

CITY OF OLNEY
OLNEY, ILLINOIS

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED APRIL 30, 2020

CITY OF OLNEY
OLNEY, ILLINOIS
YEAR ENDED APRIL 30, 2020

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CITY OF OLNEY
OLNEY, ILLINOIS
YEAR ENDED APRIL 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and
City Council
City of Olney, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Olney, Illinois, as of and for the year ended April 30, 2020, 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on Fiduciary Funds

Management has elected to report Fiduciary Fund investments at fair market value. Financial statements prepared on the modified cash basis of accounting require that all investments be reported at cost. The amount by which this departure decreases the assets and net position of the Fiduciary Funds is \$33,466 and decreases the change in net assets of the Fiduciary Fund by \$324,965.

Qualified Opinion

In our opinion, except for the effects of the matters disclosed in the “Basis for Qualified Opinion on Fiduciary Funds” paragraph, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the fiduciary funds of the City of Olney, Illinois, as of April 30, 2020, and the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund other than the fiduciary funds, and the aggregate remaining fund information of the City of Olney, Illinois, as of April 30, 2020, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Olney, Illinois’ basic financial statements. The Supplementary Information and Other Information, 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.

Supplementary Information

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The budgetary comparison schedule, Illinois Municipal Retirement Fund Three Year Schedule of Funding Progress, the Police Pension Fund and the Fire Pension Fund Three Year Schedule of Funding Progress, the Police Pension Fund and Fire Pension Fund Revenues by Source and Expenses by Type, the Five Year Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds, and the Five Year Comparative Statements of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Water Distribution and Waste Water Treatment, presented on pages 45 through 53, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2020, on our consideration of the City of Olney, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Olney, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Olney, Illinois' internal control over financial reporting and compliance.



KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

September 14, 2020

CITY OF OLNEY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Olney Public Library
ASSETS				
Cash and cash equivalents	\$ 6,227,990	\$ 5,210,414	\$ 11,438,404	\$ 618,664
Investments	1,500	-	1,500	3,960
Inventory	-	98,047	98,047	-
Restricted cash and cash equivalents	143,311	380,419	523,730	-
Capital assets, net of accumulated depreciation	9,972,290	9,964,372	19,936,662	244,638
Total assets	<u>\$ 16,345,091</u>	<u>\$ 15,653,252</u>	<u>\$ 31,998,343</u>	<u>\$ 867,262</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Customer deposits	\$ -	\$ 254,278	\$ 254,278	\$ -
Due within one year				
Notes payable	17,500	71,369	88,869	-
Due in more than one year				
Notes payable	262,500	970,171	1,232,671	-
Total liabilities	<u>280,000</u>	<u>1,295,818</u>	<u>1,575,818</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	9,692,290	8,922,832	18,615,122	244,638
Restricted	2,283,422	126,141	2,409,563	165,044
Unrestricted	4,089,379	5,308,461	9,397,840	457,580
Total net position	<u>16,065,091</u>	<u>14,357,434</u>	<u>30,422,525</u>	<u>867,262</u>
Total liabilities and net position	<u>\$ 16,345,091</u>	<u>\$ 15,653,252</u>	<u>\$ 31,998,343</u>	<u>\$ 867,262</u>

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

CITY OF OLNEY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Olney Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,283,801	\$ 38,885	\$ 500	\$ 72,021	\$ (1,172,396)	\$ -	\$ (1,172,396)	
Public safety	2,363,444	51,409	26,445	-	(2,285,590)	-	(2,285,590)	
Tourism promotion	56,056	-	41,725	25,533	11,202	-	11,202	
Development	465,312	18,337	-	-	(446,975)	-	(446,975)	
Transportation	976,986	7,189	329,500	9,128	(631,169)	-	(631,169)	
Culture and recreation	833,704	138,297	-	3,000	(692,408)	-	(692,408)	
Sanitation	450,515	455,120	-	-	4,605	-	4,605	
Total governmental activities	<u>6,429,818</u>	<u>709,236</u>	<u>398,170</u>	<u>109,682</u>	<u>(5,212,730)</u>	<u>-</u>	<u>(5,212,730)</u>	
Business-type activities:								
Water distribution	1,514,870	1,862,094	-	-	-	347,224	347,224	
Waste water treatment	1,136,703	1,065,806	-	-	-	(70,897)	(70,897)	
Total business-type activities	<u>2,651,573</u>	<u>2,927,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,327</u>	<u>276,327</u>	
Total primary government	<u>\$ 9,081,391</u>	<u>\$ 3,637,136</u>	<u>\$ 398,170</u>	<u>\$ 109,682</u>	<u>(5,212,730)</u>	<u>276,327</u>	<u>(4,936,403)</u>	
Component unit:								
Olney Public Library								
Culture and recreation	\$ 294,338	\$ 11,141	\$ 31,031	\$ -				\$ (252,166)
Total component unit	<u>\$ 294,338</u>	<u>\$ 11,141</u>	<u>\$ 31,031</u>	<u>\$ -</u>				<u>(252,166)</u>
General revenues:								
Taxes:								
Property taxes					1,355,622	-	1,355,622	229,958
Intergovernmental revenues:								
Franchise tax					97,167	-	97,167	-
Hotel/motel tax					88,508	-	88,508	-
Sales tax					2,050,666	-	2,050,666	-
Income tax					987,923	-	987,923	-
Replacement tax					102,658	-	102,658	17,319
Telecommunication tax					138,642	-	138,642	-
Video gaming tax					146,216	-	146,216	-
Foreign fire tax					19,624	-	19,624	-
Rural fire tax					83,587	-	83,587	-
Cannabis excise tax					1,492	-	1,492	-
Interest income					63,643	56,150	119,793	6,336
Miscellaneous					171,547	-	171,547	3,240
Total general revenues					<u>5,307,295</u>	<u>56,150</u>	<u>5,363,445</u>	<u>256,853</u>
Change in net position					94,565	332,477	427,042	4,687
Net position - beginning					15,970,526	14,024,957	29,995,483	862,575
Net position - ending					<u>\$ 16,065,091</u>	<u>\$ 14,357,434</u>	<u>\$ 30,422,525</u>	<u>\$ 867,262</u>

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

CITY OF OLNEY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 4,085,359	\$ 2,142,631	\$ 6,227,990
Restricted cash and cash equivalents	143,311	-	143,311
Investments	-	1,500	1,500
Total assets	\$ 4,228,670	\$ 2,144,131	\$ 6,372,801
FUND BALANCES			
Non-spendable	\$ -	\$ 4,020	\$ 4,020
Restricted	143,311	2,140,111	2,283,422
Committed	5,000	-	5,000
Assigned	538,251	-	538,251
Unassigned	3,542,108	-	3,542,108
Total fund balances	4,228,670	2,144,131	6,372,801
Total liabilities and fund balances	\$ 4,228,670	\$ 2,144,131	

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.	9,972,290
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(280,000)
Net position of governmental activities	\$ 16,065,091

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

CITY OF OLNEY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 798,142	\$ 557,480	\$ 1,355,622
Intergovernmental revenues:			
Franchise tax	97,167	-	97,167
Hotel/motel tax	-	88,508	88,508
Sales tax	2,050,666	-	2,050,666
Income tax	987,923	-	987,923
Replacement tax	71,830	30,828	102,658
Motor fuel tax	-	329,500	329,500
Telecommunication tax	138,642	-	138,642
Video gaming tax	146,216	-	146,216
Foreign fire tax	19,624	-	19,624
Rural fire tax	83,587	-	83,587
Cannabis excise tax	1,492	-	1,492
Licenses and permits	103,258	-	103,258
Fees and fines	68,969	-	68,969
Charges for services	537,009	-	537,009
Interest income	47,400	16,243	63,643
Operating grants	500	-	500
Capital contributions	3,000	25,533	28,533
Operating contributions	26,445	41,725	68,170
Capital grants	81,149	-	81,149
Miscellaneous	149,566	21,981	171,547
Total revenues	<u>5,412,585</u>	<u>1,111,798</u>	<u>6,524,383</u>
EXPENDITURES			
Current:			
General government	1,063,839	15,000	1,078,839
Public safety	2,075,817	-	2,075,817
Tourism promotion	-	56,058	56,058
Development	94,978	1,225	96,203
Transportation	741,036	156,594	897,630
Culture and recreation	641,094	-	641,094
Sanitation	449,177	-	449,177
Debt service:			
Principal	17,500	-	17,500
Capital outlay	755,597	1,800	757,397
Total expenditures	<u>5,839,038</u>	<u>230,677</u>	<u>6,069,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(426,453)</u>	<u>881,121</u>	<u>454,668</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	3,323	-	3,323
Transfers in	426,692	-	426,692
Transfers out	-	(426,692)	(426,692)
Transfers to other governments	-	(247,109)	(247,109)
Total other financing sources (uses)	<u>430,015</u>	<u>(673,801)</u>	<u>(243,786)</u>
Net change in fund balances	3,562	207,320	210,882
Fund balances - beginning	4,225,108	1,936,811	6,161,919
Fund balances - ending	<u>\$ 4,228,670</u>	<u>\$ 2,144,131</u>	<u>\$ 6,372,801</u>

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

CITY OF OLNEY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2020

Net change in fund balances - total governmental funds \$ 210,882

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

	Capital Outlay	757,397	
	Depreciation	<u>(880,802)</u>	(123,405)

Governmental funds report the entire proceeds from the sale of capital assets as an other financing source in the statement of revenues, expenditures, and changes in fund balance. However, in the statement of activities, only the gain (or loss) on the sale is reported. This is the amount by which the gain (or loss) from the sale of capital assets exceeded the proceeds.

	Proceeds - Governmental Funds	(3,323)	
	Loss - Disposal of Assets	<u>(7,089)</u>	(10,412)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.

	Repayments	17,500	
	Proceeds	<u>-</u>	<u>17,500</u>

Change in net position of governmental activities \$ 94,565

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

CITY OF OLNEY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
APRIL 30, 2020

**Business-Type Activities -
Enterprise Funds**

	Water Distribution	Waste Water Treatment	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,262,825	\$ 1,947,589	\$ 5,210,414
Restricted cash and cash equivalents	298,382	82,037	380,419
Inventory	86,013	12,034	98,047
Total current assets	<u>3,647,220</u>	<u>2,041,660</u>	<u>5,688,880</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	5,872,403	4,091,969	9,964,372
Total noncurrent assets	<u>5,872,403</u>	<u>4,091,969</u>	<u>9,964,372</u>
Total Assets	<u>\$ 9,519,623</u>	<u>\$ 6,133,629</u>	<u>\$ 15,653,252</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Current liabilities:			
Customer deposits	\$ 254,278	\$ -	\$ 254,278
Notes payable, current portion	20,521	50,848	71,369
Total current liabilities	<u>274,799</u>	<u>50,848</u>	<u>325,647</u>
Noncurrent liabilities:			
Notes payable, less current portion	371,833	598,338	970,171
Total liabilities	<u>646,632</u>	<u>649,186</u>	<u>1,295,818</u>
NET POSITION			
Net investment in capital assets	5,480,049	3,442,783	8,922,832
Restricted	44,104	82,037	126,141
Unrestricted	3,348,838	1,959,623	5,308,461
Total net position	<u>8,872,991</u>	<u>5,484,443</u>	<u>14,357,434</u>
Total Liabilities and Net Position	<u>\$ 9,519,623</u>	<u>\$ 6,133,629</u>	<u>\$ 15,653,252</u>

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

CITY OF OLNEY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	Business-Type Activities - Enterprise Funds		
	Water Distribution	Waste Water Treatment	Totals
Operating revenues:			
Charges for services	\$ 1,819,033	\$ 1,055,947	\$ 2,874,980
System development fees	7,580	1,050	8,630
Miscellaneous revenue	35,481	8,809	44,290
Total operating revenues	<u>1,862,094</u>	<u>1,065,806</u>	<u>2,927,900</u>
Operating expenses:			
Personal services	798,739	362,448	1,161,187
Support services	59,442	59,230	118,672
Contractual services	88,513	3,948	92,461
Utilities	5,699	103,204	108,903
Repairs and maintenance	82,517	137,131	219,648
Other supplies and materials	184,193	46,737	230,930
Insurance	45,490	28,770	74,260
Depreciation	239,392	368,891	608,283
Other	2,738	20,063	22,801
Total operating expenses	<u>1,506,723</u>	<u>1,130,422</u>	<u>2,637,145</u>
Operating income (loss)	<u>355,371</u>	<u>(64,616)</u>	<u>290,755</u>
Nonoperating revenues (expenses):			
Interest revenue	36,151	19,999	56,150
Interest expense	(7,579)	(5,134)	(12,713)
Loss on the disposal of capital assets	(568)	(1,147)	(1,715)
Total nonoperating revenues (expenses)	<u>28,004</u>	<u>13,718</u>	<u>41,722</u>
Change in net position	<u>383,375</u>	<u>(50,898)</u>	<u>332,477</u>
Total net position - beginning	<u>8,489,616</u>	<u>5,535,341</u>	<u>14,024,957</u>
Total net position - ending	<u>\$ 8,872,991</u>	<u>\$ 5,484,443</u>	<u>\$ 14,357,434</u>

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

CITY OF OLNEY
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	Business-Type Activities - Enterprise Funds		
	Water Distribution	Waste Water Treatment	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,866,377	\$ 1,065,806	\$ 2,932,183
Payments to suppliers	(417,813)	(347,247)	(765,060)
Payments to employees	(798,739)	(362,448)	(1,161,187)
Payments to other funds	(51,578)	(51,578)	(103,156)
Net cash provided by operating activities	<u>598,247</u>	<u>304,533</u>	<u>902,780</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(353,052)	(79,528)	(432,580)
Principal paid on capital debt	(20,144)	(50,569)	(70,713)
Interest paid on capital debt	(7,579)	(5,134)	(12,713)
Net cash used by capital and related financing activities	<u>(380,775)</u>	<u>(135,231)</u>	<u>(516,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	36,151	19,999	56,150
Net cash provided by investing activities	<u>36,151</u>	<u>19,999</u>	<u>56,150</u>
Net increase in cash and cash equivalents	253,623	189,301	442,924
Balances - beginning of year	<u>3,307,584</u>	<u>1,840,325</u>	<u>5,147,909</u>
Balances - end of year	<u>\$ 3,561,207</u>	<u>\$ 2,029,626</u>	<u>\$ 5,590,833</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 355,371	\$ (64,616)	\$ 290,755
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	239,392	368,891	608,283
Change in current assets and current liabilities:			
Inventories	(799)	258	(541)
Customer deposits	4,283	-	4,283
Net cash provided by operating activities	<u>\$ 598,247</u>	<u>\$ 304,533</u>	<u>\$ 902,780</u>
Cash and cash equivalents per Statement of Net Position - Modified Cash Basis:			
Cash and cash equivalents	\$ 3,262,825	\$ 1,947,589	\$ 5,210,414
Restricted cash and cash equivalents	298,382	82,037	380,419
	<u>\$ 3,561,207</u>	<u>\$ 2,029,626</u>	<u>\$ 5,590,833</u>

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

CITY OF OLNEY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2020

	<u>Fire Pension Trust Funds</u>	<u>Police Pension Trust Funds</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Cash and cash equivalents	\$ 41,649	\$ 336,687	\$ 378,336
Investments	2,313,588	4,998,558	7,312,146
Total assets	<u>2,355,237</u>	<u>5,335,245</u>	<u>7,690,482</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 2,355,237</u>	<u>\$ 5,335,245</u>	<u>\$ 7,690,482</u>

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

CITY OF OLNEY
STATEMENT OF CHANGES IN NET POSITION -
MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	<u>Fire Pension Trust Funds</u>	<u>Police Pension Trust Funds</u>	<u>Pension Trust Funds</u>
ADDITIONS			
Contributions:			
Employer	\$ 270,146	\$ 707,276	\$ 977,422
Plan members	21,224	72,463	93,687
Total contributions	<u>291,370</u>	<u>779,739</u>	<u>1,071,109</u>
Investment earnings:			
Interest	25,907	51,651	77,558
Dividends	19,329	198,952	218,281
Realized gain on sale of investments	2,441	159,101	161,542
Change in fair market value of investments	16,725	(341,690)	(324,965)
Net investment earnings	<u>64,402</u>	<u>68,014</u>	<u>132,416</u>
Total additions	<u>355,772</u>	<u>847,753</u>	<u>1,203,525</u>
DEDUCTIONS			
Benefits	249,926	646,078	896,004
Administrative expenses	20,722	19,356	40,078
Pension reimbursement	4,522	23,352	27,874
Total deductions	<u>275,170</u>	<u>688,786</u>	<u>963,956</u>
Change in net position	80,602	158,967	239,569
Net position - beginning	<u>2,274,635</u>	<u>5,176,278</u>	<u>7,450,913</u>
Net position - end of year	<u>\$ 2,355,237</u>	<u>\$ 5,335,245</u>	<u>\$ 7,690,482</u>

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

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Olney, Illinois (the, “City”) operates under a Council-Manager form of government and provides for the following services as authorized by ordinance: public safety and health; maintenance of highways and streets; culture and recreation; zoning and planning; sanitation services; water distribution; waste water treatment; and general administration.

The accounting policies and presentation of the basic financial statements of the City have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will 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.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The basic financial statements include one discretely presented component unit. The component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

Discretely presented component unit - The Olney Public Library is responsible for the operation of the public library within the City’s jurisdiction. The members of the Library’s board are appointed by the Mayor and approved by the City Council. In addition, the City Council approves the Library’s budget, levies taxes, and must approve any debt issuances. The Library does not issue separate financial statements.

B. Basis of Presentation

The City’s basic financial statements consist of city-wide statements including the statement of net position and statement of activities and fund financial statements, which provide a more detailed level of financial information.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

City-wide Financial Statements

The city-wide focus is on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the City as a whole. These statements include financial activities of the primary government; fiduciary activities have been excluded. The effect of interfund activity has been removed from these statements. The city-wide statement of activities reflects both expenses and net cost of each function of the City's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as property taxes, are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each city function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

The financial transactions of the City are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore each is displayed in a separate column. All remaining governmental and proprietary funds are aggregated and presented as nonmajor funds.

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

Governmental funds are used to account for all or most of a City's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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 to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the City-wide statements. The City's fiduciary funds include the Police and Fire Pension Trust Funds.

C. Measurement Focus

The city-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the city-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the city-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the city-wide presentation.

Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The City maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. The pension trust fund investments are valued at fair value, which is a departure from the modified cash basis of accounting. Liabilities of a fund, similarly, result from previous cash transactions.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus (Continued)

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

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Fund Types and Major Funds

The City reports the following major governmental fund:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise funds:

The Water Distribution Fund is used to account for the revenues and expenses associated with providing drinking water distribution services to the City.

The Waste Water Treatment Fund is used to account for revenues and expenses associated with providing sewage services to the City.

D. Cash and Investments

The City's investments include broker-held money market accounts, certificates of deposit, variable annuity contracts, government-secured bonds, mortgage-backed securities, corporate bonds, municipal securities, and mutual funds. These investments are held by the City's Police Pension Trust and Fire Pension Trust Funds and are recorded at fair value. The gains or losses on the sale of these investments are recognized upon realization. Market adjustments for these investments are recorded in the investment earnings in the current period of the pension trust funds. The fair value adjustments are based on quoted market prices at April 30, 2020 in actively traded markets.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Due To and Due From Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. Inter-fund receivable and payables are eliminated on the city-wide statements, when related to the Primary Government. Certain instances may arise where an inter-fund receivable or payable exists between the Primary Government and a Fiduciary Fund. These amounts are not eliminated on the city-wide statements.

F. Inventory

The City records inventory at cost which approximates net realizable value. Inventory consists of water distribution and waste water treatment supplies.

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the city-wide financial statements. The City is including infrastructure assets prospectively starting May 1, 2004. Capital assets are defined by the City as individual assets with an initial, individual cost of more than \$1,000 (\$10,000 for infrastructure assets) and an estimated useful life of 1 year or more. Such assets are recorded at historical cost if purchased or constructed, except for property, plant, and equipment acquired for which historical cost was not available, and are valued based on estimated historical cost at that date.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' 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 asset constructed.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3 – 20
Infrastructure	20 – 40
Buildings	40
Water & Sewer Equipment	5 – 10
Water & Sewer Systems	40

H. Compensated Absences

City employees are entitled to certain compensated absences based on their length of employment. Under the modified cash basis of accounting, the City does not record any accrued compensated absences. Those benefits utilized in the current year are recorded through payroll.

The City pays out accumulated vacation time for an employee leaving the City in good standing following a minimum of one year's employment. As of April 30, 2020, the City's estimated liability to be paid out of the General Fund, Water Fund, and Sewer Fund are \$102,037, \$24,485, and \$12,513, respectively.

I. Long-Term Obligations

In the city-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, or proprietary fund, statement of net position.

J. Concentration of Credit Risk

All users of the City's water and sewer systems are located within the same geographic area within Richland County, Illinois.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements

Fund balance is the difference between assets and liabilities in a governmental fund. The City reports a governmental fund’s fund balance into the following classifications:

Non-spendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.

Restricted includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors.

Committed includes amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

Assigned includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City’s adopted policy, only the City Council may assign amounts for specific purposes.

Unassigned includes all spendable amounts not included in other classifications.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Fund Equity (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the City-wide statements.

L. Property Taxes

The City's property tax is levied each calendar year on all taxable real property located in the City. The local taxing authority for the City of Olney, Illinois is Richland County. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in December and are payable in two installments between the months of July and September of the subsequent year. Property taxes are billed and collected by the County, which in turn, remits them to the City. Payments are typically made during the period July through November. The 2018 tax year levy, received during fiscal year 2020, was adopted by the City Council on December 10, 2018.

M. Program Revenues

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the City. Program specific grants and contributions (operations and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for program operations.

N. Related Party Transactions

There were no material related party transactions with the City officials or employees during the year ended April 30, 2020.

O. Use of Estimates

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all checking, savings, and money market accounts, which are highly liquid investments to be cash. Cash in excess of current requirements is invested in interest-bearing certificates of deposit and is considered to be a cash equivalent.

Q. Date of Management's Review

Management has evaluated subsequent events through September 14, 2020, the date which the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

Cash Deposits

The City and the component unit's cash deposits consist of checking, savings accounts, money market accounts, and certificates of deposit. These deposits are stated at cost. The City and the component unit are authorized by state statute to invest in obligations of the United States of America.

At April 30, 2020, the carrying amount and the bank balance of the City's cash deposits were \$12,340,471 and \$12,521,827 respectively. This includes petty cash and cash on hand amounts of \$1,150. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of April 30, 2020, \$10,455,367 of the City's bank balance of \$12,521,827 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the City's name	<u>\$ 10,455,367</u>
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At April 30, 2020, the carrying amount and the bank balance of the component unit's cash deposits were \$618,664 and \$624,443, respectively. This includes petty cash and cash on hand amounts of \$150. Custodial credit risk is the risk that in the event of a bank failure, the component unit's deposits may not be returned to it. The component unit does not have a deposit policy for custodial credit risk. As of April 30, 2020, \$195,882 of the component unit's bank balance of \$624,443 was exposed to custodial credit risk.

Uninsured and collateral held by pledging bank's trust department not in the component unit's name	\$ <u>195,882</u>
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CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments

The City and the component unit invest excess cash into brokered certificates of deposits, variable annuity contracts, government-secured bonds, mortgage-backed securities, corporate bonds, municipal securities, and mutual funds.

At April 30, 2020, the carrying amount and financial institution balance of the City's investments were \$7,313,646. The carrying amount is as follows:

Brokered certificates of deposit	\$ 1,605,248
Variable annuity contracts	397,168
Broker-held money market	1,029,406
Government-secured bonds	271,406
Mortgage-backed securities	71,499
Corporate bonds	344,550
Mutual funds	3,594,369
	\$ 7,313,646

Custodial credit risk is the risk that in the event of a financial institution failure, the City's investment securities may not be returned to it. The City does not have an investment policy for custodial credit risk. As of April 30, 2020, the City's investments were exposed to custodial credit risk as follows:

Investment securities held by counterparty	\$ <u>7,313,646</u>
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At April 30, 2020, the carrying amount and financial institution balance of the component unit's investments were \$3,960 and \$3,960, respectively. The carrying amount includes \$3,960 of bank stock.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates. The City utilizes third-party investment advisors to manage its exposure to fair value losses. Investments as of April 30, 2020 are summarized below:

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk, Continued

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
City:		
Brokered certificates of deposit	\$ 1,605,248	1.66
Variable annuity contracts	397,168	1.61
Broker-held money market	1,029,406	N/A
Government-secured bonds	271,406	3.13
Mortgage-backed securities	71,499	2.27
Corporate bonds	344,550	3.81
Mutual funds	3,594,369	N/A
	<u>7,313,646</u>	
Component Unit:		
Bank stock	3,960	N/A
	<u>\$ 7,317,606</u>	

Credit Risk of Debt Securities

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligations to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk exposure. State law limits investments in corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Other investments are invested as permitted by the Illinois Pension Code of the Illinois Compiled Status. Foreign currency risk, the risk that changes in exchange rates will adversely affect the fair value of an investment, is expected to be minor based on investment allocations.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 3: COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all of the City’s funds. Certain funds maintain a portion of their cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain funds participating in the common bank account may incur an overdraft (deficit) in the account. The overdraft results from expenditures which have been approved by the City. If this occurs, the overdraft constitutes an unauthorized inter-fund loan since the Council did not authorize it by a resolution.

NOTE 4: ECONOMIC DEVELOPMENT ADMINISTRATION RELENDING PROGRAM

Loans Receivable

In order to stimulate industrial growth, the City has received several grants and a loan from various state and federal agencies, including the Economic Development Administration (EDA). The City has loaned these funds to local industries (net of administration fees) for capital improvements and additional working capital.

There were no loans outstanding at April 30, 2020 as the program has been discontinued.

Activity on the above loans was as follows:

	Economic Development	Total
Loans receivable - May 1, 2019	\$ 20,662	\$ 20,662
New loans added	-	-
Principal payments	(2,178)	(2,178)
Transfer to Greater Wabash Regional Planning Commission	(18,484)	(18,484)
Allowance for bad debts	-	-
Loans receivable - April 30, 2020	<u>\$ -</u>	<u>\$ -</u>

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5: CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets:

Governmental Activities

General Government	Balance May 01, 2019	Additions	Deletions	Transfers	Balance April 30, 2020
Assets not depreciated:					
Land	\$ 1,809,434	\$ -	\$ -	\$ -	\$ 1,809,434
Construction in Progress	19,092	17,270	(6,224)	(12,918)	17,221
Assets depreciated:					
Infrastructure	4,376,513	36,358	-	12,918	4,425,789
Land and Land Improvements	229,281	-	-	-	229,281
Buildings	8,378,938	487,670	(68,021)	-	8,798,587
Equipment	6,435,171	216,099	(766,028)	-	5,885,242
Total Fixed Assets	21,248,429	757,397	(840,273)	-	21,165,554
Less: Accumulated Depreciation	(11,142,323)	(880,802)	829,861	-	(11,193,264)
Fixed Assets, net	<u>\$10,106,106</u>	<u>\$ (123,405)</u>	<u>\$ (10,412)</u>	<u>\$ -</u>	<u>\$ 9,972,290</u>

Business-Type Activities

Water Distribution	Balance May 01, 2019	Additions	Deletions	Transfers	Balance April 30, 2020
Assets not depreciated:					
Land	\$ 634,886	\$ -	\$ -	\$ -	\$ 634,886
Construction in Progress	-	46,612	-	-	46,612
Assets depreciated:					
Water Distribution System	12,321,172	297,478	(3,688)	-	12,614,962
Equipment	838,272	8,962	(107,177)	-	740,057
Total Fixed Assets	13,794,330	353,052	(110,865)	-	14,036,517
Less: Accumulated Depreciation	(8,035,019)	(239,392)	110,297	-	(8,164,114)
Fixed Assets, net	<u>\$ 5,759,311</u>	<u>\$ 113,660</u>	<u>\$ (568)</u>	<u>\$ -</u>	<u>\$ 5,872,403</u>

Waste Water Treatment	Balance May 01, 2019	Additions	Deletions	Transfers	Balance April 30, 2020
Assets not depreciated:					
Land	\$ 134,809	\$ -	\$ -	\$ -	\$ 134,809
Construction in Progress	-	8,950	-	-	8,950
Assets depreciated:					
Sewer Plant	9,155,243	61,258	(265,204)	-	8,951,297
Sewer System	6,153,574	9,320	(111,415)	-	6,051,479
Total Fixed Assets	15,443,626	79,528	(376,619)	-	15,146,535
Less: Accumulated Depreciation	(11,061,147)	(368,891)	375,472	-	(11,054,566)
Fixed Assets, net	<u>\$ 4,382,479</u>	<u>\$ (289,363)</u>	<u>\$ (1,147)</u>	<u>\$ -</u>	<u>\$ 4,091,969</u>

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 5: CHANGES IN CAPITAL ASSETS (CONTINUED)

The following is a summary of changes in capital assets for the component unit:

Component Unit	Balance May 01, 2019	Additions	Deletions	Balance April 30, 2020
Library				
Assets not depreciated:				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Assets depreciated:				
Land Improvements	36,103	-	-	36,103
Buildings	612,755	14,048	-	626,803
Equipment	115,165	-	-	115,165
Total Fixed Assets	789,023	14,048	-	803,071
Less: Accumulated Depreciation	(540,376)	(18,057)	-	(558,433)
Fixed Assets, net	<u>\$ 248,647</u>	<u>\$ (4,009)</u>	<u>\$ -</u>	<u>\$ 244,638</u>

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

Governmental activities:		Business-type activities:	
General Government	\$ 204,962	Water distribution	\$ 239,392
Public Safety	287,627	Waste water treatment	368,891
Sanitation	1,338	Total	<u>\$ 608,283</u>
Transportation	72,267		
Development	121,999		
Culture and recreation	192,609	Component Unit:	
Total	<u>\$ 880,802</u>	Olney Public Library	<u>\$ 18,057</u>

NOTE 6: RESTRICTED ASSETS – BUSINESS-TYPE ACTIVITIES

At April 30, 2020, the City maintained restricted cash and investments for the following purposes:

	Water Distribution	Waste Water Treatment	Total
Restricted for bond ordinances	\$ 44,104	\$ 82,037	\$ 126,141
Restricted for customer deposits	254,278	-	254,278
	<u>\$ 298,382</u>	<u>\$ 82,037</u>	<u>\$ 380,419</u>

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 7: POST-EMPLOYMENT HEALTH CARE BENEFITS

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium and, if applicable, a 2% administration fee, is paid in full by the insured each month. This program is offered for a duration of 18 months after termination date, and is subject to extension. There is no associated cost to the City under this program.

In addition to COBRA Benefits, in accordance with rules established through participation in the Illinois Municipal Retirement Fund, the City offers health insurance coverage to retirees. The cost for retirees to purchase coverage is the same as the amount active employees pay.

NOTE 8: FUND EQUITY

During the fiscal year ended April 30, 2020, the City had the following Non-spendable, Restricted, Committed, and Assigned fund balances:

Governmental Activities

a. Non-spendable

Fund	Amount
NonMajor Governmental Funds:	
Mausoleum Trust	\$ 4,020

b. Restricted

Fund	Amount
General Fund:	
Municipal Band	\$ 589
Audit	4,473
Cannabis Excise Tax	1,492
Electronic Citation	287
Cemetery Perpetual Care	29,262
Health & Life Insurance	65,057
Foreign Fire	22,896
ISO Drug Unit	8,733
Cemetery Plot Care	10,000
Musgrove Tree Park	522
Total General Fund	\$ 143,311

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 8: FUND EQUITY (CONTINUED)

b. Restricted (Continued)

The following funds' excess revenues over expenditures have been restricted in accordance with Illinois Compiled Statutes.

Fund	Amount
NonMajor Governmental Funds:	
Municipal Retirement	\$ 724,418
Levied Insurance	284,161
TIF #3	310,315
Motor Fuel Tax	589,296
Tourism Promotion	182,805
Christmas Light Display	49,116
Total NonMajor Governmental Funds	2,140,111
Total Restricted Funds	\$ 2,283,422

c. Committed

Fund	Amount
General Fund:	
Bike Path	\$ 5,000

d. Assigned

Fund	Amount
General Fund:	
Main Street	\$ 436,623
Building & Equipment Maintenance	72
Walnut/Main Storm Sewer	101,556
	\$ 538,251

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS

Illinois Municipal Retirement Fund

Regular Employee Plan

A. Plan Description

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The 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 (RSI). That report may be obtained on-line at www.imrf.org.

B. Funding Policies

As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate was 16.25 percent and 13.75 percent for the calendar years 2020 and 2019, respectively. 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.

For the fiscal year ending April 30, 2020, the City's actual contributions for pension cost for the Regular plan were \$284,626. The covered payroll for fiscal year ending April 30, 2020 (annual payroll of active employees covered by the plan) was \$1,881,351.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Sheriff's Law Enforcement Personnel Plan

A. Plan Description

The City's defined benefit pension plan for Sheriff's Law Enforcement Personnel (SLEP) 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 (RSI). That report may be obtained on-line at www.imrf.org.

B. Funding Policies

As set by statute, the City's SLEP plan members are required to contribute 7.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate was 12.62 percent and 11.05 percent for the calendar years 2020 and 2019, respectively. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For fiscal year ending April 30, 2020, the City's actual contributions for pension cost for the SLEP plan were \$8,087. The covered payroll for fiscal year ending April 30, 2020 (annual payroll for active employees covered by the plan) was \$70,871.

Police & Fire Pension Plans

A. Plan Descriptions

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer plan, the defined benefits and employee and employer contributions levels are governed by Illinois State Statutes (Chapter 40 1/2 Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. For fiscal year ending April 30, 2020, the employer and employee contributions made were \$707,276 and \$72,463, respectively. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2020 was \$730,230.

CITY OF OLNEY
 NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Police & Fire Pension Plans (Continued)

A. Plan Descriptions (Continued)

Police Pension Plan (Continued)

At April 30, 2020, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	17
Current employees:	
Vested	11
Total	<u><u>28</u></u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 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 pension shall be increased by 2.5% 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 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly pension of a police officer who retires after January 1, 1986, shall be increased, upon either the first of the month following the first anniversary of the date of retirement if the officer is 55 years of age or over, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, by 1/12 of 3% of the originally granted pension for each full month that has elapsed since the pension began, and by an additional 3% of the originally granted pension in January of each year thereafter.

Covered employees are required to contribute 9.910% 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.

CITY OF OLNEY
 NOTES TO FINANCIAL STATEMENTS
 APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Police & Fire Pension Plans (Continued)

A. Plan Descriptions (Continued)

Fire Pension Plan

Fire sworn personnel are covered by the Fire Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes (Chapter 40 1/2 - Pensions - Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. For the fiscal year ending April 30, 2020, the employer and employee contributions made were \$270,146 and \$21,224, respectively. The City's payroll for employees covered by the Fire Pension Plan for the year ended April 30, 2020 was \$223,451.

At April 30, 2020, the Fire Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	5	
Current employees:		
Vested	4	
Total	<table style="margin-left: auto; margin-right: 0; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: center;">9</td> </tr> </table>	9
9		

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by 1/12 of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

The monthly pension of a firefighter who retires after January 1, 1986, shall, upon either the first of the month following the first anniversary of the date of retirement if 55 years of age or over, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, be increased by 1/12 of 3% of the originally granted monthly pension for each full month that has elapsed since the pension began, and by an additional 3% in each January.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 9: PENSION PLANS (CONTINUED)

Police & Fire Pension Plans (Continued)

A. Plan Descriptions (Continued)

Fire Pension Plan (Continued)

Covered employees are required to contribute 9.455% of their salary to the Fire Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest.

NOTE 10: DEFERRED COMPENSATION PLAN

The City offers all of its full-time employees a deferred compensation plan created through a multiple-employer ICMA Retirement Plan and Trust (the "Trust") in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary, in accordance with rules established by the IRS for 457 plans. No part of the corpus or income of the Trust shall revert to the City or be used for or diverted other than for the exclusive benefit of the participants and their beneficiaries. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. As of December 31, 2019, the Trust had invested in various stocks, bonds, mutual funds, insurance contracts and U.S. government securities, none of which represented a significant concentration. The participating City employee's plan balances represent an insignificant portion of the Trust. The City does not make any contributions to this plan. Additional Trust information is available in a publicly available stand-alone financial report.

NOTE 11: COMMITMENTS AND CONTINGENCIES

- A. Grant Audit – The City receives grant funds from various Federal and State agencies during the normal course of operations. These grants are subject to review and audit by agents of the appropriate federal or state agency, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.
- B. Litigation – The City is party to various legal proceedings which normally occur in governmental operations. Such litigation includes, but is not limited to, a claim assessed against the City for property damage done to a citizen's home. The citizen is seeking judgment in excess of \$50,000. The City has turned the claim over to its insurance company. The potential loss may range up to \$50,000 but the City will continue to defend its position.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 12: LONG-TERM DEBT

Governmental Funds

Notes Payable

On May 1, 2016, the City borrowed \$350,000 at 0.00% interest for the purchase of a fire truck. The note is due in annual installments beginning November 1, 2016 through November 1, 2035. The City has pledged the collected sales tax revenue as a means to make the annual payment.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended April 30, 2020:

	<u>Payable at May 01, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Payable at April 30, 2020</u>
Governmental Activities				
Fire Truck Note Payable	\$ 297,500	-	\$ (17,500)	\$ 280,000
Total Governmental Activities	<u>\$ 297,500</u>	<u>\$ -</u>	<u>\$ (17,500)</u>	<u>\$ 280,000</u>

Annual debt service requirements to maturity for general notes payable are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Total Funds</u>
	<u>Principal</u>	<u>Interest</u>	<u>Required</u>
2021	\$ 17,500	\$ -	\$ 17,500
2022	17,500	-	17,500
2023	17,500	-	17,500
2024	17,500	-	17,500
2025	17,500	-	17,500
2026-2030	87,500	-	87,500
2031-2035	87,500	-	87,500
2036-2040	17,500	-	17,500
Total	<u>\$ 280,000</u>	<u>\$ -</u>	<u>\$ 280,000</u>

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 12: LONG-TERM DEBT (CONTINUED)

Business-Type Activities

Notes Payable

On September 26, 2010, the City borrowed \$713,310 interest free from the State of Illinois pursuant to the Environmental Protection Act. Principal payments are due in semiannual installments through December 21, 2030. The City has pledged water revenue for this loan.

On April 27, 2015, the City borrowed \$258,012 at 1.995% interest from the State of Illinois pursuant to the Environmental Protection Act. Principal and interest payments are due in semiannual installments through February 21, 2035. The City has pledged water revenue for this loan.

On December 31, 2016, the City borrowed \$642,171 at 1.860% interest from the State of Illinois pursuant to the Environmental Protection Act. Principal and interest payments are due in semiannual installments through November 21, 2036. The City has pledged water revenue for this loan.

The following is a summary of changes in long-term debt for the year ended April 30, 2020:

Business-type Activities	<u>Payable at May 01, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Payable at April 30, 2020</u>
EPA Notes Payable	<u>\$ 1,112,253</u>	<u>\$ -</u>	<u>\$ (70,713)</u>	<u>\$ 1,041,540</u>

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 12: LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

Notes Payable (Continued)

Annual debt service requirements to maturity for business-type notes payable are as follows:

Fiscal Year	Business-type Activities		Total Funds
	Principal	Interest	Required
2021	\$ 71,369	\$ 12,056	\$ 83,425
2022	72,038	11,387	83,425
2023	72,721	10,704	83,425
2024	73,416	10,009	83,425
2025	74,125	9,300	83,425
2026-2030	381,749	35,376	417,125
2031-2035	255,298	15,486	270,784
2036-2040	40,824	762	41,586
Total	<u>\$ 1,041,540</u>	<u>\$ 105,080</u>	<u>\$ 1,146,620</u>

Interest Expense

Interest expense on long-term debt of \$12,713 was reported in the business-type activities.

NOTE 13: INTERFUND TRANSFERS

Interfund transfers which occurred during the year ended April 30, 2020 are as follows:

Fund	Transfers In	Transfers Out
General	\$ 426,692	\$ -
Non-major governmental	-	426,692
	<u>\$ 426,692</u>	<u>\$ 426,692</u>

The interfund transfers are primarily to allocate property taxes to the funds which have incurred the expenditures.

CITY OF OLNEY
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2020

NOTE 14: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There have been no significant reductions in coverage from the prior year. Claims have not exceeded coverage in either of the two previous years.

NOTE 15: SUBSEQUENT EVENTS

Management is currently evaluating the impact of the COVID-19 pandemic and has concluded while it is reasonably possible that the virus could have a negative effect on the City's financial position, results of its operations and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

COMPLIANCE
SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and
City Council
City of Olney, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Olney, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Olney, Illinois' basic financial statements, and have issued our report thereon dated September 14, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Olney, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Olney, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Olney, Illinois' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Olney's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "KEMPER CPA GROUP LLP". The signature is written in a cursive, flowing style.

KEMPER CPA GROUP LLP
Certified Public Accountants and Consultants

September 14, 2020

SUPPLEMENTARY
INFORMATION

CITY OF OLNEY
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 APRIL 30, 2020

	Special Revenue Funds			
	Municipal Retirement	Economic Development	Levied Insurance	TIF #3 Fund
ASSETS				
Cash and equivalents	\$ 724,418	\$ -	\$ 284,161	\$ 310,315
Investments	-	-	-	-
Total assets	<u>\$ 724,418</u>	<u>\$ -</u>	<u>\$ 284,161</u>	<u>\$ 310,315</u>
FUND BALANCES				
Fund balances:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	724,418	-	284,161	310,315
Total fund balances	<u>724,418</u>	<u>-</u>	<u>284,161</u>	<u>310,315</u>
Total fund balances	<u>\$ 724,418</u>	<u>\$ -</u>	<u>\$ 284,161</u>	<u>\$ 310,315</u>

CITY OF OLNEY
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 APRIL 30, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Motor Fuel Tax	Mausoleum Trust	Tourism Promotion	Christmas Light Display	
ASSETS					
Cash and equivalents	\$ 589,296	\$ 2,520	\$ 182,805	\$ 49,116	\$ 2,142,631
Investments	-	1,500	-	-	1,500
Total assets	<u>\$ 589,296</u>	<u>\$ 4,020</u>	<u>\$ 182,805</u>	<u>\$ 49,116</u>	<u>\$ 2,144,131</u>
FUND BALANCES					
Fund balances:					
Non-spendable	\$ -	\$ 4,020	\$ -	\$ -	\$ 4,020
Restricted	589,296	-	182,805	49,116	2,140,111
Total fund balances	<u>589,296</u>	<u>4,020</u>	<u>182,805</u>	<u>49,116</u>	<u>2,144,131</u>
Total fund balances	<u>\$ 589,296</u>	<u>\$ 4,020</u>	<u>\$ 182,805</u>	<u>\$ 49,116</u>	<u>\$ 2,144,131</u>

CITY OF OLNEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2020

	Special Revenue Funds			
	Municipal Retirement	Economic Development	Levied Insurance	TIF #3 Fund
REVENUES				
Property taxes	\$ 285,534	\$ -	\$ 127,797	\$ 144,149
Intergovernmental revenues:				
Hotel/motel tax	-	-	-	-
Replacement tax	30,828	-	-	-
Motor fuel tax	-	-	-	-
Interest income	1,314	2,196	3,272	2,637
Capital contributions	-	-	-	-
Operating contributions	15,000	-	-	-
Miscellaneous	20,308	-	-	-
Total revenues	<u>352,984</u>	<u>2,196</u>	<u>131,069</u>	<u>146,786</u>
EXPENDITURES				
Current:				
General government	15,000	-	-	-
Tourism promotion	-	-	-	-
Development	-	-	-	1,225
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>1,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>337,984</u>	<u>2,196</u>	<u>131,069</u>	<u>145,561</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(292,044)	-	(129,873)	-
Transfer to other governments	-	(247,109)	-	-
Total other financing sources (uses)	<u>(292,044)</u>	<u>(247,109)</u>	<u>(129,873)</u>	<u>-</u>
Net change in fund balances	45,940	(244,913)	1,196	145,561
Fund balances - beginning	<u>678,478</u>	<u>244,913</u>	<u>282,965</u>	<u>164,754</u>
Fund balances - ending	<u>\$ 724,418</u>	<u>\$ -</u>	<u>\$ 284,161</u>	<u>\$ 310,315</u>

CITY OF OLNEY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
 FOR THE YEAR ENDED APRIL 30, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Motor Fuel Tax	Mausoleum Trust	Tourism Promotion	Christmas Light Display	
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 557,480
Intergovernmental revenues:					
Hotel/motel tax	-	-	88,508	-	88,508
Replacement tax	-	-	-	-	30,828
Motor fuel tax	329,500	-	-	-	329,500
Interest income	5,263	-	1,445	116	16,243
Capital contributions	-	-	25,533	-	25,533
Operating contributions	-	-	-	26,725	41,725
Miscellaneous	1,673	-	-	-	21,981
Total revenues	<u>336,436</u>	<u>-</u>	<u>115,486</u>	<u>26,841</u>	<u>1,111,798</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	15,000
Tourism promotion	-	-	34,894	21,164	56,058
Development	-	-	-	-	1,225
Transportation	156,594	-	-	-	156,594
Capital outlay	-	-	-	1,800	1,800
Total expenditures	<u>156,594</u>	<u>-</u>	<u>34,894</u>	<u>22,964</u>	<u>230,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>179,842</u>	<u>-</u>	<u>80,592</u>	<u>3,877</u>	<u>881,121</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(4,775)	-	(426,692)
Transfers to other governments	-	-	-	-	(247,109)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,775)</u>	<u>-</u>	<u>(426,692)</u>
Net change in fund balances	179,842	-	75,817	3,877	207,320
Fund balances - beginning	<u>409,454</u>	<u>4,020</u>	<u>106,988</u>	<u>45,239</u>	<u>1,936,811</u>
Fund balances - ending	<u>\$ 589,296</u>	<u>\$ 4,020</u>	<u>\$ 182,805</u>	<u>\$ 49,116</u>	<u>\$ 2,144,131</u>

OTHER
INFORMATION

CITY OF OLNEY
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Over (Under)
REVENUES				
Property taxes	\$ 808,549	\$ 808,549	\$ 798,142	\$ (10,407)
Intergovernmental revenues:				
Franchise tax	95,000	95,000	97,167	2,167
Sales tax	1,977,000	1,977,000	2,050,666	73,666
Income tax	918,000	918,000	987,923	69,923
Replacement tax	55,743	55,743	71,830	16,087
Telecommunications tax	157,000	157,000	138,642	(18,358)
Video gaming tax	114,000	114,000	146,216	32,216
Foreign fire tax	16,000	16,000	19,624	3,624
Rural fire tax	77,500	77,500	83,587	6,087
Cannabis excise tax	-	-	1,492	1,492
Licenses and permits	127,830	127,830	103,258	(24,572)
Fees and fines	77,950	77,950	68,969	(8,981)
Charges for services	585,501	585,501	537,009	(48,492)
Interest income	29,000	29,000	47,400	18,400
Operating grants	2,000	2,000	500	(1,500)
Capital contributions	-	-	3,000	3,000
Operating contributions	30,195	30,195	26,445	(3,750)
Capital grants	432,897	432,897	81,149	(351,748)
Miscellaneous	94,300	98,300	149,566	51,266
Total revenues	<u>5,598,465</u>	<u>5,602,465</u>	<u>5,412,585</u>	<u>(189,880)</u>
EXPENDITURES				
Current:				
General government	1,243,096	1,243,096	1,063,839	(179,257)
Public safety	2,082,625	2,084,868	2,075,817	(9,051)
Development	51,500	86,500	94,978	8,478
Transportation and public works	869,400	860,805	741,036	(119,769)
Culture and recreation	629,485	629,485	641,094	11,609
Sanitation	485,160	485,160	449,177	(35,983)
Debt Service:				
Principal	17,500	17,500	17,500	-
Capital outlay	<u>1,120,831</u>	<u>1,247,970</u>	<u>755,597</u>	<u>(492,373)</u>
Total expenditures	<u>6,499,597</u>	<u>6,655,384</u>	<u>5,839,038</u>	<u>(816,346)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(901,132)</u>	<u>(1,052,919)</u>	<u>(426,453)</u>	<u>626,466</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	10,000	10,000	3,323	(6,677)
Transfers in	<u>417,200</u>	<u>417,200</u>	<u>426,692</u>	<u>9,492</u>
Total other financing sources (uses)	<u>427,200</u>	<u>427,200</u>	<u>430,015</u>	<u>2,815</u>
Net change in fund balances	<u>\$ (473,932)</u>	<u>\$ (625,719)</u>	<u>3,562</u>	<u>\$ 629,281</u>
Fund balances - beginning			<u>4,225,108</u>	
Fund balances - ending			<u>\$ 4,228,670</u>	

CITY OF OLNEY
OLNEY, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND
THREE YEAR SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2020

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
Regular employees						
12/31/2019	\$ 3,076,943	\$ 5,374,269	\$ 2,297,326	57.25%	\$ 1,869,246	122.90%
12/31/2018	2,374,287	4,877,025	2,502,738	48.68%	1,845,510	135.61%
12/31/2017	2,609,247	4,553,550	1,944,303	57.30%	1,792,105	108.49%

On a market value basis, the actuarial value of assets as of December 31, 2019 is \$3,811,073. On a market basis, the funded ratio would be 70.91%.

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

SLEP employees

12/31/2019	\$ 102,177	\$ 128,996	26,819	79.21%	\$ 70,269	38.17%
12/31/2018	86,640	109,777	23,137	78.92%	70,054	33.03%
12/31/2017	67,459	85,947	18,488	78.49%	66,121	27.96%

On a market value basis, the actuarial value of assets as of December 31, 2019 is \$107,044. On a market basis, the funded ratio would be 82.98%.

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

CITY OF OLNEY
OLNEY, ILLINOIS

POLICE PENSION FUND AND FIRE PENSION FUND
THREE YEAR SCHEDULE OF FUNDING PROGRESS
APRIL 30, 2020

Fiscal Year April 30	Net Assets Available For Benefits (Lower of Cost or Market)	Actuarial Accrued Liability	Percentage Funded (1) / (2)	Unfunded Actuarial Liability (2) - (1)	Annual Covered Payroll	As a Percentage of Covered Payroll (4) / (5)
Police Pension						
2019	\$ 5,184,085	\$ 12,660,388	40.95%	\$ 7,476,303	\$ 661,086	1130.91%
2018	4,916,356	13,292,841	36.98%	8,376,485	696,842	1202.06%
2017	4,623,154	12,830,875	36.03%	8,207,721	614,119	1336.50%
Fire Pension						
2019	2,394,910	4,901,075	48.86%	2,506,165	214,203	1170.00%
2018	2,347,919	4,769,217	49.23%	2,421,298	208,271	1162.57%
2017	2,284,826	4,671,373	48.91%	2,386,547	111,066	2148.76%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the Public Employees Retirement System (PERS). Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulation of sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.

CITY OF OLNEY
OLNEY, ILLINOIS

POLICE PENSION FUND
REVENUES BY SOURCE AND EXPENSES BY TYPE
FOR THE YEARS ENDED APRIL 30, 2011 - 2020

REVENUES BY SOURCE

Year ended April 30,	Employee Contributions	Employer Contributions	Investment Earnings	Totals
2020	\$ 72,463	\$ 707,276	\$ 68,014	\$ 847,753
2019	65,389	668,781	210,676	944,846
2018	65,821	644,586	379,356	1,089,763
2017	65,334	585,498	323,940	974,772
2016	63,636	464,954	26,451	555,041
2015	60,942	448,193	196,519	705,654
2014	58,481	364,400	184,029	606,910
2013	60,821	359,932	195,905	616,658
2012	63,358	257,306	110,044	430,708
2011	62,212	254,166	81,090	397,468

EXPENSES BY TYPE

Year ended April 30,	Benefits	Administrative Expenses	Refunds	Totals
2020	\$ 646,078	\$ 19,356	\$ 23,352	\$ 688,786
2019	644,639	19,267	36,555	700,461
2018	628,454	18,832	-	647,286
2017	575,406	18,793	27,055	621,254
2016	554,176	16,290	-	570,466
2015	541,109	15,394	-	556,503
2014	532,600	11,280	-	543,880
2013	486,278	1,552	-	487,830
2012	379,454	2,190	-	381,644
2011	296,727	1,507	35,870	334,104

CITY OF OLNEY
OLNEY, ILLINOIS

FIRE PENSION FUND
REVENUES BY SOURCE AND EXPENSES BY TYPE
FOR THE YEARS ENDED APRIL 30, 2011 - 2020

REVENUES BY SOURCE

Year ended April 30,	Employee Contributions	Employer Contributions	Investment Earnings	Totals
2020	\$ 21,224	\$ 270,146	\$ 64,402	\$ 355,772
2019	19,086	249,403	75,753	344,242
2018	17,392	241,314	54,155	312,861
2017	18,422	143,547	68,291	230,260
2016	20,754	161,479	32,814	215,047
2015	19,388	150,660	84,054	254,102
2014	19,380	115,679	66,259	201,318
2013	17,012	157,076	70,464	244,552
2012	15,682	62,905	62,438	141,025
2011	16,460	58,876	45,922	121,258

EXPENSES BY TYPE

Year ended April 30,	Benefits	Administrative Expenses	Refunds	Totals
2020	\$ 249,926	\$ 20,722	\$ 4,522	\$ 275,170
2019	245,592	21,511	9,890	276,993
2018	240,681	20,801	-	261,482
2017	207,654	20,970	11,696	240,320
2016	177,457	18,683	-	196,140
2015	172,963	17,377	12,813	203,153
2014	168,600	14,164	-	182,764
2013	164,363	1,156	-	165,519
2012	157,962	1,650	906	160,518
2011	114,437	1,367	-	115,804

CITY OF OLNEY
 FIVE YEAR COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS

	April 30, 2020	April 30, 2019	April 30, 2018	April 30, 2017	April 30, 2016
REVENUES					
Property taxes	\$ 1,355,622	\$ 1,413,702	\$ 1,338,677	\$ 1,326,884	\$ 1,334,261
Intergovernmental:					
Hotel/motel tax	88,508	45,131	42,740	49,268	50,330
Franchise tax	97,167	100,433	105,194	101,615	100,622
Sales tax	2,050,666	2,028,476	1,872,709	1,878,532	1,848,518
Income tax	987,923	884,966	965,510	867,865	973,282
Replacement tax	102,658	77,975	75,551	92,689	88,239
Motor fuel taxes	329,500	232,072	231,824	231,820	233,607
Telecommunication tax	138,642	161,218	161,515	200,359	271,841
Video gaming tax	146,216	121,796	103,040	94,237	72,330
Foreign fire tax	19,624	17,485	17,835	15,117	15,455
Rural fire tax	83,587	78,449	77,160	69,141	69,416
Cannabis excise tax	1,492	-	-	-	-
Licenses and permits	103,258	129,788	115,732	125,806	117,257
Fees and fines	68,969	75,173	89,641	91,169	106,003
Charges for services	537,009	585,434	404,028	427,324	420,805
Interest income	63,643	38,217	33,509	37,355	38,424
Operating grants	500	2,542	2,675	-	-
Operating contributions	68,170	91,486	82,579	140,798	259,436
Capital grants	81,149	237,502	27,364	19,778	8,398
Capital contributions	28,533	27,459	-	27,159	-
Miscellaneous	171,547	111,784	116,614	121,288	134,614
Total revenues	<u>6,524,383</u>	<u>6,461,088</u>	<u>5,863,897</u>	<u>5,918,204</u>	<u>6,142,838</u>
EXPENDITURES					
Current:					
General government	1,078,839	1,245,750	1,082,924	1,021,611	1,036,074
Public safety	2,075,817	1,954,653	1,952,575	1,818,688	1,785,130
Tourism Promotion	56,058	52,215	50,370	139,339	89,214
Development	343,312	61,710	318,840	52,616	106,825
Transportation	897,629	942,487	894,329	887,597	921,416
Culture and recreation	641,094	583,878	611,428	603,210	556,907
Sanitation	449,177	467,686	311,802	298,167	299,341
Debt service:					
Principal	17,500	17,500	270,833	37,043	43,199
Interest	-	-	3,488	2,729	5,431
Capital outlay	757,397	668,674	1,117,892	2,112,165	506,395
Total expenditures	<u>6,316,823</u>	<u>5,994,553</u>	<u>6,614,481</u>	<u>6,973,165</u>	<u>5,349,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>207,560</u>	<u>466,535</u>	<u>(750,584)</u>	<u>(1,054,961)</u>	<u>792,906</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	3,323	32,982	17,386	42,258	23,165
Proceeds from long-term debt	-	-	-	350,000	-
Transfers in	426,692	439,352	745,519	403,034	401,944
Transfers out	(426,692)	(439,352)	(745,519)	(403,034)	(401,944)
Total other financing sources (uses)	<u>3,323</u>	<u>32,982</u>	<u>17,386</u>	<u>392,258</u>	<u>23,165</u>
Net change in fund balances	210,883	499,517	(733,198)	(662,703)	816,071
Fund balances - beginning	<u>6,161,919</u>	<u>5,662,402</u>	<u>6,395,600</u>	<u>7,058,303</u>	<u>6,242,232</u>
Fund balances - ending	<u>\$ 6,372,802</u>	<u>\$ 6,161,919</u>	<u>\$ 5,662,402</u>	<u>\$ 6,395,600</u>	<u>\$ 7,058,303</u>

CITY OF OLNEY
 FIVE YEAR COMPARATIVE STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION -MODIFIED CASH BASIS
 WATER DISTRIBUTION

	<u>April 30, 2020</u>	<u>April 30, 2019</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Operating revenues:					
Charges for services	\$ 1,819,033	\$ 1,677,660	\$ 1,709,776	\$ 1,715,449	\$ 1,577,252
System development fees	7,580	2,765	440	2,740	5,815
Miscellaneous revenue	35,481	48,543	31,863	19,138	18,736
Total operating revenues	<u>1,862,094</u>	<u>1,728,968</u>	<u>1,742,079</u>	<u>1,737,327</u>	<u>1,601,803</u>
Operating expenses:					
Personal services	798,739	757,195	695,625	703,395	716,630
Support services	59,442	60,902	60,008	59,620	60,049
Contractual services	88,513	90,107	97,560	95,824	124,474
Utilities	5,699	5,723	5,693	5,096	5,729
Repairs and maintenance	82,517	105,559	77,343	99,840	176,040
Other supplies and materials	184,193	207,061	187,314	185,774	177,104
Insurance	45,490	44,314	39,985	42,799	43,272
Depreciation	239,392	255,636	257,474	242,697	226,487
Other	2,738	3,056	2,500	3,146	4,580
Total operating expenses	<u>1,506,723</u>	<u>1,529,553</u>	<u>1,423,502</u>	<u>1,438,191</u>	<u>1,534,365</u>
Operating income	<u>355,371</u>	<u>199,415</u>	<u>318,577</u>	<u>299,136</u>	<u>67,438</u>
Nonoperating revenues (expenses):					
Capital grant revenue	-	-	-	211,136	-
Gain (loss) on disposal of capital assets	(568)	-	-	-	-
Interest and investment revenue	36,151	16,184	12,201	10,271	9,512
Interest expense	(7,579)	(7,943)	(8,317)	(3,313)	(2,651)
Total nonoperating revenue (expenses)	<u>28,004</u>	<u>8,241</u>	<u>3,884</u>	<u>218,094</u>	<u>6,861</u>
Change in net position	383,375	207,656	322,461	517,230	74,299
Total net position - beginning	<u>8,489,616</u>	<u>8,281,960</u>	<u>7,959,499</u>	<u>7,442,269</u>	<u>7,367,970</u>
Total net position - ending	<u>\$ 8,872,991</u>	<u>\$ 8,489,616</u>	<u>\$ 8,281,960</u>	<u>\$ 7,959,499</u>	<u>\$ 7,442,269</u>

CITY OF OLNEY
 FIVE YEAR COMPARATIVE STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION - MODIFIED CASH BASIS
 WASTE WATER TREATMENT

	<u>April 30, 2020</u>	<u>April 30, 2019</u>	<u>April 30, 2018</u>	<u>April 30, 2017</u>	<u>April 30, 2016</u>
Operating revenues:					
Charges for services	\$ 1,055,947	\$ 1,005,371	\$ 1,028,018	\$ 1,036,785	\$ 989,593
System development fees	1,050	1,160	540	1,300	1,860
Miscellaneous revenue	8,809	7,018	8,290	5,542	3,985
Total operating revenues	<u>1,065,806</u>	<u>1,013,549</u>	<u>1,036,848</u>	<u>1,043,627</u>	<u>995,438</u>
Operating expenses:					
Personal services	362,448	321,416	326,891	309,924	270,874
Support services	59,230	59,856	59,355	59,269	84,883
Contractual services	3,948	4,036	5,191	2,350	8,300
Utilities	103,204	99,801	86,604	96,174	91,086
Repairs and maintenance	137,131	73,150	91,551	92,715	95,367
Other supplies and materials	46,737	27,502	30,557	24,551	24,033
Insurance	28,770	27,615	25,417	25,064	23,664
Depreciation	368,891	373,141	365,106	370,735	341,312
Other	20,063	21,647	22,075	20,650	18,785
Total operating expenses	<u>1,130,422</u>	<u>1,008,164</u>	<u>1,012,747</u>	<u>1,001,432</u>	<u>958,304</u>
Operating income	<u>(64,616)</u>	<u>5,385</u>	<u>24,101</u>	<u>42,195</u>	<u>37,134</u>
Nonoperating revenues (expenses):					
Capital grant revenue	-	-	-	-	-
Gain (loss) on disposal of capital assets	(1,147)	-	-	-	-
Interest and investment revenue	19,999	9,758	6,885	6,303	5,505
Interest expense	(5,134)	(5,409)	(5,678)	(5,943)	(5,599)
Total nonoperating revenue (expenses)	<u>13,718</u>	<u>4,349</u>	<u>1,207</u>	<u>360</u>	<u>(94)</u>
Change in net position	(50,898)	9,734	25,308	42,555	37,040
Total net position - beginning	<u>5,535,341</u>	<u>5,525,607</u>	<u>5,500,299</u>	<u>5,457,744</u>	<u>5,420,704</u>
Total net position - ending	<u>\$ 5,484,443</u>	<u>\$ 5,535,341</u>	<u>\$ 5,525,607</u>	<u>\$ 5,500,299</u>	<u>\$ 5,457,744</u>

CITY OF OLNEY
OLNEY, ILLINOIS

NOTES TO OTHER INFORMATION
APRIL 30, 2020

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

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

1. The City Manager submits to the City Council a proposed operating budget, for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at an advertised location to obtain taxpayer comments.
3. Prior to May 1, the budget is legally enacted through passage of an ordinance.
4. Expenditures may not legally exceed appropriated amounts for an individual fund.
5. The original budget was approved by Council on April 22, 2019. The final budget was approved by Council on April 27, 2020.

NOTE 2: ENCUMBRANCES

Encumbrance accounting is not used by the City.