



CITY OF ROCK FALLS, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2018



SIKICH.COM

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the City Council
City of Rock Falls, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Rock Falls, Illinois (the City) as of and for the year ended April 30, 2018, and the related notes to 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 City'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 City'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 basic 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 Rock Falls, Illinois, as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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 operations, 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's basic financial statements. The combining and individual fund financial statements and schedules, supplemental information and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and supplemental information 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 fund financial statements and schedules and supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section 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.

Sikich LLP

Rockford, Illinois
October 11, 2018

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 4,555,130	\$ 11,892,153	\$ 16,447,283
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,720,559	-	1,720,559
Accounts	63,896	833,011	896,907
Unbilled	14,431	511,961	526,392
Accrued interest	1,665	12,341	14,006
Other	46,854	69	46,923
Inventory	-	933,030	933,030
Due from other governments	657,485	-	657,485
Internal balances	(561,961)	561,961	-
Restricted assets			
Restricted cash and investments	90,887	3,483,664	3,574,551
Land held for resale	3,314,849	-	3,314,849
Net pension asset	155,567	326,240	481,807
Capital assets			
Not depreciated	725,520	1,794,631	2,520,151
Depreciated (net of accumulated depreciation)	7,857,072	48,490,422	56,347,494
Total assets	18,641,954	68,839,483	87,481,437
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	173,676	364,213	537,889
Pension items - Police Pension	1,439,660	-	1,439,660
Pension items - Firefighters' Pension	1,077,966	-	1,077,966
Total deferred outflows of resources	2,691,302	364,213	3,055,515
Total assets and deferred outflows of resources	21,333,256	69,203,696	90,536,952

(This statement is continued on the following page.)

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF NET POSITION (Continued)

April 30, 2018

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 299,999	\$ 1,010,848	\$ 1,310,847
Accrued payroll	32,370	43,361	75,731
Accrued interest payable	33,945	18,319	52,264
Refundable customer deposits	-	312,738	312,738
Unearned revenue	90,850	-	90,850
Net pension liability - Police Pension	7,585,682	-	7,585,682
Net pension liability - Firefighters' Pension	5,024,295	-	5,024,295
Long-term liabilities			
Due within one year	317,298	722,797	1,040,095
Due in more than one year	5,167,350	18,257,101	23,424,451
	<hr/>	<hr/>	<hr/>
Total liabilities	18,551,789	20,365,164	38,916,953
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	1,720,559	-	1,720,559
Pension items - IMRF	631,918	1,325,186	1,957,104
Pension items - Police Pension	103,429	-	103,429
Pension items - Firefighters' Pension	79,836	-	79,836
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	2,535,742	1,325,186	3,860,928
	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows of resources	21,087,531	21,690,350	42,777,881
NET POSITION			
Net investment in capital assets	6,116,394	35,126,142	41,242,536
Restricted for			
Maintenance of streets	350,230	-	350,230
Tourism	862,508	-	862,508
Economic development	84,139	-	84,139
Public safety	52,888	-	52,888
Retirement	309,376	-	309,376
Workers' compensation	244,913	-	244,913
Debt service	90,887	-	90,887
Unrestricted (deficit)	(7,865,610)	12,387,204	4,521,594
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 245,725	\$ 47,513,346	\$ 47,759,071
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See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,385,774	\$ 925,409	\$ 95,856	\$ -
Public safety	5,492,300	405,807	13,427	-
Street and highways	1,166,439	27,729	270,010	-
Public property division	531,630	-	-	-
Development	327,793	-	-	-
Interest	137,752	-	-	-
Total governmental activities	9,041,688	1,358,945	379,293	-
Business-Type Activities				
Water	1,531,741	1,573,594	-	-
Electric	9,690,374	10,317,986	-	-
Sewer	2,376,986	2,940,867	-	-
Garbage	420,804	593,223	-	-
Municipal broadband	72,883	8,940	-	-
Fiber optic broadband	355,239	-	-	-
Total business-type activities	14,448,027	15,434,610	-	-
TOTAL PRIMARY GOVERNMENT	\$ 23,489,715	\$ 16,793,555	\$ 379,293	\$ -

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
	\$ (364,509)	\$ -	\$ (364,509)
	(5,073,066)	-	(5,073,066)
	(868,700)	-	(868,700)
	(531,630)	-	(531,630)
	(327,793)	-	(327,793)
	(137,752)	-	(137,752)
	(7,303,450)	-	(7,303,450)
	-	41,853	41,853
	-	627,612	627,612
	-	563,881	563,881
	-	172,419	172,419
	-	(63,943)	(63,943)
	-	(355,239)	(355,239)
	-	986,583	986,583
	(7,303,450)	986,583	(6,316,867)
General Revenues			
Taxes			
Property	1,694,293	-	1,694,293
Replacement	48,694	-	48,694
Sales and use	2,172,395	-	2,172,395
Telecommunications	149,795	-	149,795
Hotel/motel	247,350	-	247,350
Video gaming	214,357	-	214,357
Utility	118,932	-	118,932
Shared income tax	840,258	-	840,258
Investment income	23,549	112,020	135,569
Miscellaneous	273,324	95,963	369,287
Transfers in (out)	642,161	(642,161)	-
Total	6,425,108	(434,178)	5,990,930
CHANGE IN NET POSITION	(878,342)	552,405	(325,937)
NET POSITION, MAY 1	1,124,067	46,821,119	47,945,186
Prior period adjustment	-	139,822	139,822
NET POSITION, MAY 1, AS RESTATED	1,124,067	46,960,941	48,085,008
NET POSITION, APRIL 30	\$ 245,725	\$ 47,513,346	\$ 47,759,071

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2018

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 2,189,763	\$ 1,873,280	\$ 4,063,043
Restricted cash	-	90,887	90,887
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	1,151,656	568,903	1,720,559
Accounts	43,488	20,408	63,896
Unbilled	14,431	-	14,431
Accrued interest	544	1,121	1,665
Other	46,724	-	46,724
Due from other governments	631,524	25,961	657,485
Due from other funds	88,547	-	88,547
Land held for resale	3,314,849	-	3,314,849
TOTAL ASSETS	\$ 7,481,526	\$ 2,580,560	\$ 10,062,086
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 268,237	\$ 14,701	\$ 282,938
Accrued payroll	30,054	2,316	32,370
Due from other funds	-	88,547	88,547
Advances from other funds	561,961	-	561,961
Unearned revenue	90,850	-	90,850
Total liabilities	951,102	105,564	1,056,666
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	1,151,656	568,903	1,720,559
Total deferred inflows of resources	1,151,656	568,903	1,720,559
Total liabilities and deferred inflows of resources	2,102,758	674,467	2,777,225
FUND BALANCES			
Nonspendable	3,314,849	-	3,314,849
Restricted for maintenance of streets	-	350,230	350,230
Restricted for tourism	-	862,508	862,508
Restricted for economic development	-	84,139	84,139
Restricted for public safety	-	52,888	52,888
Restricted for retirement	-	309,376	309,376
Restricted for worker's compensation	-	244,913	244,913
Restricted for debt service	-	90,887	90,887
Unrestricted			
Assigned			
Assigned for future expenditures	531,100	-	531,100
Unassigned	1,532,819	(88,848)	1,443,971
Total fund balances	5,378,768	1,906,093	7,284,861
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,481,526	\$ 2,580,560	\$ 10,062,086

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

April 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 7,284,861
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation of \$10,083,446	8,582,592
Differences between expected and actual experiences, assumption changes and net difference between projected and actual earnings for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	
IMRF	(458,242)
Police Pension	1,336,231
Firefighters' Pension	998,130
Net pension assets (liabilities) are not financial resources and, therefore, are not reported in the fund financial statements	
IMRF	155,567
Police Pension	(7,585,682)
Firefighters' Pension	(5,024,295)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
General obligation bonds payable	(2,035,000)
Debt certificates	(2,593,000)
Capital leases	(124,899)
Accrued interest payable	(33,945)
Unamortized bond premium	(140,299)
Compensated absences payable	(410,283)
Other postemployment benefit payable	(181,167)
The net position of the internal service fund are included in the governmental activities in the statement of net position	<u>475,156</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 245,725</u></u>

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended April 30, 2018

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 4,476,167	\$ 826,133	\$ 5,302,300
Licenses and permits	132,075	-	132,075
Intergovernmental	179,172	317,418	496,590
Charges for services	840,405	-	840,405
Fines and fees	423,736	36,139	459,875
Investment income	13,756	9,793	23,549
Reimbursements	160,749	-	160,749
Miscellaneous	28,093	77,549	105,642
Total revenues	6,254,153	1,267,032	7,521,185
EXPENDITURES			
Current			
General government	987,552	159,256	1,146,808
Public safety	4,276,273	36,622	4,312,895
Street and highways	1,143,435	100,396	1,243,831
Public property division	526,759	-	526,759
Development	-	327,793	327,793
Capital outlay	136,190	99,649	235,839
Debt service			
Principal	176,769	110,000	286,769
Interest and fiscal charges	73,216	102,421	175,637
Total expenditures	7,320,194	936,137	8,256,331
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,066,041)	330,895	(735,146)
OTHER FINANCING SOURCES (USES)			
Transfers in	583,465	195,728	779,193
Transfers (out)	-	(4,902,734)	(4,902,734)
Total other financing sources (uses)	583,465	(4,707,006)	(4,123,541)
NET CHANGE IN FUND BALANCES	(482,576)	(4,376,111)	(4,858,687)
FUND BALANCES, MAY 1	5,861,344	6,282,204	12,143,548
FUND BALANCES, APRIL 30	\$ 5,378,768	\$ 1,906,093	\$ 7,284,861

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**

For the Year Ended April 30, 2018

**NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS** **\$ (4,858,687)**

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

Governmental funds report capital outlay as expenditures; however,
they are capitalized and depreciated in the statement of activities 767,044

Depreciation expense does not require the use of current financial resources
and, therefore, is not reported as an expenditure in governmental funds (786,527)

The change in the Illinois Municipal Retirement Fund net pension liability and
deferred outflows of resources is not a source or use of a financial resource 17,699

The change in the Police Pension Fund net pension liability and deferred
outflows/inflows of resources is not a source or use of financial resources (540,406)

The change in the Firefighters' Pension Fund net pension liability and deferred
outflows of resources is not a source or use of a financial resource (539,549)

Some expenses in the statement of activities do not required the use of
current financial resources and, therefore, are not reported as expenditures
in governmental funds

Change in compensated absences (10,461)
Change in other postemployment benefit obligation (36,240)

The increase in interest payable is reported as a decrease of expense on the
statement of activities 30,091

Governmental funds report the effects of premium when the debt is issued;
however, these amounts are deferred and amortized in the statement of activities 7,794

The repayment of long-term debt is reported as an expenditure when due
in governmental funds but as a reduction of principal on the government-wide
financial statements 286,769

The transfer of long-term debt to business-type activities 4,765,702

The addition in net position of certain activities of internal service funds is
included in governmental funds 18,429

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ (878,342)**

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

April 30, 2018

	Business-Type Activities						Governmental	
	Municipal Water	Municipal Electric	Municipal Sanitary Sewerage	Municipal Garbage	Municipal Broadband	Fiber Optic Broadband	Internal Service	
CURRENT ASSETS								
Cash and investments	\$ 1,178,419	\$ 5,269,960	\$ 4,824,454	\$ 619,320	\$ -	\$ -	\$ 11,892,153	\$ 492,087
Restricted cash	-	-	-	-	-	3,483,664	3,483,664	-
Receivables								
Accounts	91,893	519,331	185,141	36,406	240	-	833,011	-
Unbilled	52,929	333,412	106,912	18,708	-	-	511,961	-
Accrued interest	1,520	8,396	2,271	154	-	-	12,341	130
Other	-	69	-	-	-	-	69	-
Due from other funds	-	299,296	-	-	-	-	299,296	-
Inventory	46,154	886,876	-	-	-	-	933,030	-
Total current assets	1,370,915	7,317,340	5,118,778	674,588	240	3,483,664	17,965,525	492,217
NONCURRENT ASSETS								
Net pension asset	66,979	192,629	66,580	52	-	-	326,240	-
Advance to other funds	30,000	558,499	36,050	10,000	-	-	634,549	-
Total noncurrent assets	96,979	751,128	102,630	10,052	-	-	960,789	-
CAPITAL ASSETS								
Nondepreciable	55,578	-	993,458	-	-	745,595	1,794,631	-
Depreciable	11,606,868	37,907,598	42,045,025	-	686,839	482,154	92,728,484	-
Accumulated depreciation	(6,503,739)	(24,345,984)	(13,173,010)	-	(206,052)	(9,277)	(44,238,062)	-
Net capital assets	5,158,707	13,561,614	29,865,473	-	480,787	1,218,472	50,285,053	-
Total assets	6,626,601	21,630,082	35,086,881	684,640	481,027	4,702,136	69,211,367	492,217
DEFERRED OUTFLOWS OF RESOURCES								
Pension items - IMRF	74,774	215,052	74,328	59	-	-	364,213	-
Total deferred outflows of resources	74,774	215,052	74,328	59	-	-	364,213	-
Total assets and deferred outflows of resources	6,701,375	21,845,134	35,161,209	684,699	481,027	4,702,136	69,575,580	492,217

	Business-Type Activities						Governmental	
	Municipal Water	Municipal Electric	Municipal Sanitary Sewerage	Municipal Garbage	Municipal Broadband	Fiber Optic Broadband	Internal Service	
CURRENT LIABILITIES								
Accounts payable	\$ 48,106	\$ 459,122	\$ 80,620	\$ 33,913	\$ -	\$ 389,087	\$ 1,010,848	\$ 17,061
Accrued payroll	7,707	25,307	9,512	69	-	766	43,361	-
Accrued interest payable	846	-	3,858	-	-	13,615	18,319	-
Compensated absences, current	7,631	18,826	5,105	25	-	2,104	33,691	-
Loan payable, current	114,696	-	574,410	-	-	-	689,106	-
Due to other funds	-	-	-	-	299,296	-	299,296	-
Total current liabilities	178,986	503,255	673,505	34,007	299,296	405,572	2,094,621	17,061
LONG-TERM LIABILITIES								
Refundable customer deposits	40,131	135,684	129,871	7,052	-	-	312,738	-
Advance from other funds	36,050	-	-	-	36,538	-	72,588	-
Compensated absences, noncurrent	43,240	106,682	28,931	139	-	11,925	190,917	-
Net other postemployment benefit obligation	24,042	64,249	24,277	147	-	-	112,715	-
Capital lease, noncurrent	-	93,367	-	-	-	-	93,367	-
Loan payable, noncurrent	622,298	-	12,472,850	-	-	-	13,095,148	-
Bonds payable, noncurrent	-	-	-	-	-	4,764,954	4,764,954	-
Total long-term liabilities	765,761	399,982	12,655,929	7,338	36,538	4,776,879	18,642,427	-
Total liabilities	944,747	903,237	13,329,434	41,345	335,834	5,182,451	20,737,048	17,061
DEFERRED INFLOWS OF RESOURCES								
Pension items - IMRF	272,067	782,459	270,447	213	-	-	1,325,186	-
Total deferred inflows of resources	272,067	782,459	270,447	213	-	-	1,325,186	-
Total liabilities and deferred inflows of resources	1,216,814	1,685,696	13,599,881	41,558	335,834	5,182,451	22,062,234	17,061
NET POSITION (DEFICIT)								
Net investment in capital assets	4,421,713	13,468,247	16,818,213	-	480,787	(62,818)	35,126,142	-
Unrestricted (deficit)	1,062,848	6,691,191	4,743,115	643,141	(335,594)	(417,497)	12,387,204	475,156
TOTAL NET POSITION (DEFICIT)	\$ 5,484,561	\$ 20,159,438	\$ 21,561,328	\$ 643,141	\$ 145,193	\$ (480,315)	\$ 47,513,346	\$ 475,156

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	Business-Type Activities		
	Municipal Water	Municipal Electric	Municipal Sanitary Sewerage
OPERATING REVENUES			
Billed services	\$ 1,563,980	\$ 9,891,671	\$ 2,867,625
Utility taxes	-	219,614	-
Penalties collected	-	-	31,680
Connection fees	-	32,978	950
Other fees	9,614	173,723	40,612
Total operating revenues	<u>1,573,594</u>	<u>10,317,986</u>	<u>2,940,867</u>
OPERATING EXPENSES			
Personnel			
Salaries	401,269	1,068,036	405,382
Payroll taxes	29,195	78,650	29,538
Payroll benefits	143,680	267,793	138,649
Total personnel	<u>574,144</u>	<u>1,414,479</u>	<u>573,569</u>
Utility expense	78,988	5,266,708	236,857
Commodities	349,663	1,215,532	431,031
Contractual services	13,582	220,620	46,621
Miscellaneous	110,887	329,246	65,530
Depreciation and amortization	368,759	1,235,349	984,247
Total operating expenses	<u>1,496,023</u>	<u>9,681,934</u>	<u>2,337,855</u>
OPERATING INCOME (LOSS)	<u>77,571</u>	<u>636,052</u>	<u>603,012</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	10,112	32,837	35,884
Reimbursements	19,491	30,340	17,448
Other miscellaneous revenue	-	-	-
Interest expense	(35,718)	(8,440)	(39,131)
Total non-operating revenues (expenses)	<u>(6,115)</u>	<u>54,737</u>	<u>14,201</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>71,456</u>	<u>690,789</u>	<u>617,213</u>
Transfers in	-	18,300	-
Transfers (out)	(56,616)	(157,362)	(56,598)
CHANGE IN NET POSITION	<u>14,840</u>	<u>551,727</u>	<u>560,615</u>
NET POSITION, MAY 1	5,469,721	19,607,711	21,000,713
Prior period adjustment	-	-	-
NET POSITION, MAY 1, AS RESTATED	<u>5,469,721</u>	<u>19,607,711</u>	<u>21,000,713</u>
NET POSITION (DEFICIT), APRIL 30	<u>\$ 5,484,561</u>	<u>\$ 20,159,438</u>	<u>\$ 21,561,328</u>

				Governmental Activities	
Municipal Garbage	Municipal Broadband	Fiber Optic Broadband	Total	Internal Service	
\$ 593,066	\$ -	\$ -	\$ 14,916,342	\$ 1,281,155	
-	-	-	219,614	-	
-	-	-	31,680	-	
-	-	-	33,928	-	
157	8,940	-	233,046	10,000	
593,223	8,940	-	15,434,610	1,291,155	
2,417	-	82,568	1,959,672	-	
173	-	13,216	150,772	-	
967	-	430	551,519	1,275,319	
3,557	-	96,214	2,661,963	1,275,319	
-	-	-	5,582,553	-	
410,050	-	33,215	2,439,491	-	
3,309	4,199	19,797	308,128	-	
3,888	-	32,291	541,842	-	
-	68,684	9,277	2,666,316	-	
420,804	72,883	190,794	14,200,293	1,275,319	
172,419	(63,943)	(190,794)	1,234,317	15,836	
2,035	-	31,152	112,020	2,593	
128	-	3,258	70,665	-	
190	9,459	15,649	25,298	-	
-	-	(164,445)	(247,734)	-	
2,353	9,459	(114,386)	(39,751)	2,593	
174,772	(54,484)	(305,180)	1,194,566	18,429	
-	-	4,469,045	4,487,345	-	
(74,928)	-	(4,784,002)	(5,129,506)	-	
99,844	(54,484)	(620,137)	552,405	18,429	
543,297	199,677	-	46,821,119	456,727	
-	-	139,822	139,822	-	
543,297	199,677	139,822	46,960,941	456,727	
\$ 643,141	\$ 145,193	\$ (480,315)	\$ 47,513,346	\$ 475,156	

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	Business-Type Activities		
	Municipal Water	Municipal Electric	Municipal Sanitary Sewerage
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,591,683	\$ 10,259,530	\$ 2,953,098
Receipts from interfund services transactions	-	-	-
Payments for interfund services transactions	(112,732)	(109,210)	(24,932)
Payments to suppliers	(424,474)	(6,746,199)	(762,921)
Payments to employees	(576,625)	(1,426,383)	(570,657)
Net cash from operating activities	<u>477,852</u>	<u>1,977,738</u>	<u>1,594,588</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Receipt of loans from other funds	-	-	-
Repayment of loans from other funds	(18,000)	-	-
Repayment of loans made to other funds	-	64,871	18,000
Loans made to other funds	-	(299,296)	-
Transfers in	-	18,300	-
Transfers (out)	(56,616)	(157,362)	(56,598)
Receipt of other miscellaneous revenue	19,491	30,340	17,448
Net cash from noncapital financing activities	<u>(55,125)</u>	<u>(343,147)</u>	<u>(21,150)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital assets purchased	(439,080)	(277,453)	(153,537)
Capital contributions	13,358	-	-
Principal payments on long-term debt	(139,884)	(333,498)	(1,004,117)
Interest payments on long-term debt	(22,795)	(11,012)	(41,394)
Net cash from capital and related financing activities	<u>(588,401)</u>	<u>(621,963)</u>	<u>(1,199,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	8,592	27,518	33,915
Net cash from investing activities	<u>8,592</u>	<u>27,518</u>	<u>33,915</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(157,082)	1,040,146	408,305
CASH AND CASH EQUIVALENTS, MAY 1	<u>1,335,501</u>	<u>4,229,814</u>	<u>4,416,149</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 1,178,419</u>	<u>\$ 5,269,960</u>	<u>\$ 4,824,454</u>

				Governmental Activities	
Municipal Garbage	Municipal Broadband	Fiber Optic Broadband	Total	Internal Service	
\$ 604,374	\$ 8,700	\$ -	\$ 15,417,385	\$ -	
-	-	-	-	1,291,155	
(745)	-	-	(247,619)	-	
(415,665)	(5,191)	(78,078)	(8,432,528)	(1,258,258)	
(3,496)	-	(81,419)	(2,658,580)	-	
184,468	3,509	(159,497)	4,078,658	32,897	
-	1,900	-	1,900	-	
-	(14,868)	-	(32,868)	-	
-	-	-	82,871	-	
-	-	-	(299,296)	-	
-	-	4,469,045	4,487,345	-	
(74,928)	-	(18,300)	(363,804)	-	
394	9,459	18,907	96,039	-	
(74,534)	(3,509)	4,469,652	3,972,187	-	
-	-	(706,065)	(1,576,135)	-	
-	-	-	13,358	-	
-	-	-	(1,477,499)	-	
-	-	(151,578)	(226,779)	-	
-	-	(857,643)	(3,267,055)	-	
1,883	-	31,152	103,060	2,629	
1,883	-	31,152	103,060	2,629	
111,817	-	3,483,664	4,886,850	35,526	
507,503	-	-	10,488,967	456,561	
\$ 619,320	\$ -	\$ 3,483,664	\$ 15,375,817	\$ 492,087	

(This statement is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

STATEMENT OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	Business-Type Activities		
	Municipal Water	Municipal Electric	Municipal Sanitary Sewerage
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH FLOWS FROM			
OPERATING ACTIVITIES			
Operating income (loss)	\$ 77,571	\$ 636,052	\$ 603,012
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation and amortization	368,759	1,235,349	984,247
Changes in assets and liabilities			
Accounts receivable	11,856	(96,665)	12,409
Other receivables	-	30,994	-
Prepaid expenses	-	117,506	-
Inventory	1,064	24,991	-
Deferred outflows - pension items - IMRF	28,875	83,041	28,704
Accounts payable	15,103	34,200	(7,814)
Accrued payroll	1,198	6,430	2,494
Refundable customer deposits	6,233	7,215	(178)
Compensated absences	(1,687)	(6,324)	2,595
Net pension obligation	(252,218)	(725,372)	(250,716)
Net other postemployment benefit obligation	5,375	9,907	5,397
Deferred inflows - pension items - IMRF	215,723	620,414	214,438
NET CASH FROM OPERATING ACTIVITIES	\$ 477,852	\$ 1,977,738	\$ 1,594,588
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	\$ 1,178,419	\$ 5,269,960	\$ 4,824,454
Restricted cash and investment	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 1,178,419	\$ 5,269,960	\$ 4,824,454
SCHEDULE OF NONCASH TRANSACTIONS			
Long-term debt transferred from governmental activities	\$ -	\$ -	\$ -
TOTAL NONCASH TRANSACTIONS	\$ -	\$ -	\$ -

				Governmental Activities
Municipal Garbage	Municipal Broadband	Fiber Optic Broadband	Total	Internal Service
\$ 172,419	\$ (63,943)	\$ (190,794)	\$ 1,234,317	\$ 15,836
-	68,684	9,277	2,666,316	-
6,818	(240)	-	(65,822)	-
-	-	-	30,994	-
-	-	-	117,506	-
-	-	-	26,055	-
70	-	-	140,690	-
837	(992)	7,225	48,559	17,061
41	-	766	10,929	-
4,333	-	-	17,603	-
26	-	14,029	8,639	-
(197)	-	-	(1,228,503)	-
-	-	-	20,679	-
121	-	-	1,050,696	-
<u>\$ 184,468</u>	<u>\$ 3,509</u>	<u>\$ (159,497)</u>	<u>\$ 4,078,658</u>	<u>\$ 32,897</u>
\$ 619,320	\$ -	\$ -	\$ 11,892,153	\$ 492,087
-	-	3,483,664	3,483,664	-
<u>\$ 619,320</u>	<u>\$ -</u>	<u>\$ 3,483,664</u>	<u>\$ 15,375,817</u>	<u>\$ 492,087</u>
\$ -	\$ -	\$ (4,765,701)	\$ -	\$ -
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,765,701)</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

**STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

April 30, 2018

ASSETS

Cash and short-term investments	\$	692,576
Investments		
U.S. agency obligations		277,652
U.S. Treasuries		3,018,689
Common stock		2,282,045
Mutual funds		3,639,139
Corporate bonds		1,683,899
Municipal bonds		215,037
Mortgage pools		48,592
Annuities		592,928
Negotiable certificates of deposit		1,713,446
Receivables		
Accrued interest		45,707
Prepaid expenses		4,382
		<hr/>
Total assets		14,214,092

LIABILITIES

Accounts payable		3,458
		<hr/>
Total liabilities		3,458

**NET POSITION RESTRICTED
FOR PENSIONS**

\$ 14,210,634

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS**

For the Year Ended April 30, 2018

ADDITIONS

Contributions	
Employer contributions	\$ 755,359
Employee contributions	<u>194,647</u>
Total contributions	<u>950,006</u>
Investment income	
Net appreciation in fair value of investments	576,211
Interest	<u>184,457</u>
Total investment income	760,668
Less investment expense	<u>(37,785)</u>
Net investment income	<u>722,883</u>
Total additions	<u>1,672,889</u>

DEDUCTIONS

Benefits and refunds	1,271,046
Administrative expenses	<u>47,354</u>
Total deductions	<u>1,318,400</u>

NET INCREASE 354,489

**NET POSITION RESTRICTED
FOR PENSIONS**

May 1	<u>13,856,145</u>
April 30	<u><u>\$ 14,210,634</u></u>

See accompanying notes to financial statements.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS

April 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Rock Falls, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

a. Reporting Entity

The City is a municipal corporation governed by an elected council under the mayor/council form of government. The City is considered to be a primary government as defined by GASB Statement No. 14, *The Financial Reporting Entity, as Amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units*, and GASB Statement No 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statement No. 14 and 34*, since its council is separately elected and fiscally independent. In accordance with these pronouncements, the basic financial statements include all funds for which the City is financially accountable. No other government is a component unit of the City based on GASB Statement Nos. 14, 39 and 61.

Pension Trust Funds

The City's financial statements include the Police Pension Fund and the Firefighters' Pension Fund as pension trust funds. The City's sworn police and firefighter employees participate in these pension trust funds which function for the benefit of those employees and are governed by a five-member Pension Board of Trustees. Two members appointed by the Mayor, one elected pension beneficiary and two elected police officers constitute the Pension Boards. The City and the pension plan participants are obligated to fund all pension plan costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of the contribution levels. The pension plans are reported as pension trust funds because of the City's fiduciary responsibility. Separate financial statements are not available for the Police Pension Plan and Firefighters' Pension Plan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting

The City uses funds to report on its financial position and changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The minimum number of funds are maintained consistent with legal and managerial requirements.

Funds are classified into the following categories: governmental, proprietary and fiduciary.

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds restricted, committed or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds restricted, committed or assigned for the servicing of long-term debt (debt service funds). The General Fund is used to account for all activities of the City not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The City utilizes pension trust funds which are generally used to account for assets that the City holds in a fiduciary capacity.

c. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. The effect of material interfund activity has been eliminated 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The City reports the following major proprietary funds:

The Municipal Water Fund accounts for the costs related to operations associated with water service. Funding is provided by user fees.

The Municipal Electric Fund accounts for the costs related to operations associated with electric service. Funding is provided by user fees.

The Municipal Sanitary Sewer Fund accounts for the costs related to operations associated with sewer service. Funding is provided by user fees.

The Municipal Garbage Fund accounts for the costs related to operations associated with garbage service. Funding is provided by user fees. Management has elected to report this as a major fund.

The Municipal Broadband Fund accounts for the costs related to operations associated with broadband internet service. Funding is provided by user fees. Management has elected to report this as a major fund.

The Fiber Optic Broadband Fund accounts for the costs related to operations associated with fiber infrastructure. Funding is provided by user fees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Government-Wide and Fund Financial Statements (Continued)

Additionally, the City reports the following proprietary fund type:

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost reimbursement basis. These are reported as part of the governmental activities on the government-wide financial statements as they provide services to the City's governmental funds/activities. The City reports two internal service funds: The Health Insurance Fund and the GIS IT Fund.

The City reports pension trust funds as fiduciary funds to account for the Police Pension Fund and Firefighters' Pension Fund.

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as non-operating.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a fund liability is incurred. However, debt service expenditures are recorded only when payment is due, unless due the first day of the following fiscal year.

Property taxes, sales taxes and telecommunication taxes owed to the state at year end, utility taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Fines and permit revenue are considered to be measurable and available only when cash is received by the City.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

The City reports unearned revenue and deferred/unavailable revenue on its financial statements. Deferred/unavailable revenues arise when a potential revenue does not meet the availability criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by the City before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability or deferred inflows of resource for unearned and deferred/unavailable revenue are removed from the financial statements and revenue is recognized.

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds consider cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agent, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension trust funds are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Property Taxes

Property taxes for 2017 are levied in December 2017 and attach as an enforceable lien on the property on January 1, 2017. Tax bills are prepared by the County and issued on or about May 1, 2018 and August 1, 2018, and are due and collectible on or about June 1, 2018 and September 1, 2018. The County collects the taxes and remits them periodically to the City. Those 2017 taxes are intended to finance the 2019 fiscal year and are not considered available or earned for current operations and, therefore, are reported as deferred/unavailable revenue. The 2018 tax levy has not been recorded as a receivable at April 30, 2018, as the tax attached as a lien on property as of January 1, 2018; however, the tax will not be levied until December 2018 and, accordingly, is not measurable at April 30, 2018.

g. Inventory

Inventory is valued at average cost on a first-in/first-out (FIFO) method.

h. Restricted Assets

Certain cash and investments in the MFT Bond Fund and Fiber Optic Broadband Fund are restricted in accordance with the ordinances authorizing the issuance of the alternate revenue source bonds. These assets are reflected as restricted cash and investments and restrictions of net position.

i. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as prepaid items/expenses and are accounted for using the consumption method.

j. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, storm water and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$2,500 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings, infrastructure and improvements	20-50
Vehicles and other equipment	5-20

k. Compensated Absences

City employees are granted sick leave and vacation days. Vacation days vary by employee and accumulation of vacation days is ordinarily not allowed. However, vacation days are earned in the year prior to their eligibility for use. Upon termination of employment, city employees are paid for any earned, unused vacation days and any accumulated unused sick leave at the rate of two days pay for each ten accumulated unused sick days. The employees receive ten sick days per calendar year. Police employees are allowed to accumulate a maximum of 1,200 hours of sick leave. Upon retirement, the City agrees to provide continued health insurance coverage on behalf of the retired employee equal to the cash value of the accumulated unused sick leave then held by the employee. Firefighter employees are allowed to accumulate a maximum of 1,680 hours of sick leave. Upon retirement, the City agrees to provide continued health insurance coverage on behalf of the retired employee equal to the cash value of the accumulated unused sick leave then held by the employee.

Vested or accumulated vacation related to employees that have retired or terminated at year end but have not yet been paid is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Vested and accumulated vacation of governmental activities and proprietary funds is recorded as an expense and liability as the benefits accrue to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

m. Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

n. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund financial statements. Bond premiums and discounts, as well as any gains/losses on refunding are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

p. Fund Balance/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities or from enabling legislation adopted by the City. Committed fund balance is constrained by formal actions of the City Council, which is considered the City's highest level of decision-making authority. Formal actions include ordinances approved by the City Council. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. The City Council has the authority to assign fund balance. Any residual fund balance in the General Fund, including fund balance targets and any deficit fund balance of any other governmental fund is reported as unassigned.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned funds and then unassigned funds.

The City has a policy to maintain a minimum unassigned fund balance in the General Fund equal to 45 days of General Fund operating expenditures as determined from year-to-year based upon the fiscal year budget approved by the City Council.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the City's net position is restricted as a result of enabling legislation adopted by the City Council. Net investment in capital assets, represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The City and pension funds categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The City maintains a cash and investment pool that is available for use by all funds except the pension trust funds. Each fund's portion of this pool is displayed on the financial statements as "cash and investments." The deposits and investments of the pension trust funds are held separately from those of other funds. The investments are governed by three separate investment policies: one policy for the City adopted by the City Council and one policy each for the Police Pension Fund and the Firefighters' Pension Fund approved by their respective boards.

The City's investment policy authorizes the City to make deposits in the commercial banks and savings and loan institutions and to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements and The Illinois Funds.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

2. CASH AND INVESTMENTS (Continued)

It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the “prudent person” standard for managing the overall portfolio. The primary objectives of the policy are safety (preservation of capital and protection of investment principal), liquidity and yield.

City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank’s failure, the City’s deposits may not be returned to it. The City’s investment policy requires pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance, evidenced by a written collateral agreement with the collateral held by an independent third party safekeeping agent of the City in the City’s name.

City Investments

The City categorizes the fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. There are no investments subject to fair value measurement since all of the City’s investments are in non-negotiable certificates of deposit.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market. The City’s investment policy limits investments to a two-year maturity.

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment in securities allowed under the investment policy. The City’s investment policy does not address credit risk.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, the City’s investment policy requires all security transactions that are exposed to custodial credit risk to be processed with the underlying investments held by a third party custodian and held in the City’s name.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. CASH AND INVESTMENTS (Continued)

Concentration of the credit risk is the risk that the City has a high percentage of their investments invested in one investment. The City's investment policy requires diversification of investments to avoid unreasonable risk by limiting deposits in one institution to 50% of the City's deposits unless fully collateralized.

3. RECEIVABLES

The following receivables are included in due from other governments on the statement of net position at April 30, 2018:

GOVERNMENTAL ACTIVITIES

General Fund

Telecommunications tax	\$ 38,790
Use tax	60,481
Sales tax	277,237
Video gaming tax	42,996
Non-home rule sales tax	197,377
Fines	5,510
Grants	<u>9,133</u>

Total General Fund 631,524

Nonmajor Governmental Funds

Motor fuel tax	21,213
Grants	<u>4,748</u>

Total Nonmajor Governmental Funds 25,961

TOTAL GOVERNMENTAL ACTIVITIES \$ 657,485

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

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

	Beginning Balances, As Restated	Increases	Decreases	Transfers	Ending Balances
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 725,520	\$ -	\$ -	\$ -	\$ 725,520
Total capital assets not being depreciated	725,520	-	-	-	725,520
Capital assets being depreciated					
Land improvements	2,728,354	181,022	-	-	2,909,376
Buildings	2,531,288	-	-	-	2,531,288
Equipment	4,267,198	58,218	17,433	-	4,307,983
Infrastructure	8,433,161	527,804	-	-	8,960,965
Total capital assets being depreciated	17,960,001	767,044	17,433	-	18,709,612
Less accumulated depreciation for					
Land improvements	140,339	169,968	-	-	310,307
Buildings	1,666,852	79,712	-	-	1,746,564
Equipment	3,630,151	189,352	17,433	-	3,802,070
Infrastructure	4,646,104	347,495	-	-	4,993,599
Total accumulated depreciation	10,083,446	786,527	17,433	-	10,852,540
Total capital assets being depreciated, net	7,876,555	(19,483)	-	-	7,857,072
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	\$ 8,602,075	\$ (19,483)	\$ -	\$ -	\$ 8,582,592

Depreciation expense was charged to functions/programs of the governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
General government	\$ 256,150
Public safety	103,373
Streets and highways	422,133
Public property division	4,871
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	\$ 786,527

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Beginning Balances, As Restated	Increases	Decreases	Transfers	Ending Balances
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 980,000	\$ -	\$ -	\$ -	\$ 980,000
Construction in progress	775,178	814,630	-	(775,177)	814,631
Total capital assets not being depreciated	1,755,178	814,630	-	(775,177)	1,794,631
Capital assets being depreciated					
Buildings and infrastructure	72,607,533	845,863	-	775,177	74,228,573
Improvements other than buildings	13,264,949	157,286	-	-	13,422,235
Equipment	4,955,644	140,218	18,186	-	5,077,676
Total capital assets being depreciated	90,828,126	1,143,367	18,186	775,177	92,728,484
Less accumulated depreciation for					
Buildings and infrastructure	29,311,924	2,053,286	-	-	31,365,210
Improvements other than buildings	7,987,478	446,453	-	-	8,433,931
Equipment	4,290,530	166,577	18,186	-	4,438,921
Total accumulated depreciation	41,589,932	2,666,316	18,186	-	44,238,062
Total capital assets being depreciated, net	49,238,194	(1,522,949)	-	775,177	48,490,422
BUSINESS-TYPE ACTIVITIES					
CAPITAL ASSETS, NET	\$ 50,993,372	\$ (708,319)	\$ -	\$ -	\$ 50,285,053

Depreciation expense was charged to the business-type activities as follows:

BUSINESS-TYPE ACTIVITIES	
Municipal water	\$ 368,759
Municipal electric	1,235,349
Municipal sanitary sewerage	984,247
Municipal broadband (electric)	68,684
Municipal broadband	9,277
TOTAL DEPRECIATION EXPENSE - BUSINESS-TYPE ACTIVITIES	\$ 2,666,316

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT

a. Long-Term Debt - Governmental Funds

Long-term liability activity for the year ended April 30, 2018 was as follows:

	May 1	Additions	Reductions/ Refundings	Transfers	April 30	Current Portion
GOVERNMENTAL ACTIVITIES						
General obligation alternate revenue source bonds**, ***	\$ 6,895,000	\$ -	\$ 110,000	\$ (4,750,000)	\$ 2,035,000	\$ 195,000
Bond premium***	163,795	-	7,794	(15,702)	140,299	7,794
Debt certificates*	2,617,000	-	24,000	-	2,593,000	26,000
Capital leases*	277,668	-	152,769	-	124,899	26,962
Compensated absences*	399,822	410,283	399,822	-	410,283	61,542
Net other postemployment benefit obligation*	144,927	36,240	-	-	181,167	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 10,498,212	\$ 446,523	\$ 694,385	\$ (4,765,702)	\$ 5,484,648	\$ 317,298

*These liabilities are primarily retired by the General Fund.

** These liabilities are primarily retired by the Debt Service Funds.

***The 2017A and 2017B General Obligation Bonds were transferred into the business-type activities as of April 30, 2018.

Long-term liabilities payable from governmental activities at April 30, 2018 comprise the following:

	Total	Current Portion
General Obligation Bonds		
\$720,000 - General Obligation Refunding Bonds, Series 2012 Motor Fuel Tax (alternative revenue sources); due in annual installments of \$105,000 to \$110,000 through January 1, 2019; interest at 2.60%, payable semiannually in January and July.	\$ 110,000	\$ 110,000
\$1,925,000 - General Obligation Refunding Bonds, Series 2016 (alternative revenue sources); due in annual installments of \$85,000 to \$145,000 starting October 1, 2018 through October 1, 2035; interest at 2% to 4%, payable semiannually in April and October.	1,925,000	85,000

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

a. Long-Term Debt - Governmental Funds (Continued)

	<u>Total</u>	<u>Current Portion</u>
Debt Certificates		
\$280,000 Debt Certificates, Series 2012; due in annual installments of \$22,000 to \$30,000 through November 1, 2023; interest at 3.50% to 3.75% payable semiannually in May and November.	\$ 166,000	\$ 26,000
\$2,427,000 Debt Certificates, Series 2016; due March 16, 2022; interest at 2.28% through March 2019, 3-year Treasury Constant Rate plus 1.50% from March 2019 through March 2022 payable semiannually in March and September.	2,427,000	-
Capital Leases		
\$178,243 capital lease for 2013 Elgin Pelican NP Street Sweeper; due in installments of \$27,768 through April 2019; interest at 2.99%.	26,962	26,962
\$241,551 capital lease for two International 7300 trucks with Plows; due in annual installments of \$51,102 through May 2020; interest at 2.89%.	97,937	-
Bond premium	140,299	7,794
Compensated absences	410,283	61,542
Net other postemployment benefit obligation	<u>181,167</u>	<u>-</u>
TOTAL	<u><u>\$ 5,484,648</u></u>	<u><u>\$ 317,298</u></u>

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

b. Debt Service to Maturity

The annual requirements to amortize all debt outstanding as of April 30, 2018, are as follows:

Fiscal Year Ending April 30,	Governmental Activities			
	General Obligation Debt		Debt Certificates	
	Principal	Interest	Principal	Interest
2019	\$ 195,000	\$ 64,510	\$ 26,000	\$ 61,208
2020	85,000	59,950	27,000	60,298
2021	90,000	58,200	28,000	59,353
2022	90,000	56,400	2,457,000	58,373
2023	90,000	54,600	30,000	1,988
2024-2028	490,000	240,450	25,000	938
2029-2033	585,000	141,900	-	-
2034-2038	410,000	25,200	-	-
TOTAL	\$ 2,035,000	\$ 701,210	\$ 2,593,000	\$ 242,158

c. Capital Leases

The City has capital lease obligations, with total annual payments ranging from \$27,768 to \$51,102, at interest rates of 2.99% to 3.99%. Future minimum lease payments under the capital leases at April 30, 2018 are as follows:

Fiscal Year Ending April 30,	
2019	\$ 27,768
2020	51,102
2021	51,102
Subtotal	129,972
Less amount representing interest	5,073
TOTAL	\$ 124,899

The cost of such equipment acquired through capital leases was \$489,764 with an accumulated depreciation of \$218,278 at April 30, 2018.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

d. Pledged Revenue Debt

The City has outstanding bonds with remaining pledges of revenue outstanding. The schedule of pledged revenue is detailed below:

Debt Issue	Pledge Source	Pledge Remaining	Commitment End Date	Pledged Revenue	Principal and Interest Paid	Percent of Pledged Revenue
2012 GO Alternate Revenue Source	Motor Fuel Tax Allotments	\$ 112,860	January 1, 2019	\$ 237,000	\$ 115,720	49%
2016 GO Alternate Revenue Source	TIF Property Taxes	2,623,350	October 1, 2035	269,397	96,701	36%

e. Long-Term Debt - Business-Type Activities

Long-term liability activity for business-type activities for the year ended April 30, 2018 was as follows:

	May 1	Additions	Reductions	Transfers	April 30	Current Portion
BUSINESS-TYPE ACTIVITIES						
General obligation bonds	\$ 240,000	\$ -	\$ 240,000	\$ 4,750,000	\$ 4,750,000	\$ -
Bond premium	-	-	748	15,702	14,954	-
Capital leases	222,876	-	129,509	-	93,367	-
IEPA revolving loans	15,276,859	-	1,492,605	-	13,784,254	689,106
Net other postemployment benefit obligation	91,960	20,755	-	-	112,715	-
Compensated absences	215,969	224,608	215,969	-	224,608	33,691
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 16,047,664	\$ 245,363	\$ 2,078,831	\$ 4,765,702	\$ 18,979,898	\$ 722,797

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

e. Long-Term Debt - Business-Type Activities (Continued)

Long-term liabilities payable from business-type activities at April 30, 2018 comprise the following:

	Total	Current Portion
General Obligation Bonds		
\$2,105,000 - General Obligation Refunding Bonds, Series 2017A (alternative revenue sources); due in annual installments of \$240,000 to \$340,000 starting October 1, 2031 through October 1, 2037; interest at 3.25% to 4.00%, payable semiannually in April and October.	\$ 2,105,000	\$ -
\$2,645,000 - General Obligation Refunding Bonds, Series 2017B (alternative revenue sources); due in annual installments of \$30,000 to \$260,000 starting October 1, 2024 through October 1, 2031; interest at 3.25% to 4.00%, payable semiannually in April and October.	2,645,000	-
IEPA Loans		
\$1,621,986 Illinois Environmental Protection Agency (IEPA) loan payable - water; due in semiannual installments of \$53,749, including interest at 2.905% through April 4, 2022.	403,197	96,481
\$20,000,000 IEPA wastewater treatment works loan payable; due in semiannual installments of \$394,615, no interest through May 1, 2031.	10,000,000	384,615
\$5,481,335 IEPA wastewater treatment facility and watermain/liftstation loan of which \$4,334,740 is required to be repaid; due in semiannual installments of \$105,806, including interest at 1.25% through March 19, 2032.	2,710,096	178,292
\$654,443 IEPA liftstation and sewer rehabilitation loan payable of which \$490,832 is required to be repaid; due in semiannual installments of \$13,610 including interest of 1.25% through November 19, 2031.	337,165	11,503
\$536,590 IEPA drinking water loan payable of which \$379,942 is required to be repaid; due in semiannual installments of \$21,319 including interest of 1.86% through November 19, 2026.	333,796	18,215

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

e. Long-Term Debt - Business-Type Activities (Continued)

	Total	Current Portion
Capital Leases		
\$186,865 capital lease for Altec Capital Bucket truck; due in annual installments of \$49,375 through May 2020, including interest at 3.82%.	\$ 93,367	\$ -
Compensated absences	224,608	33,691
Bond premium	14,954	-
Net other postemployment benefit obligation	112,715	-
TOTAL	\$ 18,979,898	\$ 722,797

Fiscal Year Ending April 30,	Business-Type Activities			
	GO Alternate Revenue Source Bonds		Illinois IEPA Loans	
	Principal	Interest	Principal	Interest
2019	\$ -	\$ 163,378	\$ 689,106	\$ 43,341
2020	185,000	161,389	1,109,223	37,579
2021	190,000	157,120	1,115,374	32,809
2022	195,000	152,305	1,121,655	27,634
2023	200,000	146,970	1,019,790	23,734
2024-2028	1,095,000	634,545	5,107,787	89,238
2029-2033	1,300,000	419,640	3,621,319	26,318
2034-2038	1,585,000	151,075	-	-
TOTAL	\$ 4,750,000	\$ 1,986,422	\$ 13,784,254	\$ 280,653

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

f. Capital Leases (Continued)

The City has a capital lease obligation, with total annual of \$49,375, with an interest rate of 3.82%. Future minimum lease payments under the capital leases at April 30, 2018 are as follows:

<u>Year Ending June 30,</u>	
2019	\$ -
2020	49,375
2021	<u>49,375</u>
Subtotal	98,750
Less amount representing interest	<u>5,383</u>
TOTAL	<u>\$ 93,367</u>

The cost of such equipment acquired through capital lease was \$186,865 with an accumulated depreciation of \$28,920 at April 30, 2018.

g. Pledged Revenue Debt

The City has outstanding bonds with remaining pledges of revenue outstanding. The schedule of pledged revenue is detailed below:

Debt Issue	Pledge Source	Pledge Remaining	Commitment End Date	Pledged Revenue	Principal and Interest Paid	Percent of Pledged Revenue
2010 GO Alternate Revenue Source	Electric Revenues	\$ -	January 1, 2018	\$ 9,888,069	\$ 245,760	2%
Illinois EPA Loan - Drinking Water	Water Revenues	429,695	April 4, 2022	1,555,805	107,499	7%
Illinois EPA Loan - Drinking Water	Water Revenues	362,425	November 19, 2026	1,555,805	54,942	4%
Illinois EPA Loan - Treatment Plant	Sanitary Sewer Revenues	10,000,000	May 1, 2031	2,828,446	1,153,846	41%
Illinois EPA Loan - Treatment Plant	Sanitary Sewer Revenues	2,962,581	March 19, 2032	2,828,446	211,613	7%

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

5. LONG-TERM DEBT (Continued)

g. Pledged Revenue Debt (Continued)

Debt Issue	Pledge Source	Pledge Remaining	Commitment End Date	Pledged Revenue	Principal and Interest Paid	Percent of Pledged Revenue
Illinois EPA Loan - Lift Station Rehabilitation	Sanitary Sewer Revenues	\$ 367,461	November 19, 2031	\$ 2,828,446	\$ 27,219	1%
2017A GO Alternate Revenue Source	Broadband System Revenues	3,400,825	October 1, 2037	-	71,810	0%
2017B GO Alternate Revenue Source	Broadband System Revenues	3,335,596	October 1, 2031	-	79,768	0%

6. DEFINED BENEFIT PENSION PLANS

The City contributes to three defined benefit pension plans the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained at www.imrf.org. The Police Pension Plan and Firefighters' Pension Plan do not issue separate reports.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees (other than those covered by the Police Pension Plan and Firefighters' Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Membership

At December 31, 2017 (the measurement date), IMRF membership consisted of:

Inactive employees or their beneficiaries	
currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	26
Active employees	<u>44</u>
 TOTAL	 <u><u>127</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011 are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution rate for the calendar years ended 2017 and 2018 was 9.79% and 9.55%, respectively, of covered payroll.

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions

The City's net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.75%
Salary increases	3.75% to 14.50%
Interest rate	7.50%
Cost of living adjustment	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates 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 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in the Net Pension Liability (Asset)

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2017	\$ 16,019,729	\$ 14,687,218	\$ 1,332,511
Changes for the period			
Service cost	294,864	-	294,864
Interest	1,180,963	-	1,180,963
Difference between expected and actual experience	(122,986)	-	(122,986)
Changes in assumptions	(518,345)	-	(518,345)
Employer contributions	-	264,612	(264,612)
Employee contributions	-	121,630	(121,630)
Net investment income	-	2,604,966	(2,604,966)
Benefit payments and refunds	(841,981)	(841,981)	-
Other	-	(342,393)	342,393
Net changes	(7,485)	1,806,834	(1,814,319)
BALANCES AT DECEMBER 31, 2017	\$ 16,012,244	\$ 16,494,052	\$ (481,808)

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability (Asset) (Continued)

Net pension liability (asset) was reported as follows in the statement of net position:

Governmental activities	\$ (155,568)
Business-type activities (proprietary fund)	<u>(326,240)</u>
TOTAL NET PENSION LIABILITY	<u>\$ (481,808)</u>

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2018, the City recognized pension expense of \$210,964.

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflow of Resources
Difference between expected and actual experience	\$ -	\$ 324,037	\$ (324,037)
Changes in assumption	4,448	406,383	(401,935)
Net difference between projected and actual earnings on pension plan investments	438,777	1,226,684	(787,907)
Contributions after measurement date	94,664	-	94,664
TOTAL	<u>\$ 537,889</u>	<u>\$ 1,957,104</u>	<u>\$(1,419,215)</u>

Net deferred outflows of resources was reported as follows in the statement of net position:

Governmental activities	\$ (458,242)
Business-type activities (proprietary fund)	<u>(960,973)</u>
NET DEFERRED OUTFLOWS OF RESOURCES	<u>\$ (1,419,215)</u>

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

\$94,664 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

<u>Year Ending</u> <u>December 31,</u>	
2018	\$ (403,644)
2019	(319,538)
2020	(445,155)
2021	<u>(345,542)</u>
 TOTAL	 <u><u>\$ (1,513,879)</u></u>

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of the City calculated using the discount rate of 7.50% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 1,576,081	\$ (481,808)	\$ (2,177,747)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan

Plan Administration

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active police employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Plan Membership

At April 30, 2018, the measurement date, the Police Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	18
Inactive plan members entitled to benefits but not yet receiving them	3
Current employees	21
TOTAL	42

Benefits Provided

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary.

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided (Continued)

Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 100% of the past service cost for the Police Pension Plan. For the year ended April 30, 2018, the City's contribution was 40.96% of covered payroll. The City's policy is to fund 100% of the actuarially determined contribution.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and The Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts.

The Fund's investment manager establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	30%	5.70%
Mid Cap Domestic Equity	5%	8.10%
Small Cap Domestic Equity	5%	9.30%
Real Estate	2%	6.40%
International Equity	5%	3.00%
Fixed Income	53%	2.30%

The long-term expected real rates of return are net of a 2% factor for inflation. ILCS limit the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

The long-term expected rate of return was developed using the Dimensional Matrix Book 2017 Historical Returns Data.

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investments.

Investment Rate of Return

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.76%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 367,680	\$ -	\$ 162,552	\$ 173,868	\$ 31,260
U.S. agency obligations	47,143	-	-	8,731	38,412
Municipal bonds	215,037	215,037	-	-	-
Corporate bonds	1,185,514	-	1,110,765	74,749	-
Negotiable certificates of deposit	1,713,446	798,567	914,879	-	-
TOTAL	\$ 3,528,820	\$ 1,013,604	\$ 2,188,196	\$ 257,348	\$ 69,672

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk (Continued)

The Fund has the following recurring fair value measurements as of April 30, 2018: The common stock and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. Treasury obligations, U.S. agency obligations, negotiable certificates of deposits, corporate bonds and municipal bonds are valued using quoted matrix pricing models (Level 2 inputs). The annuities valuation methodology is unobservable and significant to the fair value measurement (Level 3 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment in securities allowed under the investment policy. The Fund's investment policy does not address credit risk. The Fund's investment in municipal bonds are rated at A by Standard and Poor's. The Fund's investment in corporate bonds are rated at BB+ to AA by Standard and Poor's.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Fund's investment policy requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Fund's agent separate from where the investment was purchased in the Fund's name.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a)	(b)	(a) - (b)
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
BALANCES AT MAY 1, 2017	\$ 13,604,441	\$ 7,065,013	\$ 6,539,428
Changes for the period			
Service cost	324,172	-	324,172
Interest	923,645	-	923,645
Difference between expected and actual experience	139,752	-	139,752
Changes in assumptions	618,890	-	618,890
Employer contributions	-	487,114	(487,114)
Employee contributions	-	118,679	(118,679)
Net investment income	-	336,053	(336,053)
Benefit payments and refunds	(756,029)	(756,029)	-
Other	(48,872)	-	(48,872)
Administrative expense	-	(30,513)	30,513
Net changes	1,201,558	155,304	1,046,254
BALANCES AT APRIL 30, 2018	\$ 14,805,999	\$ 7,220,317	\$ 7,585,682

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2018 using the following actuarial methods and assumptions.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions (Continued)

Actuarial valuation date	April 30, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	4.75%
Interest rate	7.00%, net of investment expenses
Cost of living adjustments	Tier 1 - 3.00%, compounded Tier 2 - 2.00%, simple
Asset valuation method	Market

Mortality rates were based on the RP-2014 Mortality with Blue Collar Adjustment Table (CHBCA).

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2018, the City recognized pension expense of \$1,023,520.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

At April 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 223,977	\$ 103,429
Changes in assumptions	875,109	-
Net difference between projected and actual earnings on pension plan investments	340,574	-
TOTAL	\$ 1,439,660	\$ 103,429

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Police Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	
2019	\$ 384,440
2020	384,438
2021	268,490
2022	175,601
2023	123,262
Thereafter	-
TOTAL	\$ 1,336,231

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 7% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net pension liability	\$ 9,594,035	\$ 7,585,682	\$ 5,934,066

Firefighters' Pension Plan

Plan Administration

Fire sworn personnel are covered by the Firefighters' Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

The plan is governed by a five-member Board of Trustees. Two members of the board are appointed by the City's Mayor, one member is elected by pension beneficiaries and two members are elected by active firefighter employees.

The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Plan Membership

At April 30, 2018, the measurement date, the Firefighters' Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	19
Inactive plan members entitled to benefits but not yet receiving them	1
Current employees	<u>14</u>
TOTAL	<u><u>34</u></u>

Benefits Provided

The Firefighters' Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or older with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to ½ of the salary attached to the rank held at the date of retirement. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% compounded annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with ten or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of ½ of the annual change in the Consumer Price Index or 3% compounded. The annual benefit shall be increased by 2.50% of such salary for

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least ten years may retire at or after age 50 and receive a reduced benefit (i.e., ½% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3% or ½ of the change in the Consumer Price Index for the proceeding calendar year.

Contributions

Covered employees are required by ILCS to contribute 9.455% of their base salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 100% of the past services costs for the Firefighters' Pension Plan. For the year ended April 30, 2018, the City's contribution was 33.10% of covered payroll. The City's policy is to fund 100% of the actuarially determined contribution.

Investment Policy

Permitted Deposits and Investments - Statutes and the Firefighter's Pension Fund's (the Fund) investment policy authorize the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and The Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities.

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Investment Policy (Continued)

The Fund's investment manager establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Equity	25%-45%	4.85%
Fixed Income	45%-100%	2.55%
Cash and Cash Equivalents	0%-5%	0.00%

The long-term expected real rates of return are net of a 2.10% factor for inflation. ILCS limits the Fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

Investment Concentrations

There are no significant investments (other than United States Government guaranteed obligations) in any one organization that represent 5% or more of the Fund's investment.

Investment Rate of Return

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Fund's deposits may not be returned to them. The Fund's investment policy requires all bank balances to be covered by federal depository insurance.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Interest Rate Risk

The following table presents the investments and maturities of the Fund's debt securities as of April 30, 2018:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	Greater than 10
U.S. Treasury obligations	\$ 2,651,009	\$ 354,449	\$ 1,687,316	\$ 609,244	\$ -
U.S. agency obligations	230,509	141,857	88,652	-	-
Corporate bonds	498,385	176,887	321,498	-	-
Mortgage pools	48,592	154	1,084	5,545	41,809
TOTAL	\$ 3,428,495	\$ 673,347	\$ 2,098,550	\$ 614,789	\$ 41,809

The Fund has the following recurring fair value measurements as of April 30, 2018: the common stock and mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligations, U.S. Treasury obligations, mortgage pools and corporate bonds are valued using quoted matrix pricing models (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The investment policy does not limit the maximum maturity length of investments in the Fund.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment in securities allowed under the investment policy. The Fund's investment policy allows investment in corporate bonds rated as investment grade by one of the two largest rating services at the time of purchase. The Fund's investment in corporate bonds are rated at or above BBB+ by Standard and Poor's. The Fund's investment in agency securities are rated at AA+ by Standard and Poor's.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund's investment policy requires investments to be held by a third party custodian in a custodian trust account designated by the Treasurer or authorized depository. All individual security transactions are required to be conducted on a delivery versus payment (DVP) basis.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2017	\$ 10,726,642	\$ 6,791,132	\$ 3,935,510
Changes for the period			
Service cost	319,389	-	319,389
Interest	626,860	-	626,860
Difference between expected and actual experience	208,429	-	208,429
Changes in assumptions	684,577	-	684,577
Employer contributions	-	268,245	(268,245)
Employee contributions	-	75,968	(75,968)
Net investment income	-	386,831	(386,831)
Benefit payments and refunds	(515,017)	(515,017)	-
Other	(36,267)	-	(36,267)
Administrative expense	-	(16,841)	16,841
Net changes	1,287,971	199,187	1,088,785
BALANCES AT APRIL 30, 2018	\$ 12,014,613	\$ 6,990,318	\$ 5,024,295

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2018 using the following actuarial methods and assumptions.

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2018 using the following actuarial methods and assumptions.

Actuarial valuation date	April 30, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	5.00%
Interest rate	6.00%
Cost of living adjustments	Tier 1 - 3.00%, compounded Tier 2 - 2.00%, simple
Asset valuation method	Market

Mortality rates were based on the RP-2014 with Blue Collar Adjustment Mortality Table project to 2018 with scale MP2017. There is no margin for future mortality improvement beyond the valuation date.

Discount Rate

The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended April 30, 2018, the City recognized pension expense of \$807,793.

At April 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 371,354	\$ 12,035
Assumption changes	543,564	-
Net difference between projected and actual earnings on pension plan investments	163,048	67,801
TOTAL	\$ 1,077,966	\$ 79,836

Changes in the net pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the plan. Differences in projected and actual earnings over the measurement period are recognized over a five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Firefighters' Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	
2019	\$ 338,819
2020	338,817
2021	164,274
2022	156,222
2023	(2)
Thereafter	-
TOTAL	\$ 998,130

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Firefighters' Pension Plan (Continued)

Discount Rate Sensitivity

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 6% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5%) or 1 percentage point higher (7%) than the current rate:

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Net pension liability	\$ 6,714,942	\$ 5,024,295	\$ 3,644,313

b. Pension Segment Information

Plan Net Position

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash	\$ 262,175	\$ 430,401	\$ 692,576
Investments			
U.S. agency obligations	47,143	230,509	277,652
U.S. Treasuries	367,680	2,651,009	3,018,689
Common stock	1,645,212	636,833	2,282,045
Mutual funds	1,166,956	2,472,183	3,639,139
Corporate bonds	1,185,514	498,385	1,683,899
Negotiable certificates of deposit	1,713,446	-	1,713,446
Municipal bonds	215,037	-	215,037
Mortgage pools	-	48,592	48,592
Annuities	592,928	-	592,928
Accrued interest receivable	22,567	23,140	45,707
Prepaid items	3,690	692	4,382
Total assets	7,222,348	6,991,744	14,214,092

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

b. Pension Segment Information (Continued)

Plan Net Position (Continued)

	Police Pension	Firefighters' Pension	Total
LIABILITIES			
Accounts payable	\$ 2,032	\$ 1,426	\$ 3,458
Total liabilities	2,032	1,426	3,458
NET POSITION RESTRICTED FOR PENSIONS	\$ 7,220,316	\$ 6,990,318	\$ 14,210,634

Changes in Plan Net Position

	Police Pension	Firefighters' Pension	Total
ADDITIONS			
Contributions			
Employer contributions	\$ 487,114	\$ 268,245	\$ 755,359
Employee contributions	118,679	75,968	194,647
Total contributions	605,793	344,213	950,006
Investment income			
Net depreciation in fair value investments	271,714	304,497	576,211
Interest	82,697	101,760	184,457
Total investment income	354,411	406,257	760,668
Less investment expense	(18,359)	(19,426)	(37,785)
Net investment income	336,052	386,831	722,883
Total additions	941,845	731,044	1,672,889

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. DEFINED BENEFIT PENSION PLANS (Continued)

b. Pension Segment Information (Continued)

Changes in Plan Net Position (Continued)

	Police Pension	Firefighters' Pension	Total
DEDUCTIONS			
Benefits and refunds	\$ 756,029	\$ 515,017	\$ 1,271,046
Other	30,513	16,841	47,354
Total deductions	786,542	531,858	1,318,400
NET INCREASE	155,303	199,186	354,489
NET POSITION RESTRICTED FOR PENSIONS			
May 1	7,065,013	6,791,132	13,856,145
April 30	\$ 7,220,316	\$ 6,990,318	\$ 14,210,634

7. 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; illnesses of employees; and natural disasters.

Intergovernmental Personnel Benefit Cooperative

The City participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental and nonprofit public service entities.

IPBC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Benefit Administrator and a Treasurer. The City does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors.

7. RISK MANAGEMENT (Continued)

Municipal Insurance Cooperative Agency

The City participates in the Municipal Insurance Cooperative Agency (MICA). MICA is a public entity risk pool whose members are Illinois municipalities. MICA manages and funds first party property losses, third party liability claims, workers' compensation claims and public officials' liability claims of its members. MICA provides \$1,800,000 of coverage after a \$1,000 deductible. The City's payments to MICA are displayed on the financial statements as expenditures/expenses in appropriate funds.

Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are three officers, a Risk Manager and a Treasurer. The City does not exercise any control over activities of MICA beyond its representation on the Board of Directors. MICA functions solely as an administrative agent for each member.

8. CONTRACTS, COMMITMENTS AND CONTINGENCIES

a. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

b. Grants

Amounts received and receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

9. TAX ABATEMENTS

The City rebates property taxes to recruit, retain or improve local business facilities or their supporting public infrastructure under certain circumstances and as an annexation inducement. The terms of these rebate arrangements are specified within written agreements with the individuals and businesses concerned.

For the fiscal year ended April 30, 2018, the City rebated its share of property taxes paid by a local business to induce the investment of private capital and reverse the economic and physical decline of the area. This agreement ended effective December 18, 2017. The City's share of the abatement granted amounted to \$17,729 for the year ended April 30, 2018.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. INDIVIDUAL FUND DISCLOSURES

a. Due From/To Other Funds

Due from/to other funds at April 30, 2018 consisted of the following:

	Due From	Due To
General Fund	\$ 88,547	\$ -
Nonmajor Governmental	-	88,547
Electric Fund	299,296	-
Municipal Broadband	-	299,296
	<hr/>	<hr/>
TOTAL	\$ 387,843	\$ 387,843

All due from/to balances are to fund temporary cash shortfalls.

b. Advances To/From

Advances to/from other funds at April 30, 2018 consisted of the following:

	Advance To	Advance From
General Fund	\$ 561,961	\$ -
Municipal Water Fund	36,050	30,000
Municipal Electric Fund	-	558,499
Municipal Sewer Fund	-	36,050
Municipal Garbage	-	10,000
Municipal Broadband	36,538	-
	<hr/>	<hr/>
TOTAL	\$ 634,549	\$ 634,549

The purposes of significant advances to/from other funds are as follows:

\$199,976 was advanced from the Municipal Electric Fund to the General Fund to fund the East 2nd Street road along the riverfront. Repayment is not expected within one year.

\$36,050 was advanced from the Municipal Sewer Fund to the Municipal Water Fund to fund the costs of the watermain extension. Repayment is not expected within one year.

\$42,500 was advanced from the Municipal Electric Fund to the General Fund to fund the costs to hire a new City Administrator. Repayment is not expected within one year.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. INDIVIDUAL FUND DISCLOSURES (Continued)

b. Advances To/From (Continued)

\$36,539 was advanced from the Municipal Electric Fund to the Municipal Broadband Fund to fund the start-up costs of this fund. Repayment is not expected within one year.

\$30,000 was advanced from the Municipal Water Fund to the General Fund to fund cash flow shortages. Repayment is not expected within one year.

\$10,000 was advanced from the Municipal Garbage Fund to the General Fund to fund cash flow shortages in this fund. Repayment is not expected within one year.

\$279,484 was advanced from the Municipal Electric Fund to the General Fund to fund the purchase of the Hallman property.

c. Interfund Transfers

Interfund transfers during the year ended April 30, 2018 consisted of the following:

	Transfer In	Transfer Out
Governmental Activities	\$ 4,765,702	\$ -
General Fund	583,465	\$ -
Nonmajor Governmental Funds	195,728	4,902,734
Municipal Water Fund	-	56,616
Municipal Electric Fund	18,300	157,362
Municipal Sewer Fund	-	56,598
Municipal Garbage Fund	-	74,928
Fiber Optic Broadband Fund	4,469,045	4,784,002
TOTAL	\$10,032,240	\$10,032,240

\$4,765,702 was transferred from the Fiber Optic Broadband Fund into the Governmental Activities to transfer the debt issued into business-type activities.

\$4,469,045 was transferred from Nonmajor Governmental Funds into the Fiber Optic Broadband Fund to reclassify the fund as an enterprise fund effective in fiscal year 2018.

Other significant transfers were used to (a) move revenues collected in special revenue, enterprise and internal service funds to fund the General Fund for expenditures; (b) move revenues to the debt service fund for debt service; and (c) transfer the residual balances of funds closed.

11. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

The City provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The activity of the plan is reported in the City's governmental activities, proprietary fund and business-type activities columns in the government-wide financial statements at April 30, 2018.

b. Benefits Provided

The City provides postemployment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through IMRF.

The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

c. Membership

At April 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits but not yet receiving them	1
Active employees	<u>80</u>
 TOTAL	 <u>89</u>
 Participating employers	 <u><u>1</u></u>

d. Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. Active employees do not contribute to the plan until retirement.

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016, 2017 and 2018 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 63,370	\$ 28,773	45.40%	\$ 201,662
2017	63,998	28,773	44.96%	236,887
2018	116,904	57,097	48.84%	293,911

The net OPEB obligation (NOPEBO) as April 30, 2018 was calculated as follows:

Annual required contribution	\$ 115,901
Interest on net OPEB obligation	9,364
Adjustment to annual required contribution	<u>(11,144)</u>
Annual OPEB cost	114,121
Contributions made	<u>57,097</u>
Increase in net OPEB obligation	57,024
Net OPEB obligation, beginning of year	<u>236,887</u>
NET OPEB OBLIGATION, END OF YEAR	<u><u>\$ 293,911</u></u>

Funded Status and Funding Progress. The funded status of the plan as of April 30, 2018 was as follows:

Actuarial accrued liability (AAL)	\$ 1,578,432
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	1,578,432
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$ 4,458,447
UAAL as a percentage of covered payroll	35.40%

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

e. Annual OPEB Costs and Net OPEB Obligation (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the April 30, 2018 actuarial valuation, the entry-age actuarial cost method was used. The actuarial assumptions included 4% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 8% reduced to an ultimate healthcare cost trend rate of 4.50%. Both rates include a 3% inflation assumption. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open 30-year basis.

12. PRIOR PERIOD ADJUSTMENT

In 2018, the City has recorded a prior period adjustment for a correction of a prior year error.

The beginning net position reported for the City has been restated as follows:

	Increase (Decrease)
BUSINESS-TYPE ACTIVITIES	
Prior period adjustment	
Restatement - correction of an error	\$ 139,822
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 139,822</u>

CITY OF ROCK FALLS, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

13. SUBSEQUENT EVENT

On August 8, 2018, the City issued \$8,470,000 General Obligation Alternate Revenue Source Bonds to fund construction projects of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes	\$ 4,200,548	\$ 4,200,548	\$ 4,476,167	\$ 275,619
Licenses and permits	69,500	69,500	132,075	62,575
Intergovernmental	347,337	347,337	179,172	(168,165)
Fines and fees	503,320	503,320	423,736	(79,584)
Charges for services	832,886	832,886	840,405	7,519
Investment income	4,000	4,000	13,756	9,756
Reimbursements	-	-	160,749	160,749
Miscellaneous	57,000	57,000	28,093	(28,907)
Total revenues	6,014,591	6,014,591	6,254,153	239,562
EXPENDITURES				
Current				
General government	1,115,732	1,115,733	987,552	(128,181)
Public safety	4,238,234	4,238,235	4,276,273	38,038
Street and highways	1,201,012	1,201,012	1,143,435	(57,577)
Public property division	221,815	296,815	526,759	229,944
Capital outlay	159,675	159,675	136,190	(23,485)
Debt service				
Principal	103,769	103,769	176,769	73,000
Interest and fiscal charges	62,049	62,049	73,216	11,167
Total expenditures	7,102,286	7,177,288	7,320,194	142,906
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,087,695)	(1,162,697)	(1,066,041)	96,656
OTHER FINANCING SOURCES (USES)				
Transfers in	599,195	599,195	583,465	(15,730)
Transfers (out)	(42,500)	(42,500)	-	42,500
Total other financing sources (uses)	556,695	556,695	583,465	26,770
NET CHANGE IN FUND BALANCE	\$ (531,000)	\$ (606,002)	(482,576)	\$ 123,426
FUND BALANCES, MAY 1			5,861,344	
FUND BALANCE, APRIL 30			\$ 5,378,768	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF FUNDING PROGRESS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2018

Actuarial Valuation Date April 30,	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Entry-Age	(3) Funded Ratio (1) / (2)	(4) Unfunded AAL (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2013	\$ -	\$ 531,227	0.00%	\$ 531,227	\$ 4,333,183	12.26%
2014	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A
2016	-	673,794	0.00%	673,794	4,292,077	15.70%
2017	N/A	N/A	N/A	N/A	N/A	N/A
2018	-	1,578,432	0.00%	1,578,432	4,458,447	35.40%

N/A - Not available - actuarial valuation not performed

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND**

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2016	2017	2018
Actuarially determined contribution	\$ 291,340	\$ 291,216	\$ 266,688
Contributions in relation to the actuarially determined contribution	291,340	291,216	266,688
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,654,803	\$ 2,736,280	\$ 2,739,117
Contributions as a percentage of covered-employee payroll	10.97%	10.64%	9.74%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually and postretirement benefit increases of 3.00% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018
Actuarially determined contribution	\$ 267,066	\$ 272,414	\$ 348,352	\$ 477,809
Contributions in relation to the actuarially determined contribution	308,239	290,412	353,782	487,114
CONTRIBUTION DEFICIENCY (Excess)	\$ (41,173)	\$ (17,998)	\$ (5,430)	\$ (9,305)
Covered-employee payroll	\$ 1,102,613	\$ 1,064,782	\$ 1,104,186	\$ 1,189,107
Contributions as a percentage of covered-employee payroll	27.96%	27.27%	32.04%	40.96%

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, closed and the amortization period was 23 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 7.00% annually, projected salary increase assumption of 4.75% annually and postretirement benefit increases of 2.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FIREFIGHTERS' PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018
Actuarially determined contribution	\$ 95,127	\$ 128,854	\$ 273,915	\$ 379,803
Contributions in relation to the actuarially determined contribution	114,533	138,388	280,059	268,245
CONTRIBUTION DEFICIENCY (Excess)	\$ (19,406)	\$ (9,534)	\$ (6,144)	\$ 111,558
Covered-employee payroll	\$ 762,207	\$ 752,088	\$ 765,539	\$ 810,351
Contributions as a percentage of covered-employee payroll	15.03%	18.40%	36.58%	33.10%

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry age normal; the amortization method was level percent of pay, closed and the amortization period was 23 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return of 6.00% annually, projected salary increase assumption of 5.00% annually and postretirement benefit increases of 2.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

April 30, 2018

Fiscal Year	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2013	\$ 18,973	\$ 26,182	72.47%
2014	18,973	26,182	72.47%
2015	5,541	42,980	12.89%
2016	28,773	63,370	45.40%
2017	28,773	63,370	45.40%
2018	57,097	115,901	49.26%

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Three Calendar Years

MEASUREMENT DATE DECEMBER 31,	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	\$ 279,863	\$ 279,969	\$ 294,864
Interest	1,136,096	1,156,943	1,180,963
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(350,021)	(310,072)	(122,986)
Changes of assumptions	19,649	(20,106)	(518,345)
Benefit payments, including refunds of member contributions	(787,185)	(787,019)	(841,981)
Net change in total pension liability	298,402	319,715	(7,485)
Total pension liability - beginning	15,401,612	15,700,014	16,019,729
TOTAL PENSION LIABILITY - ENDING	\$ 15,700,014	\$ 16,019,729	\$ 16,012,244
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 279,323	\$ 297,091	\$ 264,612
Contributions - member	115,831	120,442	121,630
Net investment income	71,834	987,473	2,604,966
Benefit payments, including refunds of member contributions	(787,185)	(787,019)	(841,981)
Other (net transfer)	7,758	(181,091)	(342,393)
Net change in plan fiduciary net position	(312,439)	436,896	1,806,834
Plan fiduciary net position - beginning	14,562,761	14,250,322	14,687,218
PLAN FIDUCIARY NET POSITION - ENDING	\$ 14,250,322	\$ 14,687,218	\$ 16,494,052
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ 1,449,692	\$ 1,332,511	\$ (481,808)
Plan fiduciary net position as a percentage of the total pension liability	90.77%	91.68%	103.01%
Covered-employee payroll	\$ 2,560,252	\$ 2,676,502	\$ 2,702,890
Employer's net pension liability (asset) as a percentage of covered-employee payroll	56.62%	49.79%	(17.83%)

Notes to Required Supplementary Information:

Changes in assumptions related to the discount rate were made in 2015 and 2016.

Changes in assumptions related to inflation rates, salary rates and mortality were made in 2017.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
POLICE PENSION FUND

Last Four Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service cost	\$ 216,465	\$ 274,906	\$ 317,509	\$ 324,172
Interest	769,429	872,412	880,069	923,645
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	369,331	(207,901)	160,355	139,752
Changes of assumptions	700,021	723,408	-	618,890
Benefit payments, including refunds of member contributions	(557,596)	(744,632)	(634,475)	(756,029)
Other	-	(33,159)	(39,547)	(48,872)
Net change in total pension liability	1,497,650	885,034	683,911	1,201,558
Total pension liability - beginning	10,537,846	12,035,496	12,920,530	13,604,441
TOTAL PENSION LIABILITY - ENDING	\$ 12,035,496	\$ 12,920,530	\$ 13,604,441	\$ 14,805,999
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 308,239	\$ 292,074	\$ 353,782	\$ 487,114
Contributions - member	104,929	111,587	107,338	118,679
Net investment income	381,236	(52,930)	440,037	336,052
Benefit payments, including refunds of member contributions	(557,595)	(744,632)	(634,475)	(756,029)
Administrative expense	(34,233)	(20,016)	(21,877)	(30,513)
Net change in plan fiduciary net position	202,576	(413,917)	244,805	155,303
Plan fiduciary net position - beginning	7,031,548	7,234,125	6,820,208	7,065,013
PLAN FIDUCIARY NET POSITION - ENDING	\$ 7,234,124	\$ 6,820,208	\$ 7,065,013	\$ 7,220,316
EMPLOYER'S NET PENSION LIABILITY	\$ 4,801,372	\$ 6,100,322	\$ 6,539,428	\$ 7,585,683
Plan fiduciary net position as a percentage of the total pension liability	60.11%	52.79%	51.93%	48.77%
Covered-employee payroll	\$ 1,102,613	\$ 1,064,782	\$ 1,104,186	\$ 1,189,107
Employer's net pension liability as a percentage of covered-employee payroll	435.45%	572.92%	592.24%	637.93%

2015 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to future interest rates, mortality rates, disability rates, turnover rates and retirement rates.

2016 - There was a change with respect to actuarial assumptions from the prior year with respect to the discount rate.

2018 - There was a change with respect to actuarial assumptions from the prior year with respect to mortality rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION FUND

Last Four Fiscal Years

MEASUREMENT DATE APRIL 30,	2015	2016	2017	2018
TOTAL PENSION LIABILITY				
Service cost	\$ 167,256	\$ 291,703	\$ 333,605	\$ 319,389
Interest	434,427	554,370	604,643	626,860
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	74,024	504,859	(21,802)	208,429
Changes of assumptions	1,781,627	-	-	684,577
Benefit payments, including refunds of member contributions	(426,303)	(452,555)	(482,662)	(515,017)
Administrative expense	-	(42,515)	(47,634)	(36,267)
Net change in total pension liability	2,031,031	855,862	386,150	1,287,971
Total pension liability - beginning	7,453,599	9,484,630	10,340,492	10,726,642
TOTAL PENSION LIABILITY - ENDING	\$ 9,484,630	\$ 10,340,492	\$ 10,726,642	\$ 12,014,613
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 114,533	\$ 138,388	\$ 280,059	\$ 268,245
Contributions - member	71,025	70,592	71,527	75,968
Net investment income	371,945	(9,699)	470,151	386,831
Benefit payments, including refunds of member contributions	(426,303)	(452,555)	(482,662)	(515,017)
Administrative expense	(17,739)	(42,515)	(28,103)	(16,841)
Net change in plan fiduciary net position	113,461	(295,789)	310,972	199,186
Plan fiduciary net position - beginning	6,662,488	6,775,949	6,480,160	6,791,132
PLAN FIDUCIARY NET POSITION - ENDING	\$ 6,775,949	\$ 6,480,160	\$ 6,791,132	\$ 6,990,318
EMPLOYER'S NET PENSION LIABILITY	\$ 2,708,681	\$ 3,860,332	\$ 3,935,510	\$ 5,024,295
Plan fiduciary net position as a percentage of the total pension liability	71.44%	62.66%	60.41%	58.18%
Covered-employee payroll	\$ 762,207	\$ 752,088	\$ 765,539	\$ 810,351
Employer's net pension liability as a percentage of covered-employee payroll	355.37%	513.28%	514.08%	620.01%

2015 - There was a change with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to future interest rates, mortality rates, disability rates, turnover rates and retirement rates.

2018 - There was a change with respect to actuarial assumptions from the prior year with respect to mortality rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	5.75%	(1.06%)	4.87%	1.76%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2015	2016	2017	2018
Annual money-weighted rate of return, net of investment expense	5.64%	(0.04%)	7.27%	5.61%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

BUDGETS

Budgets are adopted on a basis consistent with GAAP. Annual budgets are adopted for the General, Special Revenue and Enterprise Funds, except for the Motor Fuel Tax Bond Fund, Safe Passage Fund and Foreign Fire Insurance Fund. The appropriation ordinance represents the legal spending limits for the City. The budget is used to control those limits. The appropriation ordinance and budget was passed on June 20, 2017. All annual appropriations lapse at fiscal year end. One budget amendment was made for the current fiscal year.

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

The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted by the City to obtain taxpayer comments.

Subsequently, the budget is legally enacted through passage of an ordinance.

The legal level of budgetary control is at the fund level. The City Council can transfer budgeted amounts between line items; however, any revision altering both revenues and budgeted expenditures for any fund must be approved by a two-thirds council action.

Budgetary authority lapses at year end.

The Workers' Compensation Fund expenditures exceeded budgeted amounts by \$17,430.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes			
Property taxes			
General	\$ 181,957	\$ 181,424	\$ (533)
Police protection	54,587	54,428	(159)
Fire protection	54,587	54,428	(159)
Police pension	477,809	479,758	1,949
Fire pension	-	260,888	260,888
Road and bridge	50,000	59,765	9,765
Emergency vehicle	24,712	24,819	107
Total property taxes	843,652	1,115,510	271,858
State income/use/photo tax	935,866	840,258	(95,608)
Non-home rule sales tax	818,000	812,292	(5,708)
State sales tax	1,090,000	1,114,972	24,972
State use tax	234,430	245,132	10,702
Personal property replacement tax	-	14,714	14,714
Video gaming	160,000	214,357	54,357
Utility	118,600	118,932	332
Total taxes	4,200,548	4,476,167	275,619
License and permits			
Liquor	38,000	91,300	53,300
Other	31,500	40,775	9,275
Total license and permits	69,500	132,075	62,575
Intergovernmental			
Police grant	-	415	415
Grant funds	262,500	93,921	(168,579)
Acting Chief Reimbursement	84,837	84,836	(1)
Total intergovernmental	347,337	179,172	(168,165)

(This schedule is continued on the following page.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF DETAILED REVENUES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES (Continued)			
Fines and fees			
Circuit court	\$ 104,420	\$ 90,839	\$ (13,581)
Bail and warrant fees	13,000	8,402	(4,598)
Building permits	20,000	27,274	7,274
Nicor franchise fee	15,900	15,558	(342)
Telecommunication maintenance	225,000	149,795	(75,205)
Cablevision	125,000	131,868	6,868
Total fines and fees	<u>503,320</u>	<u>423,736</u>	<u>(79,584)</u>
Charges for services			
Street excavation/sidewalk repair	19,000	27,729	8,729
Rent	76,786	62,860	(13,926)
Capital cost recovery	490,000	479,617	(10,383)
Wireless tower rental	-	12,257	12,257
Administrative fees	8,100	16,202	8,102
Fire protection	239,000	241,740	2,740
Total charges for services	<u>832,886</u>	<u>840,405</u>	<u>7,519</u>
Investment income	<u>4,000</u>	<u>13,756</u>	<u>9,756</u>
Reimbursements	<u>-</u>	<u>160,749</u>	<u>160,749</u>
Miscellaneous	<u>57,000</u>	<u>28,093</u>	<u>(28,907)</u>
TOTAL REVENUES	<u><u>\$ 6,014,591</u></u>	<u><u>\$ 6,254,153</u></u>	<u><u>\$ 239,562</u></u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT				
Legislative expense				
Elected officials salaries	\$ 44,400	\$ 44,400	\$ 48,000	\$ 3,600
Mayor's expenses	600	600	550	(50)
Codification or ordinances	5,000	5,000	6,879	1,879
Dues and subscriptions	1,284	1,284	1,771	487
Consultants fee	43,200	43,200	39,600	(3,600)
GIS/IT technician expense	5,471	5,471	6,362	891
Meetings and seminars	16,000	16,000	7,326	(8,674)
Telephone	600	600	921	321
Office expenses	1,200	1,200	3,768	2,568
Miscellaneous	1,900	1,900	5,543	3,643
Contingency	58,788	58,788	-	(58,788)
Total legislative expense	178,443	178,443	120,720	(57,723)
City Clerk				
Salaries	139,343	139,343	139,814	471
Elected officials' salaries	3,600	3,600	186	(3,414)
Insurance expense	35,000	35,000	41,866	6,866
Dues and subscriptions	1,865	1,865	1,983	118
Office expense	13,480	13,480	13,418	(62)
Meetings and seminars	5,200	5,200	4,099	(1,101)
Telephone	1,680	1,680	1,844	164
Miscellaneous charges	250	250	346	96
Contingency	20,041	20,041	-	(20,041)
Total City Clerk	220,459	220,459	203,556	(16,903)
City Administrator				
Salaries	77,250	77,250	77,794	544
Health insurance	15,500	15,500	18,987	3,487
Dues and subscriptions	205	205	405	200
Telephone	1,000	1,000	1,341	341
Meetings and seminars	1,000	1,000	83	(917)
Fellowship allowance	100	100	-	(100)
Vehicle allowance	1,200	1,200	1,200	-
Miscellaneous	250	250	50	(200)
Office supplies	2,000	2,000	1,005	(995)
Contingency	9,850	9,850	-	(9,850)
Total City Administrator	108,355	108,355	100,865	(7,490)
Planning Commission				
Printing/publishing ordinances	100	100	-	(100)
Dues and subscriptions	275	275	-	(275)
Postage and office supplies	500	500	20	(480)
Legal expenses	2,500	2,500	4,226	1,726
Meetings and seminars	450	450	-	(450)
Miscellaneous	50	50	-	(50)
Contingency	387	387	-	(387)
Total Planning Commission	4,262	4,262	4,246	(16)

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
GENERAL GOVERNMENT (Continued)				
Building inspector				
Salary	\$ 134,675	\$ 134,675	\$ 126,464	\$ (8,211)
Insurance expense	30,511	30,511	33,152	2,641
Vehicle, gas, oil and maintenance	3,500	3,500	1,262	(2,238)
Dues and subscriptions	1,200	1,200	1,390	190
Postage and office supplies	-	-	465	465
Telephone expense	1,380	1,380	2,324	944
Office expense	8,000	8,000	4,702	(3,298)
Meetings and seminars	2,500	2,500	1,670	(830)
Legal expense	2,000	2,000	204	(1,796)
Public awareness	500	500	-	(500)
Emergency code enforcement	500	500	-	(500)
Miscellaneous	1,000	1,000	3,224	2,224
Contingency	18,575	18,576	-	(18,576)
Total building inspector	204,341	204,342	174,857	(29,485)
Code hearing				
Software	8,000	8,000	3,600	(4,400)
MSI commission	7,600	7,600	5,624	(1,976)
Meetings and seminars	500	500	-	(500)
Legal expenses	500	500	148	(352)
Professional expense	8,700	8,700	7,100	(1,600)
Office supplies	1,400	1,400	1,325	(75)
Miscellaneous	-	-	628	628
Contingency	2,780	2,780	-	(2,780)
Total code hearing	29,480	29,480	18,425	(11,055)
Other expenses				
Legal and professional	69,250	69,250	48,704	(20,546)
Auditing	27,000	27,000	22,825	(4,175)
Union drainage tax	5,000	5,000	-	(5,000)
Insurance (general liability)	208,642	208,642	208,859	217
Insurance (employee)	53,000	53,000	76,995	23,995
Chamber general office expense	6,000	6,000	6,000	-
Tax incentive expense	1,500	1,500	1,500	-
Total other expenses	370,392	370,392	364,883	(5,509)
Total general government	1,115,732	1,115,733	987,552	(128,181)
PUBLIC SAFETY				
Police department				
Salaries	1,378,460	1,378,460	1,402,477	24,017
Health insurance	265,028	265,028	287,878	22,850
ICMA contribution	5,927	5,927	6,744	817
Pension contribution	477,809	477,809	487,114	9,305
Temporary employment expense	-	-	46,695	46,695
Commissioners secretary	-	-	600	600
Commissioner expense	9,858	9,858	6,298	(3,560)
Uniform allowance	13,000	13,000	13,698	698
Postage	3,500	3,500	3,832	332

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)				
Police department (Continued)				
Printing	\$ 1,000	\$ 1,000	\$ 996	\$ (4)
Photographic expense	500	500	-	(500)
Legal and professional expense	5,000	5,000	5,902	902
Legal expense	365,000	365,000	968	(364,032)
Repairs and maintenance	3,723	3,723	5,081	1,358
Telephone	14,437	14,437	9,919	(4,518)
Service contracts	24,039	24,039	16,453	(7,586)
Dues	4,380	4,380	3,493	(887)
Investigation	2,500	2,500	2,798	298
Training	9,400	9,400	44,347	34,947
Police supplies	600	600	713	113
Janitor supplies	800	800	881	81
Animal control	5,500	5,500	5,536	36
Radio expense	5,300	5,300	5,028	(272.0)
Electric expense	-	-	11,863	11,863
Physicals	600	600	392	(208)
Safety	2,000	2,000	1,115	(885)
Towing	200	200	-	(200)
Gas and oil	27,000	27,000	29,330	2,330
Vehicle operations and maintenance	14,000	14,000	24,478	10,478
Maintenance (building)	10,000	10,000	20,967	10,967
Heating gas	1,500	1,500	824	(676)
Community policing	500	500	502	2
Consolidated dispatch	-	-	319,350	319,350
Miscellaneous	11,200	11,200	17,468	6,268
Contingency	270,382	270,383	-	(270,383)
Total police department	2,933,143	2,933,144	2,783,740	(149,404)
Fire department				
Salaries	865,196	865,196	886,316	21,120
Health insurance	203,000	203,000	235,475	32,475
ICMA contributions	4,161	4,161	4,531	370
Pension contribution	-	-	268,245	268,245
Fire investigation	50	50	-	(50)
Dues and subscriptions	3,930	3,930	2,408	(1,522)
Postage and office supplies	1,140	1,140	638	(502)
Maintenance (building)	10,000	10,000	4,386	(5,614)
Maintenance (equipment)	11,000	11,000	12,442	1,442
Maintenance (vehicles)	24,000	24,000	13,096	(10,904)
Commissioner's secretary	-	-	600	600
Commissioner expense	2,488	2,488	3,112	624
Telephone	6,415	6,415	6,253	(162)
Meetings and seminars	8,000	8,000	6,102	(1,898)
Legal expense	2,500	2,500	1,205	(1,295)
Uniform allowance	4,100	4,100	3,524	(576)
Electric	-	-	11,863	11,863
Heating	5,000	5,000	2,436	(2,564)
Physicals	1,500	1,500	870	(630)
Supplies (equipment)	11,000	11,000	12,983	1,983
Radio expense	2,800	2,800	1,249	(1,551)
Safety expense	125	125	50	(75)
Operating supplies	2,500	2,500	1,039	(1,461)

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC SAFETY (Continued)				
Fire department (Continued)				
Janitorial supplies	\$ 1,700	\$ 1,700	\$ 1,055	\$ (645)
Gas and oil	12,100	12,100	9,245	(2,855)
Miscellaneous	950	950	3,410	2,460
Contingency	121,436	121,436	-	(121,436)
Total fire department	1,305,091	1,305,091	1,492,533	187,442
Total public safety	4,238,234	4,238,235	4,276,273	38,038
PUBLIC WORKS				
Streets and highways				
Salaries	265,932	265,932	280,316	14,384
Health insurance	91,339	91,339	106,734	15,395
Maintenance (building)	16,000	16,000	21,991	5,991
Maintenance (streets)	7,000	7,000	6,620	(380)
Maintenance (snow removal)	500	500	347	(153)
Maintenance (service vehicles)	17,500	17,500	20,926	3,426
Information technology	750	750	-	(750)
Materials	1,000	1,000	-	(1,000)
Radio expense	1,500	1,500	-	(1,500)
Alarm expense	2,000	2,000	2,177	177
Vehicle gas and oil	13,500	13,500	11,726	(1,774)
Small tools and supplies	3,000	3,000	1,503	(1,497)
Equipment rental	1,000	1,000	83	(917)
Telephone	4,000	4,000	5,374	1,374
Vehicle operation and maintenance	18,000	18,000	21,745	3,745
Tree and stump removal	2,500	2,500	2,600	100
Sign material	7,000	7,000	4,373	(2,627)
Legal expenses	500	500	278	(222)
Uniform allowance	1,500	1,500	1,653	153
Janitor supplies	2,500	2,500	8,005	5,505
Physicals	375	375	-	(375)
Postage and office supplies	500	500	1,042	542
Engineering	10,000	10,000	72,258	62,258
RB&W Development	50,000	50,000	-	(50,000)
Barricade expose	1,000	1,000	870	(130)
Paint and painting supplies	15,000	15,000	12,354	(2,646)
Heating gas expense	4,500	4,500	5,153	653
Sales tax project - infrastructure	530,000	530,000	542,226	12,226
Meetings and seminars	500	500	-	(500)
Safety expense	1,500	1,500	2,169	669
Miscellaneous	3,500	3,500	10,912	7,412
Contingency	127,116	127,116	-	(127,116)
Total streets and highways	1,201,012	1,201,012	1,143,435	(57,577)
Public property division				
New equipment	500	500	443	(57)
Equipment rental	500	500	-	(500)
Maintenance (equipment)	1,000	1,000	475	(525)
Maintenance (grounds)	1,000	1,000	528	(472)
Maintenance (building)	18,000	18,000	66,190	48,190
Limestone building expenses	160,000	235,000	342,155	107,155

(This schedule is continued on the following page.)

CITY OF ROCK FALLS, ILLINOIS

SCHEDULE OF DETAILED EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
PUBLIC WORKS (Continued)				
Public property division (Continued)				
Schmitt property expenses	\$ -	\$ -	\$ 26,197	\$ 26,197
Hallman property expenses	-	-	3,481	3,481
Janitor supplies	1,000	1,000	874	(126)
Miscellaneous	10,000	10,000	78,186	68,186
Lightning strike insurance	-	-	78	78
Heating and air conditioning repairs	5,000	5,000	570	(4,430)
Municipal signs	-	-	1,250	1,250
Equipment - gas and oil	150	150	14	(136)
Fire alarm service expense	2,500	2,500	4,240	1,740
Heating gas expense	2,000	2,000	1,741	(259)
Telephone expense	-	-	311	311
Economic development	-	-	26	26
Contingency	20,165	20,165	-	(20,165)
Total public property division	221,815	296,815	526,759	229,944
CAPITAL OUTLAY				
Building inspector				
New cars	-	-	13,750	13,750
Code hearing				
New equipment	1,100	1,100	-	(1,100)
Public works				
Sidewalk repairs	100,000	100,000	91,888	(8,112)
New equipment	17,500	17,500	23,430	5,930
Police department				
New cars	34,900	34,900	-	(34,900)
New equipment	6,175	6,175	7,122	947
Total capital outlay	159,675	159,675	136,190	(23,485)
DEBT SERVICE				
Principal	103,769	103,769	176,769	73,000
Interest	62,049	62,049	73,216	11,167
Total debt service	165,818	165,818	249,985	84,167
TOTAL EXPENDITURES	\$ 7,102,286	\$ 7,177,288	\$ 7,320,194	\$ 142,906

(See independent auditor's report.)

NONMAJOR GOVERNMENTAL FUNDS

CITY OF ROCK FALLS, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	Special Revenue		
	Tourism	Industrial Development	Centennial
ASSETS			
Cash and investments	\$ 850,246	\$ 8,218	\$ -
Restricted cash	-	-	-
Receivables (net, where applicable, of allowances for uncollectibles)			
Property taxes	-	-	-
Accounts	19,329	-	-
Accrued interest	449	-	-
Due from other governments	-	-	-
TOTAL ASSETS	\$ 870,024	\$ 8,218	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 7,516	\$ 570	\$ -
Accrued payroll	-	-	-
Due to other funds	-	-	3,793
Total liabilities	7,516	570	3,793
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	-	-	-
Total deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	7,516	570	3,793
FUND BALANCES			
Restricted for maintenance of streets	-	-	-
Restricted for tourism	862,508	-	-
Restricted for economic development	-	7,648	-
Restricted for public safety	-	-	-
Restricted for retirement	-	-	-
Restricted for workers' compensation	-	-	-
Restricted for debt service	-	-	-
Unrestricted (deficit)			
Unassigned (deficit)	-	-	(3,793)
Total fund balances (deficit)	862,508	7,648	(3,793)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 870,024	\$ 8,218	\$ -

Special Revenue							
Motor Fuel Fuel Tax	IMRF	Downtown Redevelopment	Riverfront Redevelopment	DUI	Drug	Tobacco Grant	
\$ 328,657	\$ 311,380	\$ -	\$ 26,610	\$ 19,981	\$ 19,808	\$ -	
-	-	-	-	-	-	-	
-	181,269	143,483	36,106	-	-	-	
-	-	-	-	1,025	54	-	
360	312	-	-	-	-	-	
21,213	-	-	-	-	-	-	
\$ 350,230	\$ 492,961	\$ 143,483	\$ 62,716	\$ 21,006	\$ 19,862	\$ -	
\$ -	\$ -	\$ 301	\$ -	\$ -	\$ -	\$ -	
-	2,316	-	-	-	-	-	
-	-	84,710	-	-	-	-	44
-	2,316	85,011	-	-	-	-	44
-	181,269	143,483	36,106	-	-	-	
-	181,269	143,483	36,106	-	-	-	
-	183,585	228,494	36,106	-	-	-	44
350,230	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	26,610	-	-	-	-
-	-	-	-	21,006	19,862	-	-
-	309,376	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(85,011)	-	-	-	-	(44)
350,230	309,376	(85,011)	26,610	21,006	19,862		(44)
\$ 350,230	\$ 492,961	\$ 143,483	\$ 62,716	\$ 21,006	\$ 19,862	\$ -	

(This statement is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	Special Revenue			
	Building Code Demolition	Foreign Fire Insurance	Workers' Compensation	Safe Passage
ASSETS				
Cash and investments	\$ 51,358	\$ 11,150	\$ 245,002	\$ 870
Restricted cash	-	-	-	-
Receivables (net, where applicable, of allowances for uncollectibles)				
Property taxes	-	-	208,045	-
Accounts	-	-	-	-
Interest	-	-	-	-
Due from other governments	4,748	-	-	-
TOTAL ASSETS	\$ 56,106	\$ 11,150	\$ 453,047	\$ 870
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 6,225	\$ -	\$ 89	\$ -
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	6,225	-	89	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	-	-	208,045	-
Total deferred inflows of resources	-	-	208,045	-
Total liabilities and deferred inflows of resources	6,225	-	208,134	-
FUND BALANCES				
Restricted for maintenance of streets	-	-	-	-
Restricted for tourism	-	-	-	-
Restricted for economic development	49,881	-	-	-
Restricted for public safety	-	11,150	-	870
Restricted for retirement	-	-	-	-
Restricted for workers' compensation	-	-	244,913	-
Restricted for debt service	-	-	-	-
Unrestricted (deficit)	-	-	-	-
Total fund balances (deficit)	49,881	11,150	244,913	870
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 56,106	\$ 11,150	\$ 453,047	\$ 870

<hr/>		
Debt	Capital	
Service	Projects	
MFT	Fiber Optic	
Bond	Broadband	Total
<hr/>		
\$ -	\$ -	\$ 1,873,280
90,887	-	90,887
-	-	568,903
-	-	20,408
-	-	1,121
-	-	25,961
<hr/>		
\$ 90,887	\$ -	\$ 2,580,560
<hr/>		
\$ -	\$ -	\$ 14,701
-	-	2,316
-	-	88,547
<hr/>		
-	-	105,564
<hr/>		
-	-	568,903
<hr/>		
-	-	568,903
<hr/>		
-	-	674,467
<hr/>		
-	-	350,230
-	-	862,508
-	-	84,139
-	-	52,888
-	-	309,376
-	-	244,913
90,887	-	90,887
-	-	(88,848)
<hr/>		
90,887	-	1,906,093
<hr/>		
\$ 90,887	\$ -	\$ 2,580,560
<hr/>		

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2018

	<u>Special Revenue</u>		
	<u>Tourism</u>	<u>Industrial Development</u>	<u>Centennial</u>
REVENUES			
Taxes	\$ 247,350	\$ -	\$ -
Intergovernmental	-	-	-
Fines and fees	-	-	-
Investment income	6,967	8	19
Miscellaneous	6,846	850	36,250
	<hr/>	<hr/>	<hr/>
Total revenues	261,163	858	36,269
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Streets and highways	-	-	-
Development	184,134	58	61,461
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	184,134	58	61,461
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	77,029	800	(25,192)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	(504)	-
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(504)	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	77,029	296	(25,192)
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICIT), MAY 1	785,479	7,352	21,399
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICIT), APRIL 30	\$ 862,508	\$ 7,648	\$ (3,793)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Special Revenue

Motor Fuel Tax	IMRF	Downtown Redevelopment	Riverfront Redevelopment	DUI	Drug	Tobacco Grant
\$ -	\$ 187,448	\$ 170,376	\$ 22,047	\$ -	\$ -	\$ -
236,589	33,981	-	-	-	-	-
-	-	-	-	5,298	30,841	-
411	423	1,470	28	-	-	-
-	-	19,156	-	-	501	-
237,000	221,852	191,002	22,075	5,298	31,342	-
-	96,630	-	-	-	-	2,510
-	-	-	-	254	20,571	-
35,976	64,420	-	-	-	-	-
-	-	63,210	18,930	-	-	-
-	-	99,649	-	-	-	-
-	-	-	-	-	-	-
-	-	96,701	-	-	-	-
35,976	161,050	259,560	18,930	254	20,571	2,510
201,024	60,802	(68,558)	3,145	5,044	10,771	(2,510)
-	-	80,000	-	-	-	-
(115,728)	-	(28,599)	(80,000)	-	-	-
(115,728)	-	51,401	(80,000)	-	-	-
85,296	60,802	(17,157)	(76,855)	5,044	10,771	(2,510)
264,934	248,574	(67,854)	103,465	15,962	9,091	2,466
\$ 350,230	\$ 309,376	\$ (85,011)	\$ 26,610	\$ 21,006	\$ 19,862	\$ (44)

(This statement is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended April 30, 2018

	Special Revenue		
	Building Code Demolition	Foreign Fire Insurance	Workers' Compensation
REVENUES			
Taxes	\$ -	\$ -	\$ 198,912
Intergovernmental	33,421	13,427	-
Fines and fees	-	-	-
Investment income	286	72	73
Miscellaneous	10,852	-	-
Total revenues	44,559	13,499	198,985
EXPENDITURES			
Current			
General government	38,592	-	17,430
Public safety	-	15,797	-
Streets and highways	-	-	-
Development	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	38,592	15,797	17,430
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,967	(2,298)	181,555
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	(208,858)
Total other financing sources (uses)	-	-	(208,858)
NET CHANGE IN FUND BALANCES	5,967	(2,298)	(27,303)
FUND BALANCES (DEFICIT), MAY 1	43,914	13,448	272,216
FUND BALANCES (DEFICIT), APRIL 30	\$ 49,881	\$ 11,150	\$ 244,913

	Debt Service		Capital Projects		
	Safe Passage	MFT Bond	Fiber Optic Broadband		Total
\$	-	\$ -	\$ -	\$	826,133
	-	-	-		317,418
	-	-	-		36,139
	-	36	-		9,793
	3,094	-	-		77,549
	3,094	36	-		1,267,032
	4,094	-	-		159,256
	-	-	-		36,622
	-	-	-		100,396
	-	-	-		327,793
	-	-	-		99,649
	-	110,000	-		110,000
	-	5,720	-		102,421
	4,094	115,720	-		936,137
	(1,000)	(115,684)	-		330,895
	-	115,728	-		195,728
	-	-	(4,469,045)		(4,902,734)
	-	115,728	(4,469,045)		(4,707,006)
	(1,000)	44	(4,469,045)		(4,376,111)
	1,870	90,843	4,469,045		6,282,204
\$	870	\$ 90,887	\$ -	\$	1,906,093

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TOURISM FUND**

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Hotel/motel taxes	\$ 180,000	\$ 247,350	\$ 67,350
Investment income	2,500	6,967	4,467
Miscellaneous	-	6,846	6,846
Total revenues	<u>182,500</u>	<u>261,163</u>	<u>78,663</u>
EXPENDITURES			
Current			
Development			
Salaries	52,849	52,779	(70)
Other services	96,740	108,126	11,386
Miscellaneous	28,000	23,229	(4,771)
Contingency	17,759	-	(17,759)
Total expenditures	<u>195,348</u>	<u>184,134</u>	<u>(11,214)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (12,848)</u>	<u>77,029</u>	<u>\$ 89,877</u>
FUND BALANCE, MAY 1		<u>785,479</u>	
FUND BALANCE, APRIL 30		<u>\$ 862,508</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
INDUSTRIAL DEVELOPMENT FUND**

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Investment income	\$ 20	\$ 8	\$ (12)
Miscellaneous	-	850	850
	<hr/>		
Total revenues	20	858	838
<hr/>			
EXPENDITURES			
Current			
Development			
Commodities	100	-	(100)
Other services	1,100	-	(1,100)
Miscellaneous	5,000	58	(4,942)
Contingency	670	-	(670)
	<hr/>		
Total expenditures	6,870	58	(6,812)
<hr/>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,850)	800	7,650
<hr/>			
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(500)	(504)	(4)
	<hr/>		
Total other financing sources (uses)	(500)	(504)	(4)
<hr/>			
NET CHANGE IN FUND BALANCE	<u>\$ (7,350)</u>	296	<u>\$ 7,646</u>
<hr/>			
FUND BALANCE, MAY 1		<u>7,352</u>	
<hr/>			
FUND BALANCE, APRIL 30		<u>\$ 7,648</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CENTENNIAL FUND**

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Investment income	\$ 5	\$ 5	\$ 19	\$ 14
Miscellaneous	50,000	50,000	36,250	(13,750)
Total revenues	<u>50,005</u>	<u>50,005</u>	<u>36,269</u>	<u>(13,736)</u>
EXPENDITURES				
Current				
Development				
Commodities	-	-	5,635	5,635
Miscellaneous	50,000	65,000	55,826	(9,174)
Total expenditures	<u>50,000</u>	<u>65,000</u>	<u>61,461</u>	<u>(3,539)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5</u>	<u>(14,995)</u>	<u>(25,192)</u>	<u>(10,197)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,000	-	(15,000)
Total other financing sources (uses)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 5</u>	<u>\$ 5</u>	<u>(25,192)</u>	<u>\$ (25,197)</u>
FUND BALANCE, MAY 1			<u>21,399</u>	
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ (3,793)</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MOTOR FUEL TAX FUND**

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental				
Motor fuel tax allotments	\$ 235,661	\$ 235,661	\$ 236,589	\$ 928
Investment income	161	161	411	250
Total revenues	235,822	235,822	237,000	1,178
EXPENDITURES				
Current				
Streets and highways				
Contractual services	10,000	10,000	-	(10,000)
Maintenance	215,431	215,431	35,976	(179,455)
Contingency	34,115	34,115	-	(34,115)
Total expenditures	259,546	259,546	35,976	(223,570)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,724)	(23,724)	201,024	224,748
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(115,720)	(115,720)	(115,728)	(8)
Total other financing sources (uses)	(115,720)	(115,720)	(115,728)	(8)
NET CHANGE IN FUND BALANCE	\$ (139,444)	\$ (139,444)	85,296	\$ 224,740
FUND BALANCE, MAY 1			264,934	
FUND BALANCE, APRIL 30			\$ 350,230	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ILLINOIS MUNICIPAL RETIREMENT FUND**

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Taxes			
Property taxes	\$ 185,000	\$ 187,448	\$ 2,448
Replacement taxes	25,000	33,981	8,981
Investment income	100	423	323
	<hr/>	<hr/>	<hr/>
Total revenues	210,100	221,852	11,752
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government			
IMRF contributions	120,224	96,630	23,594
Streets and highways			
IMRF contributions	80,149	64,420	15,729
	<hr/>	<hr/>	<hr/>
Total expenditures	200,373	161,050	(39,323)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 9,727</u>	60,802	<u>\$ 51,075</u>
FUND BALANCE, MAY 1		<hr/>	
		248,574	
FUND BALANCE, APRIL 30		<u><u>\$ 309,376</u></u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DOWNTOWN REDEVELOPMENT FUND**

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Taxes				
Property taxes	\$ 225,000	\$ 225,000	\$ 170,376	\$ (54,624)
Intergovernmental	200,000	400,000	-	(400,000)
Investment income	-	-	1,470	1,470
Miscellaneous	15,000	15,000	19,156	4,156
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	440,000	640,000	191,002	(448,998)
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES				
Current				
Development				
Commodities	-	-	18,642	18,642
Contractual services	132,702	132,702	41,788	(90,914)
Miscellaneous	-	-	2,780	2,780
Contingency	45,635	45,635	-	(45,635)
Capital outlay	304,000	554,000	99,649	(454,351)
Debt service				
Interest	-	-	96,701	96,701
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	482,337	732,337	259,560	(472,777)
	<hr/>	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(42,337)	(92,337)	(68,558)	23,779
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	80,000	80,000
Transfer (out)	-	-	(28,599)	(28,599)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	51,401	51,401
	<hr/>	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ (42,337)</u>	<u>\$ (92,337)</u>	(17,157)	<u>\$ 75,180</u>
FUND BALANCE (DEFICIT), MAY 1			<u>(67,854)</u>	
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ (85,011)</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
RIVERFRONT REDEVELOPMENT FUND**

For the Year Ended April 30, 2018

	<u>Original and</u>		<u>Variance</u>
	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
REVENUES			
Taxes			
Property taxes	\$ 36,000	\$ 22,047	\$ (13,953)
Investment income	15	28	13
	<hr/>	<hr/>	<hr/>
Total revenues	36,015	22,075	(13,940)
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
Development			
Contractual services	1,600	851	(749)
Other services	18,050	18,079	29
	<hr/>	<hr/>	<hr/>
Total expenditures	19,650	18,930	(720)
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<hr/>	<hr/>	<hr/>
	16,365	3,145	(13,220)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(80,000)	(80,000)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(80,000)	(80,000)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 16,365</u>	<u>(76,855)</u>	<u>\$ (93,220)</u>
FUND BALANCE, MAY 1		<u>103,465</u>	
FUND BALANCE, APRIL 30		<u>\$ 26,610</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ESDA FUND**

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
None	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current			
Public safety			
Other	1,000	-	(1,000)
Contingency	100	-	(100)
Total expenditures	<u>1,100</u>	<u>-</u>	<u>(1,100)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,100)</u>	<u>-</u>	<u>1,100</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,100)</u>	<u>-</u>	<u>\$ 1,100</u>
FUND BALANCE, MAY 1		<u>-</u>	
FUND BALANCE, APRIL 30		<u>\$ -</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DUI FUND**

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Fines and fees	\$ 6,900	\$ 5,298	\$ (1,602)
Total revenues	<u>6,900</u>	<u>5,298</u>	<u>(1,602)</u>
EXPENDITURES			
Current			
Public safety			
Other services	6,000	254	(5,746)
Contingency	600	-	(600)
Total expenditures	<u>6,600</u>	<u>254</u>	<u>(6,346)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 300</u>	5,044	<u>\$ 4,744</u>
FUND BALANCE, MAY 1		<u>15,962</u>	
FUND BALANCE, APRIL 30		<u>\$ 21,006</u>	

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG FUND**

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Fines and fees	\$ 4,200	\$ 34,200	\$ 30,841	\$ (3,359)
Miscellaneous	-	-	501	501
	<hr/>			
Total revenues	4,200	34,200	31,342	(2,858)
<hr/>				
EXPENDITURES				
Current				
Public safety				
Other services	4,000	34,000	20,571	(13,429)
Contingency	400	400	-	(400)
	<hr/>			
Total expenditures	4,400	34,400	20,571	(13,829)
<hr/>				
NET CHANGE IN FUND BALANCE	<u>\$ (200)</u>	<u>\$ (200)</u>	10,771	<u>\$ 10,971</u>
FUND BALANCE, MAY 1			<u>9,091</u>	
FUND BALANCE, APRIL 30			<u>\$ 19,862</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TOBACCO GRANT FUND**

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Intergovernmental	\$ 1,430	\$ 1,430	\$ -	\$ (1,430)
Total revenues	1,430	1,430	-	(1,430)
EXPENDITURES				
Current				
General government	1,430	3,430	2,510	(920)
Total expenditures	1,430	3,430	2,510	(920)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (2,000)</u>	(2,510)	<u>\$ (510)</u>
FUND BALANCE, MAY 1			<u>2,466</u>	
FUND BALANCE (DEFICIT), APRIL 30			<u>\$ (44)</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING CODE DEMOLITION FUND**

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ 71,000	\$ 33,421	\$ (37,579)
Investment income	60	286	226
Miscellaneous income	5,000	10,852	5,852
Total revenues	<u>76,060</u>	<u>44,559</u>	<u>(31,501)</u>
EXPENDITURES			
Current			
General Government			
Contractual services	62,000	23,879	(38,121)
Other services	11,000	14,713	3,713
Contingency	7,300	-	(7,300)
Total expenditures	<u>80,300</u>	<u>38,592</u>	<u>(41,708)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (4,240)</u>	5,967	<u>\$ 10,207</u>
FUND BALANCE, MAY 1		<u>43,914</u>	
FUND BALANCE, APRIL 30		<u>\$ 49,881</u>	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
WORKERS' COMPENSATION FUND**

For the Year Ended April 30, 2018

	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES				
Property taxes	\$ 198,000	\$ 198,000	\$ 198,912	\$ 912
Investment income	250	250	73	(177)
Total revenues	198,250	198,250	198,985	735
EXPENDITURES				
Current				
General government				
Contractual services	-	-	17,430	17,430
Total expenditures	-	-	17,430	17,430
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	198,250	198,250	181,555	(16,695)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(208,642)	(258,642)	(208,858)	49,784
Total other financing sources (uses)	(208,642)	(258,642)	(208,858)	49,784
NET CHANGE IN FUND BALANCE	\$ (10,392)	\$ (60,392)	(27,303)	\$ 33,089
FUND BALANCE, MAY 1			272,216	
FUND BALANCE, APRIL 30			\$ 244,913	

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN NET FUND BALANCE
FIBER OPTIC BROADBAND SUB FUNDS**

For the Year Ended April 30, 2018

	Taxable Fiber Optic Broadband	Non-Taxable Fiber Optic Broadband	Total
REVENUES			
None	\$ -	\$ -	\$ -
Total revenues	-	-	-
EXPENDITURES			
None	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(2,416,434)	(2,052,611)	(4,469,045)
Total other financing sources (uses)	(2,416,434)	(2,052,611)	(4,469,045)
NET CHANGE IN FUND BALANCE	(2,416,434)	(2,052,611)	(4,469,045)
FUND BALANCE, MAY 1	2,416,434	2,052,611	4,469,045
FUND BALANCE, APRIL 30	\$ -	\$ -	\$ -

(See independent auditor's report.)

MAJOR ENTERPRISE FUNDS

CITY OF ROCK FALLS, ILLINOIS

COMBINING STATEMENT OF NET POSITION
FIBER OPTIC BROADBAND SUB FUNDS

April 30, 2018

	Taxable Fiber Optic Broadband	Non-Taxable Fiber Optic Broadband	Eliminations	Total
CURRENT ASSETS				
Restricted cash	\$ 2,386,133	\$ 1,097,531	\$ -	\$ 3,483,664
Total current assets	2,386,133	1,097,531	-	3,483,664
CAPITAL ASSETS				
Nondepreciable	-	745,595	-	745,595
Depreciable	-	482,154	-	482,154
Accumulated depreciation	-	(9,277)	-	(9,277)
Net capital assets	-	1,218,472	-	1,218,472
Total assets	2,386,133	2,316,003	-	4,702,136
DEFERRED OUTFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	2,386,133	2,316,003	-	4,702,136

(This statement is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

COMBINING STATEMENT OF NET POSITION (Continued)
FIBER OPTIC BROADBAND SUB FUNDS

April 30, 2018

	Taxable Fiber Optic Broadband	Non-Taxable Fiber Optic Broadband	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable	\$ 5,698	\$ 383,389	\$ -	\$ 389,087
Accrued payroll	766	-	-	766
Accrued interest payable	7,165	6,450	-	13,615
Compensated absences, current	2,104	-	-	2,104
Total current liabilities	15,733	389,839	-	405,572
LONG-TERM LIABILITIES				
Compensated absences, noncurrent	11,925	-	-	11,925
Bonds payable, noncurrent	2,645,000	2,119,954	-	4,764,954
Total long-term liabilities	2,656,925	2,119,954	-	4,776,879
Total liabilities	2,672,658	2,509,793	-	5,182,451
DEFERRED INFLOWS OF RESOURCES				
None	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	2,672,658	2,509,793	-	5,182,451
NET POSITION				
Unrestricted (deficit)	(286,525)	(193,790)	-	(480,315)
TOTAL NET POSITION (DEFICIT)	\$ (286,525)	\$ (193,790)	\$ -	\$ (480,315)

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FIBER OPTIC BROADBAND SUB FUNDS

For the Year Ended April 30, 2018

	Taxable Fiber Optic Broadband	Non-Taxable Fiber Optic Broadband	Eliminations	Total
OPERATING REVENUES				
None	\$ -	\$ -	\$ -	\$ -
Total operating revenues	-	-	-	-
OPERATING EXPENSES				
Personnel				
Salaries	82,568	-	-	82,568
Payroll taxes	13,216	-	-	13,216
Payroll benefits	430	-	-	430
Total personnel	96,214	-	-	96,214
Commodities	33,215	-	-	33,215
Contractual services	15,165	4,632	-	19,797
Miscellaneous	62	32,229	-	32,291
Depreciation and amortization	-	9,277	-	9,277
Total operating expenses	144,656	46,138	-	190,794
OPERATING INCOME (LOSS)	(144,656)	(46,138)	-	(190,794)
NON-OPERATING REVENUES (EXPENSES)				
Investment income	18,078	13,074	-	31,152
Reimbursements	81	3,177	-	3,258
Other miscellaneous revenue	15,649	-	-	15,649
Interest expense	(86,933)	(77,512)	-	(164,445)
Total non-operating revenues (expenses)	(53,125)	(61,261)	-	(114,386)
NET INCOME (LOSS) BEFORE TRANSFERS	(197,781)	(107,399)	-	(305,180)
Transfers in	2,556,256	2,052,611	(139,822)	4,469,045
Transfers (out)	(2,645,000)	(2,278,824)	139,822	(4,784,002)
Total transfers in (out)	(88,744)	(226,213)	-	(314,957)
CHANGE IN NET POSITION	(286,525)	(333,612)	-	(620,137)
NET POSITION, MAY 1	-	-	-	-
Prior period adjustment	-	139,822	-	139,822
NET POSITION, MAY 1, RESTATED	-	139,822	-	139,822
NET POSITION (DEFICIT), APRIL 30	\$ (286,525)	\$ (193,790)	\$ -	\$ (480,315)

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
FIBER OPTIC BROADBAND SUB FUNDS

For the Year Ended April 30, 2018

	Taxable Fiber Optic Broadband	Non-Taxable Fiber Optic Broadband	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments to suppliers	\$ (42,744)	\$ (35,334)	\$ -	\$ (78,078)
Payments to employees	(81,419)	-	-	(81,419)
Net cash from operating activities	(124,163)	(35,334)	-	(159,497)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	2,556,256	2,052,611	(139,822)	4,469,045
Transfers (out)	-	(158,122)	139,822	(18,300)
Receipt of other miscellaneous revenue	15,730	3,177	-	18,907
Net cash from noncapital financing activities	2,571,986	1,897,666	-	4,469,652
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital assets purchased	-	(706,065)	-	(706,065)
Interest payments on long-term debt	(79,768)	(71,810)	-	(151,578)
Net cash from capital and related financing activities	(79,768)	(777,875)	-	(857,643)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	18,078	13,074	-	31,152
Net cash from investing activities	18,078	13,074	-	31,152
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,386,133	1,097,531	-	3,483,664
CASH AND CASH EQUIVALENTS, MAY 1	-	-	-	-
CASH AND CASH EQUIVALENTS, APRIL 30	\$ 2,386,133	\$ 1,097,531	\$ -	\$ 3,483,664

(This statement is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS (Continued)
FIBER OPTIC BROADBAND SUB FUNDS

For the Year Ended April 30, 2018

	Taxable Fiber Optic Broadband	Non-Taxable Fiber Optic Broadband	Eliminations	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ (144,656)	\$ (46,138)	\$ -	\$ (190,794)
Adjustments to reconcile operating income (loss) to net cash from operating activities				
Depreciation and amortization	-	9,277	-	9,277
Changes in assets and liabilities				
Accounts payable	5,698	1,527	-	7,225
Accrued payroll	766	-	-	766
Compensated absences	14,029	-	-	14,029
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (124,163)</u>	<u>\$ (35,334)</u>	<u>\$ -</u>	<u>\$ (159,497)</u>
CASH AND CASH EQUIVALENTS				
Restricted cash and cash equivalents	\$ 2,386,133	\$ 1,097,531	\$ -	\$ 3,483,664
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 2,386,133</u>	<u>\$ 1,097,531</u>	<u>\$ -</u>	<u>\$ 3,483,664</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Cost of capital assets included in accounts payable	\$ -	\$ 381,862	\$ -	\$ 381,862

(See independent auditor's report.)

INTERNAL SERVICE FUNDS

CITY OF ROCK FALLS, ILLINOIS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

April 30, 2018

	Health Insurance	GIS IT	Total
CURRENT ASSETS			
Cash and investments	\$ 298,935	\$ 193,152	\$ 492,087
Receivables			
Accrued interest	130	-	130
Total current assets	299,065	193,152	492,217
Total assets	299,065	193,152	492,217
CURRENT LIABILITIES			
Accounts payable	34	17,027	17,061
Total liabilities	34	17,027	17,061
NET POSITION			
Unrestricted	299,031	176,125	475,156
TOTAL NET POSITION	\$ 299,031	\$ 176,125	\$ 475,156

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

For the Year Ended April 30, 2018

	Health Insurance	GIS IT	Total
OPERATING REVENUES			
Charges for services			
Contributions	\$ 1,244,675	\$ 36,480	\$ 1,281,155
Other	10,000	-	10,000
	<hr/>	<hr/>	<hr/>
Total operating revenues	1,254,675	36,480	1,291,155
OPERATING EXPENSES			
Administration			
Personnel			
Employee benefits	1,253,164	-	1,253,164
Contractual services	-	4,983	4,983
Other	-	17,172	17,172
	<hr/>	<hr/>	<hr/>
Total operating expenses	1,253,164	22,155	1,275,319
OPERATING INCOME	<hr/>	<hr/>	<hr/>
	1,511	14,325	15,836
NON-OPERATING REVENUES (EXPENSES)			
Investment income	2,593	-	2,593
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	2,593	-	2,593
CHANGE IN NET POSITION	<hr/>	<hr/>	<hr/>
	4,104	14,325	18,429
NET POSITION, MAY 1	<hr/>	<hr/>	<hr/>
	294,927	161,800	456,727
NET POSITION, APRIL 30	<hr/>	<hr/>	<hr/>
	\$ 299,031	\$ 176,125	\$ 475,156

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended April 30, 2018

	Health Insurance	GIS IT	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from employer contributions	\$ 1,222,886	\$ 36,480	\$ 1,259,366
Receipts from other contributions	31,789	-	31,789
Payments to suppliers	(1,253,130)	(5,128)	(1,258,258)
Net cash from operating activities	<u>1,545</u>	<u>31,352</u>	<u>32,897</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
None	-	-	-
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
None	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	2,629	-	2,629
Net cash from investing activities	<u>2,629</u>	<u>-</u>	<u>2,629</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,174	31,352	35,526
CASH AND CASH EQUIVALENTS, MAY 1	294,761	161,800	456,561
CASH AND CASH EQUIVALENTS, APRIL 30	<u>\$ 298,935</u>	<u>\$ 193,152</u>	<u>\$ 492,087</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 1,511	\$ 14,325	\$ 15,836
Adjustments to reconcile operating income to net cash from operating activities			
Changes in assets and liabilities			
Accounts payable	34	17,027	17,061
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 1,545</u>	<u>\$ 31,352</u>	<u>\$ 32,897</u>
CASH AND INVESTMENTS			
Cash and cash equivalents	\$ 298,935	\$ 193,152	\$ 492,087
TOTAL CASH AND INVESTMENTS	<u>\$ 298,935</u>	<u>\$ 193,152</u>	<u>\$ 492,087</u>

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF ROCK FALLS, ILLINOIS

**COMBINING STATEMENT OF PLAN NET POSITION
PENSION TRUST FUNDS**

April 30, 2018

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
ASSETS			
Cash and short-term investments	\$ 262,175	\$ 430,401	\$ 692,576
Investments			
U.S. agency obligations	47,143	230,509	277,652
U.S. Treasury obligations	367,680	2,651,009	3,018,689
Common stock	1,645,212	636,833	2,282,045
Mutual funds	1,166,956	2,472,183	3,639,139
Corporate bonds	1,185,514	498,385	1,683,899
Municipal bonds	215,037	-	215,037
Mortgage pools	-	48,592	48,592
Annuities	592,928	-	592,928
Negotiable certificates of deposit	1,713,446	-	1,713,446
Receivables			
Accrued interest	22,567	23,140	45,707
Prepaid items	3,690	692	4,382
 Total assets	 <u>7,222,348</u>	 <u>6,991,744</u>	 <u>14,214,092</u>
LIABILITIES			
Accounts payable	2,032	1,426	3,458
 Total liabilities	 <u>2,032</u>	 <u>1,426</u>	 <u>3,458</u>
NET POSITION RESTRICTED FOR PENSIONS			
	<u>\$ 7,220,316</u>	<u>\$ 6,990,318</u>	<u>\$ 14,210,634</u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
PENSION TRUST FUNDS**

For the Year Ended April 30, 2018

	<u>Pension Trust</u>		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions			
Employer contributions	\$ 487,114	\$ 268,245	\$ 755,359
Employee contributions	118,679	75,968	194,647
Total contributions	605,793	344,213	950,006
Investment income			
Net appreciation in fair value of investments	271,714	304,497	576,211
Interest	82,697	101,760	184,457
Total investment income	354,411	406,257	760,668
Less investment expense	(18,359)	(19,426)	(37,785)
Net investment income	336,052	386,831	722,883
Total additions	941,845	731,044	1,672,889
DEDUCTIONS			
Benefits and refunds	756,029	515,017	1,271,046
Administrative expenses	30,513	16,841	47,354
Total deductions	786,542	531,858	1,318,400
NET INCREASE	155,303	199,186	354,489
NET POSITION RESTRICTED FOR PENSIONS			
May 1	7,065,013	6,791,132	13,856,145
April 30	\$ 7,220,316	\$ 6,990,318	\$ 14,210,634

(See independent auditor's report.)

SUPPLEMENTAL INFORMATION

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF CAPITAL ASSETS
MUNICIPAL WATER FUND**

For the Year Ended April 30, 2018

Construction in progress	\$ 55,578
Water plant and system improvements	10,867,956
Equipment	<u>738,912</u>
Total capital assets	11,662,446
Less accumulated depreciation	<u>6,503,739</u>
CAPITAL ASSETS	<u><u>\$ 5,158,707</u></u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF CAPITAL ASSETS
MUNICIPAL ELECTRIC FUND**

For the Year Ended April 30, 2018

Land and buildings	
Buildings and substations	\$ 7,110,161
Hydro plant	14,604,492
	<hr/>
Total land and buildings	21,714,653
	<hr/>
Improvements, other than buildings	
South 14th generators	3,302,388
New services/metering	565,234
Underground/conductors/fixtures	2,427,574
Poles, cross arms and fixtures	6,105,092
Route 30 project	19,042
Riverside trailer court project	4,962
GIS mapping	141,022
Generator upgrades	396,186
Centennial Park risers	53,360
Telecomm engineering	109,376
Telecomm legal	2,604
Telecommunications maintenance	6,589
Telecomm project	289,830
	<hr/>
Total improvements, other than buildings	13,423,259
	<hr/>
Equipment	
Utility office computer	57,053
Equipment	2,616,714
Computer software	81,077
Computer software - labor	14,842
	<hr/>
Total equipment	2,769,686
	<hr/>
Total capital assets	37,907,598
	<hr/>
Less accumulated depreciation	24,345,984
	<hr/>
CAPITAL ASSETS	\$ 13,561,614
	<hr/> <hr/>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF CAPITAL ASSETS
MUNICIPAL SANITARY SEWERAGE FUND**

For the Year Ended April 30, 2018

Construction in progress	\$ 13,458
New sewer plant	26,197,166
Disposal plant	11,594,348
Sewer extensions	3,664,432
Equipment	<u>1,569,079</u>
Total capital assets	43,038,483
Less accumulated depreciation	<u>13,173,010</u>
CAPITAL ASSETS	<u><u>\$ 29,865,473</u></u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF CAPITAL ASSETS
FIBER OPTIC BROADBAND FUND**

For the Year Ended April 30, 2018

Construction in progress	\$ 745,595
Buildout engineering	441,717
Building improvements	<u>40,437</u>
Total capital assets	1,227,749
Less accumulated depreciation	<u>9,277</u>
CAPITAL ASSETS	<u><u>\$ 1,218,472</u></u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012
(MOTOR FUEL TAX ALTERNATIVE REVENUE SOURCE)**

For the Year Ended April 30, 2018

Date of Issue	October 1, 2012
Authorized Issue	\$ 720,000
Interest Rates	2.60%
Interest Dates	January 1 and July 1
Principal Maturity Date	January 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year April 30,	Principal Due Serially January 1	Interest January 1 and July 1	Total
2019	\$ 110,000	\$ 2,860	\$ 112,860
	<u>\$ 110,000</u>	<u>\$ 2,860</u>	<u>\$ 112,860</u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT
DEBT CERTIFICATES, SERIES 2012**

For the Year Ended April 30, 2018

Date of Issue	October 1, 2012
Authorized Issue	\$ 280,000
Interest Rates	3.50%
Interest Dates	November 1 and May 1
Principal Maturity Date	January 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	
April 30,	Due Serially	November 1	Total
	November 1	and May 1	
2019	\$ 26,000	\$ 5,872	\$ 31,872
2020	27,000	4,963	31,963
2021	28,000	4,018	32,018
2022	30,000	3,038	33,038
2023	30,000	1,988	31,988
2024	25,000	938	25,938
	<u>\$ 166,000</u>	<u>\$ 20,817</u>	<u>\$ 186,817</u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT
DEBT CERTIFICATES, SERIES 2016**

For the Year Ended April 30, 2018

Date of Issue	March 17, 2016
Authorized Issue	\$ 2,427,000
Interest Rates	2.28% through March 16, 2016, after 3-year Treasury Constant Maturity plus 1.50%
Interest Dates	March 1 and September 1
Principal Maturity Date	March 16, 2022

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Principal	Interest	
April 30,	March 16	March 1 and	Total
		September 1	
2019	\$ -	\$ 55,336	\$ 55,336
2020	-	55,336	55,336
2021	-	55,336	55,336
2022	2,427,000	55,334	2,482,334
	<u>\$ 2,427,000</u>	<u>\$ 221,342</u>	<u>\$ 2,648,342</u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF LONG-TERM DEBT
GENERAL OBLIGATION BONDS, SERIES 2016
(ALTERNATE REVENUE SOURCE)**

For the Year Ended April 30, 2018

Date of Issue	September 14, 2016
Authorized Issue	\$ 1,925,000
Interest Rates	2% to 4%
Interest Dates	April 1 and October 1
Principal Maturity Date	October 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year April 30,	Principal Due Serially October 1	Interest April 1 and October 1	Total
2019	\$ 85,000	\$ 61,650	\$ 146,650
2020	85,000	59,950	144,950
2021	90,000	58,200	148,200
2022	90,000	56,400	146,400
2023	90,000	54,600	144,600
After 2023	1,485,000	407,550	1,892,550
	<u>\$ 1,925,000</u>	<u>\$ 698,350</u>	<u>\$ 2,623,350</u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF GENERAL OBLIGATION BONDS AND
LOANS PAYABLE OUTSTANDING
UTILITY FUNDS**

For the Year Ended April 30, 2018

Date of Issue	August 4, 2009
Authorized Issue	\$ 15,000,000
Interest Rates	0%
Interest Dates	May 1 and November 1
Principal Maturity Date	May 1 and November 1

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

**Loans Payable
Illinois EPA - Treatment Plant Loan**

Fiscal Year April 30,	Principal May 1 and November 1	Interest May 1 and November 1	Total
2019	\$ 384,615	\$ -	\$ 384,615
2020	769,231	-	769,231
2021	769,231	-	769,231
2022	769,231	-	769,231
2023	769,231	-	769,231
After 2023	6,538,461	-	6,538,461
	\$ 10,000,000	\$ -	\$ 10,000,000

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF GENERAL OBLIGATION BONDS AND
LOANS PAYABLE OUTSTANDING (Continued)
UTILITY FUNDS**

For the Year Ended April 30, 2018

Date of Issue	August 10, 2011
Authorized Issue	\$ 4,111,016
Interest Rates	1.25%
Interest Dates	March 19 and September 19
Principal Maturity Date	March 19 and September 19

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

**Loans Payable
Illinois EPA - Treatment Plant Loan**

Fiscal Year April 30,	Principal March 19 and September 19	Interest March 19 and September 19	Total
2019	\$ 178,292	\$ 33,321	\$ 211,613
2020	180,528	31,085	211,613
2021	182,791	28,822	211,613
2022	185,083	26,529	211,612
2023	187,404	24,209	211,613
After 2023	1,795,998	108,519	1,904,517
	\$ 2,710,096	\$ 252,485	\$ 2,962,581

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF GENERAL OBLIGATION BONDS AND
LOANS PAYABLE OUTSTANDING (Continued)
UTILITY FUNDS**

For the Year Ended April 30, 2018

Date of Issue	October 3, 2000
Authorized Issue	\$ 1,621,986
Interest Rates	2.905%
Interest Dates	April 4 and October 4
Principal Maturity Date	April 4 and October 4

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

**Loans Payable
Illinois EPA - Drinking Water Loan**

Fiscal Year April 30,	Principal April 4 and October 4	Interest April 4 and October 4	Total
2019	\$ 96,481	\$ 11,018	\$ 107,499
2020	99,305	8,194	107,499
2021	102,210	5,288	107,498
2022	105,201	1,998	107,199
	<u>\$ 403,197</u>	<u>\$ 26,498</u>	<u>\$ 429,695</u>

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF GENERAL OBLIGATION BONDS AND
LOANS PAYABLE OUTSTANDING (Continued)
UTILITY FUNDS**

For the Year Ended April 30, 2018

Date of Issue	April 5, 2014
Authorized Issue	\$ 654,443
Interest Rates	1.25%
Interest Dates	May 19 and November 19
Principal Maturity Date	May 19 and November 19

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

**Loans Payable
Illinois EPA - Lift Station Rehabilitation Loan**

Fiscal Year April 30,	Principal May 19 and November 19	Interest May 19 and November 19	Total
2019	\$ 11,503	\$ 2,107	\$ 13,610
2020	23,221	3,998	27,219
2021	23,512	3,707	27,219
2022	23,807	3,412	27,219
2023	24,105	3,114	27,219
After 2023	231,017	13,960	244,977
	\$ 337,165	\$ 30,298	\$ 367,463

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF GENERAL OBLIGATION BONDS AND
LOANS PAYABLE OUTSTANDING (Continued)
UTILITY FUNDS**

For the Year Ended April 30, 2018

Date of Issue	November 19, 2016
Authorized Issue	\$ 535,517
Interest Rates	1.86%
Interest Dates	May 19 and November 19
Principal Maturity Date	May 19 and November 19

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

**Loans Payable
Illinois EPA - Drinking Water Loan**

Fiscal Year April 30,	Principal May 19 and November 19	Interest May 19 and November 19	Total
2019	\$ 18,215	\$ 3,104	\$ 21,319
2020	36,939	5,699	42,638
2021	37,630	5,009	42,639
2022	38,333	4,305	42,638
2023	39,049	3,589	42,638
After 2023	163,631	6,922	170,553
	\$ 333,797	\$ 28,628	\$ 362,425

(This schedule is continued on the following pages.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF GENERAL OBLIGATION BONDS AND
LOANS PAYABLE OUTSTANDING (Continued)
UTILITY FUNDS**

For the Year Ended April 30, 2018

Date of Issue	April 27, 2017
Authorized Issue	\$ 2,105,000
Interest Rates	2% to 4%
Interest Dates	April 1 and October 1
Principal Maturity Date	October 1, 2031 through October 1, 2037

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

**General Obligation Bonds Series 2017A
(Alternate Revenue Source)**

Fiscal Year April 30,	Principal Due Starting October 1, 2031	Interest April 1 and October 1	Total
2019	\$ -	\$ 77,400	\$ 77,400
2020	-	77,400	77,400
2021	-	77,400	77,400
2022	-	77,400	77,400
2023	-	77,400	77,400
After 2023	2,105,000	908,825	908,825
	<u>\$ 2,105,000</u>	<u>\$ 1,295,825</u>	<u>\$ 1,295,825</u>

(See independent auditor's report.)

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF GENERAL OBLIGATION BONDS AND
LOANS PAYABLE OUTSTANDING (Continued)
UTILITY FUNDS**

For the Year Ended April 30, 2018

Date of Issue	April 27, 2017
Authorized Issue	\$ 2,645,000
Interest Rates	2.15% to 4.00%
Interest Dates	April 1 and October 1
Principal Maturity Date	October 1, 2019 through October 1, 2031

CURRENT AND FUTURE PRINCIPAL AND INTEREST REQUIREMENTS

**General Obligation Bonds Series 2017B
(Alternate Revenue Source)**

Fiscal Year April 30,	Principal Due Starting October 1, 2019	Interest April 1 and October 1	Total
2019	\$ -	\$ 85,978	\$ 85,978
2020	185,000	83,989	268,989
2021	190,000	79,720	269,720
2022	195,000	74,905	269,905
2023	200,000	69,570	269,570
After 2023	1,875,000	296,435	2,171,435
	<hr/>	<hr/>	<hr/>
	\$ 2,645,000	\$ 690,597	\$ 3,335,597

(See independent auditor's report.)

STATISTICAL SECTION

CITY OF ROCK FALLS, ILLINOIS

**SCHEDULE OF ASSESSED VALUATIONS, RATES, EXTENSIONS,
AND COLLECTIONS**

Last Five Levy Years
(Unaudited)

	2017 Levy			2016 Levy		
	Equalized Assessed Valuation - \$73,358,544			Equalized Assessed Valuation - \$72,276,388		
	Rate per \$100	Taxes Extended	Collections	Rate per \$100	Taxes Extended	Collections
General	0.2500	\$ 183,396	\$ -	0.2500	\$ 180,691	\$ 181,365
IMRF/Social Security	0.2471	181,269	-	0.2583	186,690	187,386
Road and bridge	-	60,521	-	-	59,628	59,765
Police protection	0.0750	55,019	-	0.0750	54,207	54,410
Fire protection	0.0750	55,019	-	0.0750	54,207	54,410
Police Pension	0.6240	457,757	-	0.6611	477,819	479,602
Firefighters' Pension	0.4634	339,943	-	0.3595	259,834	260,803
School crossing guard	-	-	-	-	-	-
ESDA	-	-	-	-	-	-
Audit	-	-	-	-	-	-
Liability insurance (tort)	0.2836	208,045	-	0.2741	198,109	198,847
Emergency vehicle	-	-	-	0.0342	24,719	24,811
	2.0181	\$ 1,540,969	\$ -	1.9872	\$ 1,495,904	\$ 1,501,399

2015 Levy			2014 Levy			2013 Levy		
Equalized Assessed Valuation - \$73,051,319			Equalized Assessed Valuation - \$73,498,310			Equalized Assessed Valuation - \$74,977,533		
Rate per \$100	Taxes Extended	Collections	Rate per \$100	Taxes Extended	Collections	Rate per \$100	Taxes Extended	Collections
0.2500	\$ 182,628	\$ 180,846	0.2500	\$ 183,746	\$ 183,515	0.2500	\$ 187,444	\$ 186,933
0.2191	160,056	158,491	0.2593	190,581	190,341	0.2400	179,946	179,454
-	59,391	58,878	-	57,696	57,612	-	55,258	55,086
0.0750	54,788	54,252	0.0750	55,124	55,054	0.0750	56,233	56,080
0.0750	54,788	54,252	0.0750	55,124	55,054	0.0750	56,233	56,080
0.4769	348,382	344,976	0.3825	281,131	280,777	0.3975	298,036	297,221
0.3750	273,942	271,264	0.1754	128,916	128,753	0.1345	100,845	100,570
-	-	-	0.0200	14,700	14,680	0.0200	14,996	14,955
-	-	-	0.0032	2,352	2,349	0.0031	2,324	2,318
0.0206	15,050	14,901	0.0338	24,842	24,811	0.0332	24,893	24,824
0.1843	134,634	133,317	0.2404	176,690	176,468	0.1864	139,758	139,376
0.0336	24,545	24,306.00	0.0331	24,328	24,297	0.0348	26,092	26,021
1.7095	\$ 1,308,204	\$ 1,295,483	1.5477	\$ 1,195,230	\$ 1,193,711	1.4495	\$ 1,142,058	\$ 1,138,918

CITY OF ROCK FALLS, ILLINOIS

**OPERATING STATISTICS
MUNICIPAL WATER FUND**

Last Seven Fiscal Years
(Unaudited)

The following is a schedule of gallons of water billed, pumped and meters connected to the system for the past seven fiscal years:

Fiscal Year Ending April 30,	Total Gallons (Thousands) Pumped	Total Gallons (Thousands) Billed	Meters Connected
2012	284,660	210,796	3,915
2013	296,290	210,589	3,877
2014	315,715	212,484	4,055
2015	287,607	206,196	4,067
2016	257,344	205,019	4,137
2017	260,393	203,010	4,143
2018	242,536	200,926	4,140

CITY OF ROCK FALLS, ILLINOIS

**OPERATING STATISTICS
MUNICIPAL ELECTRIC FUND**

Last Five Fiscal Years
(Unaudited)

Operating statistics for the last five fiscal years are as follows:

	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Meters in service	5,297	5,350	5,358	5,393	5,468
Kilowatt hours billed	72,660,413	71,186,871	69,447,832	71,185,046	74,593,147
Kilowatt hours purchased and generated	74,798,855	76,648,319	74,824,870	76,751,942	80,218,926
Percent of loss	2.86%	7.13%	7.19%	7.25%	7.01%

CITY OF ROCK FALLS, ILLINOIS
OPERATING STATISTICS
MUNICIPAL SANITARY SEWERAGE FUND

Last Five Fiscal Years
(Unaudited)

The number of customers served by the system for the last five fiscal years are as follows:

	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Residential	3,682	3,712	3,781	3,712	3,615
Commercial/industrial	358	354	350	343	347
	4,040	4,066	4,131	4,055	3,962