

*CITY OF MONTICELLO, ILLINOIS*

*ANNUAL FINANCIAL REPORT*

*For the fiscal year ended April 30, 2013*

**May, Cocagne & King, P.C.**

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Certified Public Accountants & Consultants

**CITY OF MONTICELLO, ILLINOIS**

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**April 30, 2013**

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**CITY OF MONTICELLO, ILLINOIS**

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and  
Members of the City Council  
City of Monticello, 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 Monticello, Illinois as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

### Basis for Qualified Opinion

The City has omitted disclosures for postemployment benefits other than pensions as required by generally accepted accounting principles. The amounts by which the disclosures would affect the financial statements are not reasonably determinable.

### Qualified Opinion

In our opinion, except for the effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monticello, Illinois, as of April 30, 2013, and the respective changes in financial position - modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

### Basis of Accounting

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

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monticello, Illinois' basic financial statements. The schedules presented in the other supplementary section as listed in the table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*May, Cooney & King, P.C.*

Monticello, Illinois  
September 3, 2013

**CITY OF MONTICELLO, ILLINOIS**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

April 30, 2013

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current Assets:			
Cash	\$ 1,944,381	78,825	2,023,206
Investments	1,792,038	531,194	2,323,232
Total current assets	3,736,419	610,019	4,346,438
Capital Assets, net:			
Nondepreciable	2,006,970	230,640	2,237,610
Depreciable	8,279,832	1,740,027	10,019,859
TOTAL ASSETS	14,023,221	2,580,686	16,603,907
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Customer deposits		16,330	16,330
Current portion of unamortized bond premium	1,849		1,849
Current portion of long-term debt	278,675		278,675
Total current liabilities	280,524	16,330	296,854
Long-term Liabilities:			
Unamortized bond premium	19,565		19,565
Long-term debt	3,793,422		3,793,422
TOTAL LIABILITIES	4,093,511	16,330	4,109,841
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	6,193,291	1,970,667	8,163,958
Restricted for:			
Debt service	122,474		122,474
Road construction and improvements	456,392		456,392
Unrestricted	3,157,553	593,689	3,751,242
TOTAL NET POSITION	\$ 9,929,710	2,564,356	12,494,066

See Notes to Financial Statements.

CITY OF MONTICELLO, ILLINOIS

RECONCILIATION OF THE STATEMENT OF ASSETS,  
LIABILITIES AND FUND BALANCES - MODIFIED  
CASH BASIS - GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET POSITION - MODIFIED CASH BASIS -  
GOVERNMENTAL ACTIVITIES

April 30, 2013

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

Total fund balance per statement of assets, liabilities and fund balances - modified cash basis	\$ 3,736,419
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	10,286,802
Unamortized premiums on bond issuance are not reported on fund financial statements	(21,414)
Long-term debt not reported on modified cash basis fund financial statements	<u>(4,072,097)</u>
Net position of governmental activities	<u>\$ 9,929,710</u>

See Notes to Financial Statements.

CITY OF MONTICELLO, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
 Year ended April 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charge for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Functions/Programs</b>						
Governmental Activities:						
City administration	\$ 1,115,430	67,664	150,601	(897,165)		(897,165)
Public safety	946,145	51,943		(894,202)		(894,202)
Public works	1,394,954	138,094		(1,256,860)		(1,256,860)
Parks and recreation	613,261	196,223		(417,038)		(417,038)
Interest on long-term	198,923			(198,923)		(198,923)
Bond issuance costs	1,200			(1,200)		(1,200)
Total governmental activities	4,269,913	453,924	150,601	(3,665,388)	-	(3,665,388)
Business-type activities:						
Water	660,480	666,847			6,367	6,367
Sewer	621,092	529,424			(91,668)	(91,668)
Total business-type activities	1,281,572	1,196,271	-	-	(85,301)	(85,301)
Total government	\$ 5,551,485	1,650,195	150,601	(3,665,388)	(85,301)	(3,750,689)
General revenues:						
Taxes:						
Property taxes				963,729		963,729
Sales taxes				1,104,631		1,104,631
Other local taxes				76,151		76,151
Illinois income tax				532,076		532,076
Motor fuel tax				158,963		158,963
Replacement tax				1,124,421		1,124,421
Investment income				7,195	1,753	8,948
Refundable tax credit				82,813		82,813
Miscellaneous income					25,188	25,188
Transfers				(40,000)	40,000	
Total general revenues				4,009,979	66,941	4,076,920
Change in net position				344,591	(18,360)	326,231
Net position, beginning, as restated				9,585,119	2,582,716	12,167,835
Net position, ending				\$ 9,929,710	2,564,356	12,494,066

See Notes to Financial Statements.

CITY OF MONTICELLO, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED,  
EXPENDITURES DISBURSED AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS WITH THE STATEMENT  
OF ACTIVITIES - MODIFIED CASH BASIS - GOVERNMENTAL ACTIVITIES**  
Year ended April 30, 2013

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Net change in fund balances - governmental funds \$ 261,715

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized	335,400
Depreciation expense	(427,275)

Proceeds from (repayments of) financing are a revenue (expenditure) in the governmental funds, but the proceeds increase (repayments reduce) long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Proceeds from long-term debt	(97,097)
Principal payments on loans	270,000
Amortization of bond premium	1,848

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Change in net position of governmental activities \$ 344,591

**CITY OF MONTICELLO, ILLINOIS**

**STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS**

**April 30, 2013**

	General Fund	Special Revenue Funds			Total
		Tax Increment Financing Fund	Motor Fuel Tax Fund	Working Cash Fund	
<b><u>ASSETS</u></b>					
Cash	\$ 1,276,943	208,339	456,392	2,707	1,944,381
Investments	459,388	274,061		1,058,589	1,792,038
Due from other funds				6,000	6,000
<b>TOTAL ASSETS</b>	<b>1,736,331</b>	<b>482,400</b>	<b>456,392</b>	<b>1,067,296</b>	<b>3,742,419</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
Liabilities:					
Due to other funds	6,000				6,000
<b>Total liabilities</b>	<b>6,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,000</b>
Fund Balances:					
Restricted	92,564	30,000	456,392		578,956
Committed	432,572			325,977	758,549
Assigned		452,400		741,319	1,193,719
Unassigned	1,205,195				1,205,195
<b>Total fund balances</b>	<b>1,730,331</b>	<b>482,400</b>	<b>456,392</b>	<b>1,067,296</b>	<b>3,736,419</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,736,331</b>	<b>482,400</b>	<b>456,392</b>	<b>1,067,296</b>	<b>3,742,419</b>

See Notes to Financial Statements.

CITY OF MONTICELLO, ILLINOIS

STATEMENT OF REVENUES RECEIVED, EXPENDITURES  
DISBURSED AND CHANGES IN FUND BALANCES -  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
Year ended April 30, 2013

	General Fund	Special Revenue Funds			Total
		Tax Increment Financing Fund	Motor Fuel Tax Fund	Working Cash Fund	
Revenues received:					
Property taxes	\$ 771,340	192,389			963,729
Sales taxes	1,104,631				1,104,631
Other local taxes	76,151				76,151
Illinois income tax	532,076				532,076
Motor fuel tax			158,963		158,963
Personal property replacement taxes	1,124,421				1,124,421
Franchise revenue	67,664				67,664
Police revenue	51,943				51,943
Miscellaneous revenue	138,094				138,094
Interest	3,326	555	417	2,897	7,195
Recreation revenue	196,223				196,223
Grant revenue	150,601				150,601
Refundable tax credit	43,480	39,333			82,813
Total revenues received	4,259,950	232,277	159,380	2,897	4,654,504
Expenditures disbursed:					
Current:					
City administration	972,340	31,962			1,004,302
Public safety	869,189				869,189
Public works	927,650		116,586		1,044,236
Parks and recreation	374,603				374,603
Debt service:					
Principal	185,000	60,000			245,000
Interest	124,228	74,695			198,923
Bond issuance costs	700	500			1,200
Capital outlay	615,336				615,336
Total expenditures disbursed	4,069,046	167,157	116,586	-	4,352,789
Excess of revenues received over expenditures disbursed	190,904	65,120	42,794	2,897	301,715
Other financing sources (uses):					
Transfer		(40,000)			(40,000)
Total other financing sources	-	(40,000)	-	-	(40,000)
Net change in fund balances	190,904	25,120	42,794	2,897	261,715
Fund balances, beginning, as restated	1,539,427	457,280	413,598	1,064,399	3,474,704
Fund balances, ending	\$ 1,730,331	482,400	456,392	1,067,296	3,736,419

See Notes to Financial Statements.

**CITY OF MONTICELLO, ILLINOIS**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS -  
PROPRIETARY FUNDS**

**April 30, 2013**

	Waterworks Fund	Water Escrow Fund	Sewerage Operation and Maintenance Plant Fund	Total
<b><u>ASSETS</u></b>				
Current Assets:				
Cash	\$ 20,840	5,725	52,260	78,825
Investments	27,723	16,000	487,471	531,194
Capital Assets, net:				
Nondepreciable	26,369		204,271	230,640
Depreciable	745,576		994,451	1,740,027
<b>TOTAL ASSETS</b>	<b>820,508</b>	<b>21,725</b>	<b>1,738,453</b>	<b>2,580,686</b>
<b><u>LIABILITIES</u></b>				
Current Liabilities:				
Customer deposits		16,330		16,330
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>16,330</b>	<b>-</b>	<b>16,330</b>
<b><u>NET POSITION</u></b>				
Invested in capital assets, net of related debt	771,945		1,198,722	1,970,667
Unrestricted	48,563	5,395	539,731	593,689
<b>TOTAL NET POSITION</b>	<b>\$ 820,508</b>	<b>5,395</b>	<b>1,738,453</b>	<b>2,564,356</b>

See Notes to Financial Statements.

CITY OF MONTICELLO, ILLINOIS

STATEMENT OF REVENUES RECEIVED, EXPENDITURES  
DISBURSED AND CHANGES IN NET POSITION -  
PROPRIETARY FUNDS  
Year ended April 30, 2013

	Waterworks Fund	Water Escrow Fund	Sewerage Operation and Maintenance Plant Fund	Total
Operating revenues received	\$ 666,847		529,424	1,196,271
Operating expenditures disbursed:				
Operations, other than employee benefits	476,636	923	416,950	894,509
Employee benefits	85,247		57,061	142,308
Depreciation	39,776		63,500	103,276
Capital improvements	57,898		83,581	141,479
Total operating expenditures disbursed	659,557	923	621,092	1,281,572
Excess (deficiency) of operating revenues received over (under) expenditures disbursed	7,290	(923)	(91,668)	(85,301)
Non-operating revenues received (expenditures disbursed):				
Investment earnings	155	63	1,535	1,753
Miscellaneous income			25,188	25,188
Transfer out	20,000		20,000	40,000
Change in net position	27,445	(860)	(44,945)	(18,360)
Total net position, beginning, as restated	793,063	6,255	1,783,398	2,582,716
Total net position, ending	\$ 820,508	5,395	1,738,453	2,564,356

See Notes to Financial Statements.

**CITY OF MONTICELLO, ILLINOIS**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS -  
FIDUCIARY FUNDS**

**April 30, 2013**

	Police Pension Fund
<hr/>	
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 704,718
	<hr/>
<b><u>NET POSITION</u></b>	
Held in trust for police pension benefits	\$ 704,718
	<hr/>

See Notes to Financial Statements.

CITY OF MONTICELLO, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
- MODIFIED CASH BASIS - FIDUCIARY FUNDS

Year ended April 30, 2013

	Police Pension Fund
<hr/>	
Additions:	
Contributions	
Employer	\$ 24,540
Employee	108,972
	<hr/>
Total contributions	133,512
Investment income	2,439
	<hr/>
Total additions	135,951
	<hr/>
Deductions:	
Fees	488
Disability payments	26,385
Retirement payments	84,528
	<hr/>
Total deductions	111,401
	<hr/>
Change in net position	24,550
Net position, beginning	680,168
	<hr/>
Net position, ending	\$ 704,718
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See Notes to Financial Statements.

## CITY OF MONTICELLO, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS

April 30, 2013

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#### Note 1 - Summary of Significant Accounting Policies

**Reporting Entity:** The City of Monticello ("City") is the basic level of government which has financial accountability and control over all municipal activities related to the operations of the City of Monticello, Piatt County, Illinois. The City receives funding from local and state sources and must comply with the requirements of these funding sources. The City is not included in any other governmental "reporting entity" as defined by GASB, as the Mayor and Council members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

**Principals Used to Determine the Scope of the Reporting Entity:** The City of Monticello has developed criteria used in determining whether a governmental unit should be a part of its reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service and special financial relationships.

Based on the above criteria, all governmental components associated with the City of Monticello are included herein.

**Basis of Presentation:** The City's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements: The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the City.

Fund Financial Statements: During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column.

**Fund Accounting:** 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, liabilities, fund balance, cash receipts and disbursements. City 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.

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2013

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Fund Accounting, continued:** The various funds are grouped, in the financial statements in this report, into fund categories as follows:

Governmental Funds: Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.

Tax Increment Financing Fund - The Tax Increment Financing Fund is used to account for receipt of property taxes allocated to tax increment financing districts that are restricted for specific purposes by law.

Motor Fuel Tax Fund - The Motor Fuel Tax Fund is used to account for the proceeds of specific revenue sources (other than special assessments, fiduciary, or major capital projects) that are legally restricted to expenses for specified purposes.

Working Cash Fund - The Working Cash Fund is used to account for financial resources held by the City to be used for ordinary and necessary expenditures for all general and specific corporate purposes, including to provide financing for the acquisition, construction and installation of public improvements and infrastructure, and related facilities and costs.

Proprietary Funds: The Waterworks, Water Escrow and Sewerage Operation and Maintenance Plant Funds are used to account for operations 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.

Fiduciary Funds: Fiduciary funds are used to account for assets held by the City as a trustee for individuals, private organizations and/or other governmental units. The City reports the following fiduciary fund:

Police Pension Fund - The Pension Fund accumulates resources to provide pension benefit to qualified City employees.

**Measurement Focus:**

Government-wide Financial Statements: The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets.

**CITY OF MONTICELLO, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2013**

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Measurement Focus, continued:**

**Fund Financial Statements:** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

**Basis of Accounting:** Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the modified cash basis of accounting. Governmental and proprietary funds also use the modified cash basis of accounting.

The City maintains its accounting records for all funds on the cash basis, recognizing revenues when cash is collected and expenses when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

**Budgets and Budgetary Accounting:** The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. City budget officer submits a tentative City budget to the City Council. Open Committee Meeting discussions are held on the annual budget.
2. The Council typically approves the City budget before the beginning of the fiscal year.
3. The Appropriation Ordinance is based on the annual budget. A notice of public hearing for the Appropriation Ordinance is published not less than 10 days prior to such hearing, and a copy of the tentative appropriation ordinance is made available for public inspection. Public hearing is conducted to obtain taxpayer comments.
4. The City certificates of levy are filed with the County Clerk on or before the second Tuesday in December.
5. Budgets for the General Fund, Waterworks Fund, Sanitation Fund, Tax Increment Fund and Motor Fuel Tax Fund are adopted consistently on the cash basis which is not in accordance with U.S. generally accepted accounting principles (GAAP). Budgetary comparisons presented in this report are shown on the cash basis. No budgets were prepared for the Working Cash Fund and Water Escrow Fund this year.

**Investments:** Investments consist of money market accounts and certificates of deposit with maturities of three months or more and are stated at cost, without provision for accrued interest.

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2013

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Capital Assets:** General capital assets are capital assets which are associated with and generally arise from governmental activities and result from expenditures in governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets purchased or acquired with an original cost of \$ 25,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at their fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

The City, which qualifies as a phase 3 government under GASB Statement No. 34, elected not to retroactively report infrastructure assets. However, any infrastructure assets acquired or constructed after July 1, 2003 with an original cost of \$ 100,000 or more will be capitalized.

All capital assets are depreciated, except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings	30 - 50 years
Machinery and equipment	5 - 15 years
Infrastructure	50 years

**Accumulated Unpaid Vacation, Sick-pay, and Other Employee Benefit Amounts:** Accumulated unpaid vacation, sick-pay, and other employee benefit amounts are recognized when the checks are written, in accordance with the cash basis of accounting. The total unpaid vacation pay, sick-pay, personal leave, and comp time accumulated at April 30, 2013, is \$ 77,929, \$ 313,450, \$ 13,453, and \$ 13,359, respectively.

**Deferred Outflows/Inflows of Resources:** In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any of this type of item.

## CITY OF MONTICELLO, ILLINOIS

### NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2013

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#### Note 1 - Summary of Significant Accounting Policies, continued

**Risk Management:** The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City joined other governmental units and became a member of the Illinois Municipal League Risk Management Association (IMLRMA), a public entity risk pool currently operating as a common risk management and insurance program for member governmental units. The City pays an annual premium to IMLRMA for its general insurance coverage.

IMLRMA is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$ 8,000,000 for each insured event. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**Use of Estimates:** Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Net Position:** Net position are classified into three components - (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance of this category.
- Restricted net position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This category represents net position of the entity, not restricted for any project or other purpose.

When both restricted and unrestricted net position are available, restricted resources are used only after the unrestricted resources are depleted.

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)

April 30, 2013

Note 1 - Summary of Significant Accounting Policies, continued

**Fund Equity:** Beginning with fiscal year 2012, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The following classifications describe the relative nature, extent and strength of the spending constraints placed on the City's fund balances:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact (such as perpetual trusts). None.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

	General Fund	Tax Increment Financing Fund	Motor Fuel Tax Fund	Total
Restricted for:				
Levied funds to be used for bond principal and interest repayment	\$ 41,689			41,689
Debt sinking fund compliance	50,785	30,000		80,785
Levied funds to be used for road construction and improvements			456,392	<u>456,392</u>
Restricted fund balance				<u>\$ 578,866</u>

- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.

	General Fund	Working Cash Fund	Total
Committed for:			
Board designated for future capital projects	\$ 432,572	325,977	<u>\$ 758,549</u>

**CITY OF MONTICELLO, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**April 30, 2013**

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**Note 1 - Summary of Significant Accounting Policies, continued**

**Fund Equity, continued:**

- Assigned fund balance - amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority.

	Tax Increment Financing Fund	Working Cash Fund	Total
Assigned for:			
Tax increment financing funds	\$ 452,400		452,400
Working cash funds		741,319	<u>741,319</u>
Assigned fund balance			<u><u>\$ 1,193,719</u></u>

- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by City Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service or for other purposes).

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

**New GASB Pronouncements:** The Governmental Accounting Standards Board has issued several new pronouncements that the City has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The City has implemented this reporting for the year ended April 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements “deferred outflows of resources” and “deferred inflows of resources” to ensure consistency in financial reporting. The City has implemented this statement in the year ended April 30, 2013. As a result, prior year “deferred charges” of \$ 125,295 have been expensed in the prior period adjustment explained in Note 12.

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
April 30, 2013

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**Note 2 - Property Tax Rates**

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. The 2012 tax levy was passed by the board on December 10, 2012. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The City receives significant distributions of tax receipts approximately one month after these due dates.

The following are the tax rates applicable to the various levies per \$ 100.00 of assessed valuation (\$ 106,298,925 - 2012; \$ 106,043,711 - 2011):

	<u>Maximum</u>	<u>Actual</u>	
	2012	2012	2011
	Levy	Levy	Levy
General Corporate	.25000	.2036	.2041
IMRF		.0396	.0414
Police Protection	.15000	.1078	.1081
Insurance		.0640	.0649
Bond and Interest		.1797	.1785
Social Security		.0381	.0406
Police Pension		.0626	.0679
Total		<u>.6954</u>	<u>.7055</u>

**Note 3 - Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of April 30, 2013, \$ 4,015,525 of the City's bank balance of \$ 4,515,525, was collateralized by securities held by the pledging financial institution and \$ -0- was exposed to custodial credit risk by being uninsured and uncollateralized.



CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
 April 30, 2013

Note 4 - Capital Assets

Capital asset activities for the year ended April 30, 2013, were as follows;

	Governmental Activities			Ending Balance
	Beginning Balance	Additions	Deletions	
Nondepreciable assets:				
Land	\$ 1,968,392			1,968,392
Construction in process	1,059,716	38,578	1,059,716	38,578
Total	3,028,108	38,578	1,059,716	2,006,970
Depreciable assets:				
Buildings	5,927,499			5,927,499
Vehicles	892,163	251,241		1,143,404
Land improvements	540,452	181,641		722,093
Equipment	1,511,412	45,580	40,300	1,516,692
Infrastructure	716,316	878,076		1,594,392
Total	9,587,842	1,356,538	40,300	10,904,080
Total capital assets	12,615,950	1,395,116	1,100,016	12,911,050
Less accumulated depreciation:				
Buildings	579,227	170,193		749,420
Vehicles	846,383	49,232		895,615
Land improvements	66,685	29,099		95,784
Equipment	711,570	146,863	40,300	818,133
Infrastructure	33,408	31,888		65,296
Total accumulated depreciation	2,237,273	427,275	40,300	2,624,248
Total governmental activities capital assets, net	\$ 10,378,677	967,841	1,059,716	10,286,802

Business-type Activities

Beginning Balance	Additions	Deletions	Ending Balance
194,981			194,981
	35,659		35,659
194,981	35,659	-	230,640
1,592,175			1,592,175
59,290		45,385	13,905
654,726	60,526		715,252
747,618			747,618
3,053,809	60,526	45,385	3,068,950
3,248,790	96,185	45,385	3,299,590
915,189	29,179		944,368
51,642	2,781	45,385	9,038
266,917	55,576		322,493
37,284	15,740		53,024
1,271,032	103,276	45,385	1,328,923
1,977,758	(7,091)	-	1,970,667

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
April 30, 2013

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**Note 4 - Capital Assets, continued**

Depreciation expense for the year ended April 30, 2013 was charged to the following:

Governmental activities:	
City administration	\$ 66,728
Public safety	37,554
Public works	158,002
Parks and recreation	164,991
Business-type activities:	
Water fund	39,776
Sewer fund	<u>63,500</u>
Total depreciation expense	<u>\$ 530,551</u>

**Note 5 - Pension Plan**

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

The City has two separate plans with IMRF. One plan covers Regular plan members (REG), and the other covers the Sheriff's Law Enforcement Personnel (SLEP).

*Funding Policy.* As set by statute, City Regular plan members are required to contribute 4.50 percent of their annual covered salary (7.50% SLEP). The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 9.85 percent for REG and 22.96 percent for SLEP. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits is set by statute.

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
 April 30, 2013

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**Note 5 - Pension Plan, continued**

*Annual Pension Cost.* The required contribution for calendar year 2012 was \$ 123,533 for REG and \$18,463 for SLEP.

Combined Three-Year Trend Information  
 for the Plans

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 141,996	100%	\$ 39,832
12/31/11	138,652	89%	39,832
12/31/10	140,725	79%	26,290

The required contributions for 2012 were determined as part of the December 31, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 % to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial values of City plan assets were determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer plans' unfunded actuarial accrued liabilities at December 31, 2010 are being amortized as a level percentage of projected payroll on an open 30-year basis.

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the combined plans were 84.57 percent funded. The actuarial accrued liability for benefits was \$ 3,828,757 and the actuarial value of assets was \$ 3,237,876, resulting in an underfunded actuarial accrued liability (UAAL) of \$ 590,881. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plans) was \$ 1,343,593 and the ratio of the UAAL to the covered payroll was 43.98 percent.

The combined schedule of funding progress, presented as other supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF MONTICELLO, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2013**

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**Note 6 - Police Pension Fund**

The City of Monticello created and established a police pension fund by ordinance on April 12, 1999, in accordance with Article 3 of the Illinois Pension Code for the purpose of providing pension benefits to all full-time police officers entitled to participate in the benefits of the pension fund, as provided by Article 3 of the Illinois Pension Code and the Board of Trustees of the Pension Fund.

Subsequent to fiscal year end, the State of Illinois Department of Insurance performs actuarial calculations on the fund and computes the amount the City is to provide to fund this pension fund for the next year. The amount provided to fund this pension fund includes the employer's portion of the normal cost, and the amount necessary to amortize the unfunded accrued liabilities over a specified number of years. The results, actuarial assumptions and other pertinent disclosure information have not been provided the City of Monticello as of the report date for the year ended April 30, 2013. The employee contributions to the fund will be 9.91% of the police officer's salary.

Funds for the City of Monticello Police Pension Fund have been invested in various certificates of deposit, a money market account and a NOW checking account at Central Illinois Bank and First State Bank of Monticello summarized as follows as of April 30, 2013:

Certificates of deposit	\$ 484,402
Money market account	219,007
NOW account	<u>1,309</u>
Total	<u>\$ 704,718</u>

The results, actuarial assumptions and other pertinent disclosure information provided by the State of Illinois Department of Insurance for the year ended May 31, 2012 has been received and is as follows:

Net present assets	\$ 703,818
Deferred asset (unfunded accrued liability)	1,838,115
Present value of service retirement annuities (4)	<u>(1,956,432)</u>
Accrued liabilities for active participants (5)	<u>\$ 585,501</u>

The actuarially-determined tax levy suggested based on the above figures was \$ 155,199.

**Note 7 - Commitments and Contingencies**

The City has pending litigation arising in the ordinary course of its operations. The City and its attorney believe that the ultimate liability, if any, in connection with these matters will not have a material effect on the City's financial condition or results of operations and do not expect an unfavorable outcome.

**CITY OF MONTICELLO, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2013**

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**Note 8 - Grants**

On June 27, 2006, the City entered into a grant agreement with the Illinois Department of Transportation for the study, design, and construction of a farm/truck route through the City of Monticello. This project has since been renamed as a Transportation Improvement Project. Total anticipated costs are \$ 1,132,000, of which the City will pay 20% and IDOT will pay 80%. As of April 30, 2013, the City has received grant revenue totaling \$ 597,857, and has paid a total of \$ 878,076 related to the project.

**Note 9 - Long-Term Liabilities**

A summary of long-term liability activity for the year ended April 30, 2013 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation debt certificates	\$ 2,405,000		140,000	2,265,000	145,000
General obligation bonds	1,840,000		105,000	1,735,000	110,000
Note payable		97,097	25,000	72,097	23,675
	<u>\$ 4,245,000</u>	<u>97,097</u>	<u>270,000</u>	<u>4,072,097</u>	<u>278,675</u>

Additional detailed information on long-term liabilities follows:

**GENERAL OBLIGATION DEBT**

During the 2011 fiscal year, the City issued \$ 1,550,000 of general obligation (limited tax) debt certificates, Series 2010, the proceeds of which were used to help finance the construction of an approximate 550,000 gallon elevated water tower.

Interest payments on the Series 2010 debt certificate began May 1, 2011, and principal payments began November 1, 2011. The debt certificate matures on November 1, 2030. Interest rates payable on the debt certificate ranges from 2.25% to 6.50%.

**CITY OF MONTICELLO, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2013**

**Note 9 - Long-Term Liabilities, continued**

GENERAL OBLIGATION DEBT, continued

During the 2010 fiscal year, the City issued \$ 1,075,000 of general obligation (limited tax) debt certificates, Series 2009, and \$ 2,000,000 of general obligation bonds, Series 2009, the proceeds of which were used to help finance the construction of a new pool and bath house.

Interest payments on the Series 2009 debt certificates began on June 1, 2010, and principal payments began on December 1, 2010. The debt certificates mature on December 1, 2021. Interest rates payable on the debt certificates ranges from 2.35% to 5.20%.

Principal and interest payments on the Series 2009 bonds began on December 1, 2010. The bonds mature on December 1, 2023. Interest rates payable on the bonds ranges from 2.35% to 5.50%.

The debt certificates and the bonds have been issued as Build America Bonds (BAB) as provided for under the American Recovery and Reinvestment Act of 2009 (ARRA.) As such, the City is eligible to receive a refundable tax credit equal to 35% of the total coupon interest payments made.

NOTE PAYABLE

On September 18, 2012, the City entered into a note payable with First Mid-Illinois Bank & Trust for the purchase of a 2012 International Dump Truck. The note is payable in annual installments of \$ 25,187, including interest of 2.675%, due July 1, 2015.

PRINCIPAL AND INTEREST PAYMENTS IN SUBSEQUENT YEARS

Year	Debt Certificates		Bonds		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 145,000	73,895	110,000	82,995	23,675	1,511
2015	150,000	106,580	120,000	78,980	23,891	1,295
2016	150,000	102,143	125,000	74,600	24,531	656
2017	155,000	96,568	135,000	70,038		
2018	160,000	90,007	145,000	64,098		
2019-2023	770,000	334,890	885,000	206,240		
2024-2028	435,000	176,775	215,000	11,825		
2029-2031	300,000	39,650				
	<u>\$ 2,265,000</u>	<u>1,020,508</u>	<u>1,735,000</u>	<u>588,776</u>	<u>72,097</u>	<u>3,462</u>

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
 April 30, 2013

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**Note 10 - Required Individual Fund Disclosures**

At April 30, 2013, interfund receivables and payables consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Due to Working Cash Fund	\$	6,000
Working Cash Fund:		
Due from General Fund	6,000	
	<u>\$ 6,000</u>	<u>6,000</u>

The \$ 6,000 interfund amount represents the initial \$ 1,000 deposit made to open the City's accounts payable checking account during the 2007 fiscal year. The remaining \$ 5,000 represents a deposit made for the HRA during fiscal year 2012.

Interfund Transfers

Operating transfers in/out to other funds consists of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
TIF Fund	\$	40,000
Waterworks Fund	20,000	
Sewer Fund	20,000	
	<u>\$ 40,000</u>	<u>40,000</u>

The \$ 40,000 transfer represents lease payments previously budgeted and paid by the General Fund. However, during the current fiscal year, lease payments were budgeted and paid by the Sewer Fund. Amounts are shown as transfers to offset capital lease payables in the General Fund.

CITY OF MONTICELLO, ILLINOIS

NOTES TO FINANCIAL STATEMENTS (Continued)  
 April 30, 2013

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**Note 11 - Committed Fund Balances**

On October 11, 2007, the City Council approved a motion committing funds for future capital expenditures. It also committed all interest earned on these amounts. Below is a summary of the approved amounts, current and prior committed year earnings and ending committed balances.

	General Fund	Sewerage Fund	Working Cash Fund
Board committed amount	\$ 400,000	750,000	300,000
Prior years earnings	31,183	59,713	24,673
Current year earnings	1,389	1,513	1,304
Prior year transfers for capital expenditures		(340,000)	
Committed balance, April 30, 2013	<u>\$ 432,572</u>	<u>471,226</u>	<u>325,977</u>

**Note 12 - Prior Period Adjustment**

During the year ended April 30, 2013, the following affected the beginning net position of the City:

Changes of \$ 125,295 were made to reflect the effect of implementing GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*. This statement requires that bond issue costs be shown as current-period outflows of resources (expenses). This adjustment is shown as a decrease in the beginning net position in the Statement of Activities of the Governmental Activities.

Additionally, during 2013, the City recorded a prior period adjustment for an interfund balance amount that had not been properly reflected. The adjustment decreased the Governmental Activities net position by \$ 10,778, and increased the Waterworks Fund and the Sewerage Fund net position by \$ 5,389 and \$ 5,389, respectively. This prior period adjustment also decreased the General Fund fund balance by \$ 12,933.

**CITY OF MONTICELLO, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**April 30, 2013**

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**Note 13 - Other Post-Employment Benefits Plan**

The City has an ordinance under which it covers post-employment insurance continuation benefits for those who qualify. If a full-time employee retires with at least 15 years of IMRF qualified service with the City, and such retired employee immediately receives his or her IMRF pension, then the City will pay on behalf of such retired employee the full expense of employee-only continued health insurance for the lesser of the period of five years, or until such retired employee reaches the age of Medicare eligibility. Total premiums paid for qualifying retirees (3) for the fiscal year ending April 30, 2013 were \$ 22,974, all of which were paid by the City.

The City is also paying health insurance benefits for a former police officer injured in the line of duty as required by Illinois Statute 820 ILCS 320/10. Under this statute, the City is required to pay health insurance premiums for the former officer and his spouse for the remainder of their lives (with benefits from any other source reducing the benefit). Total premiums paid for the fiscal year ending April 30, 2013 were \$ 21,014.

**Note 14 - Subsequent Events**

The City has evaluated events occurring after the statement of financial position date through September 3, 2013, in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

Subsequent to year end, the City council approved changing the City's fiscal year end to December 31. This change will be effective December 31, 2013.

**OTHER SUPPLEMENTARY INFORMATION**

**CITY OF MONTICELLO, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**Year ended April 30, 2013**

	Budget - Original and Final	Actual	Variance
<b>Revenues received:</b>			
Property taxes	\$ 550,000	771,340	221,340
Sales taxes	1,080,000	1,104,631	24,631
Other local taxes	85,500	76,151	(9,349)
Illinois income tax	435,000	532,076	97,076
Personal property replacement taxes	1,000,000	1,124,421	124,421
Franchise revenue	61,000	67,664	6,664
Police revenue	50,000	51,943	1,943
Miscellaneous revenue	78,500	138,094	59,594
Interest	5,000	3,326	(1,674)
Recreation revenue	233,250	196,223	(37,027)
Grants	177,000	150,601	(26,399)
Refundable tax credit		43,480	43,480
<b>Total revenues received</b>	<b>3,755,250</b>	<b>4,259,950</b>	<b>504,700</b>
<b>Expenditures disbursed:</b>			
<b>Current:</b>			
City administration	955,429	972,340	(16,911)
Public safety	1,004,485	869,189	135,296
Public works	972,258	927,650	44,608
Parks and recreation	454,120	374,603	79,517
<b>Debt service:</b>			
Principal	185,000	185,000	
Interest	124,228	124,228	
Bond issuance costs		700	(700)
Capital improvements	668,000	615,336	52,664
<b>Total expenditures disbursed</b>	<b>4,363,520</b>	<b>4,069,046</b>	<b>294,474</b>
Excess (deficiency) of revenues received over (under) expenditures disbursed	(608,270)	190,904	799,174
<b>Other financing sources (uses):</b>			
Transfer in (out)	299,042		(299,042)
<b>Total other financing sources (uses)</b>	<b>299,042</b>	<b>-</b>	<b>(299,042)</b>
Net change in fund balance	<u>\$ (309,228)</u>	190,904	<u>500,132</u>
Fund balance, beginning, as restated		<u>1,539,427</u>	
Fund balance, ending		<u>\$ 1,730,331</u>	

CITY OF MONTICELLO, ILLINOIS

BUDGETARY COMPARISON SCHEDULE -  
MOTOR FUEL TAX FUND

Year ended April 30, 2013

	Budget - Original and Final	Actual	Variance
Revenues received:			
Motor fuel tax	\$ 160,000	158,963	(1,037)
Interest income		417	417
Total revenues received	<u>160,000</u>	<u>159,380</u>	<u>(620)</u>
Expenditures disbursed:			
Motor fuel tax projects	<u>160,000</u>	<u>116,586</u>	<u>43,414</u>
Total expenditures disbursed	<u>160,000</u>	<u>116,586</u>	<u>43,414</u>
Excess of revenues received over expenditures disbursed		<u>42,794</u>	<u>42,794</u>
Net change in fund balance	<u>\$ -</u>	<u>42,794</u>	<u>42,794</u>
Fund balance, beginning		<u>413,598</u>	
Fund balance, ending		<u>\$ 456,392</u>	

**CITY OF MONTICELLO, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
TAX INCREMENT FINANCING FUND  
Year ended April 30, 2013**

	Budget - Original and Final	Actual	Variance
Revenues received:			
TIF District revenue	\$ 188,000	192,389	4,389
Interest income	900	555	(345)
Refundable tax credit		39,333	39,333
Total revenues received	<u>188,900</u>	<u>232,277</u>	<u>43,377</u>
Expenditures disbursed:			
Current:			
City administration	16,000	31,962	(15,962)
Debt service:			
Interest	74,000	74,695	(695)
Principal	60,000	60,000	
Bond Issuance Costs		500	
Total expenditures disbursed	<u>150,000</u>	<u>167,157</u>	<u>(16,657)</u>
Excess of revenues received over expenditures disbursed	<u>38,900</u>	<u>65,120</u>	<u>26,720</u>
Other financing sources (uses):			
Bond issue		(40,000)	(40,000)
Total other financing sources (uses)	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>
Net change in fund balance	<u>\$ 38,900</u>	<u>25,120</u>	<u>(13,280)</u>
Fund balance, beginning		<u>457,280</u>	
Fund balance, ending		<u>\$ 482,400</u>	

CITY OF MONTICELLO, ILLINOIS

BUDGETARY COMPARISON SCHEDULE -  
 WATERWORKS FUND  
 Year ended April 30, 2013

	Budget - Original and Final	Actual	Variance
Operating revenues received	\$ 716,034	666,847	(49,187)
Operating expenditures disbursed:			
Operations, other than employee benefits	561,134	476,636	84,498
Employee benefits	102,400	85,247	17,153
Depreciation		39,776	(39,776)
Capital improvements *	73,000	57,898	15,102
Total operating expenditures disbursed	736,534	659,557	76,977
Excess (deficiency) of operating revenues received over (under) expenditures disbursed	(20,500)	7,290	27,790
Non-operating revenues received (expenditures disbursed):			
Investment earnings	500	155	(345)
Transfer in	20,000	20,000	
Change in net position	\$ -	27,445	27,445
Net position, beginning, as restated		793,063	
Net position, ending		\$ 820,508	

\* Budget amount represents all capital improvements for the fiscal year. The actual amount is the sum of all improvements less those capitalized. Capital improvements plus capitalized expenditures totaled \$ 118,424.

**CITY OF MONTICELLO, ILLINOIS**

**BUDGETARY COMPARISON SCHEDULE -  
SEWERAGE, OPERATION AND MAINTENANCE PLANT FUND  
Year ended April 30, 2013**

	Budget - Original and Final	Actual	Variance	Actual
Operating revenues received	\$ 713,000	529,424	(183,576)	550,571
Operating expenditures disbursed:				
Operations, other than employee benefits	549,600	416,950	132,650	376,661
Employee benefits	80,360	57,061	23,299	55,908
Depreciation		63,500	(63,500)	67,383
Capital improvements *	106,000	83,581	22,419	106,919
Total operating expenditures disbursed	735,960	621,092	114,868	606,871
Excess (deficiency) of operating revenues received over (under) expenditures disbursed	(22,960)	(91,668)	(68,708)	(56,300)
Non-operating revenues received (expenses disbursed):				
Investment earnings	3,000	1,535	(1,465)	2,989
Interest expense				(872)
Miscellaneous income		25,188	25,188	
Transfer in	20,000	20,000		
Change in net position	\$ 40	(44,945)	(44,985)	(54,183)
Net position, beginning, as restated		1,783,398		1,837,581
Net position, ending		\$ 1,738,453		1,783,398

\* Budget amount represents all capital improvements for the fiscal year. The actual amount is the sum of all improvements less those capitalized. Capital improvements plus capitalized expenditures totaled \$ 94,052.

CITY OF MONTICELLO, ILLINOIS

SCHEDULE OF FUNDING PROGRESS -  
ILLINOIS MUNICIPAL RETIREMENT FUND  
April 30, 2012

Other Supplementary Information Combined Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL(UAAL ) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/12	\$ 3,237,876	3,828,757	590,881	84.57%	1,343,593	43.98%
12/31/11	3,223,698	3,761,170	537,472	85.71%	1,246,893	43.10%
12/31/10	2,982,669	3,377,515	394,846	88.31%	1,233,339	32.01%
12/31/09	2,990,986	3,536,503	545,517	84.57%	1,184,711	46.05%

On a market value basis, the combined actuarial value of assets as of December 31, 2012 was \$ 1,788,144. On a market basis, the combined funded ratio would be 46.70%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Monticello. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

CITY OF MONTICELLO, ILLINOIS

SCHEDULE OF ASSESSED VALUATIONS AND TAXES  
EXTENDED AND COLLECTED

April 30, 2013

	Tax Year		
	2012	2011	2010
Equalized assessed valuation	\$ 106,298,925	106,043,711	105,744,949
Tax Rates:			
General Corporate Fund	0.2036	0.2041	0.1949
IMRF	0.0396	0.0414	0.0426
Police Protection Fund	0.1078	0.1081	0.1032
Insurance	0.0640	0.0649	0.0727
Bond and Interest	0.1797	0.1785	0.1718
Social Security	0.0381	0.0406	0.0426
Police Pension	0.0626	0.0679	0.0680
Total	0.6954	0.7055	0.6958
Tax Extensions:			
General Corporate Fund	216,425	216,435	206,097
IMRF	42,094	43,902	45,047
Police Protection Fund	114,590	114,633	109,129
Insurance	68,031	68,823	76,877
Bond and Interest	191,019	189,288	181,670
Social Security	40,500	43,054	45,047
Police Pension	66,543	72,004	71,906
Total	\$ 739,202	748,139	735,773
Collections:			
General Corporate Fund		215,424	205,596
IMRF		43,902	45,047
Police Protection Fund		114,633	109,129
Insurance		68,822	76,877
Bond and Interest		189,288	181,670
Social Security		43,054	45,047
Police Pension		72,004	71,907
Total		\$ 747,127	735,273
Percent of extensions collected		99.86%	99.93%

Note: The above collections do not include tax increment financing and special service revenues received for the periods which amounted to \$216,601 and \$ 214,175 for the 2011 and 2010 tax years, respectively.

CITY OF MONTICELLO, ILLINOIS

SCHEDULE OF LEGAL DEBT MARGIN

April 30, 2013

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Assessed valuation - 2012 tax year	<u>\$ 106,298,925</u>
Constitutional debt limitation, subject to limitations in 1996 Municipal Code (8.625% of assessed valuation)	9,168,282
Less outstanding debt applicable to debt limit	<u>(4,072,097)</u>
Legal debt margin	<u>\$ 5,096,185</u>

CITY OF MONTICELLO, ILLINOIS

SCHEDULE OF CONSTRUCTION IN PROGRESS AND  
CAPITAL ASSET ADDITIONS

April 30, 2013

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Construction in progress:	
Outdoor Rec Site-Engineer Fees	\$ 13,578
Fiber Optic Project	25,000
Plant Capacity Study-Eng Fees	<u>35,659</u>
Construction in progress at April 30, 2013	<u>74,237</u>
Capital asset additions:	
Transportation Improvement Project	878,076
Middle School Detention Pond Project	181,640
Mini Excavator	45,580
2009 Chevy Silverado	19,266
2010 Dodge Ram	15,766
2013 Ford Explorer	26,085
2013 Chevy Impalas (2)	44,373
Outfit 2013 Impalas	19,363
2012 Ford 350	29,291
2012 Int'l 7400 Dump Truck	97,097
Telemetry Addition to Water Tower	32,726
Water line stopper	<u>27,800</u>
Total capital asset additions	<u>\$ 1,417,063</u>