

CITY OF NEOGA, ILLINOIS
FINANCIAL STATEMENTS
For the Year Ended April 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commissioners
City of Neoga
Neoga, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neoga, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Neoga, Illinois, as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparison for the General Fund, Economic Development Fund, Employee Benefits Fund, and Tax Increment Financing Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note A to the financial statements, in 2016 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios and the schedule of employer contributions on pages 43 through 45 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Neoga, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and additional information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Gilbert, Metzger & Madigan, LLP

January 4, 2017

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NEOGA, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash deposits	\$ 2,483,312.77	\$ 883,660.42	\$ 3,366,973.19
Receivables:			
Property taxes	386,992.76	-	386,992.76
Utility taxes	6,024.14	-	6,024.14
Interest receivable	187.87	-	187.87
Accounts receivable	-	75,185.38	75,185.38
Due from other governmental agencies	89,516.40	-	89,516.40
CDAP loans receivable	138,654.93	-	138,654.93
Prepaid expenses	39,055.22	11,099.82	50,155.04
Inventory	17,173.25	45,805.06	62,978.31
Restricted assets:			
Cash deposits	-	14,688.36	14,688.36
Capital assets, net of accumulated depreciation	1,582,336.92	2,544,306.37	4,126,643.29
Total assets	4,743,254.26	3,574,745.41	8,317,999.67
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pensions	144,286.63	-	144,286.63
LIABILITIES			
Accounts payable	9,557.13	37,982.20	47,539.33
Accrued payroll taxes and withholdings	4,529.79	-	4,529.79
Accrued interest	-	2,409.53	2,409.53
Accrued salaries	4,498.97	2,628.48	7,127.45
Unearned revenue	23,738.11	-	23,738.11
Accumulated vacation and sick pay	13,985.69	16,459.53	30,445.22
Meter deposits	-	10,521.10	10,521.10
Net pension liability	262,687.00	-	262,687.00
Bonds payable, due within one year	-	30,888.02	30,888.02
Bonds payable, due in more than one year	-	316,731.94	316,731.94
Other long-term liabilities, due within one year	23,791.66	-	23,791.66
Other long-term liabilities, due in more than one year	308,322.10	-	308,322.10
Total liabilities	651,110.45	417,620.80	1,068,731.25
DEFERRED INFLOWS OF RESOURCES			
Deferred pensions	240,603.00	-	240,603.00
Unavailable property taxes	386,992.76	-	386,992.76
Total deferred inflows of resources	627,595.76	-	627,595.76

CITY OF NEOGA, ILLINOIS
STATEMENT OF NET POSITION
April 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net investment in capital assets	1,582,336.92	2,196,686.41	3,779,023.33
Restricted for:			
Water system improvements	-	17,640.00	17,640.00
Community improvement	31,368.46	-	31,368.46
Public safety	7,323.82	-	7,323.82
Unemployment insurance	25,778.04	-	25,778.04
Economic development	1,629,373.45	-	1,629,373.45
Street maintenance	36,996.67	-	36,996.67
Cemetery maintenance (nonexpendable)	13,400.00	-	13,400.00
Unrestricted	<u>282,257.32</u>	<u>942,798.20</u>	<u>1,225,055.52</u>
 Total Net Position	 <u>\$ 3,608,834.68</u>	 <u>\$ 3,157,124.61</u>	 <u>\$ 6,765,959.29</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Governmental activities:							
General government	\$ 567,654.26	\$ 6,010.20	\$ 45,862.32	\$ -	\$ (515,781.74)	\$ -	\$ (515,781.74)
Cemetery	16,411.00	4,200.00	20.16	-	(12,190.84)	-	(12,190.84)
Public safety	196,774.32	42,311.13	689.84	-	(153,773.35)	-	(153,773.35)
Highways and streets	239,394.73	579.00	41,847.05	10,318.93	(186,649.75)	-	(186,649.75)
Sanitation	7,580.00	150.00	-	-	(7,430.00)	-	(7,430.00)
Health and welfare	22,358.70	3,160.20	-	-	(19,198.50)	-	(19,198.50)
Economic development and assistance	6,600.01	13,985.73	-	131,661.61	139,047.33	-	139,047.33
Total governmental activities	<u>1,056,773.02</u>	<u>70,396.26</u>	<u>88,419.37</u>	<u>141,980.54</u>	<u>(755,976.85)</u>	<u>-</u>	<u>(755,976.85)</u>
Business-type activities:							
Water	257,406.54	337,228.47	-	1,518.00	-	81,339.93	81,339.93
Sewer	321,102.21	252,907.14	-	-	-	(68,195.07)	(68,195.07)
Total business-type activities	<u>578,508.75</u>	<u>590,135.61</u>	<u>-</u>	<u>1,518.00</u>	<u>-</u>	<u>13,144.86</u>	<u>13,144.86</u>
Total government	<u>\$ 1,635,281.77</u>	<u>\$ 660,531.87</u>	<u>\$ 88,419.37</u>	<u>\$ 143,498.54</u>	<u>(755,976.85)</u>	<u>13,144.86</u>	<u>(742,831.99)</u>
General revenues:							
Taxes:							
Property taxes					376,533.36	-	376,533.36
Personal property replacement tax					9,822.21	-	9,822.21
Municipal retailers' occupation tax					191,629.85	-	191,629.85
Local use tax					37,765.38	-	37,765.38
Illinois income tax					167,340.66	-	167,340.66
Franchise taxes					25,324.51	-	25,324.51
Utility taxes					82,388.84	-	82,388.84
Telecommunications tax					38,523.46	-	38,523.46
Video gaming tax					21,997.21	-	21,997.21
Interest income					16,255.47	6,006.86	22,262.33
Miscellaneous					9,027.38	776.10	9,803.48
Total general revenues					<u>976,608.33</u>	<u>6,782.96</u>	<u>983,391.29</u>
Change in net position					<u>220,631.48</u>	<u>19,927.82</u>	<u>240,559.30</u>
Net position, beginning of year					3,485,397.69	3,088,206.69	6,573,604.38
Prior period adjustment					17,117.99	48,990.10	66,108.09
Accounting change					(114,312.48)	-	(114,312.48)
Net position, beginning of year, as restated					<u>3,388,203.20</u>	<u>3,137,196.79</u>	<u>6,525,399.99</u>
Net Position, End of Year					<u>\$ 3,608,834.68</u>	<u>\$ 3,157,124.61</u>	<u>\$ 6,765,959.29</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

CITY OF NEOGA, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2016

	General	Economic Development	Employee Benefits	Tax Increment Financing	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash deposits	\$ 868,061.00	\$ 1,126,092.38	\$ 78,978.07	\$ 360,739.99	\$ 49,441.33	\$ 2,483,312.77
Receivables:						
Property taxes	103,118.61	-	105,001.71	178,872.44	-	386,992.76
Utility taxes	6,024.14	-	-	-	-	6,024.14
Interest receivable	-	187.87	-	-	-	187.87
Due from other governmental agencies	84,358.34	-	-	-	5,158.06	89,516.40
CDAP loans receivable	-	138,654.93	-	-	-	138,654.93
Prepaid expenditures	3,707.63	-	-	-	-	3,707.63
Inventory	17,173.25	-	-	-	-	17,173.25
 Total Assets	\$ 1,082,442.97	\$ 1,264,935.18	\$ 183,979.78	\$ 539,612.43	\$ 54,599.39	\$ 3,125,569.75
LIABILITIES						
Accounts payable	\$ 9,467.13	\$ -	\$ -	\$ 90.00	\$ -	\$ 9,557.13
Accrued payroll taxes and withholdings	-	-	4,529.79	-	-	4,529.79
Accrued salaries	4,498.97	-	-	-	-	4,498.97
Unearned revenue	23,738.11	-	-	-	-	23,738.11
Total liabilities	37,704.21	-	4,529.79	90.00	-	42,324.00
DEFERRED INFLOWS OF RESOURCES						
Unavailable property taxes	103,118.61	-	105,001.71	178,872.44	-	386,992.76

CITY OF NEOGA, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
April 30, 2016

FUND BALANCE	<u>General</u>	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable	20,880.88	-	-	-	13,400.00	34,280.88
Restricted for:						
Community improvement	31,368.46	-	-	-	-	31,368.46
Public safety	7,323.82	-	-	-	-	7,323.82
Unemployment insurance	-	-	25,778.04	-	-	25,778.04
IMRF	-	-	31,956.32	-	-	31,956.32
Economic development	-	1,264,935.18	-	360,263.16	4,175.11	1,629,373.45
Street maintenance	-	-	-	-	36,996.67	36,996.67
Committed for:						
Public safety	34,463.48	-	-	-	-	34,463.48
Equipment	71,265.99	-	-	-	-	71,265.99
Assigned for:						
Cemetery maintenance	8,741.94	-	-	-	-	8,741.94
Employee benefits	-	-	16,713.92	-	-	16,713.92
Economic development	-	-	-	386.83	27.61	414.44
Community improvement	1,255.64	-	-	-	-	1,255.64
Unassigned	766,319.94	-	-	-	-	766,319.94
Total fund balance	<u>941,620.15</u>	<u>1,264,935.18</u>	<u>74,448.28</u>	<u>360,649.99</u>	<u>54,599.39</u>	<u>2,696,252.99</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,082,442.97</u>	 <u>\$ 1,264,935.18</u>	 <u>\$ 183,979.78</u>	 <u>\$ 539,612.43</u>	 <u>\$ 54,599.39</u>	 <u>\$ 3,125,569.75</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
April 30, 2016

Total fund balance - total governmental funds		\$ 2,696,252.99
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. This is the amount by which capital assets of \$2,262,679.90 exceeds accumulated depreciation of \$680,342.98.		1,582,336.92
Deferred outflows of resources related to certain changes in the net pension liability are not yet recognized in pension expense, are not current financial resources and, therefore, are not reported in the funds.		144,286.63
Deferred inflows of resources related to certain changes in the net pension liability are not yet recognized in pension expense, are not current financial resources and, therefore, are not reported in the funds.		(240,603.00)
The net pension liability is the difference between the total pension liability and fiduciary net position of the plan and is not due and payable in the current period, and, therefore, is not reported on the governmental funds balance sheet.		(262,687.00)
Certain prepaid expenses do not require current financial resources. Therefore, these prepaid expenses are not reported as an asset in the governmental funds balance sheet.		35,347.59
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.		
Accumulated vacation and sick pay	13,985.69	
Other long-term liabilities, due within one year	23,791.66	
Other long-term liabilities, due in more than one year	308,322.10	(346,099.45)
Net Position of Governmental Activities		\$ 3,608,834.68

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	General	Economic Development	Employee Benefits	Tax Increment Financing	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 100,999.44	\$ -	\$ 105,804.91	\$ 169,729.01	\$ -	\$ 376,533.36
Personal property replacement tax	9,822.21	-	-	-	-	9,822.21
Municipal retailers' occupation tax	183,127.15	-	-	-	8,502.70	191,629.85
Local use tax	37,765.38	-	-	-	-	37,765.38
Illinois motor fuel tax	-	-	-	-	41,847.05	41,847.05
Illinois income tax	167,340.66	-	-	-	-	167,340.66
Utility tax	82,388.84	-	-	-	-	82,388.84
Telecommunications tax	38,523.46	-	-	-	-	38,523.46
Video gaming tax	21,997.21	-	-	-	-	21,997.21
Franchise tax	25,324.51	-	-	-	-	25,324.51
Other governmental agencies	1,508.46	-	-	-	-	1,508.46
Grant income	11,008.77	131,661.61	-	-	-	142,670.38
Licenses, permits and fees	4,855.00	-	-	-	-	4,855.00
Fines	41,821.13	-	-	-	-	41,821.13
Rental income	15,760.73	-	-	-	-	15,760.73
Interest income	4,679.66	11,312.01	7.01	222.80	54.15	16,275.63
Donations	45,862.32	-	-	-	-	45,862.32
Other income	15,478.32	-	-	-	-	15,478.32
Total revenues	808,263.25	142,973.62	105,811.92	169,951.81	50,403.90	1,277,404.50
Expenditures:						
General government	235,202.97	-	74,970.97	-	-	310,173.94
Cemetery	15,636.00	-	-	-	-	15,636.00
Public safety	195,267.40	-	-	-	-	195,267.40
Highways and streets	132,225.10	-	-	-	48,132.00	180,357.10
Sanitation	7,580.00	-	-	-	-	7,580.00
Health and welfare	19,396.89	-	-	-	-	19,396.89
Economic development and assistance	2,121.29	263,323.04	-	15,252.69	15,598.42	296,295.44
Total expenditures	607,429.65	263,323.04	74,970.97	15,252.69	63,730.42	1,024,706.77
Excess (deficiency) of revenues over expenditures	200,833.60	(120,349.42)	30,840.95	154,699.12	(13,326.52)	252,697.73

CITY OF NEOGA, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2016

	<u>General</u>	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):						
Transfers in	20.16	-	-	-	-	20.16
Transfers out	-	-	-	-	(20.16)	(20.16)
Total other financing sources (uses)	<u>20.16</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20.16)</u>	<u>-</u>
Net change in fund balance	<u>200,853.76</u>	<u>(120,349.42)</u>	<u>30,840.95</u>	<u>154,699.12</u>	<u>(13,346.68)</u>	<u>252,697.73</u>
Fund balance, beginning of year	720,691.75	1,385,284.60	43,607.33	205,950.87	70,902.72	2,426,437.27
Prior period adjustment	17,117.99	-	-	-	-	17,117.99
Accounting change	<u>2,956.65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,956.65)</u>	<u>-</u>
Fund balance, beginning of year, as restated	<u>740,766.39</u>	<u>1,385,284.60</u>	<u>43,607.33</u>	<u>205,950.87</u>	<u>67,946.07</u>	<u>2,443,555.26</u>
Fund Balance, End of Year	<u>\$ 941,620.15</u>	<u>\$ 1,264,935.18</u>	<u>\$ 74,448.28</u>	<u>\$ 360,649.99</u>	<u>\$ 54,599.39</u>	<u>\$ 2,696,252.99</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended April 30, 2016

Net change in fund balance - total governmental funds	\$ 252,697.73
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	280,179.71
Depreciation expense on capital assets is reported in the government-wide statement of activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds.	(94,177.32)
The change in deferred outflows of resources does not require the use of current financial resources and, therefore, is not reported in governmental funds	129,152.11
Certain prepaid expenses reported in the statement of activities do not require the use of current financial resources and are, therefore, not reported as expenditures in the governmental funds.	(4,719.64)
The change in the net pension liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	(133,240.00)
The changed in deferred inflows of resources does not require the use of current financial resources and, therefore, is not reported in governmental funds.	(240,603.00)
Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in the governmental funds.	
Decrease in compensated absence expense	580.78
Decrease in other long-term liabilities	<u>30,761.11</u>
Change in Net Position of Governmental Activities	<u>\$ 220,631.48</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 GENERAL FUND
 (Includes General and Cemetery Maintenance Funds)
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) <u>Final Budget</u>
General Fund:				
RECEIPTS				
Revenue:				
Property taxes	\$ 190,000.00	\$ 183,050.00	\$ 100,999.44	\$ (82,050.56)
Personal property replacement income tax	15,000.00	15,000.00	10,339.63	(4,660.37)
Municipal retailers' occupation tax	200,000.00	200,000.00	198,923.68	(1,076.32)
Local use tax	40,000.00	40,000.00	37,649.73	(2,350.27)
Illinois income tax	185,000.00	185,000.00	174,688.46	(10,311.54)
Utility tax	97,500.00	97,500.00	83,933.82	(13,566.18)
Telecommunications tax	60,000.00	60,000.00	38,902.78	(21,097.22)
Video gaming tax	13,127.00	21,627.00	21,525.99	(101.01)
Franchise tax	25,500.00	29,500.00	25,324.51	(4,175.49)
Miscellaneous licenses, permits and fees	13,000.00	13,000.00	4,855.00	(8,145.00)
Fines and violations	60,000.00	60,000.00	42,234.52	(17,765.48)
Rent income	33,000.00	33,000.00	15,760.73	(17,239.27)
Grant income	40,000.00	47,500.00	8,117.28	(39,382.72)
Interest received	300.00	300.00	4,672.93	4,372.93
Donations	-	-	45,862.32	45,862.32
Miscellaneous revenue	21,150.00	23,650.00	12,207.78	(11,442.22)
Streets and alleys	<u>4,000.00</u>	<u>4,000.00</u>	<u>579.00</u>	<u>(3,421.00)</u>
Total revenue receipts	<u>997,577.00</u>	<u>1,013,127.00</u>	<u>826,577.60</u>	<u>(186,549.40)</u>
Non-Revenue:				
Loans	<u>70,000.00</u>	<u>70,000.00</u>	<u>-</u>	<u>(70,000.00)</u>
Total receipts	<u>1,067,577.00</u>	<u>1,083,127.00</u>	<u>826,577.60</u>	<u>(256,549.40)</u>
DISBURSEMENTS				
General Government:				
Salaries Division:				
City officials salaries	<u>10,000.00</u>	<u>10,000.00</u>	<u>9,066.66</u>	<u>933.34</u>
Contingent Division:				
Training	2,500.00	2,500.00	1,184.88	1,315.12
Miscellaneous	35,500.00	35,500.00	20,896.66	14,603.34
Stipend to CCDC	1,000.00	1,000.00	-	1,000.00
Insurance	500.00	500.00	355.00	145.00
Legal and audit	17,000.00	21,000.00	19,271.75	1,728.25

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 GENERAL FUND
 (Includes General and Cemetery Maintenance Funds)
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) <u>Final Budget</u>
Mileage	2,000.00	2,000.00	692.22	1,307.78
Publications and dues	3,500.00	3,500.00	2,559.88	940.12
Donations	<u>4,000.00</u>	<u>4,000.00</u>	<u>1,750.00</u>	<u>2,250.00</u>
	<u>66,000.00</u>	<u>70,000.00</u>	<u>46,710.39</u>	<u>23,289.61</u>
 Liability Insurance Division:				
Liability insurance	<u>44,000.00</u>	<u>44,000.00</u>	<u>36,847.00</u>	<u>7,153.00</u>
 Municipal Office and Building Division:				
Salaries	60,000.00	60,000.00	54,711.62	5,288.38
Employee insurance	7,000.00	7,700.00	7,669.18	30.82
Petty cash	2,000.00	2,000.00	1,000.00	1,000.00
Training	1,000.00	1,000.00	128.63	871.37
Subscriptions	100.00	100.00	-	100.00
Supplies and postage	8,500.00	8,500.00	5,075.71	3,424.29
Repairs and upkeep	13,000.00	13,000.00	3,770.56	9,229.44
Utilities	7,000.00	7,000.00	5,702.21	1,297.79
Telephone	3,000.00	3,000.00	2,794.20	205.80
Equipment	1,500.00	1,500.00	247.36	1,252.64
Miscellaneous	<u>4,600.00</u>	<u>4,600.00</u>	<u>2,064.36</u>	<u>2,535.64</u>
	<u>107,700.00</u>	<u>108,400.00</u>	<u>83,163.83</u>	<u>25,236.17</u>
 Maintenance Building:				
Utilities	4,000.00	4,000.00	2,408.37	1,591.63
Repairs and upkeep	20,000.00	20,000.00	-	20,000.00
Miscellaneous	<u>500.00</u>	<u>500.00</u>	<u>-</u>	<u>500.00</u>
	<u>24,500.00</u>	<u>24,500.00</u>	<u>2,408.37</u>	<u>22,091.63</u>
 Worker's Compensation:				
Worker's compensation	<u>25,000.00</u>	<u>25,000.00</u>	<u>12,146.00</u>	<u>12,854.00</u>
 Total general government disbursements				
	<u>277,200.00</u>	<u>281,900.00</u>	<u>190,342.25</u>	<u>91,557.75</u>
 Public Safety:				
ESDA Division:				
Salaries	1,000.00	1,000.00	225.00	775.00
Repairs	250.00	250.00	-	250.00
Insurance	150.00	150.00	-	150.00

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 GENERAL FUND
 (Includes General and Cemetery Maintenance Funds)
 For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Supplies	100.00	100.00	-	100.00
Miscellaneous	400.00	400.00	25.00	375.00
Equipment	500.00	500.00	-	500.00
	<u>2,400.00</u>	<u>2,400.00</u>	<u>250.00</u>	<u>2,150.00</u>
 Police Division:				
Salaries	145,000.00	145,000.00	138,982.83	6,017.17
Employee insurance	11,000.00	14,000.00	13,964.99	35.01
Training	2,000.00	2,000.00	1,334.99	665.01
Equipment	15,000.00	15,000.00	4,205.37	10,794.63
Clothing	4,000.00	4,000.00	2,774.70	1,225.30
Car expense	-	-	4,791.16	(4,791.16)
Repairs	12,000.00	12,000.00	4,916.24	7,083.76
Supplies	3,000.00	3,000.00	1,321.37	1,678.63
Utilities	1,500.00	1,500.00	1,222.82	277.18
Janitorial services	1,000.00	1,000.00	600.00	400.00
Miscellaneous	7,450.00	7,450.00	6,094.39	1,355.61
Software	2,500.00	2,500.00	2,148.86	351.14
Subscription/publication	1,500.00	1,500.00	-	1,500.00
Legal service	-	4,300.00	4,230.65	69.35
Telephone	3,500.00	3,500.00	2,669.57	830.43
	<u>209,450.00</u>	<u>216,750.00</u>	<u>189,257.94</u>	<u>27,492.06</u>
 Building Inspection Division:				
Legal service	500.00	500.00	-	500.00
Inspection fees	6,500.00	6,500.00	5,400.00	1,100.00
Miscellaneous	500.00	500.00	193.00	307.00
	<u>7,500.00</u>	<u>7,500.00</u>	<u>5,593.00</u>	<u>1,907.00</u>
 Total public safety disbursements	 <u>219,350.00</u>	 <u>226,650.00</u>	 <u>195,100.94</u>	 <u>31,549.06</u>
 Highways and Streets:				
Street, Alley and Bridge Division:				
Salaries	65,000.00	65,000.00	53,286.32	11,713.68
Employee insurance	7,000.00	7,000.00	5,596.84	1,403.16
Street maintenance, snow removal, etc.	100,000.00	100,000.00	23,055.68	76,944.32
Sidewalk replacement	60,000.00	60,000.00	-	60,000.00
Truck expense	6,000.00	6,000.00	3,763.63	2,236.37
Equipment repairs	4,200.00	4,200.00	3,103.76	1,096.24
Supplies	5,000.00	5,050.00	5,004.36	45.64
Uniforms	1,000.00	1,000.00	138.57	861.43

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 GENERAL FUND
 (Includes General and Cemetery Maintenance Funds)
 For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
Utilities	1,500.00	1,500.00	134.02	1,365.98
Telephone	100.00	100.00	-	100.00
Equipment	10,000.00	10,000.00	646.20	9,353.80
Travel/mileage	1,000.00	1,000.00	555.94	444.06
Vehicle	16,200.00	16,200.00	2,594.21	13,605.79
Loan payments	500.00	500.00	-	500.00
Street lighting	10,000.00	12,200.00	12,197.21	2.79
Publishing	1,000.00	1,000.00	-	1,000.00
Software	1,500.00	1,500.00	729.88	770.12
Janitorial services	1,000.00	1,000.00	600.00	400.00
Engineering services	22,000.00	22,000.00	13,270.31	8,729.69
Legal fees	1,500.00	1,500.00	-	1,500.00
Training	1,000.00	1,000.00	452.63	547.37
Building maintenance	20,500.00	20,500.00	1,402.08	19,097.92
Miscellaneous	4,660.00	4,660.00	1,889.61	2,770.39
Capital improvements	175,000.00	175,000.00	-	175,000.00
Total highways and streets disbursements	<u>515,660.00</u>	<u>517,910.00</u>	<u>128,421.25</u>	<u>389,488.75</u>
Sanitation:				
Sanitation Division:				
Disposal services	2,000.00	2,000.00	1,080.00	920.00
Dumpsters	10,000.00	10,000.00	6,500.00	3,500.00
Miscellaneous	500.00	500.00	-	500.00
Total sanitation disbursements	<u>12,500.00</u>	<u>12,500.00</u>	<u>7,580.00</u>	<u>4,920.00</u>
Health and Welfare:				
Health and Safety Division:				
Animal control	1,275.00	1,275.00	-	1,275.00
Contract mowing	1,500.00	1,500.00	1,100.00	400.00
Salaries	-	-	456.29	(456.29)
Equipment repair	1,000.00	1,000.00	-	1,000.00
Supplies/equipment	12,500.00	12,500.00	3,722.69	8,777.31
Demolitions	1,000.00	1,000.00	-	1,000.00
Postage	100.00	100.00	-	100.00
Legal service	50,000.00	50,000.00	13,356.92	36,643.08
Miscellaneous	7,600.00	7,600.00	2,024.16	5,575.84
Total health and welfare disbursements	<u>74,975.00</u>	<u>74,975.00</u>	<u>20,660.06</u>	<u>54,314.94</u>

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 GENERAL FUND

(Includes General and Cemetery Maintenance Funds)
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
Economic Development and Assistance:				
Land	60,000.00	60,000.00	-	60,000.00
Engineering services	10,000.00	10,000.00	-	10,000.00
Utilities	5,000.00	5,000.00	-	5,000.00
Miscellaneous	<u>12,000.00</u>	<u>12,000.00</u>	<u>2,121.29</u>	<u>9,878.71</u>
Total economic development and assistance disbursements	<u>87,000.00</u>	<u>87,000.00</u>	<u>2,121.29</u>	<u>84,878.71</u>
Culture and Recreation:				
Veteran's Memorial	<u>-</u>	<u>-</u>	<u>27,933.61</u>	<u>(27,933.61)</u>
Total expense disbursements	<u>1,186,685.00</u>	<u>1,200,935.00</u>	<u>572,159.40</u>	<u>628,775.60</u>
Non-Expense Disbursements:				
Loan payments to other funds	-	-	1,212.39	(1,212.39)
Transfers to other funds	<u>50,000.00</u>	<u>51,300.00</u>	<u>15,000.00</u>	<u>36,300.00</u>
Total non-expense disbursements	<u>50,000.00</u>	<u>51,300.00</u>	<u>16,212.39</u>	<u>35,087.61</u>
Total disbursements	<u>1,236,685.00</u>	<u>1,252,235.00</u>	<u>588,371.79</u>	<u>663,863.21</u>
Excess of receipts (disbursements)	<u>(169,108.00)</u>	<u>(169,108.00)</u>	<u>238,205.81</u>	<u>407,313.81</u>
Cemetery Maintenance Fund:				
RECEIPTS				
Revenue:				
Sale of lots	3,000.00	4,200.00	4,200.00	-
Interest received	50.00	50.00	6.73	(43.27)
Miscellaneous	<u>100.00</u>	<u>100.00</u>	<u>-</u>	<u>(100.00)</u>
Total revenue receipts	<u>3,150.00</u>	<u>4,350.00</u>	<u>4,206.73</u>	<u>(143.27)</u>
Non-Revenue:				
Transfers from other funds	<u>20,000.00</u>	<u>20,000.00</u>	<u>15,020.16</u>	<u>(4,979.84)</u>
Total receipts	<u>23,150.00</u>	<u>24,350.00</u>	<u>19,226.89</u>	<u>(5,123.11)</u>

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 GENERAL FUND
 (Includes General and Cemetery Maintenance Funds)
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) <u>Final Budget</u>
DISBURSEMENTS				
Cemetery:				
Maintenance contract	25,000.00	26,200.00	16,050.00	10,150.00
Street maintenance	6,000.00	6,000.00	-	6,000.00
Printing deeds	100.00	100.00	-	100.00
Supplies	700.00	700.00	-	700.00
Equipment	500.00	500.00	-	500.00
Legal fees	500.00	500.00	-	500.00
Miscellaneous	<u>10,000.00</u>	<u>10,000.00</u>	<u>86.00</u>	<u>9,914.00</u>
 Total disbursements	 <u>42,800.00</u>	 <u>44,000.00</u>	 <u>16,136.00</u>	 <u>27,864.00</u>
 Excess of receipts (disbursements)	 <u>(19,650.00)</u>	 <u>(19,650.00)</u>	 <u>3,090.89</u>	 <u>22,740.89</u>
 Total excess of receipts (disbursements)	 <u>\$ (188,758.00)</u>	 <u>\$ (188,758.00)</u>	 <u>241,296.70</u>	 <u>\$ 430,054.70</u>
 Cash and cash deposits, beginning of year			623,807.65	
Accounting change			<u>2,956.65</u>	
Cash and cash deposits, beginning of year, as restated			<u>626,764.30</u>	
 Cash and Cash Deposits, End of Year			 <u>\$ 868,061.00</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
ECONOMIC DEVELOPMENT FUND
For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
RECEIPTS				
Revenue:				
Miscellaneous	\$ 4,000.00	\$ 215,000.00	\$ -	\$ (215,000.00)
Interest received	-	-	11,320.78	11,320.78
Grant income	<u>-</u>	<u>-</u>	<u>131,661.61</u>	<u>131,661.61</u>
Total revenue receipts	<u>4,000.00</u>	<u>215,000.00</u>	<u>142,982.39</u>	<u>(72,017.61)</u>
Non-Revenue Receipts:				
Loan repayments	20,000.00	20,000.00	6,478.08	(13,521.92)
Loan repayment from other fund	<u>-</u>	<u>-</u>	<u>1,212.39</u>	<u>1,212.39</u>
Total non-revenue receipts	<u>20,000.00</u>	<u>20,000.00</u>	<u>7,690.47</u>	<u>(12,309.53)</u>
 Total receipts	 <u>24,000.00</u>	 <u>235,000.00</u>	 <u>150,672.86</u>	 <u>(84,327.14)</u>
DISBURSEMENTS				
Economic Development and Assistance:				
Engineering	50,000.00	50,000.00	45,517.41	4,482.59
Miscellaneous	<u>7,500.00</u>	<u>218,500.00</u>	<u>217,805.63</u>	<u>694.37</u>
Total expense disbursements	<u>57,500.00</u>	<u>268,500.00</u>	<u>263,323.04</u>	<u>5,176.96</u>
Non-Expense Disbursements:				
Loans	<u>1,257,803.00</u>	<u>1,257,803.00</u>	<u>-</u>	<u>1,257,803.00</u>
Total disbursements	<u>1,315,303.00</u>	<u>1,526,303.00</u>	<u>263,323.04</u>	<u>1,262,979.96</u>
Excess of receipts (disbursements)	<u>\$ (1,291,303.00)</u>	<u>\$ (1,291,303.00)</u>	(112,650.18)	<u>\$ 1,178,652.82</u>
Cash deposits, beginning of year			<u>1,238,742.56</u>	
Cash Deposits, End of Year			<u>\$ 1,126,092.38</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
EMPLOYEE BENEFITS FUND
For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Positive (Negative) <u>Final Budget</u>
RECEIPTS				
Revenue:				
Property taxes	\$ 160,000.00	\$ 160,000.00	\$ 105,804.91	\$ (54,195.09)
Miscellaneous	1,000.00	1,000.00	-	(1,000.00)
Interest received	<u>100.00</u>	<u>100.00</u>	<u>7.01</u>	<u>(92.99)</u>
Total revenue receipts	<u>161,100.00</u>	<u>161,100.00</u>	<u>105,811.92</u>	<u>(55,288.08)</u>
Non-Revenue Receipts:				
Payroll withholding	-	-	19.08	19.08
Transfer from other funds	<u>470,000.00</u>	<u>470,000.00</u>	<u>-</u>	<u>(470,000.00)</u>
Total non-revenue receipts	<u>470,000.00</u>	<u>470,000.00</u>	<u>19.08</u>	<u>(469,980.92)</u>
 Total receipts	 <u>631,100.00</u>	 <u>631,100.00</u>	 <u>105,831.00</u>	 <u>(525,269.00)</u>
DISBURSEMENTS				
General Government:				
Salaries	477,700.00	477,700.00	-	477,700.00
State unemployment insurance	2,000.00	2,000.00	1,096.77	903.23
Social security	65,000.00	65,000.00	30,475.83	34,524.17
Illinois Municipal Retirement Fund	160,000.00	160,000.00	43,927.47	116,072.53
Employee insurance	6,500.00	6,500.00	-	6,500.00
Payment of withholdings	104,100.00	104,100.00	-	104,100.00
Child support	16,500.00	16,500.00	-	16,500.00
Miscellaneous	<u>3,000.00</u>	<u>3,000.00</u>	<u>87.66</u>	<u>2,912.34</u>
Total disbursements	<u>834,800.00</u>	<u>834,800.00</u>	<u>75,587.73</u>	<u>759,212.27</u>
Excess of receipts (disbursements)	<u>\$ (203,700.00)</u>	<u>\$ (203,700.00)</u>	30,243.27	<u>\$ 233,943.27</u>
Cash deposits, beginning of year			<u>48,734.80</u>	
Cash Deposits, End of Year			<u>\$ 78,978.07</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 TAX INCREMENT FINANCING FUND
 For the Year Ended April 30, 2016

	Original Budget	Final Budget	Actual	Positive (Negative) Final Budget
RECEIPTS				
Revenue:				
Property taxes	\$ 220,000.00	\$ 220,000.00	\$ 169,729.01	\$ (50,270.99)
Interest received	300.00	300.00	222.80	(77.20)
 Total receipts	 220,300.00	 220,300.00	 169,951.81	 (50,348.19)
DISBURSEMENTS				
Economic Development and Assistance:				
Professional fees	10,000.00	10,000.00	-	10,000.00
Developer reimbursement	-	-	15,162.69	(15,162.69)
Miscellaneous	25,000.00	25,000.00	-	25,000.00
Total expense disbursements	35,000.00	35,000.00	15,162.69	19,837.31
 Non-Expense Disbursements:				
Loans	391,300.00	391,300.00	-	391,300.00
 Total disbursements	 426,300.00	 426,300.00	 15,162.69	 411,137.31
 Excess of receipts (disbursements)	 \$ (206,000.00)	 \$(206,000.00)	 154,789.12	 \$ 360,789.12
 Cash deposits, beginning of year			 205,950.87	
 Cash Deposits, End of Year			 \$ 360,739.99	

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
April 30, 2016

	Water Fund	Sewer Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 670,550.99	\$ 213,109.43	\$ 883,660.42
Receivables:			
Accounts receivable - users	41,443.11	33,742.27	75,185.38
Prepaid expenses	4,356.03	6,743.79	11,099.82
Inventory	40,440.04	5,365.02	45,805.06
Total current assets	756,790.17	258,960.51	1,015,750.68
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	10,521.10	4,167.26	14,688.36
Capital assets, net of accumulated depreciation	938,317.65	1,605,988.72	2,544,306.37
Total noncurrent assets	948,838.75	1,610,155.98	2,558,994.73
Total assets	1,705,628.92	1,869,116.49	3,574,745.41
LIABILITIES			
Current liabilities:			
Accounts payable	6,730.08	31,252.12	37,982.20
Accrued interest	-	2,409.53	2,409.53
Accrued salaries	1,440.64	1,187.84	2,628.48
Bonds payable - due within one year	-	30,888.02	30,888.02
Total current liabilities	8,170.72	65,737.51	73,908.23
Noncurrent liabilities:			
Accumulated vacation and sick pay	9,530.61	6,928.92	16,459.53
Meter deposits	10,521.10	-	10,521.10
Bonds payable - due in more than one year	-	316,731.94	316,731.94
Total noncurrent liabilities	20,051.71	323,660.86	343,712.57
Total liabilities	28,222.43	389,398.37	417,620.80
NET POSITION			
Net investment in capital assets	938,317.65	1,258,368.76	2,196,686.41
Restricted for:			
Water system improvements	17,640.00	-	17,640.00
Unrestricted	721,448.84	221,349.36	942,798.20
Total Net Position	\$ 1,677,406.49	\$ 1,479,718.12	\$ 3,157,124.61

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended April 30, 2016

	Water Fund	Sewer Fund	Total
Operating Revenues:			
Charges for services	\$ 334,938.47	\$ 252,807.14	\$ 587,745.61
Fees	2,290.00	100.00	2,390.00
Miscellaneous	601.10	175.00	776.10
Total operating revenues	337,829.57	253,082.14	590,911.71
Operating Expenses:			
Salaries and benefits	91,650.63	75,877.17	167,527.80
Contractual services	10,292.88	65,701.77	75,994.65
Utilities	16,738.65	36,678.59	53,417.24
Repairs and maintenance	22,047.08	32,906.99	54,954.07
Other supplies and expenses	71,237.74	12,034.96	83,272.70
Depreciation	45,439.56	77,329.25	122,768.81
Total operating expenses	257,406.54	300,528.73	557,935.27
Operating income (loss)	80,423.03	(47,446.59)	32,976.44
Non-Operating Revenues (Expenses):			
Interest income	4,399.13	1,607.73	6,006.86
Grant income	1,518.00	-	1,518.00
Interest expense and fiscal agent fees	-	(20,573.48)	(20,573.48)
Total non-operating revenues (expenses)	5,917.13	(18,965.75)	(13,048.62)
Change in net position	86,340.16	(66,412.34)	19,927.82
Net position, beginning of year	1,549,247.97	1,538,958.72	3,088,206.69
Prior period adjustment	41,818.36	7,171.74	48,990.10
Net position, beginning of year, as restated	1,591,066.33	1,546,130.46	3,137,196.79
Net Position, End of Year	\$ 1,677,406.49	\$ 1,479,718.12	\$ 3,157,124.61

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended April 30, 2016

	Water Fund	Sewer Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 336,424.85	\$ 250,254.11	\$ 586,678.96
Cash payments to suppliers for goods and services	(133,575.43)	(130,585.29)	(264,160.72)
Cash payments to employees for services	(76,753.94)	(62,532.53)	(139,286.47)
Other receipts (payments)	<u>601.10</u>	<u>175.00</u>	<u>776.10</u>
Net cash provided by operating activities	<u>126,696.58</u>	<u>57,311.29</u>	<u>184,007.87</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital grant	1,518.00	-	1,518.00
Purchase of capital assets	(1,800.00)	(587.50)	(2,387.50)
Principal paid on capital debt	-	(29,223.92)	(29,223.92)
Interest and fees paid on capital debt	-	<u>(20,783.20)</u>	<u>(20,783.20)</u>
Net cash provided (used) by capital and related financing activities	<u>(282.00)</u>	<u>(50,594.62)</u>	<u>(50,876.62)</u>
Cash Flows from Investing Activities:			
Interest	<u>4,399.13</u>	<u>1,607.73</u>	<u>6,006.86</u>
Net increase in cash and cash equivalents	130,813.71	8,324.40	139,138.11
Cash and cash equivalents, beginning of year	<u>550,258.38</u>	<u>208,952.29</u>	<u>759,210.67</u>
Cash and Cash Equivalents, End of Year	<u>\$ 681,072.09</u>	<u>\$ 217,276.69</u>	<u>\$ 898,348.78</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 80,423.03	\$ (47,446.59)	\$ 32,976.44
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	45,439.56	77,329.25	122,768.81
Change in Assets and Liabilities:			
Accounts receivable	(2,453.62)	(2,653.03)	(5,106.65)
Prepaid expenses	470.13	(2,093.70)	(1,623.57)
Inventory	1,378.32	1,806.72	3,185.04
Accounts payable	(2,012.93)	28,927.81	26,914.88
Meter deposits	1,650.00	-	1,650.00
Accrued salaries	344.47	168.42	512.89
Accumulated vacation and sick pay	<u>1,457.62</u>	<u>1,272.41</u>	<u>2,730.03</u>
Net Cash Provided by Operating Activities	<u>\$ 126,696.58</u>	<u>\$ 57,311.29</u>	<u>\$ 184,007.87</u>

The accompanying notes are an integral part of these financial statements.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Neoga, Illinois, conform to U.S. generally accepted accounting principles as applicable to governments.

The following is a summary of the City's more significant accounting policies:

- a) Reporting Entity – The City is governed by an elected Mayor and Commissioners. The City is considered to be a primary government and has no component units over which it exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City.
- b) Basis of Presentation – The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, and permanent funds are classified as governmental activities, while the City's proprietary funds are classified as business-type activities.

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. 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 statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

Separate statements are presented for governmental funds and proprietary funds. These statements present each major fund as a separate column on the fund financial statements. All non-major funds are aggregated and presented in a single column. The following fund types are used by the City:

Governmental Funds:

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources, use and balances of financial resources). The City presented the following major governmental funds:

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

General Fund – is the main operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund. The Cemetery Maintenance Fund is combined with the General Fund for financial statement purposes because this fund no longer has substantial restricted or committed inflows.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Economic Development Fund – is a special revenue fund used to account for the economic development loans and assistance made to local businesses. The major source of revenue is interest income from loan repayments.

Employee Benefits Fund – is a special revenue fund used to account for employee payroll withholdings and expenditures related to payroll taxes and retirement contributions. The major source of revenue includes the City’s dedicated property tax levy.

Tax Increment Financing Fund – is a special revenue fund used to account for revenues and expenditures related to redevelopment projects within the Neoga tax increment financing area.

The other governmental funds of the City are considered non-major and are as follows:

Motor Fuel Tax Fund – is a special revenue fund used to account for revenues and expenditures related to projects financed by the state gasoline tax collected and distributed by the State of Illinois.

Business District Fund – is a special revenue fund used to account for revenues and expenditures related to redevelopment projects within the Neoga business district area.

Permanent Funds – are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support programs of the City.

Cemetery Perpetual Fund – is a permanent fund used to account for interest earned on principal, which is restricted for use on expenditures for the maintenance of City cemeteries.

Proprietary Funds

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, which is similar to businesses in the private sector. The measurement focus is upon income determination, financial position and cash flows. The City presented the following major proprietary funds:

Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Water Fund – is an enterprise fund used to account for the operations of providing a safe and adequate water supply for fire protection, domestic and industrial use.

Sewer Fund – is an enterprise fund used to account for the operations of providing an adequate sewerage system for the City.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- c) Measurement Focus and Basis of Accounting – Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Measurement focus is used to describe which transactions are recorded within the various financial statements.

Government-Wide Financial Statements – On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position and cash flows. The basis of accounting used on the government-wide financial statements is the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Fund Financial Statements – All governmental funds utilize a current financial resources measurement focus. Only current financial assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period to be used to pay current liabilities. The City uses a sixty day collection period to determine availability of revenues for property taxes and 120 days for all other revenue sources. Expenditures are recorded when the related fund liability is incurred. Proprietary funds utilize an economic resources measurement focus and the accrual basis of accounting. This is the same measurement focus and basis of accounting used on the government-wide financial statements. Nonoperating revenues and expenses for proprietary funds are defined as transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, and investing activities, which are normally not reported as components of operating income.

- d) Budgets and Budgetary Accounting – The City follows these procedures in establishing the budgetary data reflected in the financial statements:
1. A proposed operating budget is submitted to the City council 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 August 1, the appropriations are legally enacted through passage of an appropriation ordinance.
 4. The tax levy ordinance is adopted and filed with the county clerk on or before the last Tuesday in December.
 5. All annual appropriations lapse at fiscal year end.
 6. All budgets are adopted on a cash basis which is inconsistent with U.S. generally accepted accounting principles (GAAP) which require accrual basis reporting. All budget comparisons presented in this report are on a non-GAAP budgetary basis and are compared with actual cash receipts and disbursements. A reconciliation of the timing differences in excess of revenues over (under) expenditures for the year ended April 30, 2016, is presented below:

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	<u>General</u>	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Tax Increment Financing</u>
Excess of receipts (disbursements) (budgetary basis)	\$241,296.70	\$(112,650.18)	\$ 30,243.27	\$ 154,789.12
Increase (decrease) in receivables, prepaid expenditures, and inventory	(36,617.54)	(7,699.24)	(299.03)	9,232.70
(Increase) decrease in payables and other liabilities	(1,286.65)	-	597.68	(90.00)
(Increase) decrease in deferred inflows of resources	<u>(2,538.75)</u>	<u>-</u>	<u>299.03</u>	<u>(9,232.70)</u>
Net Change in Fund Balance	<u>\$200,853.76</u>	<u>\$(120,349.42)</u>	<u>\$ 30,840.95</u>	<u>\$ 154,699.12</u>

- e) Cash and Cash Equivalents – For purposes of the statement of cash flows, all demand and savings accounts and certificates of deposit or short-term investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.
- f) Inventory – Inventory held by the City is priced at cost (first-in, first-out) which approximates market.
- g) Interfund Activity – Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund transfers during the year ended April 30, 2016, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 20.16	\$ -
Cemetery Perpetual Fund	<u>-</u>	<u>20.16</u>
Total Governmental Activities	<u>\$ 20.16</u>	<u>\$ 20.16</u>

A transfer of \$20.16 was made from the Cemetery Perpetual Fund to the General Fund to provide funding for cemetery maintenance expenditures.

- h) Property Taxes – Property taxes are deferred in the fiscal year for which they are levied and are recorded as revenue in the fiscal year in which they are received. Taxes levied and uncollected are carried as an asset of the appropriate fund. The City's property tax calendar is as follows:
1. Property is assessed on January 1 each year.
 2. The tax levy ordinance was adopted and filed with the county clerk on December 29, 2015.
 3. Property taxes are due to be collected on June 1 (first installment) and September 1 (second installment) in the year following the levy year.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- i) Capital Assets and Depreciation – Capital assets, which includes property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for proprietary funds. Land, buildings, storm sewers, sidewalks, traffic signals, water system and improvements, sewer system and improvements, vehicles, and all other infrastructure and improvements other than buildings with an original cost of \$10,000 or more are capitalized. Streets, curbs, bridges and fire apparatus with an original cost of \$50,000 or more are capitalized. Machinery, equipment and computer software with an original cost of \$2,500 or more and office equipment with an original cost of \$1,000 or more are capitalized. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at their fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The City reports all major general infrastructure assets constructed or acquired in fiscal years ending after April 30, 2004, or that received major renovations, restorations, or improvements during that period. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50
Bridges	50
Storm sewers	50
Water/sewer system and improvements	30
Sidewalks/bike paths	20
Traffic signals	20
All other infrastructure and improvements other than buildings	20
Streets/curbs/gutters	20
Fire apparatus	20
Vehicles	7
Machinery and equipment	5
Computer software	5
Office equipment	3

- j) Operating Revenues and Expenses – The City’s proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the City’s water and sewer funds consist of charges for services (including tap fees) and the cost of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.
- k) Deferred Outflows and Inflows of Resources – The City reports a decrease in net position/fund balance that applies to a future period as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City reported deferred outflows of resources on the government-wide financial statements for unrecognized items not yet charged to pension expense and pension contributions from the City after the measurement date but before the end of the City’s reporting period. The City had no deferred outflows of resources that affect the proprietary fund financial statements in the current year.

The City reports an increase in net position/fund balance that applies to a future period as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position and the governmental funds balance sheet. The City will not recognize the related revenues until a future event occurs. Under the modified accrual basis of accounting, governmental fund revenues are not recognized until available. Accordingly, unavailable property taxes are reported in the government-wide statement of net position and the governmental funds balance sheet. The City reported deferred inflows of resources on the government-wide financial statements for unrecognized items not yet charged to pension expense. The City had no deferred inflows of resources that affect the proprietary fund financial statements in the current year.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

- l) Net Position – Government-wide and proprietary fund net position is divided into three components:
1. Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
 2. Restricted – consists of net position that is restricted by the City’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by both federal and state grantors and by other contributors.
 3. Unrestricted – all other net position is reported in this category.
- m) Fund Balance - The following classifications describe the constraints placed on the purposes for which resources can be used:
1. Nonspendable fund balance – consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
 2. Restricted fund balance – consists of amounts that are subject to outside restrictions, such as those imposed by creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
 3. Committed fund balance – consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority (the City Council Members). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.
 4. Assigned fund balance – consists of amounts that are constrained by the government’s intent to be used for a specific purpose, but are neither restricted nor committed. The intent can be expressed by the City Council Members or by an official or body which the Council delegates authority.
 5. Unassigned fund balance - consists of amounts available for any purpose and positive amounts are reported only in the General Fund.
- Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.
- n) Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- o) Recently Issued and Adopted Accounting Pronouncements – In 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. These statements improve accounting and financial reporting by state and local governments for pensions. They require the recognition of the entire net pension liability, deferred outflows of resources, deferred inflows of resources, and a more comprehensive measure of pension expense. See Note O for the restatement of previously reported net pension.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE B - RESTRICTED ASSETS

The amounts reported as restricted assets are cash deposits related to their required bond payable accounts as described in Note I, and amounts held for customer utility meter deposits. The restricted assets as of April 30, 2016, are as follows:

<u>Type of Restricted Assets</u>	<u>Cash</u>
Meter deposits	\$ 10,521.10
Bond payable	<u>4,167.26</u>
Total	<u>\$ 14,688.36</u>

NOTE C - CASH DEPOSITS AND INVESTMENTS

The City is allowed to invest in securities as authorized by 30 ILCS 235/2 and 235/6. At April 30, 2016, the City had the following cash and cash deposits:

Governmental Activities:	
Cash on hand	\$ 250.00
Cash deposits	2,469,662.77
Certificates of deposit	<u>13,400.00</u>
	<u>\$2,483,312.77</u>
Business-Type Activities:	
Cash Deposits	<u>\$ 898,348.78</u>

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City minimizes its exposure to interest rate risk by limiting its purchases of long term investments and by structuring investments to mature to meet cash requirements. At April 30, 2016, the City had no investments but cash deposits consisted of a certificate of deposit with a local financial institution having a maturity of 12 months.

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City has no investments which are subject to credit risk rating.

Concentration of Credit Risk:

The City's investment policy does not place limitations on the amount that can be invested in any one issuer. Cash deposits held with local financial institutions are exempt from the 5% investment in any one issuer disclosure.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits in federally insured banks and savings and loans are insured up to \$250,000 for demand deposits and \$250,000 for time deposits per custodian. The City's investment policy requires that all amounts deposited or invested with financial institutions in excess of any insurance limit be collateralized by securities held by the City in the City's name. As of April 30, 2016, of the City of Neoga's total bank balances, \$515,685.28 was secured by federal depository insurance and \$2,914,759.90 was collateralized with securities held by the pledging financial institution's trust department in the City of Neoga's name.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair values of deposits or investments. None of the City's deposits are directly subject to foreign currency risk.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016, was as follows:

	<u>Balance May 1, 2015</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Balance April 30, 2016</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 281,039.71	\$ -	\$ -	\$ 281,039.71
Construction in progress	-	12,898.67	-	12,898.67
Capital assets being depreciated:				
Building and improvements	288,089.10	-	-	288,089.10
Accumulated depreciation	(160,048.82)	(5,761.79)	-	(165,810.61)
Building and improvements, net	128,040.28	(5,761.79)	-	122,278.49
Equipment	369,327.75	3,958.00	-	373,285.75
Accumulated depreciation	(300,545.12)	(31,824.63)	-	(332,369.75)
Equipment, net	68,782.63	(27,866.63)	-	40,916.00
Infrastructure	1,044,043.67	263,323.04	-	1,307,366.71
Accumulated depreciation	(125,571.76)	(56,590.90)	-	(182,162.66)
Infrastructure, net	918,471.91	206,732.14	-	1,125,204.05
Total Governmental Activities				
Net Capital Assets	<u>\$1,396,334.53</u>	<u>\$ 186,002.39</u>	<u>\$ -</u>	<u>\$1,582,336.92</u>

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

	Balance May 1, 2015	Additions/ Completions	Retirements/ Adjustments	Balance April 30, 2016
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 31,757.73	\$ -	\$ -	\$ 31,757.73
Construction in progress	<u>80,425.19</u>	<u>2,387.50</u>	<u>-</u>	<u>82,812.69</u>
Capital assets being depreciated:				
Infrastructure	4,430,482.12	-	-	4,430,482.12
Accumulated depreciation	<u>(1,885,604.98)</u>	<u>(120,370.83)</u>	<u>-</u>	<u>(2,005,975.81)</u>
Infrastructure, net	<u>2,544,877.14</u>	<u>(120,370.83)</u>	<u>-</u>	<u>2,424,506.31</u>
Equipment	186,840.00	-	-	186,840.00
Accumulated depreciation	<u>(179,212.38)</u>	<u>(2,397.98)</u>	<u>-</u>	<u>(181,610.36)</u>
Equipment, net	<u>7,627.62</u>	<u>(2,397.98)</u>	<u>-</u>	<u>5,229.64</u>
Total Business-Type Activities				
Net Capital Assets	<u>\$2,664,687.68</u>	<u>\$ (120,381.31)</u>	<u>\$ -</u>	<u>\$2,544,306.37</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 6,451.75
Cemetery maintenance	775.00
Public safety	7,177.91
Health and welfare	2,988.66
Economic development	4,388.72
Highways and streets	<u>72,395.28</u>
Total Governmental Activities Depreciation Expense	<u>\$ 94,177.32</u>
Business-Type Activities:	
Water	\$ 45,439.56
Sewer	<u>77,329.25</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 122,768.81</u>

The City has the following active construction in progress projects:

Construction in progress for governmental activities includes the Safe Routes to School Project to construct sidewalks to connect two residential areas to the elementary school. The project is funded by the IDOT Safe Routes to School Grant which includes up to \$16,000.00 for preliminary engineering and \$160,000.00 for construction. As of April 30, 2016, \$12,898.67 has been expended for preliminary engineering costs. The estimated cost of the project and expected completion date are unknown at this time.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Construction in progress for business-type activities includes a project for sewer system improvements. The design engineering for the project is funded by a \$100,000 Community Development Assistance Program grant. The City was awarded a \$350,000 Community Development Assistance Program grant in June 2004 for interceptor sewer upsizing and wastewater treatment plant improvements. The City was awarded an additional \$350,000 Community Development Assistance Program grant in fiscal year 2007. Phase I of the project was completed April 2007 for a total of \$864,878.79. Phase II of the project was completed November 2008 for a total of \$666,438.91. As of April 30, 2016, \$8,015.19 has been expended for Phase III of this project. The estimated cost of the project and expected completion date are unknown at this time.

Construction in progress for business-type activities also includes a project for water main improvements on 6th Street. The City was awarded a \$46,980.00 water main improvement design grant from the Illinois Department of Commerce and Economic Opportunity. As of April 30, 2016, \$56,200.00 has been expended for design engineering costs. The total estimated cost of the project is \$552,595.00, but the project has been put on hold until additional funding can be obtained.

Construction in progress for business-type activities also includes a project to replace an existing water main from 6th Street to 9th Street. The City was awarded a \$100,000.00 grant from the Illinois Department of Commerce and Economic Opportunity for design engineering and construction costs. As of April 30, 2016, \$18,010.00 has been expended for design engineering costs. The total estimated cost of the project is \$106,000.00. The project is on hold due to the State suspending available grant monies.

Construction in progress for business-type activities also includes a project to upgrade the wastewater treatment plant to meet IEPA compliance with ammonia levels. The City will be constructing an aerated basin system to improve wastewater treatment in order to meet the requirements. The project will be funded with a loan and grant from USDA Rural Development. As of April 30, 2016, \$587.50 has been expended for design engineering costs. It is estimated to cost \$1,250,000.00 and is estimated to be completed in the spring of 2018.

NOTE E - DEFERRED COMPENSATION PLAN

The City maintains a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan is available to all City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Amendments to the laws governing Section 457, deferred compensation plans, substantially became effective January 1, 1997. The City approved plan amendments such that plan assets are held in trust, with the City serving as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets will not be diverted to any other purpose. The City's beneficial ownership of plan assets will be held for the further exclusive benefit of the plan for the exclusive benefit of participants and beneficiaries.

It is the opinion of the City's legal counsel that the City, as trustee, has no liability for plan losses but does have the duty of due care that would be required of an ordinary prudent investor.

Total plan assets as of March 31, 2016 (latest information available) held by Nationwide Retirement Solutions was \$164,600.77.

NOTE F - VACATION, SICK PAY AND OTHER EMPLOYEE BENEFITS

Accumulated unpaid vacation and sick pay amounts for governmental fund types are not accrued in the fund financial statements because they would not normally be liquidated with expendable available financial resources. The accumulated amount is recorded on the accrual basis in those funds on the government-wide financial statements.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Accumulated unpaid vacation and sick pay amounts for proprietary funds are recorded on the accrual basis in those funds on both the fund financial statements and government-wide financial statements.

Accumulated vacation and sick pay liability at April 30, 2016 is as follows:

	Accrued Vacation Pay	Accrued Comp and Sick Pay	Total
Governmental Activities:			
General Fund	\$ 10,460.08	\$ 3,525.61	\$ 13,985.69
Business-Type Activities:			
Water Fund	6,388.28	3,142.33	9,530.61
Sewer Fund	3,786.60	3,142.32	6,928.92
	10,174.88	6,284.65	16,459.53
Total	\$ 20,634.96	\$ 9,810.26	\$ 30,445.22

NOTE G - DEFINED BENEFIT PENSION PLAN

Plan Description - The City's defined benefit pension plan provides retirement and disability benefits, post retirement increases and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

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

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

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

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

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms - As of December 31, 2015, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	13
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	<u>8</u>
Total	<u><u>30</u></u>

Contributions - As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2015 and 2016 was 12.84% and 11.65%. For the fiscal year ended April 30, 2016, the City contributed \$43,325 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability - The City's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.48%.
- **Projected Retirement Age** was from the Experience-Based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Single Discount Rate - A Single Discount Rate of 7.48% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

	<u>Pension Liability (A)</u>	<u>Plan Net Position (B)</u>	<u>Net Pension Liability (A) – (B)</u>
Changes in the Net Pension Liability:			
Balances at December 31, 2014	\$ 2,589,374.00	\$ 2,459,927.00	\$ 129,447.00
Changes for the year:			
Service Cost	37,953.00	-	37,953.00
Interest on the Total Pension Liability	191,436.00	-	191,436.00
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(357,862.00)	-	(357,862.00)
Changes of Assumptions	6,209.00	-	6,209.00
Contributions – Employer	-	44,824.00	(44,824.00)
Contributions – Employees	-	15,773.00	(15,773.00)
Net Investment Income	-	12,172.00	(12,172.00)
Benefit Payments, Including Refunds of Employee Contributions	(111,731.00)	(111,731.00)	-
Other (Net Transfer)	-	(328,273.00)	328,273.00
Net Changes	<u>(233,995.00)</u>	<u>(367,235.00)</u>	<u>133,240.00</u>
Balances at December 31, 2015	<u>\$ 2,355,379.00</u>	<u>\$ 2,092,692.00</u>	<u>\$ 262,687.00</u>

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<u>1% Lower</u> 6.48%	<u>Current</u> 7.48%	<u>1% Higher</u> 8.48%
Net Pension Liability/(Asset)	\$ 599,998.00	\$ 262,687.00	\$ (13,310.00)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - For the year ended April 30, 2016, the City recognized pension expense of \$288,016. At April 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Amounts Related to Pensions:		
Deferred Amounts to be Recognized in Pension Expense in Future Periods:		
Differences between expected and actual experience	\$ -	\$ 240,603.00
Changes of assumptions	4,175.00	-
Net difference between projected and actual earnings on pension plan investments	<u>126,476.00</u>	<u>-</u>
Total deferred amounts to be recognized in pension expense in future periods	<u>130,651.00</u>	<u>240,603.00</u>
Pension contributions made subsequent to the measurement date	<u>13,635.63</u>	<u>-</u>
 Total Deferred Amounts Related to Pensions	 <u>\$ 144,286.63</u>	 <u>\$ 240,603.00</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ (83,606.00)
2017	(83,606.00)
2018	25,641.00
2019	31,619.00
2020	<u>-</u>
Total	<u>\$ (109,952.00)</u>

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE H - CDAP LOANS RECEIVABLES

As a part of the Illinois Community Development Assistance Grant program, loans at an interest rate of 3-5% were made available to the property owners and local businesses. Principal and interest collected on these loans is considered to be program income and must be spent in the same area as the original grant. Original balance of the loans was \$1,440,000.00. At April 30, 2016, the balance was \$138,654.93.

NOTE I - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended April 30, 2016:

	<u>Balance</u> May 1, 2015	<u>Additions</u>	<u>Retired</u>	<u>Balance</u> April 30, 2016	<u>Amount</u> Due Within <u>One Year</u>
Business-Type Activities:					
Bonds Payable	\$ 376,843.88	\$ -	\$ 29,223.92	\$ 347,619.96	\$ 30,888.02

\$600,000 general obligation waterworks and sewerage bonds, Series 2005. First Neighbor Bank, National Association (Branch of Toledo) is bond registrar and paying agent. Bonds are dated March 15, 2005, with final payment due March 15, 2025. Principal and interest payments at 5.50% are due annually on March 15.

Annual future maturities are summarized as follows:

<u>Year Ended</u> <u>April 30</u>	<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,888.02	\$ 19,119.10	\$ 50,007.12
2018	32,586.86	17,420.26	50,007.12
2019	34,379.14	15,627.98	50,007.12
2020	36,232.36	13,774.76	50,007.12
2021	38,262.77	11,744.35	50,007.12
2022-2025	<u>175,270.81</u>	<u>24,757.67</u>	<u>200,028.48</u>
	<u>\$ 347,619.96</u>	<u>\$ 102,444.12</u>	<u>\$ 450,064.08</u>

The bond ordinance authorizing the revenue bond issue provides in detail the method of accounting and handling of funds and provides for establishing two (2) separate accounts in the priority indicated by the order of the following:

<u>Account</u>	<u>Amount Required</u>	<u>Nature of Authorized Expenditure</u>
a) Sewerage System Operation and Maintenance Account	Sufficient amount to pay reasonable expenses for the current month.	Expenses of operating, maintaining and repairing the system.
b) Sewerage System Debt Service Account	Monthly a fractional amount of interest and principal due on the next payment date.	Paying principal and interest on bonds.

All of the above accounts have been established substantially in accordance with the provisions of this bond ordinance.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE J - OTHER LONG-TERM LIABILITIES

The following is a summary of other long-term liabilities transactions for the year ended April 30, 2016:

	Balance May 1, <u>2015</u>	<u>Additions</u>	<u>Payments</u>	Balance April 30, <u>2016</u>	Amount Due Within <u>One Year</u>
Governmental Activities:					
TIF District redevelopment project	\$ 220,194.52	\$ -	\$ 15,162.69	\$ 205,031.83	\$ 15,345.05
Business District redevelopment project	<u>142,680.35</u>	<u>-</u>	<u>15,598.42</u>	<u>127,081.93</u>	<u>8,446.61</u>
Total Governmental Activities	<u>\$ 362,874.87</u>	<u>\$ -</u>	<u>\$ 30,761.11</u>	<u>\$ 332,113.76</u>	<u>\$ 23,791.66</u>

The City signed a redevelopment agreement with Westmore Equities, LLC in January 2011 to reimburse costs for the construction of a new building for a retail business in the City's TIF District. The City is to reimburse Westmore Equities, LLC 75% of TIF property tax revenues on the property annually until the Neoga Tax Increment Financing District #1 expires in 22 years. The maximum amount to be paid over that period is \$250,000.00. It can be reasonably estimated that the City will pay the maximum amount in the agreement.

The City signed a redevelopment agreement with Westmore Equities, LLC in September 2010 to reimburse costs for the construction of a new building for a retail business in the City's Business District. The City is to reimburse Westmore Equities, LLC 100% of the Business District sales tax revenues collected on the property annually until the Neoga Business District expires in 22 years. The maximum amount to be paid over that period is \$158,000.00. It can be reasonably estimated that the City will pay the maximum amount in the agreement.

NOTE K - MAJOR CUSTOMER

On March 30, 2000, the City signed an agreement with Reliant Energy Shelby County, LP for its water usage at \$0.315 per 1,000 gallons with a minimum monthly water fee of \$600 per month to be adjusted annually. As consideration of discharge, the user fee will equal \$2.65 per 1,000 gallons of water discharged by Reliant to Neoga Wastewater Treatment System with a minimum fee of \$3,500 per month to be adjusted annually. Reliant paid \$65,243.76 or 11.50 % of water and sewer revenue to the City during the fiscal year ended April 30, 2016.

NOTE L - INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds:

<u>Due To</u>	<u>Due From</u>	<u>Balance 4-30-15</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 4-30-16</u>
Economic Development Fund	General Fund	<u>\$ 1,212.39</u>	<u>\$ -</u>	<u>\$ 1,212.39</u>	<u>\$ -</u>

A transfer was made in error for \$1,212.39 from the Economic Development Fund to the General Fund, to repay the bank for the insurance refund on a CDAP Loan. The General Fund reimbursed \$1,212.39 to the Economic Development Fund during the fiscal year.

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

NOTE M - LEASING AGREEMENT

The City signed a cash rent farm lease dated April 7, 2015 for farm land owned by the City. The term of the lease is from March 1, 2015 to February 28, 2018. The tenant will pay the City \$297.00 per acre for a total of \$13,985.73 annually. The lease will not automatically renew each year and the City has the option to extend the lease or sign a new lease agreement. The City recognized lease revenue of \$13,985.73 for the year ending April 30, 2016.

The City signed a real estate lease agreement dated February 11, 2013 for real estate owned by the City. The term of the lease is from February 1, 2013 to January 30, 2012. The tenant will pay the City \$10.00 per year. Either party has the right to terminate the lease on December 1, 2019, and on December 1 of every third year thereafter. The City recognized lease revenue of \$10.00 for the year ending April 30, 2016.

NOTE N - RISK MANAGEMENT

The City is exposed to various risks of loss including, but not limited to, general liability, property casualty, workers compensation and public official liability. To limit exposure to these risks, the City purchases commercial insurance.

NOTE O – ACCOUNTING CHANGE & PRIOR PERIOD ADJUSTMENT

In 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The adoption of these accounting policies requires retroactive application by restating financial statements for all periods presented. As a result, the City has restated beginning net position as of May 1, 2015, to record the net pension liability and deferred outflows of resources which were not previously reported.

The City has reported a prior period adjustment to record beginning inventory for governmental activities, business-type activities, general fund, water fund, and sewer fund.

The IKE grant fund was classified as a special revenue fund in the prior year. Restricted or committed revenues did not make up a substantial portion of total revenues during the fiscal year and future inflows are not expected to be restricted or committed. The beginning fund balance was reclassified to the general fund.

The beginning net position was restated as follows for the accounting change and prior period adjustment:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position, beginning of year	\$ 3,485,397.69	\$ 3,088,206.69
Accounting change - deferred outflows of resources	15,134.52	-
Accounting change – net pension liability	(129,447.00)	-
Prior period adjustment - inventory	<u>17,117.99</u>	<u>48,990.10</u>
Net Position, Beginning of Year, as Restated	<u>\$ 3,388,203.20</u>	<u>\$ 3,137,196.79</u>

CITY OF NEOGA, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

The beginning fund balance/net positions were restated as follows for the accounting change and prior period adjustment:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>IKE Grant</u>
Fund balance/net position, beginning of year	\$ 720,691.75	\$1,549,247.97	\$1,538,958.72	\$ 2,956.65
Prior period adjustment – inventory	17,117.99	41,818.36	7,171.74	-
Accounting change – fund balance reclassification	<u>2,956.65</u>	<u>-</u>	<u>-</u>	<u>(2,956.65)</u>
Fund Balance/Net Position, Beginning of Year, as Restated	<u>\$ 740,766.39</u>	<u>\$1,591,066.33</u>	<u>\$1,546,130.46</u>	<u>\$ -</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEGOA, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
REGULAR PLAN
December 31, 2015

	2015
Total Pension Liability:	
Service cost	\$ 37,953
Interest	191,436
Changes of benefit terms	-
Differences between expected and actual experience	(357,862)
Changes of assumptions	6,209
Benefit payments, including refunds of employee contributions	(111,731)
Net change in total pension liability	(233,995)
Total pension liability, beginning of year	2,589,374
Total Pension Liability, End of Year	\$ 2,355,379
 Plan Fiduciary Net Position:	
Contributions - employer	\$ 44,824
Contributions - employees	15,773
Net investment income	12,172
Benefit payments, including refunds of employee contributions	(111,731)
Other (net transfer)	(328,273)
Net change in fiduciary net position	(367,235)
Plan net position, beginning of year	2,459,927
Plan Net Position, End of Year	\$ 2,092,692
 Employer's Net Pension Liability	\$ 262,687
 Plan Fiduciary Net Position as a percentage of the Total Pension Liability	88.85%
 Covered Employee Payroll	\$ 349,099
 Employer's Net Pension Liability as a Percentage of Covered Employee Payroll	75.25%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF NEOGA, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 December 31, 2015

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
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Illinois Municipal Retirement Fund - Regular Plan:

2015	\$	44,824	\$	44,824	\$	-	\$	349,099	12.84%
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CITY OF NEOGA, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
December 31, 2015

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate *

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine 2015 Contributions Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	28-year closed period until remaining period reaches 15 years (then 15-year rolling period).
Asset Valuation Method:	5-year smoothed market; 20% corridor
Wage Growth:	4%
Price Inflation:	3%, approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases:	4.40% to 16%, including inflation
Investment Rate of Return:	7.5%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2011 valuation pursuant to an experience study of the period 2008 to 2010.
Mortality:	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.
Other Information:	There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013, actuarial valuation.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS

CITY OF NEOGA, ILLINOIS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 April 30, 2016

	Motor Fuel Tax Fund	Cemetery Perpetual Fund	Business District Fund	Total Non-Major Governmental Funds
ASSETS				
Cash deposits	\$ 33,273.44	\$ 13,400.00	\$ 2,767.89	\$ 49,441.33
Receivables:				
Due from other governmental agencies	3,723.23	-	1,434.83	5,158.06
Total Assets	\$ 36,996.67	\$ 13,400.00	\$ 4,202.72	\$ 54,599.39
LIABILITIES				
None	\$ -	\$ -	\$ -	\$ -
FUND BALANCE				
Nonspendable	-	13,400.00	-	13,400.00
Restricted for:				
Economic development and assistance	-	-	4,175.11	4,175.11
Street maintenance	36,996.67	-	-	36,996.67
Assigned for:				
Economic development and assistance	-	-	27.61	27.61
Total fund balance	36,996.67	13,400.00	4,202.72	54,599.39
Total Liabilities and Fund Balance	\$ 36,996.67	\$ 13,400.00	\$ 4,202.72	\$ 54,599.39

CITY OF NEOGA, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2016

	Motor Fuel Tax Fund	Cemetery Perpetual Fund	Business District Fund	IKE Grant	Total Non-Major Governmental Funds
Revenues:					
Municipal retailers' occupation tax	\$ -	\$ -	\$ 8,502.70	\$ -	\$ 8,502.70
Illinois motor fuel tax	41,847.05	-	-	-	41,847.05
Interest income	25.60	20.16	8.39	-	54.15
Total revenues	<u>41,872.65</u>	<u>20.16</u>	<u>8,511.09</u>	<u>-</u>	<u>50,403.90</u>
Expenditures:					
Highways and streets	48,132.00	-	-	-	48,132.00
Economic development and assistance	-	-	15,598.42	-	15,598.42
Total expenditures	<u>48,132.00</u>	<u>-</u>	<u>15,598.42</u>	<u>-</u>	<u>63,730.42</u>
Excess (deficiency) of revenues over expenditures	<u>(6,259.35)</u>	<u>20.16</u>	<u>(7,087.33)</u>	<u>-</u>	<u>(13,326.52)</u>
Other Financing Sources (Uses):					
Transfers out	-	(20.16)	-	-	(20.16)
Net change in fund balance	<u>(6,259.35)</u>	<u>-</u>	<u>(7,087.33)</u>	<u>-</u>	<u>(13,346.68)</u>
Fund balance, beginning of year	43,256.02	13,400.00	11,290.05	2,956.65	70,902.72
Accounting change	-	-	-	(2,956.65)	(2,956.65)
Fund balance, beginning of year, as restated	<u>43,256.02</u>	<u>13,400.00</u>	<u>11,290.05</u>	<u>-</u>	<u>67,946.07</u>
Fund Balance, End of Year	<u>\$ 36,996.67</u>	<u>\$ 13,400.00</u>	<u>\$ 4,202.72</u>	<u>\$ -</u>	<u>\$ 54,599.39</u>

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 MOTOR FUEL TAX FUND
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
RECEIPTS				
Revenue:				
State of Illinois - motor fuel tax allotments	\$ 60,000.00	\$ 60,000.00	\$ 41,928.82	\$ (18,071.18)
Interest received	<u>100.00</u>	<u>100.00</u>	<u>25.60</u>	<u>(74.40)</u>
 Total receipts	 <u>60,100.00</u>	 <u>60,100.00</u>	 <u>41,954.42</u>	 <u>(18,145.58)</u>
DISBURSEMENTS				
Highways and Streets:				
Engineering	9,000.00	9,000.00	-	9,000.00
Street maintenance	90,000.00	90,000.00	48,132.00	41,868.00
Miscellaneous	<u>600.00</u>	<u>600.00</u>	<u>-</u>	<u>600.00</u>
 Total disbursements	 <u>99,600.00</u>	 <u>99,600.00</u>	 <u>48,132.00</u>	 <u>51,468.00</u>
 Excess of receipts (disbursements)	 <u>\$ (39,500.00)</u>	 <u>\$ (39,500.00)</u>	 (6,177.58)	 <u>\$ 33,322.42</u>
 Cash deposits, beginning of year			 <u>39,451.02</u>	
 Cash Deposits, End of Year			 <u>\$ 33,273.44</u>	

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 CEMETERY PERPETUAL FUND
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
RECEIPTS				
Revenue:				
Interest received	<u>\$ 100.00</u>	<u>\$ 100.00</u>	<u>\$ 20.16</u>	<u>\$ (79.84)</u>
DISBURSEMENTS				
Cemetery:				
Non-Expense Disbursements:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>20.16</u>	<u>(20.16)</u>
Excess of receipts (disbursements)	<u>\$ 100.00</u>	<u>\$ 100.00</u>	<u>-</u>	<u>\$ (100.00)</u>
Cash deposits, beginning of year			<u>13,400.00</u>	
Cash Deposits, End of Year			<u>\$ 13,400.00</u>	

CITY OF NEOGA, ILLINOIS
 CASH RECEIPTS AND DISBURSEMENTS AND COMPARISON TO BUDGET
 BUSINESS DISTRICT FUND
 For the Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Final Budget</u>
RECEIPTS				
Revenue:				
Municipal retailers' occupation tax	\$ 10,000.00	\$ 15,000.00	\$ 8,470.56	\$ (6,529.44)
Interest received	<u>50.00</u>	<u>50.00</u>	<u>8.39</u>	<u>(41.61)</u>
 Total receipts	 <u>10,050.00</u>	 <u>15,050.00</u>	 <u>8,478.95</u>	 <u>(6,571.05)</u>
DISBURSEMENTS				
Economic Development and Assistance:				
Professional fees	1,000.00	1,000.00	-	1,000.00
Developer reimbursement	8,050.00	8,050.00	15,598.42	(7,548.42)
Miscellaneous	<u>11,000.00</u>	<u>16,000.00</u>	<u>-</u>	<u>16,000.00</u>
 Total disbursements	 <u>20,050.00</u>	 <u>25,050.00</u>	 <u>15,598.42</u>	 <u>9,451.58</u>
 Excess of receipts (disbursements)	 <u>\$ (10,000.00)</u>	 <u>\$ (10,000.00)</u>	 (7,119.47)	 <u>\$ 2,880.53</u>
 Cash deposits, beginning of year			 <u>9,887.36</u>	
 Cash Deposits, End of Year			 <u>\$ 2,767.89</u>	

CITY OF NEOGA, ILLINOIS
 COMBINING BALANCE SHEET - GENERAL FUND
 April 30, 2016

	General	Cemetery Maintenance Fund	Total General Fund
ASSETS			
Cash deposits	\$ 858,819.06	\$ 9,241.94	\$ 868,061.00
Receivables:			
Property taxes	103,118.61	-	103,118.61
Utility taxes	6,024.14	-	6,024.14
Due from other governmental agencies	84,358.34	-	84,358.34
Prepaid expenditures	3,707.63	-	3,707.63
Inventory	17,173.25	-	17,173.25
 Total Assets	 \$ 1,073,201.03	 \$ 9,241.94	 \$1,082,442.97
LIABILITIES			
Accounts payable	\$ 8,967.13	\$ 500.00	\$ 9,467.13
Accrued salaries	4,498.97	-	4,498.97
Unearned revenue	23,738.11	-	23,738.11
Total liabilities	37,204.21	500.00	37,704.21
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	103,118.61	-	103,118.61
FUND BALANCES			
Nonspendable	20,880.88	-	20,880.88
Restricted for:			
Community improvement	31,368.46	-	31,368.46
Public safety	7,323.82	-	7,323.82
Committed for:			
Public safety	34,463.48	-	34,463.48
Equipment	71,265.99	-	71,265.99
Assigned for:			
Cemetery maintenance	-	8,741.94	8,741.94
Community improvement	1,255.64	-	1,255.64
Unassigned	766,319.94	-	766,319.94
Total fund balances	932,878.21	8,741.94	941,620.15
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 \$ 1,073,201.03	 \$ 9,241.94	 \$1,082,442.97

CITY OF NEOGA, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GENERAL FUND
 For the Year Ended April 30, 2016

	General	Cemetery Maintenance Fund	Total General Fund
Revenues:			
Property taxes	\$ 100,999.44	\$ -	\$ 100,999.44
Personal property replacement tax	9,822.21	-	9,822.21
Municipal retailers' occupation tax	183,127.15	-	183,127.15
Local use tax	37,765.38	-	37,765.38
Illinois income tax	167,340.66	-	167,340.66
Utility tax	82,388.84	-	82,388.84
Telecommunications tax	38,523.46	-	38,523.46
Video gaming tax	21,997.21	-	21,997.21
Franchise tax	25,324.51	-	25,324.51
Other governmental agencies	1,508.46	-	1,508.46
Grant income	11,008.77	-	11,008.77
Licenses, permits and fees	4,855.00	-	4,855.00
Fines	41,821.13	-	41,821.13
Rental income	15,760.73	-	15,760.73
Interest income	4,672.93	6.73	4,679.66
Donations	45,862.32	-	45,862.32
Other income	11,278.32	4,200.00	15,478.32
	<u>804,056.52</u>	<u>4,206.73</u>	<u>808,263.25</u>
Expenditures:			
General government	235,202.97	-	235,202.97
Cemetery	-	15,636.00	15,636.00
Public safety	195,267.40	-	195,267.40
Highways and streets	132,225.10	-	132,225.10
Sanitation	7,580.00	-	7,580.00
Health and welfare	19,396.89	-	19,396.89
Economic development and assistance	2,121.29	-	2,121.29
	<u>591,793.65</u>	<u>15,636.00</u>	<u>607,429.65</u>
Excess (deficiency) of revenues over expenditures	<u>212,262.87</u>	<u>(11,429.27)</u>	<u>200,833.60</u>

CITY OF NEOGA, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 GENERAL FUND
 For the Year Ended April 30, 2016

	<u>General</u>	<u>Cemetery Maintenance Fund</u>	<u>Total General Fund</u>
Other Financing Sources (Uses):			
Transfers in	-	15,020.16	15,020.16
Transfers out	<u>(15,000.00)</u>	<u>-</u>	<u>(15,000.00)</u>
Total other financing sources (uses)	<u>(15,000.00)</u>	<u>15,020.16</u>	<u>20.16</u>
Net change in fund balance	<u>197,262.87</u>	<u>3,590.89</u>	<u>200,853.76</u>
Fund balance, beginning of year	715,540.70	5,151.05	720,691.75
Prior period adjustment	17,117.99	-	17,117.99
Accounting change	<u>2,956.65</u>	<u>-</u>	<u>2,956.65</u>
Fund balance, beginning of year, as restated	<u>735,615.34</u>	<u>23,702.10</u>	<u>740,766.39</u>
Fund Balance, End of Year	<u>\$ 932,878.21</u>	<u>\$ 8,741.94</u>	<u>\$ 941,620.15</u>

ADDITIONAL INFORMATION

CITY OF NEOGA, ILLINOIS
 ASSESSED VALUATION, TAX RATES, TAXES EXTENDED AND COLLECTED

	Tax Levy Year		
	2015	2014	2013
Assessed Valuation (Excludes TIF District)	\$ 13,825,838	\$ 13,434,472	\$ 13,940,359
Tax Rates:			
General corporate	0.42053	0.42360	0.39923
Police protection	0.00419	0.00410	0.00386
Garbage	0.00105	0.00113	0.00106
Audit	0.05575	0.05429	0.05116
IMRF	0.53648	0.55769	0.52555
Unemployment insurance	0.02788	0.02977	0.02804
Liability insurance	0.09058	0.08925	0.08410
Social security	0.15329	0.15618	0.14717
Workers' compensation insurance	0.07665	0.07660	0.07218
ESDA	0.00109	0.00113	0.00106
Medicare	0.04181	0.04017	0.03785
Total	<u>1.40930</u>	<u>1.43391</u>	<u>1.35126</u>
Taxes Extended:			
General corporate	\$ 58,141.80	\$ 56,908.42	\$ 55,654.10
Street and bridge *	13,272.80	13,242.36	14,125.76
Police protection	579.30	550.81	538.10
Garbage	145.17	151.81	147.77
Audit	7,707.90	7,293.57	7,131.89
IMRF	74,172.86	74,922.71	73,263.56
Unemployment insurance	3,854.64	3,999.44	3,908.88
Liability insurance	12,523.44	11,990.27	11,723.84
Social security	21,193.63	20,981.96	20,516.03
Workers' compensation insurance	10,597.50	10,290.81	10,062.15
ESDA	150.70	151.81	147.77
Medicare	5,780.58	5,396.63	5,276.43
Total	<u>\$ 208,120.32</u>	<u>\$ 205,880.60</u>	<u>\$ 202,496.28</u>
Net Taxes Collected:			
Municipal levy		\$ 192,133.46	\$ 187,856.30
City's share of township road and bridge		<u>13,247.76</u>	<u>14,140.92</u>
Total		<u>\$ 205,381.22</u>	<u>\$ 201,997.22</u>
Percent Collected		99.76%	99.75%

* Includes City's estimated share of township road and bridge tax of \$13,272.80 for 2015, \$13,242.36 for 2014, and \$14,125.76 for 2013.

CITY OF NEOGA, ILLINOIS
LEGAL DEBT MARGIN

	April 30		
	2016	2015	2014
Assessed Valuation (Includes TIF District)	<u>\$ 15,891,954</u>	<u>\$ 15,360,390</u>	<u>\$ 15,988,606</u>
Statutory debt limitation (8.625% of assessed value)	<u>\$ 1,370,681</u>	<u>\$ 1,324,834</u>	<u>\$ 1,379,017</u>
Total Debt:			
Water and sewer general obligation bonds	347,620	376,844	404,598
Less debt to be paid from water and sewer utility revenue, exempt from legal debt computation	<u>347,620</u>	<u>376,844</u>	<u>404,598</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 1,370,681</u>	<u>\$ 1,324,834</u>	<u>\$ 1,379,017</u>

CITY OF NEOGA, ILLINOIS
OTHER ADDITIONAL INFORMATION
April 30, 2016

City Officials:		<u>Term Expires</u>
Mayor	Tony Kepp	4/30/2019
Commissioners	Ronald Edwards	4/30/2019
	Marty Hartke	4/30/2019
	Larry Lindley	4/30/2019
	Carmen Stokes	4/30/2017
Clerk	Brenda Evans	4/30/2016
Treasurer	Diana Foor	4/30/2016

Board Meetings - 2nd and 4th Monday of each month at 7:00 p.m.

Population - 1,636 (2010 Census)

Water and Sewer Rates:

	<u>Water</u>		<u>Sewer</u>	
	<u>Inside</u>	<u>Outside</u>		
	<u>City Limits</u>	<u>City Limits</u>	<u>Effective</u>	<u>Effective</u>
			<u>4/15/2015</u>	<u>12/15/2015</u>
First 2,000 gallons (minimum)	\$ 20.420	\$ 33.190	\$ 15.300	\$ 16.070
Over 2,000 gallons - per thousand gallons	9.800	14.400	5.800	6.090
Per hundred gallons or any part thereof	0.980	1.440	0.580	0.609
			<u>Effective</u>	<u>Effective</u>
			<u>4/15/2016</u>	<u>4/15/2016</u>
First 2,000 gallons (minimum)	\$ 21.440	\$ 34.850	\$ 16.870	
Over 2,000 gallons - per thousand gallons	10.300	15.100	6.400	
Per hundred gallons or any part thereof	1.030	1.510	0.640	

Water and Sewer Customers:

<u>Date</u>	<u>Water</u>	<u>Sewer</u>
4/30/2007	678	673
4/30/2008	668	662
4/30/2009	667	660
4/30/2010	669	662
4/30/2011	675	668
4/30/2012	667	661
4/30/2013	662	654
4/30/2014	653	644
4/30/2015	652	640
4/30/2016	660	648