CITY OF GALENA
GALENA, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

APRIL 30, 2017

CITY OF GALENA
GALENA, ILLINOIS

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GALENA, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Galena
Galena, Illinois

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1C. 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 the 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 the *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 City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

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Auditor's Responsibility (continued)

an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business-type activities, each major fund, the fiduciary funds, the discretely presented component unit, and aggregate remaining fund information of the City of Galena as of April 30, 2016 and the respective changes in modified cash basis financial position and, when applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1C.

Basis of Accounting

We draw attention to Note 1C of the financial statements that 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 opinions are not modified with respect to this matter.

Other Matters

Report on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Galena's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information presented is the responsibility of management and was derived from, and relates 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1C.

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Galena's basic financial statements. The accompanying Other Information (Part 1 and 2), as listed in the table of contents and is the responsibility of management, is presented for purposes of additional analysis and is 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 August 18, 2017 on our consideration of the City of Galena's 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 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 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 Galena's internal control over financial reporting and compliance.

O'Connor, Brooks & Co., P.C.

O'CONNOR, BROOKS & CO., P.C.
Galena, Illinois
August 18, 2017

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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 Galena
Galena, 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, business-type activities, each major fund, the fiduciary funds, the discretely presented component unit, and the aggregate remaining fund information of the City of Galena, as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Galena's basic financial statements and have issued our report thereon dated August 18, 2017. Our report expressed an unmodified opinion on the basic financial statements which were prepared in conformity with the modified cash basis method of accounting. Our report included a disclaimer of opinion on the other information.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Galena's 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 Galena's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Galena's 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 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies (Items A through D) in internal control that we consider to be material weaknesses. Items A through D were also noted in the prior year's audit.

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Internal Control Over Financial Reporting (continued)

A. Segregation of Duties

An important aspect of any good system of internal accounting control includes adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. We realize that the administration of the City of Galena is not large enough to permit an adequate segregation of duties in all respects for an effective system of internal accounting control; however, we think it is important that you be aware of this condition.

The existence of this material weakness has the potential for misstatement of financial statement amounts and those amounts may be material. The potential also exists for the misappropriation of assets.

This situation dictates that the city administrator remain involved in the financial affairs of the City by providing oversight and independent review functions.

Response: *The city administrator and staff take this issue seriously and attempt to build in as many checks and balances as possible. We will continue to look for opportunities to improve internal control across all aspects of the city operation to reduce the risk of fraud and inaccurate financial records.*

The city administrator has assumed oversight functions to address this issue. Oversight functions of the city administrator include, but are not limited to, reviewing payroll runs on a random basis, reviewing leave time reports on a random basis, and reviewing all health insurance enrollments and premium payments. The city administrator continues to review in detail the financial report on a monthly basis and present the finance director with related questions. The city administrator remains involved in managing the City's investments across all funds. These oversight functions will continue. Finally, the city administrator engaged in continuing education on the topic of internal controls.

Checks and balances aimed at reducing the risk of loss have been implemented across City operations. These internal controls continue to be a priority for the City.

Conclusion: Response accepted.

B. Financial Statement Preparation and Disclosure

Reporting the City's financial data reliably in accordance with the modified cash basis requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. The City's management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small governmental entities.

As a result, financial statement misstatements or disclosure omissions may exist and would not be detected and corrected by management in a timely manner.

Obtaining additional modified cash basis knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable modified cash basis financial statements.

Response: *The finance director does not possess a degree in accounting but has many years of actual experience with accounting and the preparation of financial statements. The finance director will continue to participate in continuing education to improve her knowledge of GAAP. The finance director has attended advanced training on auditing and GAAP with the Illinois Government Finance Officers Association and has become active in the Illinois Municipal Treasurers Association. The city administrator will also continue to explore opportunities for relevant continuing education on municipal finance as part of an ongoing commitment to at least 40 hours of continuing education each year.*

Conclusion: Response accepted.

Internal Control Over Financial Reporting (continued)

C. Bank Reconciliations

Reconciling of amounts outstanding to the recorded amounts is an integral part of any sound accounting system. The monthly reconciled amounts, in some cases, do not agree with the amounts recorded in the general ledger.

The existence of this material weakness has the potential for misstatement of financial statement amounts and those amounts may be material.

We recommend the bank reconciliation report generated each month be vouched directly to the corresponding general ledger account for agreement.

Response: *The finance director will continue to vouch the bank reconciliation report generated each month directly to the corresponding general ledger account for agreement. The finance director will confirm the reconciliation process each month with the city administrator and note and resolve any irregularities.*

Conclusion: Response accepted.

D. Financial Reporting and Accounting Procedures - Oversight

The performance of the necessary procedures involved with financial reporting and accounting issues are an important component of the entity's reporting structure. The City's performance of these procedures appears to be lacking oversight procedures that, if performed, would mitigate the likelihood of material misstatements occurring within the financial reporting environment.

As a result of audit procedures performed by our firm, certain suggested adjusting journal entries were proposed to the City for your approval. We suggested a total of 43 adjustments to 18 various City funds.

A listing of significant suggested entries per fund is as follows:

General Fund
- Adjust accounts payable - payroll related.
- Reclassify revenues and expenses to correct amounts.
- Adjust capital outlay expenditures.
- Adjust combined cash to other funds.
- Adjust beginning fund balance.

Community Development Fund
- Adjust cash balances.

Economic Development Revolving Loan Fund
- Adjust cash balances.

Emergency Services Fund
- Adjust accounts payable.

Insurance Fund
- Adjust revenues and insurance expense.
- Adjust combined cash.
- Adjust beginning fund balance.

Motor Fuel Tax Fund
- Adjust combined cash.
- Adjust accounts payable.

IMRF Fund
- Adjust combined cash.
- Adjust accounts payable.

Internal Control Over Financial Reporting (continued)

Financial Reporting and Accounting Procedures - Oversight (continued)

Parks Fund
- Adjust salaries and wages.
- Adjust cash balances.
- Adjust expenses.

Flood Control Fund
- Adjust combined cash.
- Adjust salaries and wages.

Fire Protection Fund
- Adjust combined cash.
- Adjust salaries and wages.
- Reallocate interfund transfer.

Debt Service Fund
- Reclassify principal and interest paid.

Turner Hall Fund
- Reclassify asset purchases.
- Record depreciation expense.

Water Fund
- Adjust combined cash.
- Capitalize assets acquired.
- Record depreciation expense.
- Adjust loan balance.
- Reclassify expenditures to proper account.
- Record pension expense, asset and liability.
- Adjust salaries and wages.

Sewer Fund
- Adjust combined cash.
- Record depreciation expense.
- Adjust loan balance.
- Capitalize assets purchased.
- Record amortization expense.
- Record pension expense, asset and liability.
- Adjust salaries and wages.

Garbage and Refuse Fund
- Adjust cash balances.
- Record depreciation expense.
- Record pension expense, asset and liability.
- Adjust salaries and wages.

Swimming Pool Fund
- Adjust combined cash.
- Adjust loan balances.
- Capitalize assets purchased.
- Record depreciation and amortization expenses.
- Record pension expense, asset and liability.
- Adjust wages and salaries.

Internal Control Over Financial Reporting (continued)

Financial Reporting and Accounting Procedures - Oversight (continued)

Shuttle/Parking Fund
- Capitalize assets purchased.
- Record depreciation expenses.

Accrued Benefits Fund
- Adjust cash balances.
- Reclassify payments received.

The existence of this material weakness has the potential for misstatement of financial statement amounts and those amounts may be material.

This situation dictates that the city council and city administrator remain involved in the financial affairs of the City of Galena by providing oversight and independent review of financial reporting and accounting procedures.

Response: *Our small number of staff and limited resources contribute to this issue. As previously noted the finance director is pursuing continuing education and training to help avoid material misstatements in the future. We have experienced marked improvement in this area as the finance director's expertise with financial software systems and our accounting system has advanced through actual experience. The city administrator has taken a more active role in monitoring the most common areas of misstatement.*

Conclusion: Response accepted.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Galena's financial statements are free of material misstatement, we performed tests of the City's 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.*

We also noted certain additional matters that we reported to management in a separate letter dated August 18, 2017.

City of Galena's Responses to Findings

The City of Galena's responses to the findings identified in our audit are described above. The City of Galena's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

O'Connor, Brooks & Co. P.C.

O'CONNOR, BROOKS & CO., P.C.
Galena, Illinois
August 18, 2017

CITY OF GALENA
GALENA, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2017

The management of the City of Galena provides the following information as an introduction, overview and analysis of the City's financial statements for the year ended April 30, 2017.

Please read this analysis in conjunction with the City's financial statements, which begin on page 18. The first two financial statements are government-wide statements that account for all activities of the City. The fund financial statements that follow report activities of the City's major funds in more detail.

Government-wide statements
These statements report on the City as a whole. They are prepared on the modified cash basis method of accounting.

- *The Statement of Net Position.* This statement (pages 18 and 19) reports all assets and liabilities of the City as of April 30, 2017. The difference between total assets and total liabilities is reported as "net position." Increases in net position generally indicate an improvement in financial position while decreases may indicate a deterioration of financial position.

- *The Statement of Activities.* This statement (page 20) serves the purpose of the traditional income statement. It provides consolidated reporting of the results of all activities of the City for the year ended April 30, 2017. Changes in net position are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. The Statement of Activities displays the expense of the City's various programs net of related revenues, as well as a separate presentation of revenues available for general purposes.

Fund financial statements
These statements provide financial position and results of the City's major funds. A fund is an accounting entity created to account for a specific activity or purpose. The major funds of the City of Galena are the General Fund, Fire Protection Fund, Public Works Fund, Debt Service Fund, and the Water, Sewer and Garbage and Refuse Funds. The creation of these funds is either mandated by law or created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for "governmental-type" activities. Unlike the government-wide financial statements, governmental fund statements use a "flow of financial resources" measurement focus. That is to say, the operating statement of a governmental fund attempts to answer the question, "Are there more or less resources that can be spent in the near future as a result of events and transactions of the period?" Increases in spendable resources are reported in the operating statement as "revenues" or "other financing sources." Decreases in spendable resources are reported as "expenditures" or "other financing uses." We describe the differences between governmental funds and governmental activities (reported in the Statement of Net Position and the Statement of Activities) in reconciliations presented with the governmental fund financial statements on pages 21-23.

Fund financial statements (continued)

Governmental funds. (continued)

The governmental fund financial statements on pages 21-23 separately display the governmental funds considered to be major funds. All other governmental funds, which are referred to as "nonmajor" funds, are combined into a single column. Detailed financial data for each major governmental fund and nonmajor governmental fund is provided in the Supplementary Information section of this report.

- *Proprietary funds.* Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, but provide more detail and additional information such as cash flows.

  These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise for which (1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or (2) determination of net income is appropriate for management control, accountability or other purposes.

  The City of Galena's Water, Sewer and Garbage Funds are considered to be the major funds of the proprietary funds which are displayed separately in the proprietary fund statements on pages 24-29. The activities of the City's other proprietary funds are combined into one column for nonmajor funds.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

  Fiduciary fund statements are on pages 30 and 31.

- *Notes to the basic financial statements.* The notes provide additional and explanatory data. They are an integral part of the basic financial statements. This data is on pages 32-66 of this report.

- *Supplementary information.* These schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. This data is on pages 67-98 of this report.

- *Other information.* These statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. This data is on pages 99-102 of this report.

Government-wide summary and analysis

The following tables present condensed information in net position and changes in net position for the years ended April 30, 2016 and 2017.

Government-wide summary and analysis (continued)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
ASSETS:	2016	2017	2016	2017	2016	2017	2016-2017
Current Assets	$ 521,051	$ 1,556,730	$ 3,324,129	$ 3,730,639	$ 3,845,180	$ 5,287,369	37.51%
Noncurrent Assets	3,837,899	2,792,909	1,802,982	1,811,841	5,640,881	4,604,750	-18.37%
Capital Assets, Net of Depreciation	17,227,164	16,759,610	10,905,532	9,905,265	28,132,696	26,664,875	-5.22%
TOTAL ASSETS	$ 21,586,114	$ 21,109,249	$ 16,032,643	$ 15,447,745	$ 37,618,757	$ 36,556,994	-2.82%
DEFERRED OUTFLOWS OF RESOURCES:							
Pension Related Deferred Outflow	$ 467,227	$ 354,663	$ 50,763	$ 48,501	$ 517,990	$ 403,164	-22.17%
LIABILITIES:							
Current Liabilities	$ 230,237	$ 264,471	$ 2,423,341	$ 2,542,490	$ 2,653,578	$ 2,806,961	5.78%
Noncurrent Liabilities	3,685,597	3,049,764	9,113,555	8,684,588	12,799,152	11,734,352	-8.32%
TOTAL LIABILITIES	$ 3,915,834	$ 3,314,235	$ 11,536,896	$ 11,227,078	$ 15,452,730	$ 14,541,313	-5.90%
DEFERRED INFLOWS OF RESOURCES:							
Pension Related Deferred Inflows	$ -	$ 203,526	$ -	$ 27,832	$ -	$ 231,358	100.00%
NET POSITION:							
Investment in Capital Assets, Net of Related Debt	$ 14,226,869	$ 14,294,691	$ 1,866,433	$ 1,304,838	$ 16,093,302	$ 15,599,529	-3.07%
Restricted	2,324,896	2,265,860	60,000	60,000	2,384,896	2,325,860	-2.48%
Unrestricted	1,585,742	1,385,600	2,620,077	2,876,498	4,205,815	4,262,098	1.34%
TOTAL NET POSITION	$ 18,137,507	$ 17,946,151	$ 4,546,510	$ 4,241,336	$ 22,684,013	$ 22,187,487	-2.19%

The amount by which the City's assets exceed its liabilities is called net position. At year-end, the City's net position was $22,187,487. Of that amount, approximately $15,599,529 was invested in capital assets, net of debt, and depreciation related to those assets. There was $2,325,860 of net position restricted for purposes specified by special tax levies, other state statutes, and a loan agreement. The remaining $4,262,098 was unrestricted and available for future use as directed by the City Council. Overall, the net position decreased 2.19 percent from the prior year.

The governmental activities have total net position of $17,946,151 for the year ended April 30, 2017, which is a decrease of $191,356 from the year ended April 30, 2016. This decrease is attributable to a decrease in capital assets, net related debt.

The total net position of the business-type activities totaled $4,241,336 for the year ended April 30, 2017, which is a decrease of $305,174 from the year ended April 30, 2016. This decrease from the prior year is mostly attributable to the increase in liabilities.

Government-wide summary and analysis (continued)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2016	2017	2016	2017	2016	2017	2016-2017
PROGRAM REVENUES:							
Charges for Services	$ 330,957	$ 250,409	$ 1,646,843	$ 1,653,182	$ 1,977,800	$ 1,903,591	-3.75%
Capital Grant and Contributions	-	84,233	309,122	49,071	309,122	133,304	-56.88%
Operating Grant & Contributions	113,782	-	-	-	113,782	-	-100.00%
GENERAL REVENUES:							
Property Taxes & Local Taxes	3,064,931	2,671,988	257	82	3,065,188	2,672,070	-12.83%
Other Taxes	1,860,265	2,309,949	410,325	428,846	2,270,590	2,738,795	20.62%
Bond Premium	5,307	5,307	768	768	6,075	6,075	0.00%
Interest Earnings	45,037	34,175	13,930	14,890	58,967	49,065	-16.79%
Miscellaneous	175,000	238,493	211,152	217,995	386,152	456,488	18.21%
Total Revenues Before Transfers	$ 5,595,279	$ 5,594,554	$ 2,592,397	$ 2,364,834	$ 8,187,676	$ 7,959,388	-2.79%
Transfers	(80,291)	(237,795)	80,291	237,795	-	-	100.00%
TOTAL REVENUES AND TRANSFERS	$ 5,514,988	$ 5,356,759	$ 2,672,688	$ 2,602,629	$ 8,187,676	$ 7,959,388	-2.79%
EXTRAORDINARY ITEM:							
Compromise Settlement - Net	19,608	-	-	-	19,608	-	100.00%
TOTAL REVENUES AND EXTRAORDINARY ITEM	$ 5,534,596	$ 5,356,759	$ 2,672,688	$ 2,602,629	$ 8,207,284	$ 7,959,388	-3.02%
PROGRAM EXPENDITURES:							
General Government	$ 2,224,064	$ 2,449,134	$ -	$ -	$ 2,224,064	$ 2,449,134	10.12%
Public Safety	1,136,383	1,193,232	-	-	1,136,383	1,193,232	5.00%
Public Works/Transportation	1,592,955	1,579,803	-	-	1,592,955	1,579,803	-0.83%
Culture & Recreation	229,457	225,869	-	-	229,457	225,869	-1.56%
Community Development	1,743	1,743	-	-	1,743	1,743	0.00%
Interest on Long-Term Debt	108,689	98,334	-	-	108,689	98,334	-9.53%
Garbage Collection & Disposal	-	-	249,510	231,300	249,510	231,300	-7.30%
Water	-	-	813,868	933,217	813,868	933,217	14.66%
Sewer	-	-	1,575,059	1,478,735	1,575,059	1,478,735	-6.12%
Shuttle Services	-	-	2,831	4,578	2,831	4,578	61.71%
Turner Hall	-	-	60,842	79,472	60,842	79,472	30.62%
Swimming Pool	-	-	197,858	180,501	197,858	180,501	-8.77%
TOTAL PROGRAM EXPENDITURES	$ 5,293,291	$ 5,548,115	$ 2,899,968	$ 2,907,803	$ 8,193,259	$ 8,455,918	3.21%
Increase (Decrease) in Net Position	$ 241,305	$ (191,356)	$ (227,280)	$ (305,174)	$ 14,025	$ (496,530)	-3640.32%
NET POSITION - BEGINNING	17,896,202	18,137,507	4,773,790	4,546,510	22,669,992	22,684,017	0.06%
NET POSITION - ENDING	$ 18,137,507	$ 17,946,151	$ 4,546,510	$ 4,241,336	$ 22,684,017	$ 22,187,487	-2.19%

Government-wide summary and analysis (continued)

Total revenues for governmental and business-type activities decreased by $228,288 for the year. The decrease is due to smaller grants received.

Total expenses for governmental and business-type activities increased $262,659 for the year. The increase is due mainly to increased expenditures for capital outlay items.

Individual funds summary and analysis

Governmental Funds

Governmental funds, as stated earlier, focus on spendable resources and near-term inflows of those resources. As such, fund balance is generally a good indication of net resources available for spending at the end of the fiscal year, subject to any stated restrictions in its use.

The fund balance of the General Fund at April 30, 2017 was $2,046,593. This represented an increase of $53,019 during the year. This increase is due mainly to lower capital outlay expenditures.

The fund balance of the Fire Protection Fund at April 30, 2017 was $1,348,970. This represented an increase of $197,949 during the year. This increase is due mainly to lower capital outlay expenditures.

The fund balance of the Public Works Fund at April 30, 2017 was $115,564. This represented a decrease of $153,280. This decrease is due to increased capital outlay expenditures.

The fund deficit of the Debt Service Fund at April 30, 2017 was $(46,627). This represented a decrease of $198,884 during the year. Annually, property tax monies are transferred from the Capital Projects Fund and other nonmajor funds to the Debt Service Fund to meet the principal and interest requirements of the general obligation bonds and capital leases. These transfers may be insufficient to pay amounts due and can result in negative cash balances in the fund at year-end.

Proprietary Funds

As stated earlier, the City's proprietary fund statement provides the same type of information found in the government-wide financial statements, but in more detail.

The net position balance of the Water Fund at April 30, 2017 was $2,007,775. This represented a decrease of $244,621 from the prior year. This decrease is due mainly to expenditures exceeding revenues.

The net position balance of the Sewer Fund at April 30, 2017 was $1,173,384. This represented a decrease of $318,250 from the prior year. This decrease is due mainly to depreciation expense.

The net position balance of the Garbage and Refuse Fund at April 30, 2017 was $230,069. This represented an increase of $23,520. The increase is due mainly to revenues exceeding expenditures.

Analysis of significant budget variations

During the course of the year, the City Council amended the amount of the original budget/appropriation. The final General Fund actual expenditures totaled $3,352,140 or 1.06 percent higher than the final budgeted expenditures of $3,316,964. The City budgeted extra for community development, general maintenance of capital assets, and contingency (unexpected expenses for other budget items). There was an increase from the original budget of $62,873 to the final budget. The variance between original and final budget results are not expected to have a significant effect on future services or liquidity of the City of Galena.

Analysis of capital assets

A summary of capital investments during the year is as follows:

$ 4,392 for water distribution and collection
$ 33,440 for water equipment
$ 23,636 for sewer distribution and collection
$ 15,000 for sewer equipment
$ 49,157 for Turner Hall building improvements
$ 2,338 for swimming pool equipment
$ 23,508 for pay and display parking equipment
$ 11,984 for culture and recreation (parks) equipment
$ 43,985 for culture and recreation (parks) infrastructure
$ 81,854 for solar panels and other equipment
$ 29,054 for public safety building improvements
$108,133 for public safety equipment
$ 69,104 for public works equipment and building improvements
$409,093 for public works infrastructure

Additional information on the City's capital assets can be found in Note 4 of this report.

Analysis of long-term debt

Governmental Activities:
During the year, the City paid principal and interest of:

$147,441 and $ 32,800 respectively, relating to 2012A GO Bond (Alt Rev) - TIF Projects
$ 34,202 and $ 7,608 respectively, relating to 2012A GO Bond (Alt Rev) - Rec Park
$ 39,249 and $ 8,730 respectively, relating to 2012A GO Bond (Alt Rev) - Garage
$ 9,163 and $ 2,038 respectively, relating to 2012A GO Bond (Alt Rev) - Bike Trail
$ 31,500 and $ 5,121 respectively, relating to 2012B GO Bond (Alt Rev) - Meeker Street Bridge
$ 27,000 and $ 4,433 respectively, relating to 2012B GO Bond (Alt Rev) - Flood Control
$ 57,278 and $ 6,620 respectively, relating to 2008 Sales Tax Capital Projects
$122,583 and $ 12,225 respectively, relating to 2009 Sales Tax Capital Projects
$ 66,960 and $ 18,709 respectively, relating to 2010 Sales Tax Capital Projects

Analysis of long-term debt (continued)
At year-end, the City had $2,464,919 in outstanding long-term debt relating to the Governmental Activities. They are as follows:

Governmental Activities	Amount	Principal Due Next Year
Revenue Bond, Series 2012A and 2012B	$ 1,948,740	$ 306,800
2008 Sales Tax Loan	91,359	60,000
2009 Sales Tax Loan	165,075	80,897
2010 Sales Tax Loan	259,745	71,387
TOTAL	$ 2,464,919	$ 519,084

Business-Type Activities:
During the year, the City paid principal and interest of:

$ 14,945 and $ 3,324 respectively, relating to 2012A GO Bond (Alt Rev)
$ 31,500 and $ 1,072 respectively, relating to 2012B GO Bond (Alt Rev)
$265,000 and $301,982 respectively, relating to 2010 GO Bond (Alt Rev)
$127,227 and $ 34,870 respectively, relating to Illinois EPA Water Loan

Business-Type Activities	Amount	Principal Due Next Year
General Obligation Bond (Alterative Revenue Source) Series 2010	$ 6,990,000	$ 275,000
2004 IEPA Loan - Water Utility	1,299,167	64,809
General Obligation Bond (Alternative Revenue Sources) Series 2012A and 2012B	311,260	50,860
TOTAL	$ 8,600,427	$ 390,669

As of April 30, 2017, the City's general obligation debt limitation was $8,289,167. This was a decrease of $58,562 from the prior year. The general obligation debt limitation is based on the assessed taxable valuation of the most recent property tax levy.

The City's bond rating issued by Standard & Poor remained AA-during the year. Additional information on the City's debt can be found in Notes 4 and 10 of this report.

Conditions that could have an effect on the financial position of the City

Subsequent to the year ended April 30, 2017, the City approved the following expenditures:

• New truck for use as squad for Police Department	$ 32,950
• New truck and used truck for Public Works Department	$ 97,000
• Painting of Green Street pedestrian bridge	$ 17,000
• Franklin Street storm sewer structure repair	$ 110,000
• Galena River Trail Phase 3 construction	$1,800,000
• New riding mower for Parks Department	$ 10,500
• Grant Park improvement projects	$ 50,000
• New equipment for Fire Department	$ 80,000
• Exterior painting and window repairs at Fire Department	$ 55,000
• Street Improvement Program	$ 207,200
• Spring Street project utility relocation design	$ 15,000
• Meter upgrades	$ 23,000
• East side water system improvements design	$ 40,000
• Replacement of old hydrants	$ 12,500
• Contract hydrant painting	$ 10,000
• SCADA computer system upgrades	$ 10,000
• Bartell Sewer Bypass Project	$ 95,000
• Ultraviolet disinfection controller replacement	$ 16,000
• Fly Loft repairs and floor repairs and refinishing	$ 38,000
TOTAL CAPITAL EXPENSES	$2,719,150

The City does not expect any new debt in 2017-2018.

Requests for information

This financial report is designed to provide a general overview of the City of Galena's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Council, 101 Green Street, P.O. Box 310, Galena, Illinois 61036.

CITY OF GALENA
GALENA, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
APRIL 30, 2017

OVERVIEW OF COMPONENT UNIT
APRIL 30, 2017

Discretely Presented Component Unit	**Activity Performed**
Greater Galena Marketing Initiative, Inc.	Marketing and Advertising

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS:				
Current Assets:				
Cash, Deposits and Investments	$ 1,556,730	$ 3,572,057	$ 5,128,787	$ 5,074
Accounts Receivable	-	158,582	158,582	-
Total Current Assets	$ 1,556,730	$ 3,730,639	$ 5,287,369	$ 5,074
Noncurrent Assets:				
Cash, Deposits and Investments	$ 2,758,155	$ 1,715,081	$ 4,473,236	$ -
Restricted Cash, Deposits and Investments	-	60,000	60,000	-
Bond Discount	58,472	45,162	103,634	-
Less: Amortization	(23,718)	(8,402)	(32,120)	-
Capital Assets:				
Land and Improvements	1,735,293	136,830	1,872,123	-
Historical Treasures	30,705	-	30,705	-
Buildings and Equipment, Net of Accumulated Depreciation	5,072,271	1,273,765	6,346,036	14,342
Infrastructure, Net of Accumulated Depreciation	9,921,341	8,494,670	18,416,011	-
Net Capital Assets	$ 16,759,610	$ 9,905,265	$ 26,664,875	$ 14,342
Total Noncurrent Assets	$ 19,552,519	$ 11,717,106	$ 31,269,625	$ 14,342
TOTAL ASSETS	$ 21,109,249	$ 15,447,745	$ 36,556,994	$ 19,416
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	$ 354,663	$ 48,501	$ 403,164	$ -
LIABILITIES:				
Current Liabilities:				
Cash Overdraft	$ 202,627	$ 2,538,476	$ 2,741,103	$ 3,275
Bond Premium	114,680	4,782	119,462	-
Less: Amortization	(55,268)	(768)	(56,036)	-
Payroll Related	2,432	-	2,432	7,819
Total Current Liabilities	$ 264,471	$ 2,542,490	$ 2,806,961	$ 11,094

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2017

	Governmental Activities	Business-Type Activities	Total	Component Unit
LIABILITIES: (continued)				
Noncurrent Liabilities:				
Due Within One Year	$ 519,084	$ 505,427	$ 1,024,511	$ -
Due Within More Than One Year	1,945,835	8,095,000	10,040,835	-
Net Pension Liability	584,845	84,161	669,006	-
Total Noncurrent Liabilities	$ 3,049,764	$ 8,684,588	$ 11,734,352	$ -
TOTAL LIABILITIES	$ 3,314,235	$ 11,227,078	$ 14,541,313	$ 11,094
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	$ 203,526	$ 27,832	$ 231,358	$ -
NET POSITION:				
Invested in Capital Assets, Net of Related Debt	$ 14,294,691	$ 1,304,838	$ 15,599,529	$ 14,342
Restricted for:				
Debt Service	-	60,000	60,000	-
Other Purposes	2,265,860	-	2,265,860	-
Unrestricted	1,385,600	2,876,498	4,262,098	(6,020)
TOTAL NET POSITION	$ 17,946,151	$ 4,241,336	$ 22,187,487	$ 8,322

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Component Unit**
Governmental Activities:								
General Government	$ 2,449,134	$ 250,409	$ -	$ 52,164	$ (2,146,561)	$ -	$ (2,146,561)	$ -
Public Safety	1,193,232	-	-	3,130	(1,190,102)	-	(1,190,102)	-
Public Works	1,579,803	-	-	-	(1,579,803)	-	(1,579,803)	-
Culture/Recreation	225,869	-	-	28,939	(196,930)	-	(196,930)	-
Community Development	1,743	-	-	-	(1,743)	-	(1,743)	-
Interest on Long-Term Debt	98,334	-	-	-	(98,334)	-	(98,334)	-
Total Governmental Activities	$ 5,548,115	$ 250,409	$ -	$ 84,233	$ (5,213,473)	$ -	$ (5,213,473)	$ -
Business-Type Activities:								
Garbage and Refuse Collection	$ 231,300	$ 242,405	$ -	$ -	$ -	$ 11,105	$ 11,105	$ -
Water	933,217	592,260	-	-	-	(340,957)	(340,957)	-
Sewer	1,478,735	702,097	-	15,100	-	(761,538)	(761,538)	-
Shuttle Service	4,578	63,632	-	-	-	59,054	59,054	-
Turner Hall	79,472	-	-	33,971	-	(45,501)	(45,501)	-
Swimming Pool	180,501	52,788	-	-	-	(127,713)	(127,713)	-
Total Business-Type Activities	$ 2,907,803	$ 1,653,182	$ -	$ 49,071	$ -	$ (1,205,550)	$ (1,205,550)	$ -
Total Primary Government	$ 8,455,918	$ 1,903,591	$ -	$ 133,304	$ (5,213,473)	$ (1,205,550)	$ (6,419,023)	$ -
Component Unit:								
General Government	$ 673,143	$ 603,952	$ -	$ -	$ -	$ -	$ -	$ (69,191)
Total Component Unit	$ 673,143	$ 603,952	$ -	$ -	$ -	$ -	$ -	$ (69,191)
GENERAL REVENUES:								
Taxes:								
Property Taxes					$ 1,419,477	$ 82	$ 1,419,559	$ -
Other Local Taxes					1,252,511	-	1,252,511	-
Intergovernmental Taxes					2,309,949	428,846	2,738,795	-
Bond Premium					5,307	768	6,075	-
Investment Earnings					34,175	14,890	49,065	18
Miscellaneous					238,493	217,995	456,488	-
Total General Revenues					$ 5,259,912	$ 662,581	$ 5,922,493	$ 18
Transfers					(237,795)	237,795	-	-
TOTAL REVENUES AND TRANSFERS					$ 5,022,117	$ 900,376	$ 5,922,493	$ 18
Change in Net Position					$ (191,356)	$ (305,174)	$ (496,530)	$ (69,173)
NET POSITION - BEGINNING					18,137,507	4,546,510	22,684,017	77,495
NET POSITION - ENDING					$ 17,946,151	$ 4,241,336	$ 22,187,487	$ 8,322

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
APRIL 30, 2017

	General Fund	Fire Protection Fund	Public Works Fund	Debt Service Fund	Nonmajor Govern-mental Funds	Total Govern-mental Funds
ASSETS:						
Cash, Deposits & Investments	$ 2,049,025	$ 1,348,970	$ 115,564	$ -	$ 801,326	$ 4,314,885
TOTAL ASSETS	$ 2,049,025	$ 1,348,970	$ 115,564	$ -	$ 801,326	$ 4,314,885
LIABILITIES AND FUND BALANCES:						
Current Liabilities:						
Cash Overdraft	$ -	$ -	$ -	$ 46,627	$ 156,000	$ 202,627
Payroll Related	2,432	-	-	-	-	2,432
Total Current Liabilities	$ 2,432	$ -	$ -	$ 46,627	$ 156,000	$ 205,059
Fund Balances:						
Restricted	$ -	$ 1,348,970	$ 115,564	$ -	$ 801,326	$ 2,265,860
Unassigned	2,046,593	-	-	(46,627)	(156,000)	1,843,966
Total Fund Balances (Deficits)	$ 2,046,593	$ 1,348,970	$ 115,564	$ (46,627)	$ 645,326	$ 4,109,826
TOTAL LIABILITIES AND FUND BALANCES	$ 2,049,025	$ 1,348,970	$ 115,564	$ -	$ 801,326	

Amounts reported for governmental activities in the statement of net position (Statement 1) are different because:

Amounts received from bond premium of $114,680, net of amortization of $55,268, are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	(59,412)
Amounts paid for bond issuance costs of $58,472, net of amortization of $23,718, are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	34,754
Capital assets of $44,439,800 net of depreciation of $27,680,190, are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	16,759,610
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(3,049,764)
Deferred Inflows of Resources are not current financial excess and, therefore, are not reported in the governmental funds.	(203,526)
Deferred Outflows of Resources are not current financial resources and, therefore, are not reported in the governmental funds.	354,663
Net Position of Governmental Activities	$ 17,946,151

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS GOVERNMENTAL FUNDS FOR THE YEAR END APRIL 30, 2017

	General Fund	Fire Protection Fund	Public Works Fund	Debt Service Fund	Nonmajor Govern-mental Funds	Total Govern-mental Funds
REVENUES:						
Local Taxes	$1,793,698	$ 344,588	$ -	$ -	$ 533,702	$2,671,988
Licenses and Permits	198,436	-	-	-	-	198,436
Intergovernmental	1,703,842	25,251	428,846	-	152,010	2,309,949
Fines and Forfeitures	37,307	-	-	-	-	37,307
Charges for Services	14,666	-	-	-	-	14,666
Investment Earnings	22,952	6,223	2,130	-	2,870	34,175
Grants	55,294	-	-	-	28,939	84,233
Miscellaneous	194,230	70	-	-	44,193	238,493
TOTAL REVENUES	$4,020,425	$ 376,132	$ 430,976	$ -	$ 761,714	$5,589,247
EXPENDITURES:						
Current:						
General Government	$1,615,377	$ -	$ -	$ -	$ 551,666	$2,167,043
Public Safety	867,655	78,014	-	-	58,448	1,004,117
Public Works	630,651	-	-	-	92,323	722,974
Culture/Recreation	-	-	-	-	120,111	120,111
Debt Service:						-
Principal	-	-	-	535,376	-	535,376
Interest & Other Charges	-	-	-	98,334	-	98,334
Capital Outlay	238,457	98,229	349,051	-	67,469	753,206
TOTAL EXPENDITURES	$3,352,140	$ 176,243	$ 349,051	$ 633,710	$ 890,017	$5,401,161
Excess (Deficiency) of Revenues Over Expenditures	$ 668,285	$ 199,889	$ 81,925	$(633,710)	$(128,303)	$ 188,086
OTHER FINANCING SOURCES (USES):						
Transfers In	$ -	$ -	$ -	$ 434,826	$ 232,840	$ 667,666
Transfers Out	(615,266)	(1,940)	(235,205)	-	(53,050)	(905,461)
TOTAL OTHER FINANCING SOURCES (USES)	$ (615,266)	$ (1,940)	$(235,205)	$ 434,826	$ 179,790	$ (237,795)

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS GOVERNMENTAL FUNDS FOR THE YEAR END APRIL 30, 2017

	General Fund	Fire Protection Fund	Public Works Fund	Debt Service Fund	Govern-mental Funds	Total Govern-mental Funds
Net Change in Fund Balance	$ 53,019	$ 197,949	$ (153,280)	$ (198,884)	$ 51,487	$ (49,709)
FUND BALANCE - BEGINNING	1,993,574	1,151,021	268,844	152,257	593,839	4,159,535
FUND BALANCE (DEFICIT) - ENDING	$ 2,046,593	$ 1,348,970	$ 115,564	$ (46,627)	$ 645,326	$ 4,109,826

Net Change in Fund Balances - Total Governmental Funds	$ (49,709)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets are capitalized. The assets are depreciated over their estimated useful lives and depreciation expense is reported in the statement of activities.	
Value of assets acquired	753,206
Depreciation reported in the government-wide statements.	(1,216,881)
Principal payments reported as expenditures in the fund statements.	535,376
Governmental funds report bond discounts as expenditures and bond premiums as revenues. However, in the statement of net position, the cost and receipts are capitalized. The assets and liabilities are amortized in the statement of activities.	
Amortized Bond Premium reported in government-wide statements	(11,472)
Amortized Bond Discount reported in government-wide statements	5,307
Net Change in pension liability is not a current activity and, therefore, is not reported in the fund financial statements.	(207,183)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (191,356)

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
APRIL 30, 2017

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage and Refuse Fund	Nonmajor Enterprise Funds	Total
ASSETS:					
Current Assets:					
Cash, Deposits, and Investments	$ 218,244	$ 3,215,219	$ 31,981	$ 106,613	$ 3,572,057
Accounts Receivable	62,619	68,696	27,267	-	158,582
Total Current Assets	$ 280,863	$ 3,283,915	$ 59,248	$ 106,613	$ 3,730,639
Noncurrent Assets:					
Cash, Deposit, and Investments	$ 732,980	$ 760,312	$ 168,968	$ 52,821	$ 1,715,081
Restricted Cash, Deposits, and Investments	60,000	-	-	-	60,000
Bond Discount Fees	-	42,222	-	2,940	45,162
Less: Amortization	-	(7,128)	-	(1,274)	(8,402)
Capital Assets:					-
Land and Improvements	41,830	95,000	-	-	136,830
Distribution & Collection Systems	7,666,687	19,496,913	-	-	27,163,600
Buildings & Equipment	1,199,427	1,196,800	6,049	2,547,670	4,949,946
Less: Accumulated Depreciation	(6,652,896)	(13,938,644)	(1,714)	(1,751,857)	(22,345,111)
Net Capital Assets	$ 2,255,048	$ 6,850,069	$ 4,335	$ 795,813	$ 9,905,265
Total Noncurrent Assets	$ 3,048,028	$ 7,645,475	$ 173,303	$ 850,300	$ 11,717,106
TOTAL ASSETS	$ 3,328,891	$ 10,929,390	$ 232,551	$ 956,913	$ 15,447,745
DEFERRED OUTFLOW OF RESOURCES	$ 16,235	$ 12,780	$ 1,998	$ 17,488	$ 48,501

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
APRIL 30, 2017

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage and Refuse Fund	Nonmajor Enterprise Funds	Total
LIABILITIES:					
Current Liabilities:					
Cash Overdraft	$ -	$ 2,538,476	$ -	$ -	$ 2,538,476
Bond Premium	-	-	-	4,782	4,782
Less: Amortization	-	-	-	(768)	(768)
Current Portion of Bonds & Notes Payable	130,427	356,800	-	18,200	505,427
Total Current Liabilities	$ 130,427	$ 2,895,276	$ -	$ 22,214	$ 3,047,917
Noncurrent Liabilities:					
Bonds & Notes Payable	$ 1,168,740	$ 6,843,200	$ -	$ 83,060	$ 8,095,000
Net Pension Liability	28,876	22,976	3,333	28,976	84,161
Total Noncurrent Liabilities	$ 1,197,616	$ 6,866,176	$ 3,333	$ 112,036	$ 8,179,161
TOTAL LIABILITIES	$ 1,328,043	$ 9,761,452	$ 3,333	$ 134,250	$ 11,227,078
DEFERRED INFLOW OF RESOURCES	$ 9,368	$ 7,334	$ 1,147	$ 9,983	$ 27,832
NET POSITION:					
Invested in Capital Assets, Net of Related Debt	$ 955,881	$ (349,931)	$ 4,335	$ 694,553	$ 1,304,838
Restricted for Debt Service	60,000	-	-	-	60,000
Unrestricted	991,834	1,523,315	225,734	135,615	2,876,498
TOTAL NET POSITION	$ 2,007,715	$ 1,173,384	$ 230,069	$ 830,168	$ 4,241,336

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage and Refuse Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES:					
Charges for Services	$ 592,260	$ 702,097	$ 242,405	$ 116,420	$ 1,653,182
Penalties	16,773	13,978	6,168	-	36,919
Concessions	-	-	-	25,594	25,594
Rent	80,366	-	-	42,755	123,121
Other - Miscellaneous	12,752	6,500	4,621	3,755	27,628
TOTAL OPERATING REVENUES	$ 702,151	$ 722,575	$ 253,194	$ 188,524	$ 1,866,444
OPERATING EXPENSES:					
Personnel	$ 80,405	$ 63,966	$ 9,276	$ 80,669	$ 234,316
Pension Expense	14,669	10,771	1,494	12,865	39,799
Maintenance Services	464,786	173,234	202,368	52,156	892,544
Professional Services	11,090	21,035	-	-	32,125
Communications	2,075	2,444	3,522	3,369	11,410
Services and Charges	11,093	18,000	770	32,080	61,943
General Supplies	-	-	3,506	32,178	35,684
Other Expenditures	33,857	20,418	4,545	9,535	68,355
Bad Debt	32,307	188	5,214	-	37,709
Depreciation and Amortization	248,065	865,625	605	38,375	1,152,670
TOTAL OPERATING EXPENSES	$ 898,347	$ 1,175,681	$ 231,300	$ 261,227	$ 2,566,555
Operating Income (Loss)	$ (196,196)	$ (453,106)	$ 21,894	$ (72,703)	$ (700,111)
NONOPERATING REVENUES (EXPENSES):					
Bond Premium Amortization	$ -	$ -	$ -	$ 768	$ 768
Interest Earnings	4,901	7,662	1,607	720	14,890
Interest Expense	(34,870)	(303,054)	-	(3,324)	(341,248)
Property Taxes Revenue	19	44	19	-	82
Sales Taxes Revenue	-	428,846	-	-	428,846
Grants	-	15,100	-	33,971	49,071
Solar Electric Sales	-	4,733	-	-	4,733
TOTAL NONOPERATING REVENUES (EXPENSES)	$ (29,950)	$ 153,331	$ 1,626	$ 32,135	$ 157,142

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-Type Activities - Enterprise Funds				
	Water Fund	**Sewer Fund**	**Garbage and Refuse Fund**	**Nonmajor Enterprise Funds**	**Total**
Income (Loss) Before Transfers	$ (226,146)	$ (299,775)	$ 23,520	$ (40,568)	$ (542,969)
Transfers In	-	-	-	274,745	274,745
Transfers Out	(18,475)	(18,475)	-	-	(36,950)
Change in Net Position	$ (244,621)	$ (318,250)	$ 23,520	$ 234,177	$ (305,174)
TOTAL NET POSITION - BEGINNING	2,252,336	1,491,634	206,549	595,991	4,546,510
TOTAL NET POSITION - ENDING	$ 2,007,715	$ 1,173,384	$ 230,069	$ 830,168	$ 4,241,336

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage and Refuse Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	$ 684,335	$ 717,245	$ 246,237	$ 184,769	$ 1,832,586
Payments to Suppliers for Goods & Services	(522,901)	(235,131)	(214,711)	(129,318)	(1,102,061)
Payments to Employees for Services	(80,405)	(63,966)	(9,276)	(80,669)	(234,316)
Other Receipts/(Payments)	12,752	6,500	4,621	3,755	27,628
Net Cash Provided (Used) by Operating Activities	$ 93,781	$ 424,648	$ 26,871	$ (21,463)	$ 523,837
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers In/(Out)	$ (18,475)	$ (18,475)	$ -	$ 274,745	$ 237,795
Property Taxes Received	19	44	19	-	82
Sales Taxes Received	-	428,846	-	-	428,846
Net Cash Provided (Used) by Noncapital Financing Activities	$ (18,456)	$ 410,415	$ 19	$ 274,745	$ 666,723
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases of Capital Assets	$ (37,832)	$ (38,636)	$ -	$ (75,002)	$ (151,470)
Principal Paid on Capital Debt	(127,227)	(296,500)	-	(14,945)	(438,672)
Interest Paid on Capital Debt	(34,870)	(303,054)	-	(3,324)	(341,248)
Grants	-	15,100	-	33,971	49,071
Net Cash (Used) in Capital and Related Financing Activities	$ (199,929)	$ (623,090)	$ -	$ (59,300)	$ (882,319)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Earned on Deposits	$ 4,901	$ 7,662	$ 1,607	$ 720	$ 14,890
Solar Electric Sales	-	4,733	-	-	4,733
Net Cash Provided by Investing Activities	$ 4,901	$ 12,395	$ 1,607	$ 720	$ 19,623

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Business-Type Activities - Enterprise Funds				
	Water Fund	Sewer Fund	Garbage and Refuse Fund	Nonmajor Enterprise Funds	Total
Net Increase (Decrease) in Cash and Cash Equivalents	$ (119,703)	$ 224,368	$ 28,497	$ 194,702	$ 327,864
BALANCE - BEGINNING OF YEAR	1,130,927	1,212,687	172,452	(35,268)	2,480,798
BALANCE - END OF YEAR	$ 1,011,224	$ 1,437,055	$ 200,949	$ 159,434	$ 2,808,662
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	$ (196,196)	$ (453,106)	$ 21,894	$ (72,703)	$ (700,111)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Amortization of Cost	-	639	-	293	932
Bad Debt	32,307	188	5,214	-	37,709
Depreciation Expense	248,065	864,986	605	38,082	1,151,738
Pension Expense	14,669	10,771	1,494	12,865	39,799
Changes in Assets and Liabilities:					
Accounts Receivable	(5,064)	1,170	(2,336)	-	(6,230)
Net Cash Provided (Used) by Operating Activities	$ 93,781	$ 424,648	$ 26,871	$ (21,463)	$ 523,837
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:					
Current Assets:					
Cash, Deposits, and Investments	$ 218,244	$ 3,215,219	$ 31,981	$ 106,613	$ 3,572,057
Noncurrent Assets:					
Cash, Deposits, and Investments	792,980	760,312	168,968	52,821	1,775,081
Current Liabilities:					
Cash Overdraft	-	(2,538,476)	-	-	(2,538,476)
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$ 1,011,224	$ 1,437,055	$ 200,949	$ 159,434	$ 2,808,662

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
APRIL 30, 2017

	Employee Benefit Trust Fund	Private - Purpose Trusts	Agency Fund
ASSETS:			
Cash, Deposits, and Investments	$ 115,013	$ 348,512	$ 7,356
TOTAL ASSETS	$ 115,013	$ 348,512	$ 7,356
LIABILITIES:			
Cash Overdraft	$ -	$ -	$ 2,244
Due to Cable Franchise Grantee	-	-	5,012
TOTAL LIABILITIES	$ -	$ -	$ 7,256
NET POSITION:			
Held in Trust for Employee Benefits and Revolving Loans	$ 115,013	$ 348,512	$ 100

The accompanying notes are an integral part of the basic financial statements.

CITY OF GALENA
GALENA, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Employee Accrued Benefit Trust Fund	Private-Purpose Trusts	Agency Fund
ADDITIONS:			
Employer Contributions:			
Received from General Fund	$ 42,385	$ -	$ -
Net Investment Income:			
Interest Earned	190	899	14
TOTAL ADDITIONS	$ 42,575	$ 899	$ 14
DEDUCTIONS:			
Benefits Paid to Employees	$ 12,231	$ -	$ -
Administrative Expense	-	-	-
TOTAL DEDUCTIONS	$ 12,231	$ -	$ -
Increase (Decrease) in Net Position	$ 30,344	$ 899	$ 14
NET POSITION - BEGINNING	84,669	347,613	86
NET POSITION - ENDING	$ 115,013	$ 348,512	$ 100

The accompanying notes are an integral part of the basic financial statements.

Note 1 - Summary of Significant Accounting Policies:

A. Reporting Entity

The City of Galena is an incorporated city with a population of approximately 3,400 residents (2010 census) located in Jo Daviess County, Illinois.

The City operates under a council form of government, which is governed by a six person board of alderpersons and a mayor. All seven of these positions are elected by the citizens of the City.

The accompanying financial statements present all of the funds of the City's primary government and discretely presented component unit over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships and the City (as distinct from legal relationships). Based upon the above criteria, the City of Galena has determined that there is one organization to be reported on as a component unit within the financial statements. The organization is Greater Galena Marketing Initiative, Inc. Greater Galena Marketing Initiative, Inc. performs marketing and advertising services for the City of Galena. The organization is a separate not-for-profit corporation organized under the laws of the State of Illinois. The fiscal year of the organization is May 1 through April 30. The City also has determined that the City is not a component unit of any other entity.

Financial statements for the component unit may be obtained directly from Greater Galena Marketing Initiative, Inc.

B. Basis of Presentation

Government-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Except for depreciation expense, the City does not allocate indirect expenses to functions in the Statement of Activities. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Basis of Presentation (continued)

Fund Financial Statements:

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund equity, revenues, and expenditures/expenses. Government resources are allocated and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. These financial statements reflect eight generic fund types and three broad fund categories.

An emphasis is placed on major funds within the governmental and proprietary fund categories. Funds are organized as major funds or nonmajor funds within the governmental and proprietary fund statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns, and the nonmajor funds are aggregated and reported in a single column in the fund financial statements. The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those that are legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Funds - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. The fund includes the Public Works Fund.

Debt Service Fund - This fund accounts for the resources and expenditures relating to the long-term debt of the governmental funds.

Proprietary Funds

Enterprise Fund - The Enterprise Fund is used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Water, Sewer, Garbage and Refuse Collection, Shuttle Services, Turner Hall, and the Swimming Pool Funds.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Basis of Presentation (continued)

Fiduciary Funds

They are used to account for assets held by the City in a trustee capacity or as an agent on behalf of others.

In addition, the City reports the following fiduciary fund types:

Private - Purpose Trust Funds - They are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations or other governments. The Community Development and Economic Development Revolving Loan Funds are used to account for the revolving loan activities benefiting City businesses.

Pension (and other employee benefit) Trust Funds - They are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans.

The Employee Accrued Benefits Fund is used to account for the activities of employee accrued vacation and sick time unused by the employee and is funded by contributions from the General Fund.

Agency Funds - They are used to report resources held in a purely custodial capacity for individuals or organizations outside the reporting entity. The Cable Fund is used to account for the monies as set forth in the cable franchise agreement between the City of Galena and the cable franchisee.

Major and Nonmajor Funds

The funds are further classified as major and nonmajor as follows:

Major Funds:

General Fund
Fire Protection - Special Revenue Fund
Debt Service Fund
Public Works Fund - Capital Projects Fund
Garbage and Refuse Collection Fund - Enterprise Fund - Proprietary Fund
Water - Enterprise Fund - Proprietary Fund
Sewer - Enterprise Fund - Proprietary Fund

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Basis of Presentation (continued)

Major and Nonmajor Funds (continued)

Nonmajor Funds:

Annual Audit - Special Revenue Fund
Emergency Services Defense - Special Revenue Fund
Insurance - Special Revenue Fund
Motor Fuel Tax - Special Revenue Fund
Illinois Municipal Retirement - Special Revenue Fund
Parks and Recreation Fund - Special Revenue Fund
Medicare/Social Security - Special Revenue Fund
Flood Control - Special Revenue Fund
Shuttle Services - Enterprise Fund - Proprietary Fund
Turner Hall - Enterprise Fund - Proprietary Fund
Swimming Pool - Enterprise Fund - Proprietary Fund

C. **Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus, as presented, are the determination of operating income, change in net position (cost recovery), and financial position.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Measurement Focus and Basis of Accounting (continued)

Measurement Focus (continued)

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (payroll taxes) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

Government-wide and fund financial statements are maintained on the modified cash basis method of accounting, which is a comprehensive basis of accounting other than U.S. Generally Accepted Accounting Principles. Under a pure cash basis method of accounting, revenues are recognized when collected rather than when earned, and expenditures are recognized when paid rather than when incurred. These financial statements are modified from the cash basis method of accounting because of the recording of prepaid items, capital assets presented net of accumulated depreciation, deferred outflows of resources, payroll withholding, proprietary fund accounts receivable, capital assets and the related depreciation expense, long-term debt, and net pension liability.

D. **Assets, Liabilities, and Net Position or Equity**

1. **Cash, Deposits and Investments**

For the purpose of the Statement of Net Position, "cash, deposits and investments" includes all demand, savings accounts and certificates of deposits and money markets (external investment pools) of the City. For the purposes of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

2. **Certificates of Deposit**

Certificates of deposit approximate market value and consist of investments with original maturities from four months to twenty-two months with interest ranging from 0.25% to 1.10%. Certificates of deposit with maturity dates more than three months from the balance sheet date are classified as noncurrent assets.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Assets, Liabilities, and Net Position or Equity (continued)

3. **Receivables - Business-Type Activities**

In the government-wide financial statements, receivables consist of utility revenues earned at year-end and not yet received.

All amounts are considered fully collectible and establishment of a reserve for uncollectible accounts is not considered necessary.

4. **Restricted Cash, Deposits and Investments**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required for bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. **Bond Discount**

Bond discounts paid at issuance date are amortized over the life of the bond. Expenses are recognized annually and accumulated until fully expired.

6. **Capital Assets**

Government-Wide Statements

In the government-wide financial statements, capitals assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than $5,000 for general capita assets and $20,000 for infrastructure assets, and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to May 1, 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB No. 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. The City has retroactively reported all infrastructure assets acquired by its governmental fund types.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Assets, Liabilities, and Net Position or Equity (continued)

Capital Assets (continued)

Government-Wide Statements (continued)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. The cost of renewals and betterments relating to retirement units is added to plan accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plan accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 years
Machinery and Equipment	3-10 years
Utility System	20-50 years
Infrastructure	20-50 years

7. **Deferred Outflows of Resources**

Deferred outlfows of resources represent a consumption of net position that is applied to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to expense and contributions from the employer after the measurement date, but before the end of employees reporting period.

8. **Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Assets, Liabilities, and Net Position or Equity (continued)

Deferred Inflows of Resources (continued)

that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of unrecognized items not yet charged to revenue for return on pension plan assets after the pension plan measurement date, but before the end of the pension plan operating year.

9. **Pensions**

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Illinois Municipal Retirement fund (IMRF) and additions to/deductions from IMRF fiduciary net position have been determined in the same basis reported by IMRF. For this purpose, benefit payments (including referrals of employee contribution) are recognized when due and payable in accordance with the benefit times. Investments are reported at fair value.

10. **Bond Premium**

Bond premium earned at issuance date is amortized over the life of the bond. Revenue is recognized annually and accumulated until fully expired.

11. **Long-Term Obligations**

All long-term obligations (except compensated absences - Note 13) to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Assets, Liabilities, and Net Position or Equity (continued)

12. **Equity Classifications**

Government-Wide Statements

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

Net Position:

- Invested in capital assets, net of related debt - 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 improvement of those assets less any unspent debt proceeds.

- Restricted net position - Consists of net position legally restricted by outside parties for a specific purpose.

- Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

Equity in the Fund Financial Statements is classified as Fund Balance and discharged in these components as follows:

- Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors or state or federal laws, or imposed by law through constitutional provisions or enabling legislation.

- Assigned - Amounts constrained and established by the government itself or by a body or an official delegated by the governing body.

- Unassigned - All amounts not included in other spendable classifications.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

Assets, Liabilities, and Net Position or Equity (continued)

12. **Equity Classifications** (continued)

Fund Financial Statements (continued)

Assigned and unassigned amounts are considered to have been spent when an expenditure is incurred for purposes that either classification is available for.

Fiduciary fund equity is classified as held in trust for employee benefits and revolving loans on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the City believes it is in compliance with all significant restrictions.

E. **Property Tax Calendar**

The City's property tax is levied each year on all taxable real property located within the City on or before the last Tuesday in December. The 2015 property tax levy proceeds were reflected as revenue in the financial statements for the year ended April 30, 2017. The 2016 levy was passed by the City Council on November 14, 2016. The 2016 property tax levy proceeds will be reflected as revenue in the financial statements for the year ended April 30, 2018. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. Payments must be made by these dates or a penalty will be assessed. The City receives significant distributions of tax receipts within the months of July, August, September, October, and November. A schedule of property tax extensions and rates are presented within the financial report on Schedule 22.

F. **Operating/Non-Operating Revenue and Expenses**

The proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1 - **Summary of Significant Accounting Policies:** (continued)

G. **Proprietary (Enterprise) Funds**

In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement numbers 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements.

H. **Allocated Indirect Costs**

On the Statement of Activities, the indirect costs of depreciation expense was allocated without using a separate column because these costs were included in the program expenses reported for individual functions and activities.

I. **Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward interfund transfers, restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure to interfund transfers, restricted fund balance, and then to other, less restrictive classifications - committed and then assigned fund balances before using unassigned fund balances.

J. **Estimates**

The preparation of financial statements in conformity with modified cash basis method of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - **Cash, Deposits and Investments:**

The investment policy of the City includes all funds governed by the City Council. The policy of the City is to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands and conforming to all state and local statutes governing the investment of public funds. Investments may be made in any type allowed for in the Illinois Compiled Statutes (30 ILCS 235) Public Funds Investment Act regarding the investment of public funds.

Note 2 - **Cash, Deposits and Investments:** (continued)

A. **Cash and Deposits**

At April 30, 2017, the cash deposits and investments balance per bank was $7,443,119. The carrying amount of the bank balance was $7,389,557. The difference between the bank and carrying balance was outstanding checks and/or deposits that had not cleared the bank at year-end.

The cash and deposits are categorized in accordance with risk factors created by Governmental Reporting Standards. 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's investment policy requires funds on deposit in excess of FDIC limits, must be secured by some form of collateral and held at an independent third party institution in the name of the City. As of April 30, 2017, the City's bank deposits of $7,443,119 were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name. As of April 30, 2017, the City's bank balance of $7,443,119 was exposed to custodial credit risk as follows:

1.	Uninsured and Uncollateralized	$	-0-
2.	Collateralized with securities held by the pledging financial institution, or	$	-0-
3.	Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name	$	-0-

B. **Investments**

The investment policy of the City applies to the activities of all its funds. The policy establishes cash management and investment guidelines for the stewardship of public funds under the City's jurisdiction. The Illinois Compiled Statutes (30 ILCS 235) Public Funds Investment Act will take precedence except where the City's policy would be more restrictive.

The City invests a portion of its cash balance in the Illinois Funds, which is authorized by state statute (30 ILCS 235). The Illinois Funds Money Market Fund (formerly known as IPTIP) is a money market fund created in 1975 by the Illinois General Assembly. Its primary purpose is to provide the public treasurer and other custodians of public funds with the alternative investment vehicle, which enables them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

Note 2 - **Cash, Deposits and Investments:** (continued)

Investments (continued)

The time deposits are collateralized 100% over FDIC of FSLIC $250,000 insurance with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 100% with U.S. Treasury obligations and the collateral is checked daily to determine sufficiency.

The individual participants maintain separate investment accounts representing a proportionate share of the pool assets and its respective collateral; therefore, no collateral is identified with each individual participant's account.

Credit Risk: The Illinois Funds is a 2a7-like investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company, but operates under an investment policy that is consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The Illinois Funds were rated AAAm by Standard & Poor.

Cost (actual amounts) approximates fair value.

A summary of the external investment pool balance by fund is listed below:

Money Market	Maturity Dates	Interest Rates	Fair Value Amounts
Various Funds	-	0-1.02%	$1,876,368
Motor Fuel Tax Fund	-	.084%	131,520
TOTAL			$2,007,888

C. **Restricted Cash, Deposits and Investments**

The following long-term debt accounts represent the balances of the restricted cash and investments:

Reserve - To prevent or remedy a default in the payment of the interest on/or principal of said outstanding bonds.

Following is a list of restricted cash and investments at April 30, 2017:

Restricted Cash, Deposits and Investments	
Reserve Account (Water Fund)	$ 60,000
Total Restricted Cash, Deposits and Investments	$ 60,000

Note 2 - **Cash, Deposits and Investments:** (continued)

Restricted Cash, Deposits and Investments (continued)

A summary of Cash, Deposits and Investments by fund is as follows:

Fund Primary Government	Type of Cash Account	Maturity Date	Interest Rate	Carrying Amount
General Fund	Petty Cash	-	-	$ 325
Swimming Pool	Petty Cash	-	-	308
Various Funds	Checking	-	-	460,332
Motor Fuel Tax Fund	Checking	-	1.25%	25,222
Community Development Revolving Loan Fund	Savings	-	0.20%	2,369
Community Development Revolving Loan Fund	Certificate of Deposit	02/18/20	0.40%	84,050
Employee Benefit Trust Fund	Savings	-	0.20%	6,724
Cable Fund	Savings	-	0.20%	7,356
Economic Development Revolving Loan Fund	Certificate of Deposit	03/18/19	0.25%	122,959
Economic Development Revolving Loan Fund	Savings	-	0.20%	163,218
Various Funds	Illinois Funds	-	-	1,876,368
Motor Fuel Tax Fund	Illinois Funds	-	-	131,520
General Fund	Certificate of Deposit	02/12/18	0.50%	58,104
General Fund	Certificate of Deposit	01/08/19	0.60%	142,557
General Fund	Certificate of Deposit	01/08/19	0.60%	143,307
General Fund	Certificate of Deposit	02/18/20	0.40%	404,489
General Fund	Certificate of Deposit	02/10/18	1.10%	585,386
General Fund	Certificate of Deposit	02/10/18	1.10%	70,246
General Fund	Certificate of Deposit	02/10/18	1.10%	81,954
Motor Fuel Tax Fund	Certificate of Deposit	02/20/20	0.40%	52,309
Garbage Fund	Certificate of Deposit	01/08/19	0.60%	142,557
Garbage Fund	Certificate of Deposit	02/12/16	0.50%	26,411

Note 2 - **Cash, Deposits and Investments:** (continued)

Restricted Cash, Deposits and Investments (continued)

A summary of Cash, Deposits and Investments by fund is as follows: (continued)

Fund Primary Government	Type of Account	Maturity Date	Interest Rate	Carrying Amount
Fire Protection Fund	Certificate of Deposit	02/10/18	1.10%	234,155
Fire Protection Fund	Certificate of Deposit	02/18/20	0.40%	236,390
Fire Protection Fund	Certificate of Deposit	02/18/20	0.40%	236,390
Fire Protection Fund	Certificate of Deposit	03/18/19	0.25%	230,548
Flood Control Fund	Certificate of Deposit	02/20/20	0.40%	26,155
Accrued Benefits Fund	Certificate of Deposit	02/20/20	0.40%	35,570
Capital Projects Fund	Certificate of Deposit	03/18/19	0.25%	256,165
Water Fund	Certificate of Deposit	10/10/17	0.75%	214,193
Water Fund	Certificate of Deposit	03/18/19	0.25%	204,932
Water Fund	Certificate of Deposit	02/20/20	0.40%	313,855
Sewer Fund	Certificate of Deposit	02/10/18	1.10%	234,155
Sewer Fund	Certificate of Deposit	08/10/17	0.40%	421,095
Sewer Fund	Certificate of Deposit	02/18/20	0.40%	105,062
Shuttle Fund	Certificate of Deposit	02/12/18	0.50%	52,821
TOTAL CASH, DEPOSITS & INVESTMENTS AT APRIL 30, 2017				$ 7,389,557

Reconciliation to the Financial Statements:

Statement of Net Position (Statement 1):	
Current Assets:	
Cash, Deposits and Investments	$ 5,128,787
Noncurrent Assets:	
Cash, Deposits and Investments	4,473,236
Restricted Cash, Deposits and Investments	60,000
Current Liability:	
Cash Overdraft	(2,741,103)
	$ 6,920,920

Note 2 - **Cash, Deposits and Investments:** (continued)

Reconciliation to the Financial Statements: (continued)

Statement of Fiduciary Net Position (Statement 8):	
Cash, Deposits and Investments:	
Employee Benefit Trust	$ 115,013
Private-purpose Trust	348,512
Agency	7,356
Cash Overdraft	(2,244)
	$ 468,637
TOTAL CASH, DEPOSITS AND INVESTMENTS	$ 7,389,557

Fund Component Unit	Type of Cash Account	Maturity Date	Interest Rate	Carrying Amount
Galena Marketing, Inc.	Checking	-	0.01%	$ (3,275)
	Money Market	-	0.01%	5,074
TOTAL CASH AND DEPOSITS AT APRIL 30, 2017				$ 1,799

Note 3 - **Capital Assets:**

Capital asset activity for the year ended April 30, 2017 was as follows:

	Balance 5/1/2016	Additions	Deletions	Balance 4/30/2017
Capital Assets not being Depreciated:				
Land and Improvements	$ 1,735,293	$ -	$ -	$ 1,735,293
Historical Treasures	30,705	-	-	30,705
Total Capital Assets not being Depreciated	$ 1,765,998	$ -	$ -	$ 1,765,998
Other Capital Assets:				
Buildings	$ 6,074,854	$ 110,592	$ -	$ 6,185,446
Machinery and Equipment	6,861,358	189,536	(9,309)	7,041,585
Infrastructure	28,993,692	453,078	-	29,446,770
Total Capital Assets being Depreciated	$41,929,904	$ 753,206	$ (9,309)	$42,673,801
Total Capital Assets	$43,695,902	$ 753,206	$ (9,309)	$44,439,799

Note 3 - **Capital Assets:** (continued)

	Balance 5/1/2016	Additions	Deletions	Balance 4/30/2017
Less: Accumulated Depreciation for:				
Buildings	$ 2,096,907	$ 167,397	$ -	$ 2,264,304
Machinery and Equipment	5,635,389	260,497	(5,430)	5,890,456
Infrastructure	18,736,442	788,987	-	19,525,429
Total Accumulated Depreciation	$ 26,468,738	$1,216,881	$ (5,430)	$27,680,189
Governmental Capital Assets, Net	$ 17,227,164	$ (463,675)	$ (3,879)	$16,759,610

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	$ 63,436
Public Safety	189,115
Public Works	856,829
Culture/Recreation	105,758
Community Development	1,743
Total Governmental Activities Depreciation Expense	$ 1,216,881

	Balance 5/1/2016	Additions	Deletions	Balance 4/30/2017
Business-Type Activities				
Water				
Capital Assets not being Depreciated:				
Land and Land Rights	$ 41,830	$ -	$ -	$ 41,830
Capital Assets being Depreciated:				
Distribution and Collection	$ 7,662,295	$ 4,392	$ -	$ 7,666,687
Buildings	168,046	-	-	168,046
Equipment	997,941	33,440	-	1,031,381
Total Capital Assets being Depreciated	$ 8,828,282	$ 37,832	$ -	$ 8,866,114
Total Capital Assets	$ 8,870,112	$ 37,832	$ -	$ 8,907,944
Less: Accumulated Depreciation	6,404,831	248,065	-	6,652,896
Net Water Utility Plant	$ 2,465,281	$ (210,233)	$ -	$ 2,255,048

Note 3 - **Capital Assets:** (continued)

	Balance 5/1/2016	Additions	Deletions	Balance 4/30/2017
Business-Type Activities (continued)				
Sewer				
Capital Assets not being Depreciated:				
Land and Land Rights	$ 95,000	$ -	$ -	$ 95,000
Capital Assets being Depreciated:				
Distribution and Collection	$19,473,277	$ 23,636	$ -	$19,496,913
Buildings	570,190	-	-	570,190
Equipment	611,610	15,000	-	626,610
Total Capital Assets being Depreciated	$20,655,077	$ 38,636	$ -	$20,693,713
Total Capital Assets	$20,750,077	$ 38,636	$ -	$20,788,713
Less: Accumulated Depreciation	13,073,658	864,986	-	13,938,644
Net Sewer Utility Plant	$ 7,676,419	$ (826,350)	$ -	$ 6,850,069
Garbage & Refuse				
Capital Assets being Depreciated:				
Equipment	$ 6,049	$ -	$ -	$ 6,049
Less: Accumulated Depreciation	1,109	605	-	1,714
Net Garbage & Refuse Capital Asset	$ 4,940	$ (605)	$ -	$ 4,335
Swimming Pool				
Capital Assets being Depreciated:				
Buildings	$ 1,335,431	$ -	$ -	$ 1,335,431
Machinery and Equipment	77,972	2,338	-	80,310
	$ 1,413,403	$ 2,338	$ -	$ 1,415,741
Less: Accumulated Depreciation	1,266,235	9,662	-	1,275,897
Net Swimming Pool Capital Assets	$ 147,168	$ (7,324)	$ -	$ 139,844
Turner Hall				
Capital Assets being Depreciated:				
Buildings	$ 998,744	$ 49,157	$ -	$ 1,047,901
Machinery and Equipment	12,361	-	-	12,361
	$ 1,011,105	$ 49,157	$ -	$ 1,060,262
Less: Accumulated Depreciation	414,359	24,321	-	438,680
Net Turner Hall Capital Assets	$ 596,746	$ 24,836	$ -	$ 621,582

Note 3 - **Capital Assets:** (continued)

	Balance 5/1/2016	Additions	Deletions	Balance 4/30/2017
Business-Type Activities (continued)				
Shuttle Services				
Capital Assets being Depreciated:				
Machinery and Equipment	$ 48,159	$ 23,507	$ -	$ 71,666
Less: Accumulated Depreciation	33,181	4,098	-	37,279
Net Shuttle Services Capital Assets	$ 14,978	$ 19,409	$ -	$ 34,387
Capital Assets not being Depreciated- Business Type Activities:				
Land	$ 136,830	$ -	$ -	$ 136,830
Capital Assets being Depreciated- Business Type Activities:				
Buildings	$ 3,072,411	$ 49,157	$ -	$ 3,121,568
Equipment	1,754,093	74,285	-	1,828,378
Infrastructure	27,135,572	28,028	-	27,163,600
Total Capital Assets Being Depreciated	$31,962,076	$ 151,470	$ -	$32,113,546
Total Capital Assets	$32,098,906	$ 151,470	$ -	$32,250,376
Less: Accumulated Depreciation	21,193,374	1,151,737	-	22,345,111
Business-Type Capital Assets, Net	$10,905,532	$(1,000,267)	$ -	$ 9,905,265

Summary of Business-Type Activities

Depreciation expenses were charged to functions as follows:

Business-Type Activities:	
Water	$ 248,065
Sewer	864,986
Garbage & Refuge	605
Swimming Pool	9,662
Turner Hall	24,321
Shuttle Service	4,098
Total Business-Type Activities Depreciation Expense	$ 1,151,737

Note 4 - Long-Term Obligations:

Long-term obligations activity for the year ended April 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES:					
Bonds and Notes Payable:					
General Obligation Debt	$ 2,237,295	$ -	$ (288,555)	$ 1,948,740	$ 260,000
Promissory Notes-Bank	763,000	-	(246,821)	516,179	516,179
Net Pension Liability	685,302	-	(100,457)	584,845	-
Total Governmental Activities Long-Term Liabilities	$ 3,685,597	$ -	$ (635,833)	$ 3,049,764	$ 776,179
BUSINESS-TYPE ACTIVITIES:					
Bonds and Notes Payable:					
General Obligation Debt	$ 357,705	$ -	$ (46,445)	$ 311,260	$ 100,000
Revenue Bonds	7,255,000	-	(265,000)	6,990,000	275,000
Revenue Note - IEPA	1,426,394	-	(127,227)	1,299,167	130,427
Net Pension Liability	74,456	9,705	-	84,161	-
Total Business-Type Activities Long-Term Liabilities	$ 9,113,555	$ 9,705	$ (438,672)	$ 8,684,588	$ 505,427
Total Long-Term Liabilities	$ 12,799,152	$ 9,705	$ (1,074,505)	$ 11,734,352	$ 1,281,606

General Obligation Debt

General Obligation (Alternative Revenue Sources) Bonds, Series 2012A

On June 27, 2012, General Obligation (Alternative Revenue Sources) Bonds, Series 2012A was issued.

Date of Issue: June 27, 2012
Maturity Date: December 30, 2022
Interest Rate: 2.00% to 3.00%
Principal Amount: $2,620,000
Principal payments due December 30
Interest payments due June 30 and December 30

Note 4 - **Long-Term Obligations:** (continued)

General Obligation Debt (continued)

General Obligation (Alternative Revenue Sources) Bonds, Series 2012B

The proceeds from the issuance of the General Obligation (Alternative Revenue Sources) Bonds, Series 2012A were used to retire the remaining balance due on the General Obligation Bonds, Series 2003. The principal amount of the bonds received was $2,620,000 with an original issue premium of $122,406, which provided the amount necessary to redeem all outstanding bonds of the Series 2003 as well as covering the issue cost of new bonds.

On June 27, 2012, General Obligation (Alternative Revenue Sources) Bonds, Series 2012B was issued.

Date of Issue: June 27, 2012
Maturity Date: December 30, 2022
Interest Rate: 1.20% to 2.60%
Principal Amount: $945,000
Principal payments due December 30
Interest payments due June 30 and December 30

The proceeds from the issuance of the General Obligation (Alternative Revenue Sources) Bonds, Series 2012B were used to fund Capital Projects of Governmental Activities and Capital Outlay of Enterprise Fund-Sewer. The principal amount of the bonds received was $945,000, which provided the amounts necessary to fund construction of the Meeker Street Bridge $335,000, a new Flood System $280,000 in the Governmental Activities, and the Solar Panel Project $330,000 in the Enterprise Fund-Sewer, as well as covering the issue cost of new bonds.

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies, sales tax, and other unrestricted sources of revenue. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

Note 4 - **Long-Term Obligations:** (continued)

General Obligation Debt (continued)

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 4/30/2017
Governmental Activities:					
General Obligation Debt:					
2012A Bonds	6/27/12	12/30/22	2.00-3.00%	$ 2,445,000	$ 1,558,740
2012B Bonds	6/27/12	12/30/22	1.20-2.60%	$ 615,000	390,000
Total Governmental Activities - General Obligation Debt					$ 1,948,740
Business-Type Activities:					
General Obligation Debt:					
2012A Bonds	6/27/12	12/30/22	2.00-3.00%	$ 175,000	$ 101,260
2012B Bonds	6/27/12	12/30/22	1.20-2.60%	$ 330,000	210,000
Total Business-Type Activities General Obligation Debt					$ 311,260
Total General Obligation Debt - All Activities					$ 2,260,000

Debt service requirements to maturity are as follows:

Governmental Activities:

	General Obligation (Alternative Revenue Sources) Bond, Series 2012A			
Fiscal Year Ending	**Principal December 30**	**Interest June 30**	**Interest December 30**	**Total Payments**
2018	$ 241,800	$ 28,076	$ 28,076	$ 297,952
2019	246,450	19,719	19,719	285,888
2020	251,100	15,987	15,987	283,074
2021	255,750	12,184	12,184	280,118
2022	270,300	8,310	8,310	286,920
2023	293,340	4,225	4,225	301,790
TOTAL	$ 1,558,740	$ 88,501	$ 88,501	$ 1,735,742

Note 4 - **Long-Term Obligations:** (continued)

General Obligation Debt (continued)

	General Obligation (Alternative Revenue Sources) Bond, Series 2012B			
Fiscal Year Ending	**Principal December 30**	**Interest June 30**	**Interest December 30**	**Total Payments**
2018	$ 65,000	$ 4,290	$ 4,290	$ 73,580
2019	65,000	3,233	3,233	71,466
2020	65,000	3,492	3,492	71,984
2021	65,000	2,425	2,425	69,850
2022	130,000	2,535	2,535	135,070
TOTAL	$ 390,000	$ 15,975	$ 15,975	$ 421,950

Business-Type Activities:

	General Obligation (Alternative Revenue Sources) Bond, Series 2012A			
Fiscal Year Ending	**Principal December 30**	**Interest June 30**	**Interest December 30**	**Total Payments**
2018	$ 18,200	$ 1,824	$ 1,824	$ 21,848
2019	18,550	1,281	1,281	21,112
2020	18,900	1,038	1,038	20,976
2021	19,250	791	791	20,832
2022	19,700	540	540	20,780
2023	6,660	275	275	7,210
TOTAL	$ 101,260	$ 5,749	$ 5,749	$ 112,758

	General Obligation (Alternative Revenue Sources) Bond, Series 2012B			
Fiscal Year Ending	**Principal December 30**	**Interest June 30**	**Interest December 30**	**Total Payments**
2018	$ 35,000	$ 2,310	$ 2,310	$ 39,620
2019	35,000	1,617	1,617	38,234
2020	35,000	1,358	1,358	37,716
2021	35,000	1,300	1,300	37,600
2022	70,000	1,365	1,365	72,730
TOTAL	$ 210,000	$ 7,950	$ 7,950	$ 225,900

Note 4 - **Long-Term Obligations:** (continued)

Revenue Debt

Business-type activities revenue notes are payable only from revenues derived from the operation of the water and sewer utilities and a ½% sales tax passed by referendum.

Revenue debt payable at April 30, 2017 consists of the following:

Business-Type Activities Revenue Debt

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 4/30/17
Water Utility					
2004 IEPA Loan	12/07/04	-	2.50%	$ 2,487,404	$ 1,299,167
Sewer Utility					
2010 Bonds (Callable 10/30/20)	01/26/10	10/30/30	2.00-4.35%	8,735,000	6,990,000
Total Business-Type Activities Revenue Debt					$ 8,289,167

The 2004 IEPA Loan requires a reserve of $60,000 be maintained. See Note 2 for more information.

	2004 IEPA Revenue Note - Water Utility				
Fiscal Year Ending	Principal May 11	Interest May 11	Principal Nov 11	Interest Nov 11	Total Payments
2018	$ -	$ -	$ 64,809	$ 16,239	$ 81,048
2019	65,619	15,429	66,439	14,609	162,096
2020	67,270	13,779	68,110	12,938	162,097
2021	68,962	12,086	69,823	11,224	162,095
2022	70,697	10,351	71,580	9,468	162,096
2023	381,071	24,170	304,787	19,406	729,434
TOTAL	$ 653,619	$ 75,815	$ 645,548	$ 83,884	$ 1,458,866

Note 4 - **Long-Term Obligations:** (continued)

Debt service requirements to maturity are as follows:

	Alternative Revenue Source Bond, Series 2010 Sewer Utility			
Fiscal Year Ending	**Principal December 30**	**Interest June 30**	**Interest December 30**	**Total Payments**
2018	$ 275,000	$ 146,685	$ 146,685	$ 568,370
2019	280,000	141,872	141,872	563,744
2020	295,000	136,622	136,622	568,244
2021	305,000	130,722	130,722	566,444
2022	315,000	124,622	124,622	564,244
2023-2027	1,780,000	523,027	523,027	2,826,054
2028-2032	2,185,000	322,268	322,268	2,829,536
2033-2036	1,555,000	70,987	70,987	1,696,974
TOTAL	$ 6,990,000	$ 1,596,805	$ 1,596,805	$ 10,183,610

Promissory Notes

These notes are payable out of the debt service fund and are related to City construction projects.

Promissory notes at April 30, 2017 consist of the following:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 4/30/2017
Governmental Activities:					
Promissory Notes:					
2008 Sales Tax Loan	09/01/2008	09/01/2018	4.85%	$ 500,000	$ 91,359
2009 Sales Tax Loan	08/26/2009	09/01/2019	4.49%	715,000	165,075
2010 Sales Tax Loan	09/02/2010	09/02/2020	4.58%	645,000	259,745
Total Governmental Activities-Promissory Notes					$ 516,179

Debt service requirements to maturity are as follows:

Fiscal Year Ending	Governmental Activities Promissory Notes Principal	Interest	Total Payments
2018	$ 212,284	$ 25,623	$ 237,907
2019	189,792	19,804	209,596
2020	114,103	5,031	119,134
TOTAL	$ 516,179	$ 50,458	$ 566,637

Other Debt Information

Estimated payments of compensated absences are not included in the debt service requirements schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The City believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations, except as described in the Revenue Debt section.

Note 5 - Lease Disclosures:

Lessor - Operating Leases

The City receives lease payments from a property rented to a local not-for-profit organization. The leased property includes buildings and land, including parking areas. The initial lease commenced on May 1, 2013. Annual lease payment is $1.00. The lease may be extended upon agreement of both parties. The land under lease is valued at $0 and the cost of buildings is $109,012. At April 30, 2017, the building's accumulated depreciation was $109,012. The lease terminated on June 1, 2016.

Note 6 - Net Position Restricted:

A. Net position restricted for other purposes as shown on the Statement of Net Position is as follows:

Governmental Activities	Restricted By	Amount
Audit	Law	$ 26,317
Emergency Services Defense	Law	4,578
Unemployment Insurance	Law	84,050
Liability Insurance	Law	146,727
Workers Compensation Insurance	Law	5,945
Motor Fuel Tax (Public Street Projects)	Law	302,692
Illinois Municipal Retirement (Pension)	Law	127,182
Medicare/Social Security (Payroll Taxes)	Law	65,724
Flood Control	Law	38,111
Fire Protection	Law	1,348,970
Public Works	Law	115,564
Total Net Position Restricted for Other Purposes		$2,265,860

B. Net position restricted for debt service as shown on the Statement of Net Position is as follows:

Business-Type Activities	Restricted By	Amount
Water - Debt Service	Note Agreement	$ 60,000
Total Net Position Restricted for Debt Service		$ 60,000

Note 7 - Deficit Fund Balance:

The following funds reflected a deficit fund balance at April 30, 2017:

Fund	Deficit
Parks & Recreation Fund	$ 156,000
Debt Service Fund	$ 46,627

Note 8 - Pension Plan:

IMRF Plan Description

The City of Galena's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increase, and death benefits to plan members and beneficiaries. The City of Galena's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

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

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

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price index of the original pension amount

Note 8 - **Pension Plan:** (continued)

Employees Covered by Benefit Terms
As of December 31, 2016, the following employees were covered by the benefit terms:

	IMRF
Retirees and Beneficiaries Currently Receiving Benefits	35
Inactive Plan Members Entitled to but not yet Receiving Benefits	6
Active Plan Members	29
TOTAL	70

Contributions
As set by statute, the City of Galena's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member's contributions, to finance the retirement coverage of its own employees. The City of Galena's annual contribution rate for calendar year 2016 was 10.42%. For the fiscal year ended April 30, 2017, the City of Galena contributed $165,327 to the plan. The City of Galena also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability
The City of Galena's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions
The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

Note 8 - **Pension Plan:** (continued)

Actuarial Assumptions (continued)

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projects scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38.00%	7.39%
International Equity	17.00%	7.59%
Fixed Income	27.00%	3.00%
Real Estate	8.00%	6.00%
Alternative Investments	9.00%	5-3.8% average
Cash Equivalents	1.00%	
TOTAL	100.00%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that the City of Galena's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

Note 8 - **Pension Plan:** (continued)

Single Discount Rate (continued)

2. the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Position Liability (A) - (B)
Balances at December 31, 2015	$ 8,094,544	$ 7,334,786	$ 759,758
Changes for the year:			
Service Cost	155,259	-	155,259
Interest on the Total Pension Liability	600,958	-	600,958
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience of the Total Pension Liability	(291,121)	-	(291,121)
Changes of Assumptions	(10,842)	-	(10,842)
Contributions - Employer	-	156,389	(156,389)
Contributions - Employees	-	67,538	(67,538)
Net Investment Income	-	504,323	(504,323)
Benefit Payments, including Refunds of Employee Contributions	(297,417)	(297,417)	-
Other (Net Transfer)	-	(183,304)	183,304
Net Changes	$ 156,837	$ 247,529	$ (90,692)
Balances at December 31, 2016	$ 8,251,381	$ 7,582,315	$ 669,066

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.49%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.50%)	Current Discount (7.50%)	1% Higher (8.50%)
Total Pension Liability	$ 9,420,607	$ 8,251,381	$ 7,288,277
Plan Fiduciary Net Position	7,582,315	7,582,315	7,582,315
Net Pension Liability (Asset)	$ 1,838,292	$ 669,066	$ (294,038)

Note 8 - **Pension Plan:** (continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2017, the City of Galena recognized pension expense of $165,327. At April 30, 2017 the City of Galena's reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
Deferred Amounts to be Recognized in Future Pension Expense			
Difference between expected and actual experience	$ 8,765	$ 223,051	$ (214,286)
Changes of assumptions	5,483	8,307	(2,824)
Net difference between projected and actual earnings on pension plan investments	338,377	-	338,377
Total Deferred Amounts to be Recognized in Future Pension Expense	$ 352,625	$ 231,358	$ 121,267
Pension Contributions made Subsequent to the Measurement Date	50,539	-	-
Total Deferred Amounts Related to Pensions	$ 403,164	$ 231,358	$ 121,267

The amount of $50,539 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended April 30, 2017.

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

Year Ending December 31	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2017	$ 46,085	$ -
2018	46,085	-
2019	41,408	-
2020	(12,311)	-
2021	-	-
Thereafter	-	-
TOTAL	$ 121,267	$ -

Note 9 - Interfund Receivables/Payables and Transfers:

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Debt Service*	General*	$ 146,571	Debt Payments
Flood Control	General*	70,270	Provide Additional Funds
Swimming Pool	General*	171,595	Provide Additional Funds
Turner Hall	General*	103,150	Provide Additional Funds
Parks & Recreation	General*	123,680	Provide Additional Funds
Debt Service*	Public Works*	235,205	Provide Funds for Debt Payment
Debt Service*	Parks & Recreation	53,050	Debt Payments
Insurance	Water*	14,450	Liability Insurance Payments
Insurance	Sewer*	14,450	Liability Insurance Payments
Audit	Water*	4,025	Audit Services
Audit	Sewer*	4,025	Audit Services
Emergency Services Defense	Fire Protection*	1,940	Siren Maintenance
Subtotal - Fund Financial Statements		$ 942,411	
Less: Fund Eliminations		(704,616)	
Total Government-wide Statements of Activities		$ 237,795	

**Denotes Major Fund*

Governmental Activities	Business-Type Activities	$ 36,950
Business-Type Activities	Governmental Activities	(274,745)
Total		$ (237,795)

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10 - Legal Debt Margin:

Based on the assessed valuation for 2016 of $99,613,295, the legal debt margin is:

Statutory Debt Limitation $99,613,295 x 8.625%	$ 8,591,647
Less: General Obligation Bonds Outstanding	2,260,000
Promissory Notes	516,179
LEGAL DEBT MARGIN	$ 5,815,468

Note 11 - Risk Management:

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Note 12 - Contingencies:

Compensated Absences

Under terms of employment, certain employees are granted compensated absences in varying amounts. These benefits, whether or not fully vested, are considered contingent liabilities for disclosure purposes only. Payments for the varying compensated absences will be made at rates in effect when the benefits are used. The following accumulated compensated absences at April 30, 2016, are determined on the basis of current wage rates.

Accumulated Sick Leave - The City provides full-time employees paid time off for sick leave which accumulates from year to year if not used. A contingent liability for sick pay has been calculated in the amount of $341,630 at April 30, 2017. The accumulated sick pay days are a partially vested benefit.

Accumulated Personal Leave - The City provides full-time employees paid time off for personal leave which accumulates from year to year if not used. A contingent liability for personal pay has been calculated in the amount of $2,466 at April 30, 2017. The accumulated personal pay days are not a vested benefit.

Accumulated Vacation Leave - The City provides full-time employees vested vacation leave on an annual basis according to their years of continuous service. Vacation leave elapses on the day of their anniversary of employment. A contingent liability for vacation leave has been calculated in the amount of $143,235 at April 30, 2017.

Accumulated Compensatory Time Off and Overtime Pay - The City provides full-time employees compensatory time off for overtime hours worked, which may accumulate from year to year if not used. A contingent liability for compensatory pay has been calculated in the amount of $38,831 at April 30, 2017. The accumulated compensatory time is a vested benefit for the City's non-exempt full-time employees.

Note 13 - **Subsequent Events:**

Subsequent to the year ended April 30, 2017, the City approved the following major expenditures and contract activity:

Expenditures:

• New truck for use as squad vehicle for Police Department	$ 32,950
• New truck and used truck for Public Works Department	$ 97,000
• Painting of Green Street pedestrian bridge	$ 17,000
• Franklin Street storm sewer structure repair	$ 110,000
• Galena River Trail Phase 3 construction	$1,800,000
• New riding mower for Parks Department	$ 10,500
• Grant Park improvement projects	$ 50,000
• New equipment for Fire Department	$ 80,000
• Exterior painting and window repairs at Fire Department	$ 55,000
• Street Improvement Program	$ 207,200
• Spring Street project utility relocation design	$ 15,000
• Meter upgrades	$ 23,000
• East side water system improvements design	$ 40,000
• Replacement of old hydrants	$ 12,500
• Contract hydrant painting	$ 10,000
• SCADA computer system upgrades	$ 10,000
• Bartell Sewer Bypass Project	$ 95,000
• Ultraviolet disinfection controller replacement	$ 16,000
• Fly Loft repairs and floor repairs and refinishing	$ 38,000
TOTAL CAPITAL EXPENSES	$2,719,150

The City's management has evaluated events and transactions for potential financial statement recognition or disclosure through August 18, 2017, the date the financial statements were available to be issued.

SCHEDULE 1

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Local Taxes	$ 1,745,980	$ 1,745,980	$ 1,793,698	$ 47,718
Licenses	141,575	147,700	132,174	(15,526)
Permits	96,000	96,000	66,262	(29,738)
Intergovernmental	1,670,600	1,670,600	1,703,842	33,242
Fines and Forfeitures	49,850	50,350	37,307	(13,043)
Charge for Services	14,500	14,500	14,666	166
Investment Earnings	16,215	16,215	22,952	6,737
Miscellaneous	182,150	185,650	249,524	63,874
TOTAL REVENUES (Schedule 2)	$ 3,916,870	$ 3,926,995	$ 4,020,425	$ 93,430
EXPENDITURES:				
General Government	$ 1,510,737	$ 1,518,082	$ 1,616,250	$ (98,168)
Public Safety	865,984	894,552	906,613	(12,061)
Public Works	877,370	904,330	829,277	75,053
TOTAL EXPENDITURES (Schedule 3)	$ 3,254,091	$ 3,316,964	$ 3,352,140	$ (35,176)
Excess (Deficiency) of Revenues Over Expenditures	$ 662,779	$ 610,031	$ 668,285	$ 58,254
OTHER FINANCING SOURCES (USES):				
Transfers Out	$ (657,651)	$ (781,331)	$ (615,266)	$ 166,065
TOTAL OTHER FINANCING SOURCES (USES)	$ (657,651)	$ (781,331)	$ (615,266)	$ 166,065
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses) Before Extraordinary Item	$ 5,128	$ (171,300)	$ 53,019	$ 224,319
FUND BALANCE - BEGINNING			1,993,574	
FUND BALANCE - ENDING			$ 2,046,593	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Local Taxes:				
Property Taxes:				
Police Protection	$ 38,540	$ 38,540	$ 38,586	$ 46
School Crossing Guard	10	10	19	9
General Corporate	425,420	425,420	423,849	(1,571)
Street Lighting	10	10	19	9
Road and Bridge	80,500	80,500	78,714	(1,786)
Total Property Taxes	$ 544,480	$ 544,480	$ 541,187	$ (3,293)
Other Taxes:				
Hotel Taxes	$ 505,000	$ 505,000	$ 573,600	$ 68,600
Foreign Fire Insurance Taxes	12,000	12,000	-	(12,000)
Telecommunications Taxes	140,000	140,000	111,302	(28,698)
Utility Taxes	225,000	225,000	223,875	(1,125)
Food and Beverage Tax	262,500	262,500	285,084	22,584
Amusement Tax	57,000	57,000	58,650	1,650
Total Other Taxes	$ 1,201,500	$ 1,201,500	$ 1,252,511	$ 51,011
Total Local Taxes	$ 1,745,980	$ 1,745,980	$ 1,793,698	$ 47,718
Licenses:				
Liquor Licenses	$ 65,625	$ 71,750	$ 57,880	$ (13,870)
Contractor Licenses	18,500	18,500	16,500	(2,000)
Miscellaneous Licenses	6,500	6,500	6,530	30
Guest House Licenses	3,500	3,500	3,885	385
Tour Business Licenses	450	450	750	300
Cable Franchise Licenses	47,000	47,000	46,629	(371)
Total Licenses	$ 141,575	$ 147,700	$ 132,174	$ (15,526)
Permits:				
Building Permits	$ 80,000	$ 80,000	$ 40,103	$ (39,897)
Electric Permits	2,000	2,000	2,902	902
Plumbing Permits	-	-	25	25
HVAC Permits	3,000	3,000	3,145	145
Zoning Permits/Applications	1,500	1,500	10,230	8,730
Sign Permits	2,000	2,000	1,547	(453)
Miscellaneous Permits	7,000	7,000	7,540	540
Excavation Permits	500	500	770	270
Total Permits	$ 96,000	$ 96,000	$ 66,262	$ (29,738)

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF REVENUES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES: (continued)				
Intergovernmental Revenues:				
State Income Taxes	$ 348,400	$ 348,400	$ 326,485	$ (21,915)
Sales Taxes	1,240,000	1,240,000	1,291,848	51,848
Local Use Taxes	80,200	80,200	83,379	3,179
State Grants - Public Safety	2,000	2,000	2,130	130
Total Intergovernmental Revenues	$ 1,670,600	$ 1,670,600	$ 1,703,842	$ 33,242
Fines and Forfeitures:				
Court Fines	$ 31,000	$ 31,000	$ 16,715	$ (14,285)
Parking Fines	15,000	15,000	15,235	235
DUI Fine Income	2,000	2,000	1,550	(450)
Miscellaneous	1,850	2,350	3,807	1,457
Total Fines and Forfeitures	$ 49,850	$ 50,350	$ 37,307	$ (13,043)
Inspections:				
Backflow Inspections	$ 10,800	$ 10,800	$ 11,291	$ 491
Rental Housing Inspections	3,700	3,700	3,375	(325)
Total Inspections	$ 14,500	$ 14,500	$ 14,666	$ 166
Investment Income:				
Interest Income	$ 16,215	$ 16,215	$ 22,952	$ 6,737
Total Investment Income	$ 16,215	$ 16,215	$ 22,952	$ 6,737
Miscellaneous:				
Country Fair Grant	$ 1,800	$ 1,800	$ 1,000	$ (800)
Solar Grant	52,000	52,000	52,164	164
Donations	1,000	1,000	745	(255)
Insurance Refunds	3,500	3,500	70,782	67,282
Video Gaming	50,000	50,000	50,740	740
Miscellaneous	73,850	77,350	74,093	(3,257)
Total Miscellaneous	$ 182,150	$ 185,650	$ 249,524	$ 63,874
TOTAL REVENUES (SCHEDULE 1)	$ 3,916,870	$ 3,926,995	$ 4,020,425	$ 93,430

See Accompanying Independent Auditor's Report.

SCHEDULE 3

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
GENERAL GOVERNMENT:				
Administration:				
Personnel:				
Salaries - Employees	$ 164,674	$ 164,674	$ 164,559	$ 115
Salaries - Elected	17,500	17,500	17,250	250
Total Personnel	$ 182,174	$ 182,174	$ 181,809	$ 365
Contractual Services:				
Professional Services	$ 2,500	$ 2,500	$ 2,572	$ (72)
Communications	1,750	1,750	2,946	(1,196)
Professional Development	3,000	3,000	2,686	314
Hotel Motel Tax Expense	505,000	505,000	572,094	(67,094)
Total Contractual Services	$ 512,250	$ 512,250	$ 580,298	$ (68,048)
Other Expenditures:				
Refunds	$ 6,500	$ 6,500	$ 315	$ 6,185
Mayor's Discretionary Fund	5,000	5,000	5,100	(100)
Grants to Not-for-Profit Organizations	29,000	29,000	29,342	(342)
Miscellaneous	1,500	1,500	1,610	(110)
Total Other Expenditures	$ 42,000	$ 42,000	$ 36,367	$ 5,633
Total Administration	$ 736,424	$ 736,424	$ 798,474	$ (62,050)
Finance:				
Personnel:				
Salaries - Employees	$ 89,805	$ 89,805	$ 89,774	$ 31
Insurance Benefits	445,450	452,795	522,699	(69,904)
Total Personnel	$ 535,255	$ 542,600	$ 612,473	$ (69,873)
Contractual Services:				
Maintenance Services	$ 48,700	$ 48,700	$ 64,972	$ (16,272)
Professional Services	38,535	38,535	11,205	27,330
Communications	12,400	12,400	4,908	7,492
Professional Development	2,350	2,350	1,343	1,007
Services Charges	6,700	6,700	9,253	(2,553)
Equipment Lease	2,000	2,000	4,430	(2,430)
Foreign Fire Insurance to Galena Fire Dept.	12,000	12,000	-	12,000
Total Contractual Services	$ 122,685	$ 122,685	$ 96,111	$ 26,574

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
GENERAL GOVERNMENT: (continued)				
Finance: (continued)				
Commodities:				
General Supplies	$ 7,500	$ 7,500	$ 4,841	$ 2,659
Total Commodities	$ 7,500	$ 7,500	$ 4,841	$ 2,659
Other Expenditures:				
Bank Charges	$ 1,000	$ 1,000	$ 932	$ 68
Miscellaneous	11,500	11,500	8,258	3,242
Total Other Expenditures	$ 12,500	$ 12,500	$ 9,190	$ 3,310
Capital Outlay:				
Buildings	$ -	$ -	$ -	$ -
Equipment	-	-	-	-
Total Capital Outlay	$ -	$ -	$ -	$ -
Total Finance	$ 677,940	$ 685,285	$ 722,615	$ (37,330)
Clerk:				
Personnel:				
Salaries - Elected	$ 9,100	$ 9,100	$ 9,100	$ -
Total Personnel	$ 9,100	$ 9,100	$ 9,100	$ -
Contractual Services:				
Professional Services	$ 4,500	$ 4,500	$ 4,230	$ 270
Communications	1,700	1,700	1,927	(227)
Professional Development	3,600	3,600	2,148	1,452
Total Contractual Services	$ 9,800	$ 9,800	$ 8,305	$ 1,495
Total Clerk	$ 18,900	$ 18,900	$ 17,405	$ 1,495
Zoning:				
Personnel:				
Salaries - Employees	$ 72,173	$ 72,173	$ 70,760	$ 1,413
Total Personnel	$ 72,173	$ 72,173	$ 70,760	$ 1,413
Contractual Services:				
Professional Services	$ 1,500	$ 1,500	$ 3,200	$ (1,700)
Communications	1,450	1,450	2,004	(554)
Professional Development	350	350	585	(235)
Total Contractual Services	$ 3,300	$ 3,300	$ 5,789	$ (2,489)

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
GENERAL GOVERNMENT: (continued)				
Commodities:				
Supplies	$ -	$ -	$ 334	$ (334)
Total Commodities	$ -	$ -	$ 334	$ (334)
Capital Outlay:				
Equipment	$ 2,000	$ 2,000	$ 873	$ 1,127
Total Capital Outlay	$ 2,000	$ 2,000	$ 873	$ 1,127
Total Zoning	$ 77,473	$ 77,473	$ 77,756	$ (283)
TOTAL GENERAL GOVERNMENT	$ 1,510,737	$ 1,518,082	$ 1,616,250	$ (98,168)
PUBLIC SAFETY:				
Police Protection:				
Personnel:				
Salaries - Employees	$ 637,183	$ 637,183	$ 664,183	$ (27,000)
Uniforms	9,350	9,350	6,509	2,841
Total Personnel	$ 646,533	$ 646,533	$ 670,692	$ (24,159)
Contractual Services:				
Maintenance Services	$ 20,200	$ 20,200	$ 21,581	$ (1,381)
Professional Services	10,800	10,800	12,392	(1,592)
Communications	10,900	10,900	13,784	(2,884)
Professional Development	7,900	7,900	4,416	3,484
Service Charges	9,300	9,300	7,285	2,015
Equipment Lease	3,300	3,300	1,993	1,307
Total Contractual Services	$ 62,400	$ 62,400	$ 61,451	$ 949
Commodities:				
General Supplies	$ 29,200	$ 53,268	$ 48,041	$ 5,227
Total Commodities	$ 29,200	$ 53,268	$ 48,041	$ 5,227
Other Expenditures:				
Miscellaneous	$ 6,300	$ 9,800	$ 9,297	$ 503
Total Other Expenditures	$ 6,300	$ 9,800	$ 9,297	$ 503

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
PUBLIC SAFETY: (continued)				
Capital Outlay:				
Equipment	$ 37,960	$ 38,960	$ 38,958	$ 2
Total Capital Outlay	$ 37,960	$ 38,960	$ 38,958	$ 2
Total Police Protection	$ 782,393	$ 810,961	$ 828,439	$ (17,478)
Building Inspection:				
Personnel:				
Salaries - Employees	$ 64,391	$ 64,391	$ 64,380	$ 11
Total Personnel	$ 64,391	$ 64,391	$ 64,380	$ 11
Contractual Services:				
Professional Services	$ 12,000	$ 12,000	$ 12,450	$ (450)
Communications	1,650	1,650	285	1,365
Professional Development	3,550	3,550	550	3,000
Total Contractual Services	$ 17,200	$ 17,200	$ 13,285	$ 3,915
Commodities:				
General Supplies	$ 1,500	$ 1,500	$ 509	$ 991
Total Commodities	$ 1,500	$ 1,500	$ 509	$ 991
Capital Outlay:				
Equipment	$ 500	$ 500	$ -	$ 500
Total Capital Outlay	$ 500	$ 500	$ -	$ 500
Total Building Inspection	$ 83,591	$ 83,591	$ 78,174	$ 5,417
TOTAL PUBLIC SAFETY	$ 865,984	$ 894,552	$ 906,613	$ (12,061)
PUBLIC WORKS:				
Transportation:				
Personnel:				
Salaries - Employees	$ 388,602	$ 388,602	$ 376,904	$ 11,698
Uniforms	2,100	2,100	1,372	728
Total Personnel	$ 390,702	$ 390,702	$ 378,276	$ 12,426

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
PUBLIC WORKS: (continued)				
Contractual Services:				
Maintenance Services	$ 53,600	$ 72,200	$ 35,812	$ 36,388
Other Professional	800	800	621	179
Communications	1,100	1,100	1,359	(259)
Professional Development	500	500	440	60
Service Charges	14,400	14,400	6,487	7,913
Equipment Rental	3,000	3,000	1,318	1,682
Total Contractual Services	$ 73,400	$ 92,000	$ 46,037	$ 45,963
Commodities:				
Maintenance Supplies	$ 79,200	$ 79,200	$ 113,867	$ (34,667)
General Supplies	39,300	39,300	44,021	(4,721)
Miscellaneous	-	2,500	2,477	23
Total Commodities	$ 118,500	$ 121,000	$ 160,365	$ (39,365)
Capital Outlay:				
Buildings	$ 77,000	$ 77,000	$ 81,539	$ (4,539)
Equipment	55,450	55,450	54,311	1,139
Infrastructure	125,700	106,455	60,042	46,413
Total Capital Outlay	$ 258,150	$ 238,905	$ 195,892	$ 43,013
Total Transportation	$ 840,752	$ 842,607	$ 780,570	$ 62,037
Engineering:				
Personnel:				
Salaries - Employees	$ 23,518	$ 23,518	$ 23,486	$ 32
Total Personnel	$ 23,518	$ 23,518	$ 23,486	$ 32
Contractual Services:				
Professional Services	$ 10,000	$ 35,105	$ 21,165	$ 13,940
Professional Development	2,000	2,000	690	1,310
Total Contractual Services	$ 12,000	$ 37,105	$ 21,855	$ 15,250
Commodities:				
General Supplies	$ 600	$ 600	$ 632	$ (32)
Total Commodities	$ 600	$ 600	$ 632	$ (32)

CITY OF GALENA
GALENA, ILLINOIS

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
PUBLIC WORKS: (continued)				
Engineering: (continued)				
Capital Outlay:				
Equipment	$ 500	$ 500	$ 2,734	$ (2,234)
Total Capital Outlay	$ 500	$ 500	$ 2,734	$ (2,234)
Total Engineering	$ 36,618	$ 61,723	$ 48,707	$ 13,016
TOTAL PUBLIC WORKS	$ 877,370	$ 904,330	$ 829,277	$ 75,053
TOTAL EXPENDITURES (SCHEDULE 1)	$ 3,254,091	$3,316,964	$3,352,140	$ (35,176)

CITY OF GALENA
GALENA, ILLINOIS

FIRE PROTECTION FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Local Sources:				
Property Taxes	$ 344,240	$ 344,240	$ 344,588	$ 348
Intergovernmental:				
Rural District	25,950	25,950	25,251	(699)
Other Local Sources:				
Investment Earnings	6,150	6,150	6,223	73
Miscellaneous	1,500	1,500	70	(1,430)
TOTAL REVENUES	$ 377,840	$ 377,840	$ 376,132	$ (1,708)
EXPENDITURES:				
Current:				
Public Safety:				
Personnel:				
Salaries - Employees	$ 35,400	$ 35,400	$ 29,184	$ 6,216
Death Benefits	2,500	2,500	1,860	640
	$ 37,900	$ 37,900	$ 31,044	$ 6,856
Contractual Services:				
Maintenance Services	$ 4,225	$ 4,225	$ 5,674	$ (1,449)
Professional Services	2,500	2,500	262	2,238
Communication	1,850	1,850	152	1,698
Professional Development	8,500	8,500	3,877	4,623
Service Charges	12,000	12,000	8,139	3,861
Liability Insurance	3,700	3,700	3,773	(73)
	$ 32,775	$ 32,775	$ 21,877	$ 10,898
Commodities:				
Maintenance Supplies	$ 11,250	$ 11,250	$ 9,366	$ 1,884
General Supplies	13,500	13,500	12,457	1,043
	$ 24,750	$ 24,750	$ 21,823	$ 2,927
Other Expenditures:				
Miscellaneous Expenses	$ 5,500	$ 5,500	$ 3,270	$ 2,230
	$ 5,500	$ 5,500	$ 3,270	$ 2,230

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

FIRE PROTECTION FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES: (continued)				
Capital Outlay:				
Equipment	$ 72,250	$ 72,250	$ 69,175	$ 3,075
Building & Improvements	145,000	145,000	29,054	115,946
	$ 217,250	$ 217,250	$ 98,229	$ 119,021
TOTAL EXPENDITURES	$ 318,175	$ 318,175	$ 176,243	$ 141,932
Excess (Deficiency) of Revenues Over Expenditures	$ 59,665	$ 59,665	$ 199,889	$ 140,224
OTHER FINANCING SOURCES (USES):				
Transfers Out	$ (1,940)	$ (1,940)	$ (1,940)	$ -
TOTAL OTHER FINANCING SOURCES (USES)	$ (1,940)	$ (1,940)	$ (1,940)	$ -
Net Change in Fund Balance	$ 57,725	$ 57,725	$ 197,949	$ 140,224
FUND BALANCE - BEGINNING			1,151,021	
FUND BALANCE - ENDING			$ 1,348,970	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

PUBLIC WORKS FUND - CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental Revenues:				
Sales Taxes	$ 400,000	$ 400,000	$ 428,846	$ 28,846
Grant	20,000	20,000	-	(20,000)
Other Local Sources:				
Interest Earned	1,570	1,570	2,130	560
TOTAL REVENUES	$ 421,570	$ 421,570	$ 430,976	$ 9,406
EXPENDITURES:				
Capital Outlay:				
Infrastructure	$ 337,000	$ 344,200	$ 349,051	$ (4,851)
TOTAL EXPENDITURES	$ 337,000	$ 344,200	$ 349,051	$ (4,851)
Excess (Deficiency) of Revenues Over Expenditures	$ 84,570	$ 77,370	$ 81,925	$ 4,555
OTHER FINANCING SOURCES (USES):				
Transfers Out	$ (264,605)	$ (264,605)	$ (235,205)	$ 29,400
TOTAL OTHER FINANCING SOURCES (USES)	$ (264,605)	$ (264,605)	$ (235,205)	$ 29,400
Net Change in Fund Balance	$ (180,035)	$ (187,235)	$ (153,280)	$ 33,955
FUND BALANCE - BEGINNING			268,844	
FUND BALANCE - ENDING			$ 115,564	

See Accompanying Independent Auditor's Report.

SCHEDULE 6

CITY OF GALENA
GALENA, ILLINOIS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Other Local Sources:				
Interest Refund	$ -	$ -	$ -	$ -
TOTAL REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES:				
Debt Service:				
Principal:				
2012A GO Bonds - TIF Projects	$ 147,435	$ 147,435	$ 147,441	$ (6)
2012A GO Bonds - Garage	39,270	39,270	39,249	21
2012A Rec Park Bond	34,210	34,210	34,202	8
2012A Bike Trail Bond	9,155	9,155	9,163	(8)
2012B Meeker St. Bridge	35,000	35,000	31,500	3,500
2012B Flood Bond	25,000	25,000	27,000	(2,000)
2008 Sales Tax Capital Projects	57,285	57,285	57,278	7
2009 Sales Tax Capital Projects	77,650	77,650	122,583	(44,933)
2010 Sales Tax Capital Projects	66,930	66,930	66,960	(30)
	$ 491,935	$ 491,935	$ 535,376	$ (43,441)
Interest:				
2012A GO Bond - TIF Projects	$ 32,920	$ 32,920	$ 32,800	$ 120
2012A GO Bonds - Garage	8,770	8,770	8,730	40
2012A Rec Park Bond	7,640	7,640	7,608	32
2012A Bike Trail Bond	2,045	2,045	2,038	7
2012B Meeker St. Bridge	5,235	5,235	5,171	64
2012B Flood Bond	4,400	4,400	4,433	(33)
2008 Sales Tax Capital Projects	6,620	6,620	6,620	-
2009 Sales Tax Capital Projects	12,250	12,250	12,225	25
2010 Sales Tax Interest	14,470	14,470	18,709	(4,239)
	$ 94,350	$ 94,350	$ 98,334	$ (3,984)
TOTAL EXPENDITURES	$ 586,285	$ 586,285	$ 633,710	$ (47,425)

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Excess (Deficiency) of Revenues Over Expenditures	$ (586,285)	$ (586,285)	$ (633,710)	$ (47,425)
OTHER FINANCING SOURCES (USES):				
Transfers In	$ 464,226	$ 464,226	$ 434,826	$ (29,400)
TOTAL OTHER FINANCING SOURCES (USES)	$ 464,226	$ 464,226	$ 434,826	$ (29,400)
Net Change in Fund Balance	$ (122,059)	$ (122,059)	$ (198,884)	$ (76,825)
FUND BALANCE - BEGINNING			152,257	
FUND BALANCE - ENDING			$ (46,627)	

See Accompanying Independent Auditor's Report.

SCHEDULE 7

CITY OF GALENA
GALENA, ILLINOIS

COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2017

	SPECIAL REVENUE FUNDS								
	Annual Audit Fund	Emergency Services Defense Fund	Insurance Fund	Motor Fuel Tax Fund	Illinois Municipal Retirement Fund	Parks and Recreation Fund	Medicare/ Social Security Fund	Flood Control Fund	Total Nonmajor Govern-mental Funds
ASSETS:									
Cash, Deposits, and Investments	$ 26,317	$ 4,578	$ 236,722	$ 302,692	$ 127,182	$ -	$ 65,724	$ 38,111	$ 801,326
TOTAL ASSETS	$ 26,317	$ 4,578	$ 236,722	$ 302,692	$ 127,182	$ -	$ 65,724	$ 38,111	$ 801,326
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Bank Overdraft	$ -	$ -	$ -	$ -	$ -	$ 156,000	$ -	$ -	$ 156,000
Total Liabilities	$ -	$ -	$ -	$ -	$ -	$ 156,000	$ -	$ -	$ 156,000
Fund Balances:									
Restricted	$ 26,317	$ 4,578	$ 236,722	$ 302,692	$ 127,182	$ -	$ 65,724	$ 38,111	$ 801,326
Unassigned	-	-	-	-	-	(156,000)	-	-	(156,000)
Total Fund Balances (Deficits)	$ 26,317	$ 4,578	$ 236,722	$ 302,692	$ 127,182	$ (156,000)	$ 65,724	$ 38,111	$ 645,326
TOTAL LIABILITIES AND FUND BALANCES	$ 26,317	$ 4,578	$ 236,722	$ 302,692	$ 127,182	$ -	$ 65,724	$ 38,111	$ 801,326

See Accompanying Independent Auditor's Report.

SCHEDULE 8

CITY OF GALENA
GALENA, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	SPECIAL REVENUE FUNDS								
	Annual Audit Fund	Emergency Services Defense Fund	Insurance Fund	Motor Fuel Tax Fund	Illinois Municipal Retirement Fund	Parks and Recreation Fund	Medicare/ Social Security Fund	Flood Control Fund	Total Nonmajor Govern-mental Funds
REVENUES:									
Local Sources:									
Property Taxes	$ 18,019	$ 862	$ 247,757	$ -	$ 22,029	$ 48,837	$ 196,198	$ -	$ 533,702
Intergovernmental Revenues:									
State Motor Fuel Tax Allotments	-	-	-	87,209	-	-	-	-	87,209
Personal Property Replacement Taxes	-	-	-	-	64,801	-	-	-	64,801
Other Local Sources:									
Investment Earnings	11	107	-	1,225	419	580	67	461	2,870
Donations	-	-	-	-	-	28,939	-	-	28,939
Miscellaneous	4,625	-	-	17,381	-	22,187	-	-	44,193
TOTAL REVENUES	$ 22,655	$ 969	$ 247,757	$ 105,815	$ 87,249	$ 100,543	$ 196,265	$ 461	$ 761,714
EXPENDITURES:									
Current:									
General Government	$ 26,625	$ -	$ 233,549	$ -	$ 157,485	$ -	$ 134,007	$ -	$ 551,666
Public Safety	-	2,678	-	-	-	-	-	55,770	58,448
Public Works/Transportation	-	-	-	92,323	-	-	-	-	92,323
Culture/Recreation	-	-	-	-	7,842	112,269	-	-	120,111
Capital Outlay	-	-	-	-	-	55,969	-	11,500	67,469
TOTAL EXPENDITURES	$ 26,625	$ 2,678	$ 233,549	$ 92,323	$ 165,327	$ 168,238	$ 134,007	$ 67,270	$ 890,017
Excess (Deficiency) of Revenues Over Expenditures	$ (3,970)	$ (1,709)	$ 14,208	$ 13,492	$ (78,078)	$ (67,695)	$ 62,258	$ (66,809)	$ (128,303)
OTHER FINANCING SOURCES (USES):									
Transfers In	$ 8,050	$ 1,940	$ 28,900	$ -	$ -	$ 123,680	$ -	$ 70,270	$ 232,840
Transfers Out	-	-	-	-	-	(53,050)	-	-	(53,050)
TOTAL OTHER FINANCING SOURCES (USES)	$ 8,050	$ 1,940	$ 28,900	$ -	$ -	$ 70,630	$ -	$ 70,270	$ 179,790
Net Change in Fund Balance	$ 4,080	$ 231	$ 43,108	$ 13,492	$ (78,078)	$ 2,935	$ 62,258	$ 3,461	$ 51,487
FUND BALANCE (DEFICIT) - BEGINNING	22,237	4,347	193,614	289,200	205,260	(158,935)	3,466	34,650	593,839
FUND BALANCE (DEFICIT) - ENDING	$ 26,317	$ 4,578	$ 236,722	$ 302,692	$ 127,182	$ (156,000)	$ 65,724	$ 38,111	$ 645,326

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

ANNUAL AUDIT FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Local Sources:				
Property Taxes	$ 18,000	$ 18,000	$ 18,019	$ 19
Other Local Sources:				
Investment Earnings	10	10	11	1
Miscellaneous	4,850	4,850	4,625	(225)
TOTAL REVENUES	$ 22,860	$ 22,860	$ 22,655	$ (205)
EXPENDITURES:				
Current:				
General Government:				
Contractual Services:				
Audit Fees	$ 30,350	$ 30,350	$ 26,625	$ 3,725
Audit Reconciliation	560	560	-	560
TOTAL EXPENDITURES	$ 30,910	$ 30,910	$ 26,625	$ 4,285
Excess (Deficiency) of Revenues Over Expenditures	$ (8,050)	$ (8,050)	$ (3,970)	$ 4,080
OTHER FINANCING SOURCES (USES):				
Transfers In	$ 8,050	$ 8,050	$ 8,050	$ -
TOTAL OTHER FINANCING SOURCES (USES)	$ 8,050	$ 8,050	$ 8,050	$ -
Net Change in Fund Balance	$ -	$ -	$ 4,080	$ 4,080
FUND BALANCE - BEGINNING			22,237	
FUND BALANCE - ENDING			$ 26,317	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

EMERGENCY SERVICES DEFENSE FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Local Sources:				
Property Taxes	$ 850	$ 850	$ 862	$ 12
Other Local Sources:				
Investment Earnings	110	110	107	(3)
TOTAL REVENUES	$ 960	$ 960	$ 969	$ 9
EXPENDITURES:				
Current:				
Public Safety:				
Contractual Services:				
Siren Maintenance	$ 1,000	$ 1,000	$ 540	$ 460
Telephone Service	350	350	595	(245)
Electric Service	1,550	1,550	1,543	7
TOTAL EXPENDITURES	$ 2,900	$ 2,900	$ 2,678	$ 222
Excess (Deficiency) of Revenues Over Expenditures	$ (1,940)	$ (1,940)	$ (1,709)	$ 231
OTHER FINANCING SOURCES (USES):				
Transfers In	$ 1,940	$ 1,940	$ 1,940	$ -
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,940	$ 1,940	$ 1,940	$ -
Net Change in Fund Balance	$ -	$ -	$ 231	$ 231
FUND BALANCE - BEGINNING			4,347	
FUND BALANCE - ENDING			$ 4,578	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

INSURANCE FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
REVENUES:	Original	Final	Amounts	(Negative)
Local Sources:				
Property Taxes - Unemployment	$ 30,500	$ 30,500	$ 30,536	$ 36
Property Taxes - Workers Compensation	50,000	50,000	50,057	57
Property Taxes - Liability and Tort	167,000	167,000	167,164	164
Other Local Sources:				
Investment Earnings	1,200	1,200	-	(1,200)
TOTAL REVENUES	$ 248,700	$ 248,700	$ 247,757	$ (943)
EXPENDITURES:				
Current:				
General Government:				
Unemployment	$ 11,500	$ 11,500	$ 6,599	$ 4,901
Workers Compensation	96,150	96,150	89,770	6,380
Liability and Tort	169,950	169,950	137,180	32,770
TOTAL EXPENDITURES	$ 277,600	$ 277,600	$ 233,549	$ 44,051
Excess (Deficiency) of Revenues Over Expenditures	$ (28,900)	$ (28,900)	$ 14,208	$ 43,108
OTHER FINANCING SOURCES (USES):				
Transfers In	$ 28,900	$ 28,900	$ 28,900	$ -
TOTAL OTHER FINANCING SOURCES (USES)	$ 28,900	$ 28,900	$ 28,900	$ -
Net Change in Fund Balance	$ -	$ -	$ 43,108	$ 43,108
FUND BALANCE - BEGINNING			193,614	
FUND BALANCE - ENDING			$ 236,722	

See Accompanying Independent Auditor's Report.

SCHEDULE 12

CITY OF GALENA
GALENA, ILLINOIS

MOTOR FUEL TAX FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Intergovernmental Revenues:				
State Motor Fuel Tax Allotments	$ 88,400	$ 88,400	$ 87,209	$ (1,191)
State Grant - Traffic Signal Maintenance	11,000	11,000	16,988	5,988
Other Local Sources:				
Investment Earnings	620	620	1,225	605
Miscellaneous	-	-	393	393
TOTAL REVENUES	$ 100,020	$ 100,020	$ 105,815	$ 5,795
EXPENDITURES:				
Current:				
Public Works:				
Contractual Services:				
Maintenance Services	$ 6,000	$ 6,000	$ 3,443	$ 2,557
Street Lighting	68,000	68,000	68,029	(29)
	$ 74,000	$ 74,000	$ 71,472	$ 2,528
Commodities:				
Maintenance Supplies	$ 26,020	$ 26,020	$ 20,851	$ 5,169
TOTAL EXPENDITURES	$ 100,020	$ 100,020	$ 92,323	$ 7,697
Net Change in Fund Balance	$ -	$ -	$ 13,492	$ 13,492
FUND BALANCE - BEGINNING			289,200	
FUND BALANCE - ENDING			$ 302,692	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

ILLINOIS MUNICIPAL RETIREMENT FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
REVENUES:	Original	Final	Amounts	(Negative)
Local Sources:				
Property Taxes	$ 22,000	$ 22,000	$ 22,029	$ 29
Intergovernmental Revenues:				
Personal Property Replacement Taxes	62,000	62,000	64,801	2,801
Other Local Sources:				
Investment Earnings	180	180	419	239
TOTAL REVENUES	$ 84,180	$ 84,180	$ 87,249	$ 3,069
EXPENDITURES:				
Current:				
General Government:				
Personnel	$ 167,250	$ 167,250	$ 157,485	$ 9,765
Culture/Recreation:				
Personnel	9,300	9,300	7,842	1,458
TOTAL EXPENDITURES	$ 176,550	$ 176,550	$ 165,327	$ 11,223
Net Change in Fund Balance	$ (92,370)	$ (92,370)	$ (78,078)	$ 14,292
FUND BALANCE - BEGINNING			205,260	
FUND BALANCE - ENDING			$ 127,182	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

PARKS AND RECREATION FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Local Sources:				
Property Taxes	$ 48,780	$ 48,780	$ 48,837	$ 57
Other Local Sources:				
Investment Earnings	340	340	580	240
Rent	4,000	4,000	1,275	(2,725)
Donations	6,000	11,445	28,939	17,494
Grant	1,556,500	1,556,500	-	(1,556,500)
Miscellaneous	10,000	10,000	20,912	10,912
TOTAL REVENUES	$ 1,625,620	$ 1,631,065	$ 100,543	$ (1,530,522)
EXPENDITURES:				
Current:				
Culture/Recreation:				
Personnel:				
Salaries - Employees	$ 81,101	$ 81,101	$ 76,179	$ 4,922
	$ 81,101	$ 81,101	$ 76,179	$ 4,922
Contractual Services:				
Maintenance Services	$ 10,000	$ 10,000	$ 17,126	$ (7,126)
Utilities	3,500	3,500	3,589	(89)
Rentals	2,000	2,000	1,540	460
	$ 15,500	$ 15,500	$ 22,255	$ (6,755)
Commodities:				
Maintenance Supplies	$ 11,500	$ 11,500	$ 12,785	$ (1,285)
	$ 11,500	$ 11,500	$ 12,785	$ (1,285)
Other Expenditures:				
Park Rental Refunds	$ 800	$ 800	$ 1,050	$ (250)
	$ 800	$ 800	$ 1,050	$ (250)

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

PARKS AND RECREATION FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES: (continued)				
Capital Outlay:				
Infrastructure	$1,566,500	$1,569,200	$ 43,985	$ 1,525,215
Equipment	20,500	20,500	11,984	8,516
	$1,587,000	$1,589,700	$ 55,969	$ 1,533,731
TOTAL EXPENDITURES	$ 1,695,901	$ 1,698,601	$ 168,238	$ 1,530,363
Excess (Deficiency) of Revenues Over Expenditures	$ (70,281)	$ (67,536)	$ (67,695)	$ (159)
OTHER FINANCING SOURCES (USES):				
Transfers In	$ 123,680	$ 282,615	$ 123,680	$ (158,935)
Transfers Out	(53,050)	(53,050)	(53,050)	-
TOTAL OTHER FINANCING SOURCES (USES)	$ 70,630	$ 229,565	$ 70,630	$ (158,935)
Net Change in Fund Balance	$ 349	$ 162,029	$ 2,935	$ (159,094)
FUND BALANCE (DEFICIT) - BEGINNING			(158,935)	
FUND BALANCE (DEFICIT) - ENDING			$ (156,000)	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

MEDICARE/SOCIAL SECURITY FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Local Sources:				
Property Taxes	$ 196,000	$ 196,000	$ 196,198	$ 198
Other Local Sources:				
Investment Earnings	70	70	67	(3)
TOTAL REVENUES	$ 196,070	$ 196,070	$ 196,265	$ 195
EXPENDITURES:				
Current:				
General Government:				
Medicare/Social Security Contribution	$ 136,400	$ 136,400	$ 134,007	$ 2,393
TOTAL EXPENDITURES	$ 136,400	$ 136,400	$ 134,007	$ 2,393
Net Change in Fund Balance	$ 59,670	$ 59,670	$ 62,258	$ 2,588
FUND BALANCE - BEGINNING			3,466	
FUND BALANCE - ENDING			$ 65,724	

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

FLOOD CONTROL FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES:				
Local Sources:				
Property Taxes	$ -	$ -	$ -	$ -
Other Local Sources:				
Investment Earnings	460	460	461	1
TOTAL REVENUES	$ 460	$ 460	$ 461	$ 1
EXPENDITURES:				
Current:				
Public Safety:				
Personnel:				
Salaries - Employees	$ 40,975	$ 40,975	$ 42,168	$ (1,193)
	$ 40,975	$ 40,975	$ 42,168	$ (1,193)
Contractual Services:				
Maintenance Services	$ 10,500	$ 10,500	$ 7,457	$ 3,043
Service Charges	2,500	2,500	3,896	(1,396)
	$ 13,000	$ 13,000	$ 11,353	$ 1,647
Commodities:				
General Supplies	$ 3,500	$ 3,500	$ 2,249	$ 1,251
	$ 3,500	$ 3,500	$ 2,249	$ 1,251
Capital Outlay:				
Equipment	$ 13,500	$ 13,500	$ 11,500	$ 2,000
	$ 13,500	$ 13,500	$ 11,500	$ 2,000
TOTAL EXPENDITURES	$ 70,975	$ 70,975	$ 67,270	$ 3,705
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (70,515)	$ (70,515)	$ (66,809)	$ 3,706

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

FLOOD CONTROL FUND - SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MODIFIED CASH BASIS FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
OTHER FINANCING SOURCES (USES):				
Transfers In	$ 70,730	$ 70,730	$ 70,270	$ (460)
TOTAL OTHER FINANCING SOURCES (USES)	$ 70,730	$ 70,730	$ 70,270	$ (460)
Net Change in Fund Balance	$ 215	$ 215	$ 3,461	$ 3,246
FUND BALANCE - BEGINNING			34,650	
FUND BALANCE - ENDING			$ 38,111	

See Accompanying Independent Auditor's Report.

SCHEDULE 17

CITY OF GALENA
GALENA, ILLINOIS

COMBINING STATEMENT OF NET POSITION - MODIFIED CASH BASIS
NONMAJOR PROPRIETARY FUNDS
APRIL 30, 2017

	Shuttle Service Fund	Turner Hall Fund	Swimming Pool Fund	Total Nonmajor Proprietary Funds
ASSETS:				
Current Assets:				
Cash, Deposits, and Investments	$ 42,398	$ 4,338	$ 59,877	$ 106,613
Total Current Assets	$ 42,398	$ 4,338	$ 59,877	$ 106,613
Noncurrent Assets:				
Cash, Deposits and Investments	$ 52,821	$ -	$ -	$ 52,821
Bond Discount Fees	-	-	2,940	2,940
Less: Amortization	-	-	(1,274)	(1,274)
Capital Assets:				
Building and Equipment	71,667	1,060,262	1,415,741	2,547,670
Less: Accumulated Depreciation	(37,280)	(438,680)	(1,275,897)	(1,751,857)
Net Capital Assets	$ 34,387	$ 621,582	$ 139,844	$ 795,813
Total Noncurrent Assets	$ 87,208	$ 621,582	$ 141,510	$ 850,300
TOTAL ASSETS	$ 129,606	$ 625,920	$ 201,387	$ 956,913
DEFERRED OUTFLOWS OF RESOURCES	$ -	$ -	$ 17,488	$ 17,488
LIABILITIES:				
Current Liabilities:				
Bond Premium	$ -	$ -	$ 4,782	$ 4,782
Less: Amortization	-	-	(768)	(768)
Current Portion of Bonds Payable	-	-	18,200	18,200
Total Current Liabilities	$ -	$ -	$ 22,214	$ 22,214
Long-Term Liabilities:				
Bonds Payable	$ -	$ -	$ 83,060	$ 83,060
Net Pension Liability	-	-	28,976	28,976
Total Long-Term Liabilities	$ -	$ -	$ 112,036	$ 112,036
TOTAL LIABILITIES	$ -	$ -	$ 134,250	$ 134,250
DEFERRED INFLOWS OF RESOURCES	$ -	$ -	$ 9,983	$ 9,983
NET POSITION:				
Invested in Capital Assets, Net of Related Debt	$ 34,387	$ 621,582	$ 139,844	$ 795,813
Unrestricted	95,219	4,338	(65,202)	34,355
TOTAL NET POSITION	$ 129,606	$ 625,920	$ 74,642	$ 830,168

See Accompanying Independent Auditor's Report.

SCHEDULE 18

CITY OF GALENA
GALENA, ILLINOIS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Shuttle Service Fund	Turner Hall Fund	Swimming Pool Fund	Total Nonmajor Proprietary Funds
OPERATING REVENUES:				
Charges for Services	$ 63,632	$ -	$ 52,788	$ 116,420
Concessions	-	-	25,594	25,594
Rent	-	39,845	2,910	42,755
Other - Miscellaneous	-	-	3,755	3,755
TOTAL OPERATING REVENUES	$ 63,632	$ 39,845	$ 85,047	$ 188,524
OPERATING EXPENSES:				
Personnel	$ -	$ -	$ 80,669	$ 80,669
Pension Expense	-	-	12,865	12,865
Maintenance Services	-	25,303	26,853	52,156
Communications	-	2,342	1,027	3,369
Services and Charges	-	16,385	15,695	32,080
General Supplies	480	2,246	29,452	32,178
Other Expenditures	-	8,875	660	9,535
Depreciation and Amortization	4,098	24,321	9,956	38,375
TOTAL OPERATING EXPENSES	$ 4,578	$ 79,472	$ 177,177	$ 261,227
Operating Income (Loss)	$ 59,054	$ (39,627)	$ (92,130)	$ (72,703)
NON-OPERATING REVENUES (EXPENSES):				
Interest Earnings	$ 455	$ -	$ 265	$ 720
Grants	-	33,971	-	33,971
Bond Premium Amortization	-	-	768	768
Bond Interest Expense	-	-	(3,324)	(3,324)
TOTAL NON-OPERATING REVENUES (EXPENSES)	$ 455	$ 33,971	$ (2,291)	$ 32,135
Income (Loss) Before Transfers	$ 59,509	$ (5,656)	$ (94,421)	$ (40,568)
Transfers In	-	103,150	171,595	274,745
Transfers Out	-	-	-	-
Change in Net Position	$ 59,509	$ 97,494	$ 77,174	$ 234,177
TOTAL NET POSITION - BEGINNING	70,097	528,426	(2,532)	595,991
TOTAL NET POSITION - ENDING	$ 129,606	$ 625,920	$ 74,642	$ 830,168

See Accompanying Independent Auditor's Report.

SCHEDULE 19

CITY OF GALENA
GALENA, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Shuttle Service Fund	Turner Hall Fund	Swimming Pool Fund	Total Nonmajor Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 63,632	$ 39,845	$ 81,292	$ 184,769
Cash Payments to Suppliers for Goods and Services	(480)	(55,151)	(73,687)	(129,318)
Cash Payments to Employees for Services	-	-	(80,669)	(80,669)
Other Receipts/Payments	-	-	3,755	3,755
Net Cash Provided (Used) by Operating Activities	$ 63,152	$ (15,306)	$ (69,309)	$ (21,463)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In/Out	$ -	$ 103,150	$ 171,595	$ 274,745
Net Cash Provided (Used) by Noncapital Financing Activities	$ -	$ 103,150	$ 171,595	$ 274,745
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal Paid on Capital Debt	$ -	$ -	$ (14,945)	$ (14,945)
Interest Paid on Capital Debt	-	-	(3,324)	(3,324)
Purchase of Capital Assets	(23,507)	(49,157)	(2,338)	(75,002)
Grants	-	33,971	-	33,971
Net Cash Provided (Used) by Capital and Related Financing Activities	$ (23,507)	$ (15,186)	$ (20,607)	$ (59,300)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Earned on Deposits	$ 455	$ -	$ 265	$ 720
Net Cash Provided by Investing Activities	$ 455	$ -	$ 265	$ 720
Net Increase (Decrease) in Cash and Cash Equivalents	$ 40,100	$ 72,658	$ 81,944	$ 194,702
BALANCE (DEFICIT) - BEGINNING OF YEAR	55,119	(68,320)	(22,067)	(35,268)
BALANCE - END OF YEAR	$ 95,219	$ 4,338	$ 59,877	$ 159,434

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Shuttle Service Fund	Turner Hall Fund	Swimming Pool Fund	Total Nonmajor Proprietary Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 59,054	$ (39,627)	$ (92,130)	$ (72,703)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Amortization of Costs	-	-	293	293
Depreciation Expense	4,098	24,321	9,663	38,082
Pension Expense	-	-	12,865	12,865
Net Cash Provided (Used) by Operating Activities	$ 63,152	$ (15,306)	$ (69,309)	$ (21,463)
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:				
Current Assets:				
Cash, Deposits and Investments	$ 42,398	$ 4,338	$ 59,877	$ 106,613
Noncurrent Assets:				
Cash, Deposits, and Investments	52,821	-	-	52,821
Current Liabilities:				
Cash Overdraft	-	-	-	-
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF YEAR	$ 95,219	$ 4,338	$ 59,877	$ 159,434

See Accompanying Independent Auditor's Report.

Note 1 - **Budgets and Budgetary Accounting**

The City of Galena follows these procedures in establishing the General, Special Revenue, Capital Projects, and Debt Service Funds budgetary data reflected in the financial statements.

1. Prior to May, the mayor and budget officer submit to the city council a proposed operating budget for the fiscal year commencing the proceeding May 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted at city hall to obtain taxpayer comments prior to April 30.

3. Prior to May 1, the budget is legally adopted.

4. The city clerk is authorized to expend the unexpended balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.

5. The budget is the controlling financial instrument and unless the item is budgeted, special provisions must be met as required by law for the item to be budgeted and funds expended.

6. Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis method of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. All funds utilize the same basis of accounting for both budgetary purposes and actual results.

7. All appropriations lapse at year-end. All carry over funds become part of the new budget.

8. Expenditures cannot legally exceed appropriations at the fund level.

Note 2 - **Budgetary Compliance and Accountability:**

A. **Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1C of the Notes to Financial Statements.

A budget has been adopted for the general fund, special revenue funds, debt service fund, and capital projects funds.

The budgeted amounts presented include any amendments made. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds council action.

Note 2 - **Budgetary Compliance and Accountability:** (continued)

Budgetary Information (continued)

Supplemental appropriations during the year for major and nonmajor funds were as follows:

Major Fund	Amount
General Fund	$ 62,873
Capital Projects Fund	$ 7,000

Nonmajor Fund	Amount
Parks & Recreation Fund	$ 5,445

B. **Excess Expenditures Over Appropriations**

Total expenditures (including amendments) exceeded the budget for the following funds:

Fund	Budgeted Expenditures	Actual Expenditures	Excess Expenditures Over Appropriations
General Fund	$ 3,316,964	$ 3,352,140	$ 35,176
Public Works Fund	344,200	349,051	4,851
Debt Service Fund	586,285	633,710	47,425

CITY OF GALENA
GALENA, ILLINOIS

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (UNAUDITED)
APRIL 30, 2017

Calendar Year Ended December 31,		2016
Total Pension Liability		
Service Cost	$	155,259
Interest on the Total Pension Liability		600,958
Changes of Benefit Terms		-
Differences Between Expected and Actual Experience of the Total Pension Liability		(291,121)
Changes of Assumptions		(10,842)
Benefit Payments, including Refunds of Employee Contributions		(297,417)
Net Change in Total Pension Liability	$	156,837
Total Pension Liability - Beginning		8,094,544
Total Pension Liability - Ending (A)	$	8,251,381
Plan Fiduciary Net Position		
Contributions - Employer	$	156,389
Contributions - Employees		67,538
Net Investment Income		504,323
Benefit Payments, including Refunds of Employee Contributions		(297,417)
Other (Net Transfer)		(183,304)
Net Change in Plan Fiduciary Net Position	$	247,529
Plan Fiduciary Net Position - Beginning		7,334,786
Plan Fiduciary Net Position - Ending (B)	$	7,582,315
Net Pension Liability - Ending (A) - (B)	$	669,066
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		91.89%
Covered Valuation Payroll	$	1,500,854
Net Pension Liability as a Percentage of Covered Valuation Payroll		44.58%

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

CITY OF GALENA
GALENA, ILLINOIS

SCHEDULE OF EMPLOYER CONTRIBUTIONS (UNAUDITED)
APRIL 30, 2017

Calendar Year Ended December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2015	* $ 152,464	$ 152,463	$ 1	$ 1,386,032	11.00%
2016	$ 156,389	$ 156,389	$ -	$ 1,500,854	10.42%

Additional years will be added to this schedule until 10 years of dates is presented.

*Estimated based on contribution rate of 10.42% and covered payroll of $1,500,854.

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, EXTENSIONS, AND COLLECTIONS
UNAUDITED
APRIL 30, 2017

2016 Levy:	Maximum Rates	Assessed Valuation	Limited Rate	Actual Extension	Estimated Collections
General Corporate	.43750	$ 99,613,295	.43750	.43750	$ 435,808
Fire Protection	.60000		.35168	.35168	350,320
Police Protection	.60000		.00002	.00002	20
Workmens' Compensation	NONE		.09186	.09186	91,505
Garbage	.20000		.00002	.00002	20
Street Lighting	.05000		.00002	.00002	20
Parks	.08590		.02123	.02123	21,148
Levee	.16660		.07028	.07028	70,008
Social Security	NONE		.13653	.13653	136,001
School Crossing Guard	.02000		.00002	.00002	20
Audit	NONE		.01707	.01707	17,004
Liability Insurance	NONE		.13252	.13252	132,007
Emergency Services Defense	.05000		.00087	.00087	867
Unemployment Insurance	NONE		.00502	.00502	5,001
IMRF	NONE		.10140	.10140	101,008
Waterworks	.07000		.00004	.00004	40
			1.36608	1.36608	$ 1,360,797
Share of Township Road & Bridge					78,984
TOTAL					$ 1,439,781

2015 Levy:	Maximum Rates	Assessed Valuation	Limited Rate	Actual Extension	Actual Collections
General Corporate	.43750	$ 96,785,265	.43750	.43750	$ 423,436
Fire Protection	.60000		.35569	.35569	344,256
Police Protection	.60000		.03983	.03983	38,550
Workmens' Compensation	NONE		.05167	.05167	50,009
Garbage	.20000		.00002	.00002	19
Street Lighting	.05000		.00002	.00002	19
Parks	.08590		.05041	.05041	48,789
Levee	.16660		-	-	-
Social Security	NONE		.20252	.20252	196,010
School Crossing Guard	.02000		.00002	.00002	19
Audit	NONE		.01860	.01860	18,002
Liability Insurance	NONE		.17255	.17255	167,003
Emergency Services Defense	.05000		.00089	.00089	861
Unemployment Insurance	NONE		.03152	.03152	30,507
IMRF	NONE		.02274	.02274	22,009
Waterworks	.07000		.00004	.00004	38
			1.38402	1.38402	$ 1,339,527
Share of Township Road & Bridge					78,910
TOTAL					$ 1,418,437

See Accompanying Independent Auditor's Report.

CITY OF GALENA
GALENA, ILLINOIS
SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, EXTENSIONS, AND COLLECTIONS
UNAUDITED
APRIL 30, 2017

2014 Levy:	**Maximum Rates**	**Assessed Valuation**	**Limited Rate**	**Actual Extension**	**Actual Collections**
General Corporate	.31480	$ 96,957,846	.43750	.43750	$ 424,527
Fire Protection	.40000		.35223	.35223	341,780
Police Protection	.15000		.00845	.00845	8,200
Workmens' Compensation	NONE		.12068	.12068	117,100
Garbage	.20000		.00002	.00002	19
Street Lighting	.05000		.00002	.00002	19
Parks	.08590		.00002	.00002	19
Levee	.16660		.06292	.06292	61,054
Social Security	NONE		.08303	.08303	80,566
School Crossing Guard	.02000		.00002	.00002	19
Audit	NONE		.01857	.01857	18,018
Liability Insurance	NONE		.10314	.10314	100,080
Emergency Services Defense	.05000		.00089	.00089	863
Unemployment Insurance	NONE		.01960	.01960	19,019
IMRF	NONE		.17637	.17637	171,138
Waterworks	.05000		.00004	.00004	38
			1.38350	1.38350	$ 1,342,459
Share of Township Road & Bridge					78,768
TOTAL					$ 1,421,227

See Accompanying Independent Auditor's Report.