>\$ 1,161,281</u>

Year Ending <u>December 31,</u>	Net Deferred Inflows of <u>Resources</u>
2022	\$ (177,180)
2023	(379,065)
2024	(265,805)
2025	(159,040)
2026	-
	<u>\$ (981,090)</u>

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

NOTE 6: LONG-TERM DEBT

The City has the following long-term debt as of April 30, 2022.

Governmental Activities

On December 31, 2018, the City entered into a loan to purchase a 2019 Ford F450 Dump Truck for \$80,000. The loan is to be repaid by 84 monthly payments of \$1,084, including interest at 3.75%. The loan is secured by the related equipment. The loan is to be repaid from the General Fund. \$ 44,513

On April 30, 2018, the City entered into a loan for \$80,000 of which the City made a draw of \$23,522 in the current year. The loan is to be repaid by monthly principal payments of \$1,418, plus interest at 2.45%. The loan is unsecured and will be repaid from the General Fund. \$ 22,324

On August 25, 2021, the City entered into a loan to purchase a two vehicles for \$83,475. The loan is to be repaid by 6 annual payments of \$15,155, including interest at 2.50%. The loan is secured by the related equipment. The loan is to be repaid from the General Fund. \$ 83,475

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. \$ 396,739

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 secured by inventory and equipment. The loan is to be repaid from the Water Fund. \$ 143,203

On August 1, 2018, the City entered into a loan for construction of a new wastewater treatment plant for \$11,392,650. A portion of the loan, \$1,874,394, was forgiven by the State of Illinois. The loan is to be repaid by 60 semiannual payments through May 30, 2051, including interest at 1.38%. The loan is to be repaid from the Sewer Fund. \$ 9,514,656

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

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

Fiscal Year Ended <u>April 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 46,862	\$ 3,970	\$ 351,334	\$ 277,366
2024	25,338	2,830	357,429	142,546
2025	26,129	2,039	363,312	136,349
2026	22,775	1,233	369,994	130,357
2027	14,425	730	355,000	123,575
2028-2032	14,783	373	1,489,370	535,328
2033-2037	-	-	1,520,273	427,967
2038-2042	-	-	1,629,194	317,882
2043-2047	-	-	1,745,626	199,559
2048-2051	-	-	1,876,066	72,994
	<u>\$ 150,312</u>	<u>\$ 11,175</u>	<u>\$ 10,057,598</u>	<u>\$ 2,363,923</u>

The following is a summary of changes in long-term debt for the year ended April 30, 2022.

	<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>					
Direct Borrowings	\$ 101,815	\$ 106,997	\$ 58,500	\$ 150,312	\$ 46,862
	<u>\$ 101,815</u>	<u>\$ 106,997</u>	<u>\$ 58,500</u>	<u>\$ 150,312</u>	<u>\$ 46,862</u>
<u>Business-type Activities:</u>					
Direct Borrowings	\$ 10,152,384	\$ -	\$ 94,786	\$ 10,057,598	\$ 351,334
Net Pension Liability	33,160	-	33,160	-	-
Compensated Absences	168,694	2,094	-	170,788	-
	<u>\$ 10,354,238</u>	<u>\$ 2,094</u>	<u>\$ 127,946</u>	<u>\$ 10,228,386</u>	<u>\$ 351,334</u>

For the loans through the banks, upon default, the bank may declare the entire balance and related interest immediately due.

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

NOTE 7: 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 17, 2021. 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	Levy Years		
	<u>Rate</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rates:</u>				
General	\$0.3300	\$ 0.3002	\$ 0.3106	\$ 0.3238
Audit	None	0.0119	0.0123	0.0128
Emergency Services	0.0500	0.0005	0.0005	0.0005
Social Security/Medicare	None	0.0680	0.0703	0.0732
Totals		<u>\$ 0.3806</u>	<u>\$ 0.3937</u>	<u>\$ 0.4103</u>
Assessed Valuation		<u>\$65,017,049</u>	<u>\$61,601,189</u>	<u>\$59,079,730</u>
<u>Tax Extensions:</u>				
General		\$ 195,181	\$ 191,333	\$ 191,300
Audit		7,737	7,577	7,562
Emergency Services		325	308	295
Social Security/Medicare		44,212	43,305	43,247
Totals		<u>\$ 247,455</u>	<u>\$ 242,523</u>	<u>\$ 242,404</u>
Collections		<u>\$ -</u>	<u>\$ 239,384</u>	<u>\$ 240,118</u>
Percentage of Extensions Collected		<u>0.00%</u>	<u>98.71%</u>	<u>99.06%</u>

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

NOTE 8: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 96,345	\$ -	\$ -	\$ 96,345
Capital assets, being depreciated:				
Buildings and improvements	277,488	20,207	-	297,695
Vehicles and equipment	857,472	120,829	-	978,301
Infrastructure	4,896,249	34,790	-	4,931,039
Total capital assets being depreciated	6,031,209	175,826	-	6,207,035
Less accumulated depreciation for:				
Buildings and improvements	199,032	8,476	-	207,508
Vehicles and equipment	613,577	58,408	-	671,985
Infrastructure	991,024	122,669	-	1,113,693
Total accumulated depreciation	1,803,633	189,553	-	1,993,186
Total capital assets, being depreciated, net	4,227,576	(13,727)	-	4,213,849
Governmental activities capital assets, net	\$ 4,323,921	\$ (13,727)	\$ -	\$ 4,310,194
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 13,384,922	\$ -	\$ -	\$ 13,384,922
Distribution and collection systems	6,798,028	57,623	-	6,855,651
Vehicles and equipment	597,426	3,300	-	600,726
Total capital assets, being depreciated	20,780,376	60,923	-	20,841,299
Less accumulated depreciation for:				
Buildings and improvements	408,172	12,112	-	420,284
Distribution and collection systems	3,213,066	147,696	-	3,360,762
Vehicles and equipment	533,563	15,330	-	548,893
Total accumulated depreciation	4,154,801	175,138	-	4,329,939
Business-type activities capital assets, net	\$ 16,625,575	\$ (114,215)	\$ -	\$ 16,511,360

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

Governmental activities:	
General government	\$ 10,435
Public safety	34,247
Highways and street	144,871
Total depreciation expense - governmental activities	\$ 189,553
Business-type activities - water and sewer	\$ 175,138

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

NOTE 9: INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivable and payable balances as of April 30, 2022 are as follows:

	Interfund Receivable/ (Payable)
General Fund Due (To):	
Municipal Utility Tax Fund	\$ (488,283)
Additional Sales Tax Fund	(407,430)
Municipal Utility Tax Fund Due (To):	
General Fund	488,283
Motor Fuel Tax Fund	(6,678)
Water Fund	80,000
TIF Fund	66,067
Motor Fuel Tax Fund Due (To):	
Municipal Utility Tax Fund	6,678
Additional Sales Tax Fund Due From:	
General Fund	407,430
TIF Fund	1,638
TIF Fund Due From (To):	
Additional Sales Tax Fund	(1,638)
Municipal Utility Tax Fund	(66,067)
Water Fund Due (To):	
Sewer Fund	(195,101)
Municipal Utility Tax Fund	(80,000)
Sewer Fund Due (To):	
Water Fund	195,101
	<u>\$ -</u>

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

NOTE 10: SUBSEQUENT EVENTS

The City has evaluated events occurring after the financial statement date through August 23, 2022 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

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2022

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Property Tax	\$ 360,000	\$ 360,000	\$ 299,626
Replacement Tax	4,300	4,300	15,521
Sales Tax	595,000	595,000	698,893
State Income Tax	465,000	465,000	652,699
Excise Tax	60,000	60,000	36,499
Video Gaming Tax	40,000	40,000	102,179
Franchise Fees	50,000	50,000	39,374
Grants	-	-	288,363
Licenses and Permits	40,900	40,900	38,231
Fines and Penalties	10,000	10,000	4,425
Rental Income	3,000	3,000	3,000
Fees	84,467	84,467	139,235
Investment Earnings	250	250	928
Reimbursement of Expenses	32,000	32,000	1,569
Miscellaneous	25,500	25,500	27,853
Total Receipts	<u>1,770,417</u>	<u>1,770,417</u>	<u>2,348,395</u>
Disbursements:			
Current:			
General Government	259,101	259,101	244,781
Public Safety	1,317,948	1,317,948	1,235,284
Highways and Streets	382,853	382,853	376,139
Miscellaneous - Cemetery	39,240	39,240	43,024
Capital Outlay	57,237	57,237	128,302
Debt Service:			
Principal	35,451	35,451	46,151
Interest	3,454	3,454	2,661
Total Disbursements	<u>2,095,284</u>	<u>2,095,284</u>	<u>2,076,342</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(324,867)</u>	<u>(324,867)</u>	<u>272,053</u>
Other Financing Sources:			
Transfers From Other Funds	<u>5,200</u>	<u>5,200</u>	<u>3,591</u>
Total Other Financing Sources	<u>5,200</u>	<u>5,200</u>	<u>110,588</u>
Net Change in Fund Balances	<u>\$ (319,667)</u>	<u>\$ (319,667)</u>	382,641
No change for modified cash basis reporting			-
As reported on the Statement of Revenues and Expenditures			
Arising From Modified Cash Basis Transactions			<u>\$ 382,641</u>

CITY OF LEBANON, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Motor Fuel Tax	\$ 132,000	\$ 132,000	\$ 175,851
Grants	-	-	97,055
Investment Earnings	450	450	636
Miscellaneous	-	-	325
Total Receipts	<u>132,450</u>	<u>132,450</u>	<u>273,867</u>
Disbursements:			
Highways and Streets	<u>120,000</u>	<u>120,000</u>	<u>216,155</u>
Total Disbursements	<u>120,000</u>	<u>120,000</u>	<u>216,155</u>
Net Change in Fund Balances	<u>\$ 12,450</u>	<u>\$ 12,450</u>	57,712
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>\$ 57,712</u>

CITY OF LEBANON, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MODIFIED CASH BASIS
MUNICIPAL UTILITY TAX FUND
FOR THE YEAR ENDED APRIL 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Utility Tax	\$ 280,000	\$ 280,000	\$ 266,661
Investment Earnings	100	100	306
Total Receipts	<u>280,100</u>	<u>280,100</u>	<u>266,967</u>
Disbursements:			
Rt. 4/Highway 50	10,000	10,000	24,432
Upgrade Computer System	24,000	24,000	25,439
Economic Development	5,000	5,000	4,327
SE Quad Plans	18,500	18,500	18,500
Miscellaneous	45,000	45,000	41,527
Debt Service	<u>12,870</u>	<u>12,870</u>	<u>12,354</u>
Total Disbursements	<u>115,370</u>	<u>115,370</u>	<u>126,579</u>
Net Change in Fund Balances	<u>\$ 164,730</u>	<u>\$ 164,730</u>	140,388
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>\$ 140,388</u>

CITY OF LEBANON, ILLINOIS

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability:							
Service Cost	\$ 159,736	\$ 152,579	\$ 146,037	\$ 127,387	\$ 134,662	\$ 134,793	\$ 132,704
Interest	561,228	524,031	496,810	463,963	460,713	443,338	428,256
Difference between expected and actual experience	(147,955)	245,503	13,901	112,644	(22,272)	(15,247)	(94,845)
Assumption changes	-	(112,284)	-	223,784	(214,058)	(17,416)	8,532
Benefit payments, including refunds	<u>(314,044)</u>	<u>(286,627)</u>	<u>(282,498)</u>	<u>(258,962)</u>	<u>(365,176)</u>	<u>(293,898)</u>	<u>(238,946)</u>
Net change in total pension liability	258,965	523,202	374,250	668,816	(6,131)	251,570	235,701
Total pension liability - beginning	<u>7,818,233</u>	<u>7,295,031</u>	<u>6,920,781</u>	<u>6,251,965</u>	<u>6,258,096</u>	<u>6,006,526</u>	<u>5,770,825</u>
Total pension liability - ending	<u>\$ 8,077,198</u>	<u>\$ 7,818,233</u>	<u>\$ 7,295,031</u>	<u>\$ 6,920,781</u>	<u>\$ 6,251,965</u>	<u>\$ 6,258,096</u>	<u>\$ 6,006,526</u>
Plan Fiduciary Net Position							
Contributions - employer	165,054	173,986	127,957	150,803	154,979	155,460	156,843
Contributions - employee	68,079	70,219	63,979	60,322	57,295	55,832	53,267
Net investment income	1,290,024	972,259	1,083,917	(329,771)	930,736	348,197	25,279
Benefit payments, including refunds	(314,044)	(286,627)	(282,498)	(258,962)	(365,176)	(293,898)	(238,946)
Other	<u>(19,945)</u>	<u>(5,057)</u>	<u>(22,792)</u>	<u>109,325</u>	<u>(108,100)</u>	<u>81,098</u>	<u>(2,479)</u>
Net change in plan fiduciary net position	1,189,168	924,780	970,563	(268,283)	669,734	346,689	(6,036)
Plan fiduciary net position - beginning	<u>7,707,576</u>	<u>6,782,796</u>	<u>5,812,233</u>	<u>6,080,516</u>	<u>5,410,782</u>	<u>5,064,093</u>	<u>5,070,129</u>
Plan fiduciary net position - ending	<u>\$ 8,896,744</u>	<u>\$ 7,707,576</u>	<u>\$ 6,782,796</u>	<u>\$ 5,812,233</u>	<u>\$ 6,080,516</u>	<u>\$ 5,410,782</u>	<u>\$ 5,064,093</u>
Net Pension Liability	<u>\$ (819,546)</u>	<u>\$ 110,657</u>	<u>\$ 512,235</u>	<u>\$ 1,108,548</u>	<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>110.15%</u>	<u>98.58%</u>	<u>92.98%</u>	<u>83.98%</u>	<u>97.26%</u>	<u>86.46%</u>	<u>84.31%</u>
Covered-employee Payroll	<u>\$ 1,512,860</u>	<u>\$ 1,560,413</u>	<u>\$ 1,421,754</u>	<u>\$ 1,340,482</u>	<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>-54.17%</u>	<u>7.09%</u>	<u>36.03%</u>	<u>82.70%</u>	<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, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 165,053	\$ 173,986	\$ 127,958	\$ 150,804	\$ 148,331	\$ 155,460	\$ 156,843
Contributions in relation to actuarial determined contribution	<u>165,054</u>	<u>173,986</u>	<u>127,957</u>	<u>150,803</u>	<u>154,979</u>	<u>155,460</u>	<u>156,843</u>
Contribution deficiency (excess)	\$ <u>(1)</u>	\$ <u>-</u>	\$ <u>1</u>	\$ <u>1</u>	\$ <u>(6,648)</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee Payroll	\$ <u>1,512,860</u>	\$ <u>1,560,413</u>	\$ <u>1,421,754</u>	\$ <u>1,340,482</u>	\$ <u>1,273,226</u>	\$ <u>1,240,704</u>	\$ <u>1,183,722</u>
Contributions as a percentage of covered-employee payroll	<u>10.91%</u>	<u>11.15%</u>	<u>9.00%</u>	<u>11.25%</u>	<u>12.17%</u>	<u>12.53%</u>	<u>13.25%</u>

Actuarial valuation date for above is December 31, 2021.

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:	22 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Investment Rate of Return	7.25%
Wage Growth	3.25%
Price Inflation	2.50%

CITY OF LEBANON, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2022

	Special Revenue Funds						Permanent	Total
	Police Special	Police Vehicle	Police Funds	City Square Park	TIF	Additional Sales Tax	Fund Cemetery Care	Nonmajor Governmental Funds
<u>Assets</u>								
Cash and Cash Equivalents	\$ 2,328	\$ 2,369	\$ 27,349	\$ 9,349	\$ 26,627	\$ 209,668	\$ 6,542	\$ 284,232
Investments	-	-	-	-	-	-	214,866	214,866
Due from Other Funds	-	-	-	-	-	409,068	-	409,068
Total Assets	<u>2,328</u>	<u>2,369</u>	<u>27,349</u>	<u>9,349</u>	<u>26,627</u>	<u>618,736</u>	<u>221,408</u>	<u>908,166</u>
<u>Liabilities and Fund Balance</u>								
Liabilities:								
Due to Other Funds	-	-	-	-	67,705	-	-	67,705
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,705</u>	<u>-</u>	<u>-</u>	<u>67,705</u>
Fund Balance:								
Nonspendable	-	-	-	-	-	-	221,408	221,408
Restricted	2,328	2,369	27,349	9,349	-	618,736	-	660,131
Unassigned	-	-	-	-	(41,078)	-	-	(41,078)
Total Fund Balance	<u>2,328</u>	<u>2,369</u>	<u>27,349</u>	<u>9,349</u>	<u>(41,078)</u>	<u>618,736</u>	<u>221,408</u>	<u>840,461</u>
Total Liabilities and Fund Balance	<u>\$ 2,328</u>	<u>\$ 2,369</u>	<u>\$ 27,349</u>	<u>\$ 9,349</u>	<u>\$ 26,627</u>	<u>\$ 618,736</u>	<u>\$ 221,408</u>	<u>\$ 908,166</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, 2022**

	Police Special	Police Vehicle	Police Funds	City Square Park	TIF	Additional Sales Tax	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds
Revenues:								
Property Tax	\$ -	\$ -	\$ -	-	\$ 38,723	\$ -	\$ -	\$ 38,723
Sales Tax	-	-	-	-	-	187,973	-	187,973
Fines and Penalties	690	2,457	40,276	-	-	-	-	43,423
Investment Earnings	14	155	2	19	40	276	(16,792)	(16,286)
Miscellaneous	4,197	1,350	292	-	-	-	-	5,839
Total Revenues	4,901	3,962	40,570	19	38,763	188,249	(16,792)	259,672
Expenditures:								
Current:								
General Government	-	-	-	-	-	20,214	1,848	22,062
Public Safety	9,870	4,493	17,339	-	-	17,553	-	49,255
Highways and Streets	-	-	-	-	-	5,999	-	5,999
Cemetery	-	-	-	-	-	236	-	236
Development	-	-	-	-	17,902	-	-	17,902
Capital Outlay	-	-	12,734	-	-	-	-	12,734
Total Expenditures	9,870	4,493	30,073	-	17,902	44,002	1,848	108,188
Excess (Deficiency) of Revenues Over Expenditures	(4,969)	(531)	10,497	19	20,861	144,247	(18,640)	151,484
Other Financing Sources (Uses):								
Transfers In (Out)	2,439	-	(2,439)	-	-	-	(3,591)	(3,591)
Total Other Financing Sources (Uses)	2,439	-	(2,439)	-	-	-	(3,591)	(3,591)
Net Change in Fund Balances	(2,530)	(531)	8,058	19	20,861	144,247	(22,231)	147,893
Fund Balance, Beginning of Year	4,858	2,900	19,291	9,330	(61,939)	474,489	243,639	692,568
Fund Balance, End of Year	\$ 2,328	\$ 2,369	\$ 27,349	\$ 9,349	\$ (41,078)	\$ 618,736	\$ 221,408	\$ 840,461