

**CITY OF SANDWICH, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED APRIL 30, 2017**

CITY OF SANDWICH, ILLINOIS
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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the City Council
City of Sandwich, Illinois
Sandwich, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandwich, Illinois (City), as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Mayor and Members
of the City Council
City of Sandwich, Illinois

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandwich, Illinois as of April 30, 2017, and the respective changes in financial position – modified cash basis, and where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sandwich, Illinois' basic financial statements. The budgetary comparison information, combining and individual fund financial statements, Schedule of Assessed Valuation, Tax Rates, Tax Extensions and Tax Collections, and Schedule of Legal Debt Margin, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary comparison information, and Schedule of Legal Debt Margin, 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, budgetary comparison information, and Schedule of Legal Debt Margin, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Assessed Valuation, Tax Rates, Tax Extensions, and Tax Collections 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.



CliftonLarsonAllen LLP

Peoria, Illinois
November 9, 2017

CITY OF SANDWICH, ILLINOIS
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
APRIL 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 4,655,992	\$ 2,863,246	\$ 7,519,238
Certificates of Deposit	-	3,232,606	3,232,606
Total Current Assets	<u>4,655,992</u>	<u>6,095,852</u>	<u>10,751,844</u>
NONCURRENT ASSETS			
Capital Assets Not Being Depreciated	1,272,610	81,318	1,353,928
Capital Assets, Net	7,761,440	12,044,417	19,805,857
Total Noncurrent Assets	<u>9,034,050</u>	<u>12,125,735</u>	<u>21,159,785</u>
Total Assets	<u>13,690,042</u>	<u>18,221,587</u>	<u>31,911,629</u>
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
GO Bond Payable, Current	-	530,000	530,000
Capital Lease Obligation, Current	38,516	-	38,516
Total Current Liabilities	<u>38,516</u>	<u>530,000</u>	<u>568,516</u>
NONCURRENT LIABILITIES			
GO Bond Payable	-	2,873,334	2,873,334
Capital Lease Obligation	14,932	-	14,932
Total Noncurrent Liabilities	<u>14,932</u>	<u>2,873,334</u>	<u>2,888,266</u>
Total Liabilities	53,448	3,403,334	3,456,782
NET POSITION			
Net Investment in Capital Assets	8,980,602	8,722,401	17,703,003
Restricted for:			
Employee Retirement	77,400	-	77,400
Forestry	1,627	-	1,627
Highway and Streets	1,011,197	-	1,011,197
Specific Purposes	625	-	625
Public Safety	75,284	-	75,284
Vehicle Purchases	9,539	-	9,539
System Improvements	-	6,095,852	6,095,852
Unrestricted	<u>3,480,320</u>	<u>-</u>	<u>3,480,320</u>
Total Net Position	<u>\$ 13,636,594</u>	<u>\$ 14,818,253</u>	<u>\$ 28,454,847</u>

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>
PRIMARY GOVERNMENT	
Governmental Activities:	
General Government	\$ 799,448
Public Safety	2,887,277
Highway and Streets	1,487,382
Interest on Long-Term Debt	3,663
Total Governmental Activities	5,177,770
Business-Type Activities:	
Water	573,408
Sewer	1,154,561
Total Business-Type Activities	1,727,969
Total Primary Government	\$ 6,905,739

See accompanying Notes to Financial Statements.

Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Charges for Services	Operating Grants	Capital Grants and Contributions	Primary Government		
			Governmental Activities	Business-Type Activities	Total
\$ 112,394	\$ -	\$ -	\$ (687,054)	\$ -	\$ (687,054)
2,300	14,000	-	(2,870,977)	-	(2,870,977)
3,135	-	-	(1,484,247)	-	(1,484,247)
-	-	-	(3,663)	-	(3,663)
<u>117,829</u>	<u>14,000</u>	<u>-</u>	<u>(5,045,941)</u>	<u>-</u>	<u>(5,045,941)</u>
582,523	-	75,429	-	84,544	84,544
<u>1,083,355</u>	<u>-</u>	<u>91,000</u>	<u>-</u>	<u>19,794</u>	<u>19,794</u>
<u>1,665,878</u>	<u>-</u>	<u>166,429</u>	<u>-</u>	<u>104,338</u>	<u>104,338</u>
<u>\$ 1,783,707</u>	<u>\$ 14,000</u>	<u>\$ 166,429</u>	<u>(5,045,941)</u>	<u>104,338</u>	<u>(4,941,603)</u>

GENERAL REVENUES

Taxes:

Property and Replacement Taxes	1,502,552	-	1,502,552
Sales Taxes	1,150,845	-	1,150,845
Local Use Taxes	181,314	-	181,314
Telecommunications Taxes	127,525	-	127,525
Utility Taxes	434,211	-	434,211
Income Taxes	706,574	-	706,574
Hotel/Motel Taxes	30,521	-	30,521
Other Taxes	211,852	-	211,852
Investment Income	15,000	32,606	47,606
Miscellaneous	118,597	23,741	142,338
Total General Revenues	<u>4,478,991</u>	<u>56,347</u>	<u>4,535,338</u>

CHANGE IN NET POSITION

	(566,950)	160,685	(406,265)
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Net Position – Beginning of Year	<u>14,203,544</u>	<u>14,657,568</u>	<u>28,861,112</u>
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NET POSITION – END OF YEAR

	<u>\$ 13,636,594</u>	<u>\$ 14,818,253</u>	<u>\$ 28,454,847</u>
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**CITY OF SANDWICH, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES, AND
FUND BALANCES ARISING FROM CASH BASIS
APRIL 30, 2017**

ASSETS	<u>General</u>	<u>Motor Fuel Tax Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,082,854	\$ 1,011,197	\$ 561,941	\$ 4,655,992
Total Assets	<u>\$ 3,082,854</u>	<u>\$ 1,011,197</u>	<u>\$ 561,941</u>	<u>\$ 4,655,992</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	\$ -	\$ -	\$ -	\$ -
 FUND BALANCES				
Restricted for:				
Employee Retirement	-	-	77,400	77,400
Highways and Streets	-	1,011,197	-	1,011,197
Forestry	-	-	1,627	1,627
Specific Purposes	-	-	625	625
Public Safety	-	-	75,284	75,284
Vehicle Purchases	-	-	9,539	9,539
Unrestricted:				
Assigned to Specific Purposes	-	-	25,594	25,594
Assigned to Public Safety	-	-	34,242	34,242
Assigned to Capital Outlay	1,529,613	-	337,630	1,867,243
Unassigned	1,553,241	-	-	1,553,241
Total Fund Balances	<u>3,082,854</u>	<u>1,011,197</u>	<u>561,941</u>	<u>4,655,992</u>
Total Liabilities and Fund Balances	<u>\$ 3,082,854</u>	<u>\$ 1,011,197</u>	<u>\$ 561,941</u>	<u>\$ 4,655,992</u>

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
RECONCILIATION OF FUND BALANCES ARISING FROM CASH BASIS
OF THE GOVERNMENTAL FUNDS TO THE GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS
APRIL 30, 2017**

Total Governmental Fund Balances	\$ 4,655,992
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 funds.	9,034,050
Capital lease obligation is not due and payable in the current period and, therefore, is not reported in the funds.	<u>(53,448)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 13,636,594</u></u>

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID,
AND CHANGES IN FUND BALANCE – CASH BASIS
YEAR ENDED APRIL 30, 2017**

	General	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Total
REVENUES COLLECTED				
Taxes	\$ 3,443,866	\$ 195,847	\$ 705,681	\$ 4,345,394
Licenses and Permits	78,685	-	-	78,685
Intergovernmental	-	-	14,000	14,000
Charges for Services	4,500	-	-	4,500
Fines and Forfeits	32,339	-	2,305	34,644
Investment Income	13,242	1,527	231	15,000
Miscellaneous	73,078	-	45,519	118,597
Total Revenues Collected	<u>3,645,710</u>	<u>197,374</u>	<u>767,736</u>	<u>4,610,820</u>
EXPENDITURES PAID				
Current Operating:				
General Government	517,025	-	201,073	718,098
Public Safety	2,129,754	-	682,508	2,812,262
Highways and Streets	566,247	502,465	173,778	1,242,490
Capital Outlay	1,089,583	-	29,912	1,119,495
Debt Service:				
Principal	29,895	-	8,138	38,033
Interest and Fiscal Charges	3,663	-	-	3,663
Total Expenditures Paid	<u>4,336,167</u>	<u>502,465</u>	<u>1,095,409</u>	<u>5,934,041</u>
REVENUES COLLECTED UNDER EXPENDITURES PAID	(690,457)	(305,091)	(327,673)	(1,323,221)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	176,951	176,951
Transfers Out	(176,951)	-	-	(176,951)
Proceeds from Capital Lease Obligation	-	-	29,912	29,912
Total Other Financing Sources	<u>(176,951)</u>	<u>-</u>	<u>206,863</u>	<u>29,912</u>
NET CHANGE IN FUND BALANCES	(867,408)	(305,091)	(120,810)	(1,293,309)
Fund Balance – Beginning of Year	<u>3,950,262</u>	<u>1,316,288</u>	<u>682,751</u>	<u>5,949,301</u>
FUND BALANCE – END OF YEAR	<u>\$ 3,082,854</u>	<u>\$ 1,011,197</u>	<u>\$ 561,941</u>	<u>\$ 4,655,992</u>

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES COLLECTED, EXPENDITURES PAID, AND CHANGES IN
FUND BALANCE – CASH BASIS – TO THE GOVERNMENTAL ACTIVITIES
IN THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2017**

Net Changes in Fund Balances – Governmental Funds	\$ (1,293,309)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital Outlay – Acquisitions	1,119,495
Depreciation	(397,868)
<p>Repayments of principal on capital lease obligations are expenditures in the funds, but the payments reduce capital lease obligation in the statement of net position.</p>	
	38,033
<p>Proceeds of principal on capital lease obligations are revenues in the funds, but the proceeds increase capital lease obligation in the statement of net position</p>	
	(29,912)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to increase/decrease net position:</p>	
Loss on Disposition of Capital Assets	<u>(3,389)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (566,950)</u></u>

See accompanying Notes to Financial Statements.

CITY OF SANDWICH, ILLINOIS
 ENTERPRISE FUND
 STATEMENT OF NET POSITION – MODIFIED CASH BASIS
 APRIL 30, 2017

	Business-Type Activities Water and Sewer
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 2,863,246
Certificates of Deposit	3,232,606
Total Current Assets	6,095,852
NONCURRENT ASSETS	
Property and Equipment, Net	12,125,735
Total Assets	18,221,587
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
GO Bond Payable – Current	\$ 530,000
NONCURRENT LIABILITIES	
GO Bond Payable	2,873,334
Total Liabilities	3,403,334
NET POSITION	
Net Investment in Capital Assets	8,722,401
Restricted for System Improvements	6,095,852
Total Net Position	\$ 14,818,253

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION – MODIFIED CASH BASIS
YEAR ENDED APRIL 30, 2017**

	Business-Type Activities
	Water and Sewer
OPERATING REVENUES COLLECTED	
Charges for Services	\$ 1,665,878
Total Operating Revenues Collected	1,665,878
OPERATING EXPENSES PAID EXCLUDING DEPRECIATION AND AMORTIZATION	
Personal Services	415,685
Contractual Services	357,552
Commodities	124,144
Total Operating Expenses Paid Excluding Depreciation and Amortization	897,381
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	768,497
DEPRECIATION AND AMORTIZATION	686,951
OPERATING INCOME	81,546
NONOPERATING REVENUES (EXPENSES)	
Investment Income	32,606
Connection/Infrastructure Fees	166,429
Miscellaneous Income	23,741
Gain/(loss) on Sale of Asset	(37,611)
Interest Expense	(106,026)
Total Nonoperating Revenues (Expenses)	79,139
CHANGE IN NET POSITION	160,685
Net Position – Beginning	14,657,568
NET POSITION – ENDING	\$ 14,818,253

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
ENTERPRISE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2017**

	Business-Type Activities
	Water and Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 1,665,878
Payments to Suppliers	(481,696)
Payments to Employees	(415,685)
Net Cash Provided by Operating Activities	768,497
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from Miscellaneous Revenues	23,741
Net Transfers	(832,964)
Net Cash Used by Noncapital Financing Activities	(809,223)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection/Infrastructure Fees	166,429
Issuance of Bonds, at Par	32,606
Principal Payments on Long-Term Debt	(520,000)
Interest and Fiscal Charges Paid	(106,026)
Net Cash Used by Capital and Related Financing Activities	(426,991)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(467,717)
Cash and Cash Equivalents – Beginning of Year	6,563,569
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 6,095,852
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 81,546
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	686,951
Net Cash Provided by Operating Activities	\$ 768,497

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 APRIL 30, 2017**

	Police Pension Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 845,814	\$ 21,000
Investments, at Fair Value:		
Certificates of Deposit	1,138,326	-
U.S. Agency Securities	778,335	-
Corporate Bonds	53,240	-
Mutual Funds	1,813,084	-
Total Investments	3,782,985	-
Total Assets	4,628,799	\$ 21,000
LIABILITIES		
Due to Other Entities	-	\$ 21,000
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 4,628,799	

See accompanying Notes to Financial Statements.

**CITY OF SANDWICH, ILLINOIS
POLICE PENSION TRUST FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED APRIL 30, 2017**

ADDITIONS

Contributions – Employer	\$	262,667
Contributions – Members		120,219
Other Contributions		113,270
Total Contributions		496,156

INVESTMENT INCOME

Interest		71,345
Net Depreciation in Fair Value of Investments		193,027
Total Investment Income		264,372

Less Investment Expense		(20,564)
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Net Investment Loss		243,808
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Total Additions		739,964
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DEDUCTIONS

Pension Benefits and Refunds		300,766
Administrative Expenses		10,584
Total Deductions		311,350

CHANGE IN NET POSITION		428,614
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Net Position Held in Trust for Pension Benefits – Beginning of Year		4,200,185
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NET POSITION HELD IN TRUST FOR PENSION BENEFITS – END OF THE YEAR		\$ 4,628,799
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**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sandwich (City) is an Illinois unit of local government. The City's major operations include public safety, highways and streets, sanitation, health, culture and recreation, public improvements and general administrative services. The financial statements of the City have not been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units, as described below. 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.

Reporting Entity

For financial reporting purposes, in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section 2100 the City of Sandwich, Illinois is a primary government in that it is a city with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The City has developed criteria to determine whether other entities are component units of the City. Component units are legally separate organizations for which the elected officials of the City are financially accountable. The City of Sandwich would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City of Sandwich (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on the City of Sandwich, the City is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

The City has determined that no other outside entity meets any of the above criteria and, therefore, no other entity has been included as a component unit in the City's financial statements.

Fund Accounting

The City uses funds to report on its financial position and the change in 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.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of restricted or committed monies (special revenue funds), the funds committed, restricted or assigned for the acquisition or construction of capital assets (capital projects funds) and the funds committed, restricted or assigned for the servicing of long-term debt (debt service funds). The general fund is used to account for all activities of the general government 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. When these assets are held under the terms of a formal trust agreement, a pension trust fund is used.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position – modified cash basis and the statement of activities – modified cash basis) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities – modified cash basis demonstrates the degree to which the direct expenses of a given function or segment 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 shared 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.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in some other fund.

The *Motor Fuel Tax Fund* (Special Revenue Fund) has been established to set aside funds assigned for the repair and maintenance to highways with funding derived from the state's distribution of the City's share of the motor fuel tax collected by the state.

The City reports the following major enterprise fund:

The Water and Sewer Fund is used to account for the operation of the City's water and sewer services.

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for the proceeds of specific revenue sources used to finance specified activities as required by law or by administrative regulation.

The Capital Projects Funds account for the resources used for the acquisition of capital facilities other than those financed by the enterprise funds activities, including streets, sidewalks, and community development.

The City reports the Police Pension Fund as a Fiduciary Fund and uses agency funds to account for annexation deposits, excavation permits, and school and park land cash contributions.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements, the Enterprise Fund and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues/additions are recorded at the time of receipt by the City, except that the pension trust fund records fair value adjustments to its investments. Expenses/deductions are recorded when the funds are disbursed. The acquisition of a capital asset is capitalized and depreciation of capital assets has been reported as an expense. Accordingly, the financial statements are not intended to present financial position and changes in financial position in conformity with accounting principles generally accepted in the United States of America. Operating revenues/expenses include all revenues/expenses directly related to providing enterprise fund services. Incidental revenues/expenses are reported as nonoperating.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Revenues are recorded at the time of receipt by the City. Expenditures are recorded when the funds are disbursed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers liquid deposits or investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are reported at fair value in the pension trust fund. Fair value has been based on quoted market prices at April 30, 2017 for debt and equity securities. Changes in fair value are recognized in the statement of changes in fiduciary net position.

Certificates of deposit are stated at cost, which approximates fair value.

Capital Assets

Capital assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures at the time of purchase in governmental funds. Capital assets, which include infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements, and in the Enterprise Fund's fund financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value at the date of donation. The City records all capital items, which are individually greater than \$10,000, with a useful life of greater than one year, as capital assets.

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

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Building Improvements	40 Years
Machinery and Equipment	5 – 20 Years
Vehicles	5 – 15 Years
Water/Sewer Systems	30 Years
Infrastructure	50 Years

Accumulated Unpaid Sick Pay and Vacation Pay

Accumulated unpaid sick pay and vacation pay is not accrued in the governmental funds or the entity-wide statements because, as stated above, the City's financial statements are prepared on the cash and modified cash basis of accounting. As of April 30, 2017, the unpaid vacation and sick pay was approximately \$261,171.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund statement of net position – modified cash basis. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method.

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.

Fund Balance Classification

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City did not have any nonspendable resources as of April 30, 2017.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Classification (Continued)

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified state and federal grants as being restricted because their use is restricted by granting agencies. The City has also classified property, replacement, certain fines and forfeits, and motor fuel taxes as being restricted because their use is restricted by state laws and regulations.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. The City did not have any committed resources as of April 30, 2017.
- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through the City Council delegating this responsibility to a Council member or the Treasurer through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund and includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

Net Position

Net position represents the difference between assets and liabilities as of April 30, 2017. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. As of April 30, 2017, there were no unspent bond proceeds. Net positions are reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

Interfund services 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 services transactions and reimbursements, are reported as transfers.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS

The City maintains a cash and investment pool that is available for use by all funds except the pension trust fund. The deposits and investments of the pension trust fund are held separately from those of the other funds. Each fund's portion of this pool is displayed on the statement of net position – modified cash basis as “cash and cash equivalents.” Investments are governed by two separate investment policies; one policy for the City adopted by the City Council and one policy for the Police Pension Fund approved by the Police Pension Fund's board of trustees.

The City's investment policy (Ordinance No. 99-32) authorizes the City 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 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 and Illinois Funds.

The Police Pension Fund can invest in the same securities as the City, plus the following: certain non-U.S. obligations (corporate debt securities), Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the state of Illinois and its political divisions, Illinois insurance company general and separate accounts and equity mutual funds.

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 objective of the policy is legality, safety (preservation of capital and protection of investment principal), liquidity, and yield.

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

City Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance with the collateral evidenced by a written collateral agreement and held at an independent third party institution acting as the City's agent. At April 30, 2017, none of the City's deposits were exposed to custodial credit risk.

Police Pension Fund 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 Police Pension Fund's deposits may not be returned to them. The Police Pension Fund's investment policy does not require pledging of collateral for all bank balances in excess of federal depository insurance, since flowthrough FDIC insurance is available for the Police Pension Fund's deposits with financial institutions.

Police Pension Fund Investments

As of April 30, 2017, the Police Pension Fund had the following investments and maturities of debt securities:

<u>Investments</u>	<u>Fair Value</u>	<u>Maturity (In Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>> 10</u>
Mutual Funds	\$ 1,813,084	\$ 1,813,084	\$ -	\$ -	\$ -
U.S. Agency Securities	778,335	201,000	358,090	103,563	115,682
Corporate Bonds	53,240	-	-	53,240	-
Certificates of Deposit	1,138,326	170,152	868,031	100,143	-
Total	<u>\$ 3,782,985</u>	<u>\$ 2,184,236</u>	<u>\$ 1,226,121</u>	<u>\$ 256,946</u>	<u>\$ 115,682</u>

In accordance with its investment policy, the Police Pension 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 within a one-year period. The investment policy does not limit the maximum maturity length of investments in the Police Pension Fund.

The Police Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government. The U.S. agency securities are rated Aaa by Moody's.

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

Police Pension Fund Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. The Police Pension Fund does not require investments subject to custodial credit risk to be processed on a DVP basis with the underlying investments held by a third party acting as the Police Pension Fund's agent separate from where the investment was purchased. Accordingly, all of the Police Pension Fund's investments in U.S. agency obligations are exposed to custodial credit risk.

Concentration of credit risk – the Police Pension Fund's investment policy limits the amount of the portfolio that can be invested in any one investment to 10% of the overall allocation after accounting for price appreciation.

At April 30, 2017, the Police Pension Fund held securities issued by Federal Farm Credit (8%), GE Capital CD and American Express CD (5% each) Discover CD and FHLMC (4% each).

NOTE 3 PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the City:

- The property tax lien date is January 1.
- The annual tax levy ordinance for the 2015 levy year (which finances fiscal year 2017) was passed December 14, 2015.
- Property taxes are due to the County Collector in two installments, June 1 and September 1.
- Property taxes for 2015 are normally received monthly beginning in May 2016 and generally ending by November 2016.

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 4 CAPITAL ASSETS

Governmental Activities

Capital asset activity for the year ended April 30, 2017 consists of the following:

	Balances May 1	Additions	Retirements	Balance April 30
Capital Assets Not Being Depreciated:				
Land	\$ 543,870	\$ 108,444	\$ -	\$ 652,314
Land Right of Ways	461,729	-	-	461,729
Construction in Progress	817,766	78,413	737,612	158,567
Total Capital Assets				
Not Being Depreciated	1,823,365	186,857	737,612	1,272,610
Capital Assets Being Depreciated:				
Buildings and Improvements	854,916	486,166	-	1,341,082
Machinery and Equipment	605,884	46,029	-	651,913
Vehicles	1,367,522	178,459	60,303	1,485,678
Infrastructure	6,179,249	959,596	-	7,138,845
Total Capital Assets				
Being Depreciated	9,007,571	1,670,250	60,303	10,617,518
Less: Accumulated Depreciation for:				
Buildings and Improvements	438,352	29,731	-	468,083
Machinery and Equipment	315,063	73,320	-	388,383
Vehicles	931,187	155,540	56,914	1,029,813
Infrastructure	830,522	139,277	-	969,799
Total Accumulated Depreciation	2,515,124	397,868	56,914	2,856,078
Total Capital Assets				
Being Depreciated, Net	6,492,447	1,272,382	3,389	7,761,440
Total Capital Assets, Net of				
Accumulated Depreciation	<u>\$ 8,315,812</u>	<u>\$ 1,459,239</u>	<u>\$ 741,001</u>	<u>\$ 9,034,050</u>

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Business-Type Activities

Capital asset activity for the year ended April 30, 2017 consists of the following:

	Balances May 1	Additions	Retirements	Balances April 30
Capital Assets Not Being Depreciated:				
Land	\$ 81,318	\$ -	\$ -	\$ 81,318
Capital Assets Being Depreciated:				
Vehicles	396,467	-	-	396,467
Treatment Facility	14,828,018	-	-	14,828,018
Storage Facilities	689,532	533,642	48,400	1,174,774
Water Lines	1,775,280	299,322	-	2,074,602
Sewer lines	3,755,790	-	-	3,755,790
Total Capital Assets Being Depreciated	21,445,087	832,964	48,400	22,229,651
Less: Accumulated Depreciation for:				
Vehicles	297,014	20,749	-	317,763
Treatment Facility	6,407,098	497,217	-	6,904,315
Storage Facilities	408,009	19,838	10,789	417,058
Water Lines	1,212,318	36,398	-	1,248,716
Sewer lines	1,175,009	122,373	-	1,297,382
Total Accumulated Depreciation	9,499,448	696,575	10,789	10,185,234
Total Capital Assets Being Depreciated, Net	11,945,639	136,389	37,611	12,044,417
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,026,957</u>	<u>\$ 136,389</u>	<u>\$ 37,611</u>	<u>\$ 12,125,735</u>

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

Governmental Activities:	
General Government	\$ 81,350
Public Safety	75,015
Highways and Streets	241,503
Total Depreciation Expense – Governmental Activities	<u>\$ 397,868</u>

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 5 LONG-TERM DEBT

Governmental Activities

The following is a summary of changes in long-term debt of the City for the year ended April 30, 2017, which relates to the governmental activities:

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
Capital Leases	\$ 61,569	\$ 29,912	\$ 38,033	\$ 53,448	\$ 38,516

The City has entered into a lease agreement to finance the acquisition of vehicles. This lease agreement qualifies as a capital lease for accounting purposes, and has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Vehicles	\$ 153,255
Less: Accumulated Depreciation	(73,384)
Total	\$ 79,871

Depreciation expense for these assets acquired through capital leases totaled \$28,158.

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2017 were as follows:

Year Ending April 30,	Amount
2018	\$ 41,697
2019	8,138
2020	8,138
Total	57,973
Less: Amount Representing Interest	4,525
Present Value of Minimum Lease Payments	\$ 53,448

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Business-Type Activities

The following is a summary of changes in long-term debt of the City for the year ended April 30, 2017, all of which relates to the business-type activities and the enterprise fund:

	Balances May 1	Additions	Reductions	Balances April 30	Due Within One Year
\$4,880,000 G.O. Refunding Bonds, Series 2013 semiannual interest payments at rates from 2.0 to 3.5%, due September 15, 2022, principal payments begin September 15, 2014.	\$ 3,870,000	\$ -	\$ 520,000	\$ 3,350,000	\$ 530,000
Bond Premium	62,958	-	9,624	53,334	-
Total Long-Term Debt	<u>\$ 3,932,958</u>	<u>\$ -</u>	<u>\$ 529,624</u>	<u>\$ 3,403,334</u>	<u>\$ 530,000</u>

Long-term debt payable at April 30, 2017 is comprised of the following:

General Obligation Refunding Bonds, Series 2013

The City issued \$4,880,000 General Obligation Refunding Bonds, Series 2013 for the purpose of repaying \$5,481,949 of an Illinois EPA loan. Principal payments are due September 15, ranging from \$500,000 to \$595,000 annually beginning in fiscal year 2015, final payment due in fiscal year 2023. Interest rates vary between 2.0 and 3.5%, and interest payments are due semiannually on March 15 and September 15.

The following are summaries of the City's general obligation bonds future annual debt service principal and interest requirements:

<u>Year Ending April 30,</u>	General Obligation Bonds Principal	General Obligation Bonds Interest	Total
2018	\$ 530,000	\$ 94,201	\$ 624,201
2019	545,000	80,763	625,763
2020	560,000	65,550	625,550
2021	575,000	48,525	623,525
2022	595,000	29,488	624,488
2023-2024	545,000	9,538	554,538
Total	<u>\$ 3,350,000</u>	<u>\$ 328,065</u>	<u>\$ 3,678,065</u>

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 5 LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

Conduit Debt

The City has issued Industrial Development Revenue Bonds (IDRBs) to provide financial assistance to private organizations for the construction and acquisition of industrial and commercial improvements deemed to be in the public interest. The bonds are secured solely by the property financed and are payable solely from the payments received on the underlying mortgage loans on the property. The City is not obligated in any manner for the repayment of the IDRBs. Accordingly, the IDRBs outstanding are not reported as a liability in these financial statements. The principal outstanding as of April 30, 2017 was undetermined; however, the original principal on the IDRBs was \$4,600,000.

NOTE 6 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Transfers between funds at April 30, 2017 were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Nonmajor Governmental	\$ 176,951	\$ -
General	-	176,951
Total Transfers	<u>\$ 176,951</u>	<u>\$ 176,951</u>

The purpose of significant transfers is as follows:

- \$110,088 transferred from the General Fund to the Tort Immunity Fund to subsidize expenditures.
- \$45,946 transferred from the General Fund to the Forestry Fund to subsidize expenditures.

There were no funds with a deficit fund balance at April 30, 2017.

NOTE 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 and net income losses. To insure against the losses, the City purchased an insurance policy through a publicly traded insurance provider. The City pays an annual premium to the insurance provider for its coverage. The City is not aware of any additional premiums owed to the insurance provider as of April 30, 2017.

In addition, the City provides health care benefits to employees through a third party indemnity contract. Settlements have not exceeded coverage for the fiscal year ended April 30, 2017 or the prior two fiscal years.

**CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017**

NOTE 8 PENSION DISCLOSURE

Illinois Municipal Retirement Plan

Plan Description

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

Funding Policy

As set by statute, Regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2016 used by the City was 9.73% of annual covered payroll. The employer annual required contribution rate for calendar year 2016 was 9.73%. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF board of trustees, while the supplemental retirement benefits rate is set by statute.

Contributions Made

For calendar year ending December 31, 2016, the City's actual contributions for pension cost for the Regular plan were \$123,742. Its required contribution was \$123,742.

Police Pension

Plan Description

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 Police Pension Plan does not issue stand-alone financial reports. At April 30, 2017, the Police Pension Plan membership consisted of:

Inactive Participants	12
Active Employees:	
Fully Vested	8
Nonvested	8
Total	<u>28</u>

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 8 PENSION DISCLOSURE (CONTINUED)

Police Pension (Continued)

Plan Description (Continued)

The Police Pension Plan provides retirement benefits through two tiers of benefits as well as death and disability benefits. Tier 1 employees (those hired as police officers 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 75.00% of such salary. Employees with at least 8 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 3.00% of the original pension and 3.00% compounded annually thereafter.

Tier 2 employees (those hired as police officers on or after January 1, 2011) attaining the age of 55 or older with 10 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 one half of the annual change in the Consumer Price Index or 3.00% 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 75.00% of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (i.e., 0.50% 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 3.00% or one half of the change in the Consumer Price Index for the preceding calendar year.

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 Police Pension Plan as actuarially determined by an enrolled actuary. Effective January 1, 2012, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 8 PENSION DISCLOSURE (CONTINUED)

Police Pension (Continued)

Funding Policy

The funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. Actuarial assumptions include a 7.50% discount rate and projected salary increases of 5.50% including inflation at 2.50%.

Contributions Made

The City's pension contribution for the current year was \$262,667. Contributions were \$264,427 and \$322,593 for the two preceding years, respectively.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described in Note 8, 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, except for the implicit subsidy which is governed by the State Legislature and Illinois Compiled Statutes (ILCS). The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental and business-type activities and proprietary fund.

Benefits Provided

The City provides continued health insurance coverage to retirees at the active employee rate to all eligible retirees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under the City's retirement plans. In addition, public safety officers on certain duty disability can receive health care benefits for life paid for by the City, which creates an implicit subsidy.

CITY OF SANDWICH, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2017

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Membership

At April 30, 2017, the most recent actuarial valuation, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	3
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Active Employees	<u>36</u>
Total	<u><u>39</u></u>
 Participating Employers	 <u><u>1</u></u>

Funding Policy

The City is not required to and currently does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

NOTE 10 CONTINGENT LIABILITIES

Litigation

From time to time, the City may be a defendant in various lawsuits and the outcome of any such lawsuits is not presently determinable.

Grants

Amounts received 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.

SUPPLEMENTARY INFORMATION

**CITY OF SANDWICH, ILLINOIS
GENERAL FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE (CASH BASIS) – BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2017**

	Budget		Actual	Variance
	Original	Final		
REVENUES COLLECTED				
Taxes	\$ 3,320,928	\$ 3,320,928	\$ 3,443,866	\$ 122,938
Licenses and Permits	53,600	53,600	78,685	25,085
Charges for Services	-	-	4,500	4,500
Fines and Forfeits	28,900	28,900	32,339	3,439
Investment Income	11,000	11,000	13,242	2,242
Miscellaneous	-	-	73,078	73,078
Total Revenues Collected	<u>3,414,428</u>	<u>3,414,428</u>	<u>3,645,710</u>	<u>231,282</u>
EXPENDITURES PAID				
General Government:				
Administrative	714,529	714,529	517,025	197,504
Public Safety:				
Police	2,242,708	2,242,708	2,121,519	121,189
ESDA	10,000	10,000	8,235	1,765
Total Public Safety	<u>2,252,708</u>	<u>2,252,708</u>	<u>2,129,754</u>	<u>122,954</u>
Highways and Streets:				
Streets	590,207	590,207	498,054	92,153
Engineering	65,575	65,575	68,193	(2,618)
Total Highways and Streets	<u>655,782</u>	<u>655,782</u>	<u>566,247</u>	<u>89,535</u>
Capital Outlay:				
Capital Improvement	2,481,904	2,481,904	1,089,583	1,392,321
Total Capital Outlay	<u>2,481,904</u>	<u>2,481,904</u>	<u>1,089,583</u>	<u>1,392,321</u>
Debt Service:				
Principal	30,000	30,000	29,895	105
Interest	4,000	4,000	3,663	337
Total Debt Service	<u>34,000</u>	<u>34,000</u>	<u>33,558</u>	<u>442</u>
Total Expenditures Paid	<u>6,138,923</u>	<u>6,138,923</u>	<u>4,336,167</u>	<u>1,802,756</u>
DEFICIENCY OF REVENUES COLLECTED OVER EXPENDITURES PAID	<u>(2,724,495)</u>	<u>(2,724,495)</u>	<u>(690,457)</u>	<u>(1,571,474)</u>

CITY OF SANDWICH, ILLINOIS
GENERAL FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE (CASH BASIS) – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED APRIL 30, 2017

	Budget		Actual	Variance
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 40,000	\$ 40,000	\$ -	\$ (40,000)
Transfers Out	1,436,814	1,436,814	(176,951)	(1,613,765)
Total Other Financing Sources (Uses)	<u>1,476,814</u>	<u>1,476,814</u>	<u>(176,951)</u>	<u>(1,653,765)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,247,681)</u>	<u>\$ (1,247,681)</u>	(867,408)	<u>\$ 380,273</u>
Fund Balance – Beginning of Year			<u>3,950,262</u>	
FUND BALANCE – END OF YEAR			<u>\$ 3,082,854</u>	

CITY OF SANDWICH, ILLINOIS
MOTOR FUEL TAX FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE (CASH BASIS) – BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2017

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED			
Taxes:			
Motor Fuel Tax	\$ 200,000	\$ 195,847	\$ (4,153)
Investment Income	2,400	1,527	(873)
Total Revenues Collected	202,400	197,374	(5,026)
EXPENDITURES PAID			
Current:			
Highway and Streets	643,524	502,465	(141,059)
Capital Outlay	875,000	-	(875,000)
Total Expenditures Paid	1,518,524	502,465	(1,016,059)
NET CHANGE IN FUND BALANCE	\$ (1,316,124)	(305,091)	\$ 1,011,033
Fund Balance – Beginning		1,316,288	
FUND BALANCE – ENDING		\$ 1,011,197	

**CITY OF SANDWICH, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND
FUND BALANCES ARISING FROM CASH TRANSACTIONS
YEAR ENDED APRIL 30, 2017**

Fund Balances: Restricted for:	Special Revenue Funds						
	Audit	Illinois Municipal Retirement	Police Pension	Tort Immunity	Vehicle Fleet	Forestry	School Crossing Guard
Cash and Cash Equivalents	\$ -	\$ 77,400	\$ 40	\$ -	\$ 9,539	\$ 1,627	\$ 625
Total Assets	\$ -	\$ 77,400	\$ 40	\$ -	\$ 9,539	\$ 1,627	\$ 625
LIABILITIES AND FUND BALANCES							
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:							
Restricted for:							
Employee Retirement	-	77,400	-	-	-	-	-
Forestry	-	-	-	-	-	1,627	-
Specific Purposes	-	-	-	-	-	-	625
Public Safety	-	-	-	-	-	-	-
Vehicle Purposes	-	-	-	-	9,539	-	-
Unrestricted:							
Assigned to Specific Purposes	-	-	-	-	-	-	-
Assigned to Public Safety	-	-	40	-	-	-	-
Assigned to Capital Outlay	-	-	-	-	-	-	-
Total Fund Balances	-	77,400	40	-	9,539	1,627	625
Total Liabilities and Fund Balances	\$ -	\$ 77,400	\$ 40	\$ -	\$ 9,539	\$ 1,627	\$ 625

CITY OF SANDWICH, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF ASSETS, LIABILITIES, AND
FUND BALANCES ARISING FROM CASH TRANSACTIONS (CONTINUED)
YEAR ENDED APRIL 30, 2017

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental
	Drug Abuse	Tourism	911	Impact Fee	Fairwinds Boulevard Reimbursement	
Cash and Cash Equivalents	\$ 34,202	\$ 25,594	\$ 75,284	\$ 275,162	\$ 62,468	\$ 561,941
Total Assets	\$ 34,202	\$ 25,594	\$ 75,284	\$ 275,162	\$ 62,468	\$ 561,941
LIABILITIES AND FUND BALANCES						
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances:						
Restricted for:						
Employee Retirement	-	-	-	-	-	77,400
Forestry	-	-	-	-	-	1,627
Specific Purposes	-	-	-	-	-	625
Public Safety	-	-	75,284	-	-	75,284
Vehicle Purposes	-	-	-	-	-	9,539
Unrestricted:						
Assigned to Specific Purposes	-	25,594	-	-	-	25,594
Assigned to Public Safety	34,202	-	-	-	-	34,242
Assigned to Capital Outlay	-	-	-	275,162	62,468	337,630
Total Fund Balances	\$ 34,202	\$ 25,594	\$ 75,284	\$ 275,162	\$ 62,468	\$ 561,941
Total Liabilities and Fund Balances	\$ 34,202	\$ 25,594	\$ 75,284	\$ 275,162	\$ 62,468	\$ 561,941

**CITY OF SANDWICH, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID, AND
CHANGES IN FUND BALANCE – CASH BASIS – BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2017**

	Special Revenue Funds					
	Audit			Illinois Municipal Retirement		
	Original and Final Budget	Actual	Variance Over (Under)	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED						
Taxes:						
Property Tax	\$ 20,000	\$ 18,861	\$ (1,139)	\$ 220,000	\$ 207,415	\$ (12,585)
Intergovernmental	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues Collected	<u>20,000</u>	<u>18,861</u>	<u>(1,139)</u>	<u>220,000</u>	<u>207,415</u>	<u>(12,585)</u>
EXPENDITURES PAID						
Current:						
General Government	20,000	19,100	(900)	130,252	82,840	(47,412)
Public Safety	-	-	-	308,845	196,427	(112,418)
Highway and Streets	-	-	-	71,169	45,264	(25,905)
Debt Service:						
Principal	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures Paid	<u>20,000</u>	<u>19,100</u>	<u>(900)</u>	<u>510,266</u>	<u>324,531</u>	<u>(185,735)</u>
Revenues Collected Over (Under)						
Expenditures Paid	-	(239)	(239)	(290,266)	(117,116)	173,150
OTHER FINANCING SOURCES (USES)						
Transfers In	-	239	239	-	-	-
Proceeds from Capital Lease Obligation	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>239</u>	<u>239</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (290,266)</u>	<u>(117,116)</u>	<u>\$ 173,150</u>
Fund Balances – Beginning		<u>-</u>			<u>194,516</u>	
FUND BALANCES – ENDING		<u>\$ -</u>			<u>\$ 77,400</u>	

Special Revenue Funds

Police Pension			Tort Immunity		
Original and Final Budget	Actual	Variance Over (Under)	Original and Final Budget	Actual	Variance Over (Under)
\$ 300,000	\$ 262,543	\$ (37,457)	\$ 288,600	\$ 155,573	\$ (133,027)
-	-	-	-	-	-
-	164	164	-	-	-
-	-	-	-	-	-
<u>300,000</u>	<u>262,707</u>	<u>(37,293)</u>	<u>288,600</u>	<u>155,573</u>	<u>(133,027)</u>
-	-	-	65,858	67,813	1,955
300,000	262,667	(37,333)	156,158	160,795	4,637
-	-	-	35,984	37,053	1,069
-	-	-	-	-	-
-	-	-	-	-	-
<u>300,000</u>	<u>262,667</u>	<u>(37,333)</u>	<u>258,000</u>	<u>265,661</u>	<u>7,661</u>
-	40	40	30,600	(110,088)	(140,688)
-	-	-	-	110,088	110,088
-	-	-	-	-	-
-	-	-	-	110,088	110,088
<u>\$ -</u>	<u>40</u>	<u>\$ 40</u>	<u>\$ 30,600</u>	<u>-</u>	<u>\$ (30,600)</u>
-	-	-	-	-	-
-	<u>\$ 40</u>	-	-	<u>\$ -</u>	-

**CITY OF SANDWICH, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE – CASH BASIS – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED APRIL 30, 2017**

	Special Revenue Funds					
	Vehicle Fleet			Forestry		
	Original and Final Budget	Actual	Variance Over (Under)	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED						
Taxes:						
Property Tax	\$ -	\$ -	\$ -	\$ 50,000	\$ 47,142	\$ (2,858)
Intergovernmental	-	-	-	-	-	-
Fines and Forfeits	1,700	2,305	605	-	-	-
Investment Income	-	4	4	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues Collected	<u>1,700</u>	<u>2,309</u>	<u>609</u>	<u>50,000</u>	<u>47,142</u>	<u>(2,858)</u>
EXPENDITURES PAID						
Current:						
General Government	-	-	-	-	-	-
Public Safety	17,067	-	(17,067)	-	-	-
Highway and Streets	-	-	-	50,000	91,461	41,461
Debt Service:						
Principal	-	8,138	8,138	-	-	-
Capital Outlay	-	29,912	29,912	-	-	-
Total Expenditures Paid	<u>17,067</u>	<u>38,050</u>	<u>20,983</u>	<u>50,000</u>	<u>91,461</u>	<u>41,461</u>
Revenues Collected Over (Under)						
Expenditures Paid	(15,367)	(35,741)	(20,374)	-	(44,319)	(44,319)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	45,946	45,946
Proceeds from Capital Lease Obligation	-	29,912	29,912	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>29,912</u>	<u>29,912</u>	<u>-</u>	<u>45,946</u>	<u>45,946</u>
NET CHANGE IN FUND BALANCE	<u>\$ (15,367)</u>	<u>(5,829)</u>	<u>\$ 9,538</u>	<u>\$ -</u>	<u>1,627</u>	<u>\$ 1,627</u>
Fund Balances – Beginning		<u>15,368</u>			<u>-</u>	
FUND BALANCES – ENDING		<u>\$ 9,539</u>			<u>\$ 1,627</u>	

Special Revenue Funds

School Crossing Guard			Drug Abuse			Tourism		
Original and Final Budget	Actual	Variance Over (Under)	Original and Final Budget	Actual	Variance Over (Under)	Original and Final Budget	Actual	Variance Over (Under)
\$ 16,272	\$ 14,147	\$ (2,125)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	38	38	-	-	-
-	-	-	3,650	11,208	7,558	25,000	30,521	5,521
<u>16,272</u>	<u>14,147</u>	<u>(2,125)</u>	<u>3,650</u>	<u>11,246</u>	<u>7,596</u>	<u>25,000</u>	<u>30,521</u>	<u>5,521</u>
-	-	-	-	-	-	50,055	29,982	(20,073)
25,275	23,203	(2,072)	26,603	-	(26,603)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>25,275</u>	<u>23,203</u>	<u>(2,072)</u>	<u>26,603</u>	<u>-</u>	<u>(26,603)</u>	<u>50,055</u>	<u>29,982</u>	<u>(20,073)</u>
(9,003)	(9,056)	(53)	(22,953)	11,246	34,199	(25,055)	539	25,594
-	678	678	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	678	678	-	-	-	-	-	-
<u>\$ (9,003)</u>	<u>(8,378)</u>	<u>\$ 625</u>	<u>\$ (22,953)</u>	<u>11,246</u>	<u>\$ 34,199</u>	<u>\$ (25,055)</u>	<u>539</u>	<u>\$ 25,594</u>
	<u>9,003</u>			<u>22,956</u>			<u>25,055</u>	
	<u>\$ 625</u>			<u>\$ 34,202</u>			<u>\$ 25,594</u>	

**CITY OF SANDWICH, ILLINOIS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENDITURES PAID AND
CHANGES IN FUND BALANCE – CASH BASIS – BUDGET AND ACTUAL (CONTINUED)
YEAR ENDED APRIL 30, 2017**

	Special Revenue Fund			Capital Projects Fund		
	911			Impact Fee		
	Original and Final Budget	Actual	Variance Over (Under)	Original and Final Budget	Actual	Variance Over (Under)
REVENUES COLLECTED						
Taxes:						
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	14,000	14,000	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,790	3,790
Total Revenues Collected	<u>14,000</u>	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>3,790</u>	<u>3,790</u>
EXPENDITURES PAID						
Current:						
General Government	-	-	-	-	1,338	1,338
Public Safety	-	2,863	2,863	40,000	36,553	(3,447)
Highway and Streets	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Capital Outlay	<u>78,147</u>	<u>-</u>	<u>(78,147)</u>	<u>249,263</u>	<u>-</u>	<u>(249,263)</u>
Total Expenditures Paid	<u>78,147</u>	<u>2,863</u>	<u>(75,284)</u>	<u>289,263</u>	<u>37,891</u>	<u>(251,372)</u>
Revenues Collected Over (Under)						
Expenditures Paid	(64,147)	11,137	75,284	(289,263)	(34,101)	255,162
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	20,000	20,000
Proceeds from Capital Lease Obligation	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ (64,147)</u>	<u>11,137</u>	<u>\$ 75,284</u>	<u>\$ (289,263)</u>	<u>(14,101)</u>	<u>\$ 275,162</u>
Fund Balances – Beginning		<u>64,147</u>			<u>289,263</u>	
FUND BALANCES – ENDING		<u>\$ 75,284</u>			<u>\$ 275,162</u>	

Capital Projects Fund

Fairwinds Boulevard Reimbursement			Total Nonmajor Governmental		
Original and Final Budget	Actual	Variance Over (Under)	Original and Final Budget	Actual	Variance Over (Under)
\$ -	\$ -	\$ -	\$ 894,872	\$ 705,681	\$ (189,191)
-	-	-	14,000	14,000	-
-	-	-	1,700	2,305	605
25	25	-	25	231	206
-	-	-	28,650	45,519	16,869
<u>25</u>	<u>25</u>	<u>-</u>	<u>939,247</u>	<u>767,736</u>	<u>(171,511)</u>
-	-	-	266,165	201,073	(65,092)
-	-	-	873,948	682,508	(191,440)
-	-	-	157,153	173,778	16,625
-	-	-	-	8,138	8,138
62,466	-	(62,466)	389,876	29,912	(359,964)
<u>62,466</u>	<u>-</u>	<u>(62,466)</u>	<u>1,687,142</u>	<u>1,095,409</u>	<u>(591,733)</u>
(62,441)	25	62,466	(747,895)	(327,673)	420,222
-	-	-	-	176,951	176,951
-	-	-	-	29,912	29,912
-	-	-	-	206,863	176,951
<u>\$ (62,441)</u>	<u>25</u>	<u>\$ 62,466</u>	<u>\$ (747,895)</u>	<u>(120,810)</u>	<u>\$ 597,173</u>
	<u>62,443</u>			<u>682,751</u>	
	<u>\$ 62,468</u>			<u>\$ 561,941</u>	

CITY OF SANDWICH, ILLINOIS
ENTERPRISE FUND
SCHEDULE OF NET POSITION BY SUBFUND – MODIFIED CASH BASIS
APRIL 30, 2017

ASSETS	<u>Sewer</u>
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 12,533
Certificates of Deposit	-
Total Current Assets	<u>12,533</u>
NONCURRENT ASSETS	
Capital Assets Not Being Depreciated	79,425
Capital Assets Being Depreciated	17,599,032
Accumulated Depreciation	<u>(7,501,451)</u>
Total Noncurrent Assets	<u>10,177,006</u>
Total Assets	<u>\$ 10,189,539</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
GO Bond Payable – Current	\$ 530,000
NONCURRENT LIABILITIES	
GO Bond Payable	<u>2,873,334</u>
Total Liabilities	3,403,334
NET POSITION	
Net Investment in Capital Assets	6,773,672
Restricted for System Improvements	<u>12,533</u>
Total Net Position	<u>\$ 6,786,205</u>

<u>Water</u>	<u>Sewer Reserve / Improvements</u>	<u>Water Reserve / Improvements</u>	<u>Total Enterprise Fund</u>
\$ 223,308	\$ 1,890,665	\$ 736,740	\$ 2,863,246
-	2,029,790	1,202,816	3,232,606
<u>223,308</u>	<u>3,920,455</u>	<u>1,939,556</u>	<u>6,095,852</u>
1,893	-	-	81,318
4,630,619	-	-	22,229,651
(2,683,783)	-	-	(10,185,234)
<u>1,948,729</u>	<u>-</u>	<u>-</u>	<u>12,125,735</u>
<u>\$ 2,172,037</u>	<u>\$ 3,920,455</u>	<u>\$ 1,939,556</u>	<u>\$ 18,221,587</u>
\$ -	\$ -	\$ -	\$ 530,000
-	-	-	<u>2,873,334</u>
-	-	-	3,403,334
1,948,729	-	-	8,722,401
223,308	3,920,455	1,939,556	6,095,852
<u>\$ 2,172,037</u>	<u>\$ 3,920,455</u>	<u>\$ 1,939,556</u>	<u>\$ 14,818,253</u>

**CITY OF SANDWICH, ILLINOIS
ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BY SUBFUND – BUDGETARY BASIS – BUDGET AND ACTUAL
YEAR ENDED APRIL 30, 2017**

	Sewer		
	Original and Final Budget	Actual	Variance
OPERATING REVENUES COLLECTED			
Charges for Services	\$ 1,100,000	\$ 1,083,355	\$ (16,645)
OPERATING EXPENSES PAID EXCLUDING DEPRECIATION AND AMORTIZATION			
Personal Services	220,709	226,053	5,344
Contractual Services	211,310	167,825	(43,485)
Commodities	49,700	60,468	10,768
Capital Outlay	42,350	6,307	(36,043)
Total Operating Expenses Paid	<u>524,069</u>	<u>460,653</u>	<u>(63,416)</u>
OPERATING INCOME (LOSS) EXCLUDING DEPRECIATION AND AMORTIZATION	575,931	622,702	46,771
NONOPERATING REVENUES COLLECTED (EXPENSES PAID)			
Investment Income	-	-	-
Connection/Infrastructure Fees	-	-	-
Miscellaneous Income	12,800	15,857	3,057
Interest and Fiscal Charges	(111,225)	(106,026)	5,199
Total Nonoperating Revenues Collected (Expenses Paid)	<u>(98,425)</u>	<u>(90,169)</u>	<u>8,256</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED OVER EXPENSES PAID BEFORE TRANSFERS	477,506	532,533	55,027
TRANSFERS			
Transfers In/(Out)	-	-	-
NET TRANSFERS	-	-	-
NET INCOME (LOSS) – BUDGETARY BASIS	<u>\$ 477,506</u>	532,533	<u>\$ 55,027</u>
ADJUSTMENTS TO MODIFIED CASH BASIS			
Depreciation and Amortization		(586,686)	
Gain on Sale of Capital Assets		-	
Total Adjustments to Modified Cash Basis		<u>(586,686)</u>	
CHANGE IN NET POSITION		(54,153)	
Net Position – Beginning		<u>6,840,358</u>	
NET POSITION – ENDING		<u>\$ 6,786,205</u>	

Water			Sewer Reserve / Improvements		
Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
\$ 589,650	\$ 582,523	\$ (7,127)	\$ -	\$ -	\$ -
187,823	189,632	1,809	-	-	-
103,427	102,606	(821)	-	-	-
126,900	63,676	(63,224)	-	-	-
60,000	11,185	(48,815)	1,783,932	1,196	(1,782,736)
478,150	367,099	(111,051)	1,783,932	1,196	(1,782,736)
111,500	215,424	103,924	(1,783,932)	(1,196)	1,782,736
-	-	-	-	29,790	29,790
-	-	-	-	91,000	91,000
-	7,884	7,884	-	-	-
-	-	-	-	-	-
-	7,884	7,884	-	120,790	120,790
111,500	223,308	111,808	(1,783,932)	119,594	1,903,526
111,500	832,964	721,464	2,000,000	-	(2,000,000)
111,500	832,964	721,464	2,000,000	-	(2,000,000)
<u>\$ 223,000</u>	1,056,272	<u>\$ 833,272</u>	<u>\$ 216,068</u>	119,594	<u>\$ (96,474)</u>
	(100,265)			-	
	(37,611)			-	
	<u>(137,876)</u>			-	
	918,396			119,594	
	<u>1,253,641</u>			<u>3,800,861</u>	
	<u>\$ 2,172,037</u>			<u>\$ 3,920,455</u>	

Water Reserve / Improvements			Total Enterprise Fund		
Original and Final Budget	Actual	Variance	Original and Final Budget	Actual	Variance
\$ -	\$ -	\$ -	\$ 1,689,650	\$ 1,665,878	\$ (23,772)
-	-	-	408,532	415,685	7,153
95,000	-	(95,000)	409,737	270,431	(139,306)
-	-	-	176,600	124,144	(52,456)
2,488,000	68,433	(2,419,567)	4,374,282	87,121	(4,287,161)
<u>2,583,000</u>	<u>68,433</u>	<u>(2,514,567)</u>	<u>5,369,151</u>	<u>897,381</u>	<u>(4,471,770)</u>
(2,583,000)	(68,433)	2,514,567	(3,679,501)	768,497	4,447,998
-	2,816	2,816	-	32,606	32,606
-	75,429	75,429	-	166,429	166,429
-	-	-	12,800	23,741	10,941
-	-	-	(111,225)	(106,026)	5,199
-	<u>78,245</u>	<u>78,245</u>	<u>(98,425)</u>	<u>116,750</u>	<u>215,175</u>
(2,583,000)	9,812	2,592,812	(3,777,926)	885,247	4,663,173
(108,879)	(832,964)	(724,085)	2,002,621	-	(2,002,621)
<u>(108,879)</u>	<u>(832,964)</u>	<u>(724,085)</u>	<u>2,002,621</u>	<u>-</u>	<u>(2,002,621)</u>
<u>\$ (2,691,879)</u>	<u>(823,152)</u>	<u>\$ 1,868,727</u>	<u>\$ (1,775,305)</u>	<u>\$ 885,247</u>	<u>\$ 2,660,552</u>
-	-	-	-	(686,951)	(686,951)
-	-	-	-	(37,611)	(37,611)
-	-	-	-	(724,562)	(724,562)
-	(823,152)	(823,152)	-	160,685	160,685
-	<u>2,762,708</u>	<u>2,762,708</u>	-	<u>14,657,568</u>	<u>14,657,568</u>
-	<u>\$ 1,939,556</u>	<u>\$ 1,939,556</u>	-	<u>\$ 14,818,253</u>	<u>\$ 14,818,253</u>

**CITY OF SANDWICH, ILLINOIS
ENTERPRISE FUND
SCHEDULE OF CASH FLOWS BY SUBFUND
YEAR ENDED APRIL 30, 2017**

	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 1,083,355
Payments to Suppliers	(234,600)
Payments to Employees	(226,053)
Net Cash Provided (Used) by Operating Activities	622,702
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from Miscellaneous Revenues	15,857
Transfers Out	-
Net Cash Provided (Used) by Noncapital Financing Activities	15,857
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Connection/Infrastructure Fees	-
Miscellaneous Income	-
Principal payments on long-term debt	(520,000)
Interest and Fiscal Charges Paid	(106,026)
Net Cash Provided (Used) by Capital and Related Financing Activities	(626,026)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,533
Cash and Cash Equivalents – Beginning of Year	-
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 12,533
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ 36,016
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation and Amortization	586,686
Net Cash Provided (Used) by Operating Activities	\$ 622,702

<u>Water</u>	<u>Sewer Reserve / Improvements</u>	<u>Water Reserve / Improvements</u>	<u>Total Enterprise Fund</u>
\$ 582,523	\$ -	\$ -	\$ 1,665,878
(177,467)	(1,196)	(68,433)	(481,696)
(189,632)	-	-	(415,685)
<u>215,424</u>	<u>(1,196)</u>	<u>(68,433)</u>	<u>768,497</u>
7,884	-	-	23,741
<u>-</u>	<u>-</u>	<u>(832,964)</u>	<u>(832,964)</u>
7,884	-	(832,964)	(809,223)
-	91,000	75,429	166,429
-	29,790	2,816	32,606
-	-	-	(520,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,026)</u>
-	120,790	78,245	(426,991)
223,308	119,594	(823,152)	(467,717)
<u>-</u>	<u>3,800,861</u>	<u>2,762,708</u>	<u>6,563,569</u>
<u>\$ 223,308</u>	<u>\$ 3,920,455</u>	<u>\$ 1,939,556</u>	<u>\$ 6,095,852</u>
\$ 115,159	\$ (1,196)	\$ (68,433)	\$ 81,546
100,265	-	-	686,951
<u>\$ 215,424</u>	<u>\$ (1,196)</u>	<u>\$ (68,433)</u>	<u>\$ 768,497</u>

**CITY OF SANDWICH, ILLINOIS
 FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED APRIL 30, 2017**

	Totals			Balance April 30, 2017
	Balance May 1, 2016	Receipts	Disbursements	
ALL FUNDS				
ASSETS				
Cash and Cash Equivalents	\$ 16,000	\$ 16,000	\$ 11,000	\$ 21,000
Total Assets	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 11,000</u>	<u>\$ 21,000</u>
LIABILITIES				
Due to Other Entities	\$ 16,000	\$ 16,000	\$ 11,000	\$ 21,000
Total Liabilities	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 11,000</u>	<u>\$ 21,000</u>
Annexation Deposit				
ASSETS				
Cash and Cash Equivalents	\$ 11,000	\$ -	\$ -	\$ 11,000
Total Assets	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000</u>
LIABILITIES				
Due to Other Entities	\$ 11,000	\$ -	\$ -	\$ 11,000
Total Liabilities	<u>\$ 11,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,000</u>
Excavation Permit Application				
ASSETS				
Cash and Cash Equivalents	\$ 5,000	\$ 16,000	\$ 11,000	\$ 10,000
Total Assets	<u>\$ 5,000</u>	<u>\$ 16,000</u>	<u>\$ 11,000</u>	<u>\$ 10,000</u>
LIABILITIES				
Due to Other Entities	\$ 5,000	\$ 16,000	\$ 11,000	\$ 10,000
Total Liabilities	<u>\$ 5,000</u>	<u>\$ 16,000</u>	<u>\$ 11,000</u>	<u>\$ 10,000</u>

CITY OF SANDWICH, ILLINOIS
SCHEDULE OF ASSESSED VALUATION, TAX RATES,
TAX EXTENSIONS, AND TAX COLLECTIONS
(UNAUDITED)
LAST TEN LEVY YEARS

	2016	2015	2014
ASSESSED VALUATION	\$ 135,670,634	\$ 128,478,442	\$ 126,549,070
TAX RATES			
General Fund:			
General Corporate	0.3526	0.3697	0.3730
Police Protection	0.1410	0.1479	0.1422
Street and Bridge	0.0118	0.0135	0.0041
ESDA	0.0037	0.0039	0.0027
Total General Fund	<u>0.5091</u>	<u>0.5350</u>	<u>0.5220</u>
Special Revenue Funds:			
Illinois Municipal Retirement**	0.1633	0.1712	0.1739
Police Pension	0.2067	0.2168	0.1946
Tort Immunity*	0.0297	0.1284	0.1170
Audit Fund	0.0149	0.0156	0.0146
Street Lighting	0.0500	0.0500	0.0500
School Crossing Guard Fund	0.0111	0.0117	0.0099
Public Benefit	-	-	-
Forestry Fund	0.0371	0.0389	0.0360
Total Special Revenue Funds	<u>0.5128</u>	<u>0.6326</u>	<u>0.5960</u>
Total Tax Rates	<u>1.0219</u>	<u>1.1676</u>	<u>1.1180</u>
TAX EXTENSIONS			
General Fund	\$ 629,679	\$ 627,675	\$ 601,436
Special Revenue Funds			
Illinois Municipal Retirement**	201,981	200,903	200,302
Police Pension	255,686	254,320	224,231
Tort Immunity*	151,492	150,689	134,748
Audit Fund	18,368	18,267	16,844
Street Lighting	61,844	58,661	57,604
School Crossing Guard Fund	13,779	13,703	11,383
Public Benefit	-	-	-
Forestry Fund	45,913	45,663	41,429
Total Tax Extensions	<u>\$ 1,378,742</u>	<u>\$ 1,369,881</u>	<u>\$ 1,287,977</u>
TAX COLLECTIONS			
General Fund	\$ -	\$ 707,024	\$ 650,440
Special Revenue Funds			
Illinois Municipal Retirement**	-	207,397	215,768
Police Pension	-	262,521	239,300
Tort Immunity*	-	155,560	145,167
Audit Fund	-	18,859	18,155
Street Lighting	-	24,560	62,160
School Crossing Guard Fund	-	14,146	12,266
Public Benefit	-	-	-
Forestry Fund	-	47,137	44,633
Total Tax Collections	<u>\$ -</u>	<u>\$ 1,437,204</u>	<u>\$ 1,387,889</u>

* Includes liability, unemployment, and workmen's compensation.

** Includes IMRF and Social Security.

2013	2012	2011	2010	2009	2008	2007
\$ 130,765,768	\$ 145,269,311	\$ 160,790,162	\$ 178,008,122	\$ 188,491,415	\$ 188,563,088	\$ 174,131,174
0.3610	0.3211	0.2765	0.2366	0.2171	0.2323	0.2448
0.1377	0.1224	0.1034	0.0869	0.0798	0.0857	0.0888
-	0.0003	0.0288	0.0197	0.0286	0.0154	0.0413
0.0025	0.0022	0.0019	0.0017	0.0015	0.0016	0.0016
0.5012	0.4460	0.4106	0.3449	0.3270	0.3350	0.3765
0.1682	0.1830	0.1576	0.1357	0.1245	0.1198	0.1242
0.1721	0.0766	0.0598	0.0515	0.0473	0.0473	0.0490
0.1132	0.1017	0.0876	0.0765	0.0702	0.0445	0.0261
0.0142	0.0127	0.0109	0.0094	0.0086	0.0093	0.0096
0.0500	0.0500	0.0498	0.0408	0.0374	0.0420	0.0435
0.0096	0.0086	0.0074	0.0063	0.0058	0.0062	0.0064
-	-	-	0.0361	0.0337	0.0378	0.0392
0.0347	0.0500	0.0454	0.0391	0.0359	0.0385	0.0399
0.5620	0.4826	0.4185	0.3954	0.3634	0.3454	0.3379
1.0632	0.9286	0.8291	0.7403	0.6904	0.6804	0.7144
\$ 597,652	\$ 589,361	\$ 660,945	\$ 614,591	\$ 749,793	\$ 781,156	\$ 799,050
200,653	241,730	253,341	241,522	234,927	225,889	216,560
205,221	101,264	96,136	91,658	89,150	89,125	85,441
134,997	134,441	140,900	136,176	132,453	83,862	80,368
16,876	16,754	17,558	16,733	16,265	17,452	16,711
59,633	66,064	80,009	72,627	-	-	-
11,402	11,310	11,850	11,286	10,963	11,724	11,241
-	-	-	64,260	-	-	-
41,409	66,064	72,999	69,583	67,679	72,652	69,634
\$ 1,267,843	\$ 1,226,988	\$ 1,333,738	\$ 1,318,436	\$ 1,301,230	\$ 1,281,860	\$ 1,279,005
\$ 678,114	\$ 652,277	\$ 655,705	\$ 613,744	\$ 749,258	\$ 777,156	\$ 800,568
217,596	267,555	251,575	241,811	234,475	223,876	216,448
222,543	112,073	95,466	91,766	88,981	88,325	85,380
146,401	148,792	139,918	136,340	132,200	83,862	80,290
18,308	18,521	17,436	16,753	16,233	17,287	16,699
64,600	73,113	79,409	72,674	-	-	-
12,374	12,518	11,768	11,299	10,941	11,625	11,226
-	-	-	64,302	-	-	-
44,914	73,117	72,490	69,667	67,550	71,990	69,587
\$ 1,404,850	\$ 1,357,966	\$ 1,323,767	\$ 1,318,356	\$ 1,299,638	\$ 1,274,121	\$ 1,280,198

**CITY OF SANDWICH, ILLINOIS
SCHEDULE OF LEGAL DEBT MARGIN
APRIL 30, 2017**

ASSESSED VALUATION - 2016	<u>\$ 135,670,634</u>
DEBT LIMIT, 8.625% OF ASSESSED VALUE	\$ 11,701,592
Less General Obligation Bonded Debt	<u>3,403,334</u>
LEGAL DEBT MARGIN	<u>\$ 8,298,258</u>