



CITY OF BRAIDWOOD, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended April 30, 2018



SIKICH.COM

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor
Members of the Board of Commissioners
City of Braidwood, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Braidwood, Illinois (the City) as of and for the year ended April 30, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinions

The City has not adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this departure from accounting principles generally accepted in the United States of America would affect the liabilities, fund balance, expenses and disclosures has not been determined.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Braidwood, Illinois, as of April 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Financial Statements

As part of our audit of the 2018 financial statements we also audited adjustments described in Note 10 that were applied to restate the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of the City other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis, the changes in the total pension liability for April 30, 2015 for the Police Pension Fund, and the schedule of investment returns for April 30, 2015 through April 30, 2017 for the Police Pension fund that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

Sikich LLP

Naperville, Illinois
December 21, 2018

GENERAL PURPOSE EXTERNAL FINANCIAL STATEMENTS

CITY OF BRAIDWOOD, ILLINOIS

STATEMENT OF NET POSITION

April 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	2018
ASSETS			
Cash and investments	\$ 1,878,110	\$ 942,176	\$ 2,820,286
Receivables			
Accounts	271,583	184,821	456,404
Property taxes	1,684,143	-	1,684,143
Prepaid items	90,006	11,443	101,449
Net pension assets	442,351	248,823	691,174
Land held for sale	136,988	-	136,988
Internal balances	(2,770,601)	2,770,601	-
Capital assets not being depreciated	3,242,160	419,775	3,661,935
Capital assets being depreciated	10,087,588	32,704,726	42,792,314
Total assets	15,062,328	37,282,365	52,344,693
DEFERRED OUTFLOWS OF RESOURCES			
Pension items - IMRF	71,579	40,263	111,842
Pension items - Police Pension	526,458	-	526,458
Total deferred outflows of resources	598,037	40,263	638,300
Total assets and deferred outflows of resources	15,660,365	37,322,628	52,982,993
LIABILITIES			
Accounts payable	139,245	175,042	314,287
Accrued payroll	96,932	15,635	112,567
Accrued interest payable	-	44,575	44,575
Deposits payable	-	-	-
Noncurrent liabilities			
Due within one year	136,459	619,082	755,541
Due in more than one year	3,952,511	9,079,613	13,032,124
Total liabilities	4,325,147	9,933,947	14,259,094
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	1,684,143	-	1,684,143
Pension items - IMRF	198,336	111,564	309,900
Pension items - Police Pension	55,834	-	55,834
Total deferred inflows of resources	1,938,313	111,564	2,049,877
Total liabilities and deferred inflows of resources	6,263,460	10,045,511	16,308,971
NET POSITION			
Net investment in capital assets	13,109,153	23,570,625	36,679,778
Restricted			
Economic development	1,730,084	-	1,730,084
Employee benefits	33,240	-	33,240
Police services	159,676	-	159,676
Debt service	44,330	-	44,330
Unrestricted (deficit)	(5,679,578)	3,706,492	(1,973,086)
TOTAL NET POSITION	\$ 9,396,905	\$ 27,277,117	\$ 36,674,022

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

STATEMENT OF ACTIVITIES

For the Year Ended April 30, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 1,287,768	\$ 104,559	\$ -	\$ -
Public safety	3,419,701	445,052	17,856	-
Highways and streets	1,680,535	-	164,578	-
Interest	7,194	-	-	-
Total governmental activities	6,395,198	549,611	182,434	-
Business-Type Activities				
Water and sewer	2,490,881	2,102,875	-	-
Garbage	478,459	621,175	-	-
Total business-type activities	2,969,340	2,724,050	-	-
TOTAL PRIMARY GOVERNMENT	\$ 9,364,538	\$ 3,273,661	\$ 182,434	\$ -

	Net (Expense) Revenue and Change in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	2018
	\$ (1,183,209)	\$ -	\$ (1,183,209)
	(2,956,793)	-	(2,956,793)
	(1,515,957)	-	(1,515,957)
	(7,194)	-	(7,194)
	<u>(5,663,153)</u>	<u>-</u>	<u>(5,663,153)</u>
	-	(388,006)	(388,006)
	-	142,716	142,716
	-	(245,290)	(245,290)
	<u>(5,663,153)</u>	<u>(245,290)</u>	<u>(5,908,443)</u>
General Revenues			
Taxes			
Property	1,717,268	-	1,717,268
Utility	233,932	-	233,932
Telecommunications	111,201	-	111,201
Replacement	7,148	-	7,148
Hotel/motel	19,676	-	19,676
Gaming	41,022	-	41,022
Intergovernmental revenues			
Sales and use tax	602,612	-	602,612
Shared income tax	561,412	-	561,412
Investment income	28,547	8,551	37,098
Miscellaneous	209,857	97,617	307,474
Transfers	1,440	(1,440)	-
Total	<u>3,534,115</u>	<u>104,728</u>	<u>3,638,843</u>
CHANGE IN NET POSITION	<u>(2,129,038)</u>	<u>(140,562)</u>	<u>(2,269,600)</u>
NET POSITION, MAY 1	14,788,938	31,622,425	46,411,363
Prior period adjustment	<u>(3,262,995)</u>	<u>(4,204,746)</u>	<u>(7,467,741)</u>
NET POSITION, MAY 1, RESTATED	<u>11,525,943</u>	<u>27,417,679</u>	<u>38,943,622</u>
NET POSITION, APRIL 30	<u>\$ 9,396,905</u>	<u>\$ 27,277,117</u>	<u>\$ 36,674,022</u>

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS

April 30, 2018

	Major Funds		
	General Corporate	TIF #2	TIF #3
ASSETS			
Cash	\$ -	\$ 143,604	\$ 1,489,148
Accounts receivables	257,410	-	-
Property taxes receivable	1,154,859	-	62,866
Prepaid items	4,368	-	-
Land held for sale	-	-	136,988
TOTAL ASSETS	\$ 1,416,637	\$ 143,604	\$ 1,689,002
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 40,329	\$ -	\$ 39,656
Accrued payroll	89,198	-	-
Advance from other funds	2,328,896	-	-
Total liabilities	2,458,423	-	39,656
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for subsequent years	1,154,859	-	62,866
Total deferred inflows of resources	1,154,859	-	62,866
Total liabilities and deferred inflows of resources	3,613,282	-	102,522
FUND BALANCES			
Nonspendable for prepaid items	4,368	-	-
Restricted for economic development	-	143,604	1,586,480
Restricted for employee benefits	-	-	-
Restricted for police services	-	-	-
Restricted for debt service	-	-	-
Unassigned (deficit)	(2,201,013)	-	-
Total fund balances (deficit)	(2,196,645)	143,604	1,586,480
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,416,637	\$ 143,604	\$ 1,689,002

Nonmajor	Total
\$ 245,358	\$ 1,878,110
14,173	271,583
466,418	1,684,143
85,638	90,006
-	136,988
<hr/>	
\$ 811,587	\$ 4,060,830
<hr/> <hr/>	

\$ 59,260	\$ 139,245
7,734	96,932
441,705	2,770,601
<hr/>	
508,699	3,006,778
<hr/>	

466,418	1,684,143
<hr/>	
466,418	1,684,143
<hr/>	
975,117	4,690,921
<hr/>	

85,638	90,006
-	1,730,084
33,240	33,240
159,676	159,676
44,330	44,330
(486,414)	(2,687,427)
<hr/>	
(163,530)	(630,091)
<hr/>	
\$ 811,587	\$ 4,060,830
<hr/> <hr/>	

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

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

April 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ (630,091)
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	13,329,748
Net pension asset for the Illinois Municipal Retirement Fund is shown as a liability on the statement of net position	442,351
Net pension liability for the Police Pension Fund is shown as a liability on the statement of net position	(3,584,325)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings, and contributions subsequent to the measurement date for the Illinois Municipal Retirement Fund are recognized as deferred outflows and inflows of resources on the statement of net position	(126,757)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings for the Police Pension Fund are as deferred outflows and inflows of resources on the statement of net position	470,624
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Installment notes payable	(141,610)
Capital lease payable	(78,985)
Compensated absences	(284,050)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 9,396,905</u></u>

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Major Funds		
	General Corporate	TIF #2	TIF #3
REVENUES			
Property taxes	\$ 1,100,688	\$ 99,404	\$ 51,822
Utility tax	233,932	-	-
Sales tax	438,893	-	-
Income tax	561,412	-	-
Replacement tax	7,148	-	-
Local use tax	163,719	-	-
Hotel/motel tax	19,676	-	-
State gaming tax	41,022	-	-
Telecommunications tax	111,201	-	-
Motor fuel tax	-	-	-
Fines, fees, and forfeitures	238,990	-	-
Grants and donations	18,856	-	-
Licenses and permits	102,941	-	-
Investment income	9,800	-	18,743
Reimbursements	77,598	-	-
Miscellaneous	116,890	-	-
Total revenues	3,242,766	99,404	70,565
EXPENDITURES			
Current			
General government	651,274	5,066	238,281
Public safety	3,051,971	-	-
Highways and streets	555,829	-	-
Debt service			
Principal payment	65,121	-	-
Interest and fiscal charges	7,194	-	-
Capital outlay	-	86,162	97,701
Total expenditures	4,331,389	91,228	335,982
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,088,623)	8,176	(265,417)
OTHER FINANCING SOURCES (USES)			
Transfers in	294,705	-	-
Transfers (out)	-	-	-
Loans issued, at par	150,000	-	-
Proceeds from sale of capital assets	-	-	47,251
Total other financing sources (uses)	444,705	-	47,251
NET CHANGE IN FUND BALANCES	(643,918)	8,176	(218,166)
FUND BALANCES (DEFICIT), MAY 1	(995,885)	192,664	1,689,526
Prior period adjustment	(556,842)	(57,236)	115,120
FUND BALANCES (DEFICIT), MAY 1, RESTATED	(1,552,727)	135,428	1,804,646
FUND BALANCES (DEFICIT), APRIL 30	\$ (2,196,645)	\$ 143,604	\$ 1,586,480

	Nonmajor	Total
\$	465,354	\$ 1,717,268
	-	233,932
	-	438,893
	-	561,412
	-	7,148
	-	163,719
	-	19,676
	-	41,022
	-	111,201
	164,578	164,578
	174,798	413,788
	-	18,856
	-	102,941
	4	28,547
	-	77,598
	-	116,890
	<u>804,734</u>	<u>4,217,469</u>
	354,170	1,248,791
	151,938	3,203,909
	518,181	1,074,010
	-	65,121
	-	7,194
	<u>5,995</u>	<u>189,858</u>
	<u>1,030,284</u>	<u>5,788,883</u>
	<u>(225,550)</u>	<u>(1,571,414)</u>
	-	294,705
	(293,265)	(293,265)
	-	150,000
	-	47,251
	<u>(293,265)</u>	<u>198,691</u>
	<u>(518,815)</u>	<u>(1,372,723)</u>
	597,877	1,484,182
	<u>(242,592)</u>	<u>(741,550)</u>
	<u>355,285</u>	<u>742,632</u>
\$	<u>(163,530)</u>	<u>\$ (630,091)</u>

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

**NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS** \$ (1,372,723)

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 activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The change in fund balance must be increased by capital purchases and decreased by depreciation expense

Purchase of capital assets	108,963
Depreciation	(541,656)

Proceeds from the sale of capital assets in governmental funds is converted to a gain (loss) on sale in the statement of activities (42,800)

Governmental funds report note issuances of installment notes as other financing sources; however, they are capitalized and amortized in the statement of activities

Proceeds from the issuance of long-term debt	(150,000)
--	-----------

The repayment of long-term debt is reported as an expenditure when due in the governmental funds, but as a reduction of principal outstanding in the statement of activities

Installment note payable	8,390
Capital leases	59,919
Change in compensated absences	(116,543)

The change in the net pension asset (liability) is reported only in the statement of activities

Illinois Municipal Retirement Fund	235,727
Police Pension Fund	(107,839)

The change in the deferred outflows and inflows of resources is reported only in the statement of activities

Illinois Municipal Retirement Fund	(136,716)
Police Pension Fund	(73,760)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,129,038)

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

STATEMENT OF NET POSITION
PROPRIETARY FUND

April 30, 2018

	Enterprise Fund
CURRENT ASSETS	
Cash and investments	\$ 942,176
Accounts receivable	184,821
Prepaid items	11,443
	<hr/>
Total current assets	1,138,440
NONCURRENT ASSETS	
Land	419,775
Construction in progress	-
Fixtures and equipment	917,717
Building and improvements	29,577,832
Infrastructure	14,982,403
Accumulated depreciation	(12,773,226)
Net pension asset - IMRF	248,823
Advance to other funds	2,770,601
	<hr/>
Total noncurrent assets	36,143,925
	<hr/>
Total assets	37,282,365
DEFERRED OUTFLOWS OF RESOURCES	
Pension items - IMRF	40,263
	<hr/>
Total deferred outflows of resources	40,263
	<hr/>
Total assets and deferred outflows of resources	37,322,628
CURRENT LIABILITIES	
Accounts payable	175,042
Accrued payroll	15,635
Accrued interest payable	44,575
Compensated absences	36,205
Current portion of IEPA loan payable	582,877
	<hr/>
Total current liabilities	854,334
LONG-TERM LIABILITIES	
Compensated absences	108,614
IEPA loan payable	8,970,999
	<hr/>
Total long-term liabilities	9,079,613
	<hr/>
Total liabilities	9,933,947
DEFERRED INFLOWS OF RESOURCES	
Pension items - IMRF	111,564
	<hr/>
Total liabilities and deferred inflows of resources	10,045,511
NET POSITION	
Net investment in capital assets	23,570,625
Unrestricted	3,706,492
	<hr/>
TOTAL NET POSITION	\$ 27,277,117
	<hr/> <hr/>

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended April 30, 2018

	<u>2018</u>
OPERATING REVENUES	
Sewer charges	\$ 1,328,152
Water charges	774,723
Garbage charges	621,175
Miscellaneous revenue	97,617
	<u>2,821,667</u>
OPERATING EXPENSES EXCLUDING DEPRECIATION	
Water and sewer operations	1,530,373
Garbage operations	478,459
	<u>2,008,832</u>
OPERATING INCOME BEFORE DEPRECIATION	812,835
Depreciation	<u>843,864</u>
OPERATING INCOME (LOSS)	<u>(31,029)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	8,551
Interest expense	<u>(116,644)</u>
Total non-operating revenues (expenses)	<u>(108,093)</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(139,122)</u>
TRANSFERS	
Transfers (out)	<u>(1,440)</u>
Total transfers	<u>(1,440)</u>
CHANGE IN NET POSITION	<u>(140,562)</u>
NET POSITION, MAY 1	31,622,425
Prior period adjustment	<u>(4,204,746)</u>
NET POSITION, MAY 1, RESTATED	<u>27,417,679</u>
NET POSITION, APRIL 30	<u><u>\$ 27,277,117</u></u>

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended April 30, 2018

	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,087,597
Payments to suppliers	(1,492,526)
Payments to employees	<u>(560,537)</u>
Net cash from operating activities	<u>1,034,534</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interfund transactions	<u>(2,772,041)</u>
Net cash from noncapital financing activities	<u>(2,772,041)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset additions	(98,854)
Principal payments on long-term debt	(575,658)
Interest paid on long-term debt	<u>(124,827)</u>
Net cash from capital and related financing activities	<u>(799,339)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>8,551</u>
Net cash from investing activities	<u>8,551</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,528,295)
CASH AND CASH EQUIVALENTS, MAY 1	<u>3,470,471</u>
CASH AND CASH EQUIVALENTS, APRIL 30	<u><u>\$ 942,176</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (31,029)
Adjustments to reconcile operating income (loss) to net cash from operating activities	
Depreciation	843,864
Changes in assets and liabilities	
Accounts receivable	265,930
Prepaid items	21,588
Net pension asset - IMRF	(132,597)
Deferred outflows - IMRF	33,026
Accounts payable	(70,643)
Accrued payroll	(1,595)
Compensated absences payable	62,112
Deferred inflows - IMRF	<u>43,878</u>
NET CASH FROM OPERATING ACTIVITIES	<u><u>\$ 1,034,534</u></u>

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

April 30, 2018

	Police Pension	
	Trust Fund	Agency
	<hr/>	
ASSETS		
Cash and cash equivalents	\$ 9,200	\$ 3,281
Investments		
U.S. Treasury securities	290,046	-
U.S. agency securities	1,614,746	-
Municipal bonds	303,592	-
Corporate bonds	129,006	-
Equity mutual funds	1,583,341	-
Money market mutual funds	47,114	-
Prepaid items	3,847	-
Accrued interest	20,211	-
	<hr/>	
Total assets	4,001,103	\$ 3,281
	<hr/> <hr/>	
LIABILITIES		
Accounts payable	10,390	\$ 3,281
	<hr/>	
Total liabilities	10,390	\$ 3,281
	<hr/> <hr/>	
NET POSITION RESTRICTED FOR PENSIONS	\$ 3,990,713	
	<hr/> <hr/>	

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION TRUST FUND**

For the Year Ended April 30, 2018

ADDITIONS

Contributions	
Employer	\$ 376,579
Plan members	<u>80,876</u>
Total contributions	<u>457,455</u>
Investment Income	
Interest and dividends	155,851
Net appreciation in fair value of investments	<u>28,947</u>
Total investment income	184,798
Less investment expense	<u>(15,602)</u>
Net investment income	<u>169,196</u>
Total additions	<u>626,651</u>

DEDUCTIONS

Administrative expenses	67,010
Benefits and refunds	<u>241,215</u>
Total deductions	<u>308,225</u>

NET INCREASE 318,426

**NET POSITION RESTRICTED
FOR PENSIONS**

May 1	<u>3,672,287</u>
April 30	<u><u>\$ 3,990,713</u></u>

See accompanying notes to financial statements.

CITY OF BRAIDWOOD, ILLINOIS

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

The City is a municipal corporation governed by a five-member council consisting of four commissioners and the mayor. As required by GAAP, these financial statements present the City (the primary government). In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was based upon the significance of its operational or financial relationship with the primary government. There are no component units that are required to be included in the City's basic financial statements.

The City's financial statements include a pension trust fund.

Police Pension Employees Retirement System

The City's police employees participate in the Police Pension Employees Retirement System (PPERS). PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one elected pension beneficiary, and two elected police employees constitute the pension board. The City and PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees, and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund.

b. Fund Accounting

The City uses funds to report on its financial position and the changes in its financial position. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain city functions or activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts.

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

Governmental funds are used to account for all or most of the City's general activities. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Capital projects funds are used to account for and report 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. Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the City (internal service funds). The City has no internal service funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. The City utilizes pension trust funds and agency funds which are generally used to account for assets that the City holds in fiduciary capacity or on behalf of others as their agent.

c. Government-Wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 properly included among program revenues are reported instead as general revenues.

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

The City reports the following major governmental funds:

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

The TIF #2 Fund is used to account for revenues derived from the Tax Increment Financing District to pay development costs. The City has elected to report this fund as major.

The TIF #3 Fund is used to account for revenues derived from the Tax Increment Financing District to pay development costs. The City has elected to report this fund as major.

The City reports the following major proprietary fund:

The Water and Sewer Fund accounts for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, financing and related debt service, and billing and collections.

The City reports the following fiduciary funds:

The Police Pension Fund accounts for the activities of the accumulation of resources to pay pension costs. Resources are contributed by members at rates fixed by state statutes and by the City which uses the annual property tax levy to fund the employer contribution.

The Police Agency Fund accounts for assets held on behalf of third parties and that do not involve the measurement of operating results.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund, pension trust fund, and agency fund financial statements (except the agency fund which has no measurement focus). Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary fund. Non-operating revenue/expenses are incidental to the operations of this fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales taxes and telecommunications taxes which use a 90-day period. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Sales taxes owed to the state at year end; franchise taxes, licenses, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. Income and motor fuel taxes and fines collected and held by the state or county at year end on behalf of the City are also recognized as revenue. Fines and permits revenues are not susceptible to accrual because generally they are not measurable until received in cash.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

e. Cash and Investments

Cash and Cash Equivalents

For purposes of the statement of cash flows, the City's proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

City investments with a maturity of one year or less when purchased are stated at cost or amortized cost. City investments with a maturity greater than one year when purchased and all pension fund investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

f. Interfund Receivables/Payables

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

g. Prepaid Items/Expenses

Payments made to vendors for services that will benefit periods beyond the date of this report, if any, are recorded as prepaid items/expenses.

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and storm sewers), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$25,000 for land, land as right of way, improvements other than buildings, specialized vehicles, intangible assets, and other equipment; \$50,000 for building and structures and infrastructure; and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

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

Assets	Years
Buildings and structures	50
Infrastructure	50
Improvements other than buildings	25
Specialized vehicles or equipment	20
Other equipment or vehicles	10
Intangible assets	10

i. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and other employee benefit amounts. Vested or accumulated vacation leave and other employee benefit amounts are reported as an expenditure and a fund liability of the governmental fund that will pay it once retirement or separation has occurred. Vested or accumulated vacation leave and other employee benefit amounts of proprietary funds and governmental activities are recorded as an expense and liability of those funds as the benefits accrue to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Long-Term Obligations

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund financial statements. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense during the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

k. Fund Balances/Net Position

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

It is the policy of the City to maintain fund balance in the General Fund to fund operations for a period of at least three months (Cash Flow Commitment). The Cash Flow Commitment (unassigned fund balance described in the notes to financial statements) in the General Fund is adjusted annually with the adoption of the annual budget and is calculated as three months (25%) of General Fund expenditures (not including transfers to fund capital projects). It is also the policy of the City to assign a portion of a fund balance in the amount of debt service payments for governmental debt for the following year. These funds may be assigned in either the General Fund or the Debt Service Fund (Debt Service Agreement). Unassigned fund balance in excess of funds described above shall be transferred to the Capital Projects Fund at year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Fund Balances/Net Position (Continued)

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

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset.

None of the restricted net position or restricted fund balance results from enabling legislation adopted by the City.

l. Interfund Transactions

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

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

m. Accounting Estimates

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

n. Deferred Outflows/Inflows of Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Deferred Outflows/Inflows of Resources (Continued)

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

2. DEPOSITS AND INVESTMENTS

The City and pension fund categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City held no investments subject to fair value measurement at April 30, 2018.

a. City Deposits and Investments

The City's investment policy authorizes the City to invest in all investments allowed by Illinois Compiled Statutes (ILCS). These include deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds rated at the highest classification of at least one nationally recognized rating service provided that the portfolio is limited to U.S. Treasury and U.S. agencies obligations, and The Illinois Funds. Specifically prohibited investments include commercial paper of any corporation, regardless of rating, repurchase agreements of government securities, derivative products, leveraging of assets through reverse repurchase agreements, and direct investments in tri-party repurchase agreements.

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

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

Illinois Metropolitan Investment Fund (IMET) is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

The City's investment policy does limit its deposits to financial institutions that are members of the FDIC system and are capable of posting collateral for amounts in excess of FDIC insurance.

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

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance. The pledging of collateral shall be documented by a written agreement. Third party safekeeping is not required unless the Mayor determines it is necessary.

Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for short and long-term cash flow needs while providing a reasonable rate of return based on the current market. No investment shall be made with a maturity in excess of one year, except in connection with the refunding, defeasance, or payment of debt obligations.

2. DEPOSITS AND INVESTMENTS (Continued)

a. City Deposits and Investments (Continued)

Investments (Continued)

Credit risk is the risk that the issuer of a debt security will not pay its par value upon maturity. The City limits its exposure to credit risk by limiting investments to the types of securities listed above; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with the City's investment policy; diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of an outside party. The City's investment policy does not specifically address custodial credit risk for investments other than to require custodial safekeeping of investments.

Concentration of credit risk is the risk that the City has a high percentage of its investments invested in one type of investment. The City's investment policy requires diversification of investments to eliminate the risk of loss resulting from concentration in a specific maturity, issuer, or class of securities.

3. PROPERTY TAXES

Property taxes for 2017 attached as an enforceable lien on January 1, 2017, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and issued on or about May 1, 2018, and are payable in two installments on or about June 1, 2018 and September 1, 2018. The County collects such taxes and remits them periodically. As the 2017 tax levy is intended to fund expenditures for the 2018-2019 fiscal year, these taxes are unavailable/deferred as of April 30, 2018.

The 2018 tax levy, which attached as an enforceable lien on property as of January 1, 2018, has not been recorded as a receivable as of April 30, 2018 as the tax has not yet been levied by the City and will not be levied until December 2018 and, therefore, the levy is not measurable at April 30, 2018.

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

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

	Balances May 1, Restated	Increases	Decreases	Balances April 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 3,284,960	\$ -	\$ 42,800	\$ 3,242,160
Total capital assets not being depreciated	3,284,960	-	42,800	3,242,160
Capital assets being depreciated				
Infrastructure	16,997,622	-	-	16,997,622
Buildings and improvements	2,185,392	108,963	25,000	2,269,355
Fixtures and equipment	1,031,722	-	-	1,031,722
Total capital assets being depreciated	20,214,736	108,963	25,000	20,298,699
Less accumulated depreciation for				
Infrastructure	7,981,599	395,763	-	8,377,362
Buildings and improvements	948,281	56,280	25,000	979,561
Fixtures and equipment	764,575	89,613	-	854,188
Total accumulated depreciation	9,694,455	541,656	25,000	10,211,111
Total capital assets being depreciated, net	10,520,281	(432,693)	-	10,087,588
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	\$ 13,805,241	\$ (432,693)	\$ 42,800	\$ 13,329,748

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

GOVERNMENTAL ACTIVITIES	
General government	\$ 35,364
Highways and streets	434,993
Public safety	71,299
	<u>71,299</u>
TOTAL DEPRECIATION EXPENSE -	
GOVERNMENTAL ACTIVITIES	<u>\$ 541,656</u>

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS (Continued)

	Balances May 1, Restated	Increases	Decreases	Balances April 30
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 419,775	\$ -	\$ -	\$ 419,775
Construction in progress	53,596	-	53,596	-
Total capital assets not being depreciated	<u>473,371</u>	-	53,596	<u>419,775</u>
Capital assets being depreciated				
Infrastructure	14,895,679	86,724	-	14,982,403
Buildings and improvements	29,512,106	65,726	-	29,577,832
Fixtures and equipment	917,717	-	-	917,717
Total capital assets being depreciated	<u>45,325,502</u>	<u>152,450</u>	-	<u>45,477,952</u>
Less accumulated depreciation for				
Infrastructure	2,705,720	209,651	-	2,915,371
Buildings and improvements	8,592,991	587,434	-	9,180,425
Fixtures and equipment	630,651	46,779	-	677,430
Total accumulated depreciation	<u>11,929,362</u>	<u>843,864</u>	-	<u>12,773,226</u>
Total capital assets being depreciated, net	<u>33,396,140</u>	<u>(691,414)</u>	-	<u>32,704,726</u>
BUSINESS-TYPE ACTIVITIES				
CAPITAL ASSETS, NET	<u>\$ 33,869,511</u>	<u>\$ (691,414)</u>	<u>\$ 53,596</u>	<u>\$ 33,124,501</u>

5. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; illnesses of employees; and injuries to the City's employees. The City carries insurance with two separate agencies. Property, general liability, automobile liability, inland marine, and professional liability insurance are carried by Arthur Gallagher Insurance. Workers' compensation coverage is provided in excess of specified limits and is carried by Illinois Public Risk Fund. Employee health is covered through third party indemnity insurance or through union insurance policies for certain union employees. There have been no significant changes in coverage and claims have not exceeded coverage for the past three fiscal years.

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT

a. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities during fiscal year 2018:

	Balances May 1, Restated	Additions	Reductions	Balances April 30	Due Within One Year
GOVERNMENTAL ACTIVITIES					
Capital leases	\$ 138,904	\$ -	\$ 59,919	\$ 78,985	\$ 52,214
Installment note payable	-	150,000	8,390	141,610	13,232
Compensated absences payable*	167,507	158,420	41,877	284,050	71,013
Net pension liability*	3,476,486	107,839	-	3,584,325	-
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,782,897	\$ 416,259	\$ 110,186	\$ 4,088,970	\$ 136,459
BUSINESS-TYPE ACTIVITIES					
2010 IEPA loan	\$ 10,129,534	\$ -	\$ 575,658	\$ 9,553,876	\$ 582,877
Compensated absences payable	82,707	82,789	20,677	144,819	36,205
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 10,212,241	\$ 82,789	\$ 596,335	\$ 9,698,695	\$ 619,082

*The General Fund has typically been used to liquidate these liabilities.

b. Capital Lease Obligations

On October 1, 2013, the City entered into a capital lease purchase agreement for the purchase of a new generator for \$41,260. The City makes annual payments of \$9,352, with the final payment made in October 2017.

On August 25, 2014, the City entered into a capital lease purchase agreement for the purchase of two vehicles and equipment for \$139,076. The City makes annual payments of \$31,540, with the final payment due on July 29, 2018.

On August 25, 2016, the City entered into a capital lease purchase agreement for the purchase of an office copier for \$14,520. The City makes monthly payments of \$242, with the final payment due in September 2021.

On March 2, 2017, the City entered into a capital lease purchase agreement for the purchase of police radios for \$83,997. The City made an initial payment of \$24,735 and quarterly payments of \$4,938, with the final payment due in fiscal year 2020.

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

c. 2010 Illinois EPA Wastewater Treatment Works Loan

On December 15, 2010, the City's application for a wastewater treatment works loan, under the provision of the Environmental Protection Agency, was approved in the amount of \$10,000,000. During the year ended April 30, 2014, the City received approval to increase the loan to \$12,000,000. The loan bears interest at 1.25%.

d. Installment Note Payable

On July 27, 2017, the City issued an installment note payable in the amount of \$150,000. Monthly payments are \$1,464 with interest at 3.20% and a final balloon payment of \$82,552 due in August 2022.

e. Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

Fiscal Year	Governmental Activities					
	Capital Leases			Note Payable		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 52,214	\$ 1,984	\$ 54,198	\$ 13,232	\$ 4,339	\$ 17,571
2020	22,658	-	22,658	13,661	3,910	17,571
2021	2,903	-	2,903	14,106	3,465	17,571
2022	1,210	-	1,210	14,564	3,007	17,571
2023	-	-	-	86,047	229	86,276
TOTAL	\$ 78,985	\$ 1,984	\$ 80,969	\$ 141,610	\$ 14,950	\$ 156,560

Fiscal Year	Business-Type Activities		
	IEPA Loan		
	Principal	Interest	Total
2019	\$ 582,877	\$ 117,607	\$ 700,484
2020	590,185	110,299	700,484
2021	597,586	102,898	700,484
2022	605,079	95,405	700,484
2023	612,666	87,818	700,484
2024	620,348	80,136	700,484
2025	628,127	72,357	700,484
2026	636,003	64,481	700,484
2027	643,978	56,506	700,484
2028	652,053	48,431	700,484
2029	660,229	40,255	700,484
2030	668,507	31,977	700,484
2031	676,890	23,594	700,484
2032	685,377	15,107	700,484
2033	693,971	6,513	700,484
TOTAL	\$ 9,553,876	\$ 953,384	\$ 10,507,260

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LONG-TERM DEBT (Continued)

f. Legal Debt Margin

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

ASSESSED VALUATION - 2017	<u>\$ 105,299,686</u>
Legal debt limit - 8.625% of assessed valuation	\$ 9,082,098
Amount of debt applicable to debt limit	
Capital leases	78,985
Note payable	<u>141,610</u>
LEGAL DEBT MARGIN	<u>\$ 8,861,503</u>

7. INDIVIDUAL FUND DISCLOSURES

Transfers between funds at April 30, 2018 consist of the following:

Fund	Transfers In	Transfers Out
General	\$ 294,705	\$ -
Motor Fuel Tax	-	293,265
Water Operations	-	<u>1,440</u>
TOTAL	<u>\$ 294,705</u>	<u>\$ 294,705</u>

The purpose of the significant transfers in/out is as follows:

- The purpose of the \$293,265 transfer from the Motor Fuel Tax Fund to the General Fund was to fund expenditures related to MFT road projects. The transfer will not be repaid.

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

7. INDIVIDUAL FUND DISCLOSURES (Continued)

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

Fund	Advance To Other Funds	Advance From Other Funds
General	\$ -	\$ 2,328,896
Motor Fuel Tax	-	347,855
FICA and Medicare	-	36,659
Water Operations	2,713,410	-
TOTAL	\$ 2,713,410	\$ 2,713,410

The purpose of the significant advances from/to is as follows:

- The \$2,713,410 advance from the Water Operations Fund to the General Fund (\$2,328,896), the Motor Fuel Tax Fund (\$347,855), and the FICA and Medicare Fund (\$36,659) is to alleviate negative cash balances. The balances are not expected to be repaid within one year.

The following individual funds had a deficit fund balance as of April 30, 2018:

Fund	Deficit
General	\$ 2,196,645
Motor Fuel Tax	383,242
FICA and Medicare	36,659
Audit	9,322

8. CONTINGENT LIABILITIES

a. Litigation

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

b. Grants

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

9. DEFINED BENEFIT PENSION PLANS

The City contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system; and the Police Pension Plan, which is a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for both plans are governed by ILCS and can only be amended by the Illinois General Assembly. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at IMRF.org. The Police Pension Plan does not issue a separate report.

a. Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

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

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

Plan Membership

At December 31, 2017, IMRF membership consisted of:

Inactive employees or their beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	16
Active employees	<u>21</u>
 TOTAL	 <u><u>54</u></u>

Benefits Provided

All employees (other than those covered by the Police Pension Plan) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Benefits Provided (Continued)

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter.

IMRF also provides death and disability benefits. These benefit provisions and all are established by state statute.

Contributions

Participating members are required to contribute 4.50% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund IMRF as specified by statute. The employer contribution for the fiscal year ended April 30, 2018 was 5.83% of covered payroll.

Actuarial Assumptions

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

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Interest rate	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Actuarial Assumptions (Continued)

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Discount Rate

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

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT JANUARY 1, 2017	\$ 3,699,413	\$ 4,022,263	\$ (322,850)
Changes for the period			
Service cost	108,419	-	108,419
Interest	278,606	-	278,606
Difference between expected and actual experience	126,665	-	126,665
Changes in assumptions	(122,004)	-	(122,004)
Employer contributions	-	67,752	(67,752)
Employee contributions	-	49,736	(49,736)
Net investment income	-	680,060	(680,060)
Benefit payments and refunds	(77,754)	(77,754)	-
Other (net transfer)	-	(37,538)	37,538
Net changes	313,932	682,256	(368,324)
BALANCES AT DECEMBER 31, 2017	\$ 4,013,345	\$ 4,704,519	\$ (691,174)

Changes in assumptions related to price inflation, salary increases, retirement age, and mortality rates were made since the prior measurement date.

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended April 30, 2018, the City recognized pension expense of \$(69,576).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 94,465	\$ 38,924
Changes in assumption	-	90,990
Contributions made after measurement date	17,377	-
Net difference between projected and actual earnings on pension plan investments	-	179,986
TOTAL	\$ 111,842	\$ 309,900

\$17,377 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ending April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending April 30,	
2019	\$ (51,673)
2020	(18,584)
2021	(69,516)
2022	(75,662)
2023	-
Thereafter	-
TOTAL	\$ (215,435)

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ (81,344)	\$ (691,174)	\$ (1,185,336)

Police Pension Plan

Plan Administration

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

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

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

Plan Membership

At April 30, 2018 (census date of May 1, 2017), membership consisted of:

Inactive plan members currently receiving benefits	5
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>13</u>
TOTAL	<u><u>18</u></u>

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Benefits Provided

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

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

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Contributions

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan, including the costs of administering the plan, as actuarially determined by an enrolled actuary. Effective January 1, 2011, the City has until the year 2040 to fund 90% of the past service cost for the Police Pension Plan. However, the City has decided to fund 100% of the past service cost by 2040. For the year ended April 30, 2018, the City's contribution was 44.45% of covered payroll.

Investment Policy

ILCS limits the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to invest in all investments allowed by ILCS. These include deposits/investments in insured commercial banks, savings and loan institutions, interest-bearing obligations of the U.S. Treasury and U.S. agencies, interest-bearing bonds of the State of Illinois or any county, township, or municipal corporation of the State of Illinois, money market mutual funds whose investments consist of obligations of the U.S. Treasury or U.S. agencies, separate accounts managed by life insurance companies, mutual funds, corporate bonds, The Illinois Funds (created by the Illinois State Legislature under the control of the State Treasurer that maintains a \$1 per share value which is equal to the participants fair value), and IMET, a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an investment company. Investments in IMET are valued at IMET's share price, the price for which the investment could be sold.

During the year ended April 30, 2018, there were no updates to the investment policy.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Investment Policy (Continued)

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

The Fund’s investment policy, in accordance with ILCS, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	28%	6.50%
Small Cap Domestic Equity	8%	8.40%
International Equity	4%	6.30%
Fixed Income	60%	1.30%

The long-term expected real rates of return are calculated on a geometric mean basis and are net of a 3% factor for inflation and investment expense.

The long-term expected rate of return on the Fund’s investments was determined using Morningstar Analyst Research Center - SBBI Data, for the period of December 31, 1925 through December 31, 2017. The long-term expected rate of return on the internal equity class was based on the MCSI EAFE index for the period of December 31, 1969 through December 31, 2017.

Investment Rate of Return

For the year ended April 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Deposits with Financial Institutions

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the Fund's deposits may not be returned to it. The Fund's investment policy requires pledged collateral held by the custodial bank. The Fund shall have a perfected security interest in such collateral which shall be free of any claims to the rights to these securities other than any claims by the custodian which are subordinate to the Fund's claims to rights to these securities.

Fair Value Measurements

All investments in the plan are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fund has the following recurring fair value measurements as of April 30, 2018. The U.S. Treasury notes and equity mutual funds are valued using quoted prices in active markets for identical assets (Level 1 inputs). The U.S. agency obligation, municipal bonds, and corporate bonds are valued using evaluated pricing models (Level 2 inputs).

Interest Rate Risk

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	Greater than 10
U.S. Treasury notes	\$ 290,046	\$ 24,828	\$ 167,281	\$ 97,937	\$ -
U.S. agency obligations	1,614,746	60,717	602,817	774,324	176,888
Municipal bonds	303,592	55,492	163,772	84,328	-
Corporate bonds	129,006	-	79,838	49,168	-
TOTAL	\$ 2,337,390	\$ 141,037	\$ 1,013,708	\$ 1,005,757	\$ 176,888

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Interest Rate Risk (Continued)

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The average maturity/duration of the portfolio will be managed upon the current existing interest rate environment. Under most circumstances, the average maturity and duration of the portfolio will be maintained at approximately five years and will range from two to seven years.

Credit Risk

In accordance with its investment policy, the Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by requiring investments primarily in U.S. Treasury obligations and U.S. agency obligations. The U.S. agency securities are rated Aaa. The municipal bonds are rates Aa3 to Aa1 or are not rated. The corporate bonds are rated A3 to Aaa.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Fund will not be able to recover the value of its investments that are in possession of an outside party. The Fund's investment policy requires third party safekeeping for all securities owned by the Fund. Custody arrangements shall be documented by an approved written agreement. The agreement may be in the form of a safekeeping agreement, trust agreement, escrow agreement, or custody agreement.

Concentration of Credit Risk

Concentration of credit risk is the risk that the Fund has a high percentage of its investments invested in one type of investment. The Fund's investment policy requires diversification as noted above.

There are no significant investments in any one organization that represent 5% or more of the Fund's investments (excluding investments explicitly guaranteed by the United States Government and mutual funds).

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability
BALANCES AT MAY 1, 2017	\$ 7,148,773	\$ 3,672,287	\$ 3,476,486
Changes for the period			
Service cost	261,245	-	261,245
Interest	456,831	-	456,831
Difference between expected and actual experience	(50,595)	-	(50,595)
Changes in assumptions	-	-	-
Employer contributions	-	376,579	(376,579)
Employee contributions	-	80,876	(80,876)
Net investment income	-	169,196	(169,196)
Benefit payments and refunds	(241,215)	(241,215)	-
Administrative expense	-	(67,010)	67,010
Net changes	426,266	318,426	107,840
BALANCES AT APRIL 30, 2018	\$ 7,575,039	\$ 3,990,713	\$ 3,584,326

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation using the following actuarial methods and assumptions. The total pension liability was rolled forward by the actuary using updating procedures to April 30, 2018.

Actuarial valuation date	April 30, 2017
Measurement date	April 30, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.75% to 9.24%
Interest rate	6.50%
Cost of living adjustments	3.00% (Tier 1) One-half of CPI (Tier 2)
Asset valuation method	Market

Active mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Retiree Mortality follows the L&A Assumption Study for Police 2016. These rates are experience weighted with the raw rates as developed in the RP-2014 Study, with Blue Collar Adjustment and improved generationally using MP-2016 improvement rates. Disabled mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates. Spouse mortality follows the Sex Distinct Raw rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

Actuarial Assumptions (Continued)

The demographic assumption rates used in the valuation were based on a review of assumptions in the actuary's 2016 study for Illinois Police Officers.

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability of the City calculated using the discount rate of 6.50% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 4,767,005	\$ 3,584,325	\$ 2,629,772

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

a. Plan Descriptions (Continued)

Police Pension Plan (Continued)

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

For the year ended April 30, 2018, the City recognized police pension expense of \$1,362,761. At April 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to the police pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 410,512	\$ 44,910
Changes in assumption	-	10,924
Net difference between projected and actual earnings on pension plan investments	115,946	-
TOTAL	\$ 526,458	\$ 55,834

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

Fiscal Year Ending April 30,	
2019	\$ 97,518
2020	97,514
2021	62,723
2022	67,095
2023	52,226
Thereafter	93,548
TOTAL	\$ 470,624

CITY OF BRAIDWOOD, ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. PRIOR PERIOD ADJUSTMENT

The City has restated fund balance/net position as of May 1, 2017 as follows:

	Governmental Activities	Business-Type Activities	General	TIF #2	TIF #3	Nonmajor
FUND BALANCE/NET POSITION, MAY 1	\$ 14,788,938	\$ 31,622,425	\$ (995,885)	\$ 192,664	\$ 1,689,526	\$ 597,877
RESTATEMENTS						
To recognize revenue in the proper period	(898,056)	64,964	(574,131)	(55,693)	(25,640)	(242,592)
To record expense/expenditure in the proper period	(1,543)	(20,803)	-	(1,543)	-	-
To record long-term debt in the proper period	(193,916)	69,071	-	-	-	-
To record capital assets in the proper period	(2,190,541)	(4,317,978)	-	-	-	-
To record cash transactions in the proper period	21,061	-	17,289	-	3,772	-
To record land held for sale in the fund financials	-	-	-	-	136,988	-
Subtotal	(3,262,995)	(4,204,746)	(556,842)	(57,236)	115,120	(242,592)
FUND BALANCE/NET POSITION, MAY 1 (RESTATED)	\$ 11,525,943	\$ 27,417,679	\$ (1,552,727)	\$ 135,428	\$ 1,804,646	\$ 355,285

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual
REVENUES		
Property taxes	\$ 1,112,400	\$ 1,100,688
Utility tax	380,000	233,932
State sales tax	505,000	438,893
State income taxes	600,000	561,412
Local use taxes	115,000	163,719
Telecommunication taxes	-	111,201
Replacement taxes	8,000	7,148
Hotel/motel taxes	17,000	19,676
Vehicle stickers	51,000	32,388
Liquor license	25,000	19,025
Other licenses	400	205
Rental income	1,000	75
Business annual	3,000	2,900
Grants	33,900	17,856
Donations	30,000	1,000
State gaming	45,000	41,022
Franchise fee	62,000	67,686
Interest income	-	9,800
Miscellaneous	25,723	66,102
Contractor's registration	65,000	20,795
Building permits	50,000	27,343
Zoning variances	-	1,211
Zoning fees	-	332
Fines	154,800	148,261
Special detail	20,000	50,713
Impound fee	20,000	21,500
Overtime reimbursement	-	1,778
Reimbursements	68,000	75,820
Dog licenses	200	285
Total revenues	3,392,423	3,242,766
EXPENDITURES		
Administrative		
Salary and benefits	282,800	342,957
Professional development	3,200	1,011
Professional services	99,142	75,645
Utilities - telephone	5,500	5,868
Utilities - gas/electric	1,000	-
Postage printing and supplies	6,500	1,773
Ordinance codification	4,000	2,838
Claypool drainage	600	1,757
Donations	200	915
Maintenance	-	25,285
Operating supplies and expenses	35,000	45,216
Marketing and promotional items	3,000	1,255
Equipment	15,000	5,579

(This schedule is continued on the following pages.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Development		
Salary and benefits	\$ 73,300	\$ 71,992
Professional services	18,000	25,264
Utilities - telephone	4,200	6,377
Postage printing and supplies	4,100	1,333
Maintenance	500	2,444
Equipment	3,000	1,835
Operating supplies and expenses	500	1,976
Police protection		
Salary and benefits	1,636,531	1,993,412
Pension contributions	285,000	376,579
Professional development	8,000	18,565
Uniforms	8,000	11,899
Professional services	244,000	295,886
Utilities - telephone	21,500	32,240
Maintenance	29,000	161,717
Postage printing and supplies	13,500	37,302
Operating supplies and expenses	2,000	4,898
Equipment	45,000	58,885
Fuel	40,000	60,588
Street		
Salary and benefits	428,350	400,402
Professional development	500	960
Professional services	71,000	54,335
Utilities - telephone	7,000	5,368
Maintenance	11,500	27,846
Operating	3,000	9,278
Capital outlay	31,500	28,560
Fuel	19,500	16,208
Postage printing and supplies	4,000	4,081
Equipment	14,000	8,745
Culver pipe - City	-	-
Operating supplies and expenses	1,000	46
Animal control		
Salary and benefits	8,400	11,559
Fees	2,000	6,464
Postage printing and supplies	600	58
Repair and maintenance		
City Hall/Police Department	46,500	4,824
Railroad depot	500	-
Food pantry	7,000	6,420
Route 66 park	1,000	-
American legion	500	-
Economic development		
Professional services	10,000	629

(This schedule is continued on the following page.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual
EXPENDITURES (Continued)		
Debt service		
Principal payment	\$ -	\$ 65,121
Interest and fiscal charges	-	7,194
	<hr/>	<hr/>
Total expenditures	3,559,923	4,331,389
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(167,500)	(1,088,623)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	17,500	294,705
Loans issued, at par	-	150,000
Proceeds from sale of capital assets	150,000	-
	<hr/>	<hr/>
Total other financing sources (uses)	167,500	444,705
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	\$ -	(643,918)
	<hr/>	<hr/>
FUND BALANCE (DEFICIT), MAY 1		(995,885)
Prior period adjustment		<hr/> (556,842)
FUND BALANCE (DEFICIT), MAY 1, RESTATED		<hr/> (1,552,727)
FUND BALANCE (DEFICIT), APRIL 30		<hr/> \$ (2,196,645) <hr/>

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TIF #2 FUND

For the Year Ended April 30, 2018

	2018		Variance Over (Under)
	Original and Final Budget	Actual	
REVENUES			
Taxes	\$ 100,000	\$ 99,404	\$ (596)
Total revenues	<u>100,000</u>	<u>99,404</u>	<u>(596)</u>
EXPENDITURES			
Current			
General government			
Services - miscellaneous	-	5,066	5,066
Capital outlay	<u>100,000</u>	<u>86,162</u>	<u>(13,838)</u>
Total expenditures	<u>100,000</u>	<u>91,228</u>	<u>(8,772)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>8,176</u>	<u>\$ 8,176</u>
FUND BALANCE, MAY 1		192,664	
Prior period adjustment		<u>(57,236)</u>	
FUND BALANCE, MAY 1, RESTATED		<u>135,428</u>	
FUND BALANCE, APRIL 30		<u>\$ 143,604</u>	

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TIF #3 FUND

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Taxes	\$ 30,000	\$ 51,822	\$ 21,822
Investment income	5,000	18,743	13,743
 Total revenues	 35,000	 70,565	 35,565
EXPENDITURES			
Current			
General government			
Contractual services	115,000	238,281	123,281
Capital outlay	370,000	97,701	(272,299)
 Total expenditures	 485,000	 335,982	 (149,018)
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (450,000)	 (265,417)	 184,583
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	-	47,251	47,251
 Total other financing sources (uses)	 -	 47,251	 47,251
 NET CHANGE IN FUND BALANCE	 \$ (450,000)	 (218,166)	 \$ 231,834
 FUND BALANCE, MAY 1		1,689,526	
Prior period adjustment		115,120	
 FUND BALANCE, MAY 1, RESTATED		1,804,646	
 FUND BALANCE, APRIL 30		\$ 1,586,480	

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

Last Three Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2018	2017	2016
Actuarially determined contribution	\$ 64,955	\$ 62,522	\$ 58,276
Contributions in relation to the actuarially determined contribution	<u>64,955</u>	<u>62,522</u>	<u>58,276</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,114,857	\$ 926,265	\$ 867,205
Contributions as a percentage of covered-employee payroll	5.83%	6.75%	6.72%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior calendar year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and postretirement benefit increases of 3% compounded annually.

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

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
POLICE PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2018	2017	2016	2015
Actuarially determined contribution	\$ 276,619	\$ 238,985	\$ 228,582	\$ 237,082
Contributions in relation to the actuarially determined contribution	376,579	201,188	230,493	292,560
CONTRIBUTION DEFICIENCY (Excess)	\$ (99,960)	\$ 37,797	\$ (1,911)	\$ (55,478)
Covered-employee payroll	\$ 847,229	\$ 820,561	\$ 679,411	\$ 780,573
Contributions as a percentage of covered-employee payroll	44.45%	24.52%	33.93%	37.48%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of May 1 of the prior fiscal year. Additional information from the actuarial valuation used to determine the current year contributions is as follows: the actuarial cost method was projected unit credit; the amortization method was level percent of pay, 100% closed basis, and the amortization period was 24 years; the asset valuation method was five-year smoothed market value; and the significant actuarial assumptions were an investment rate of return at 6.50% annually, projected individual salary increases assumption of 3.75% to 9.24% compounded annually, projected total payroll increase of 3.25%, and postretirement benefit increases of 3% compounded annually (Tier 1) and an annual increase equal to the lesser of 3% per year or 1/2 the annual unadjusted percentage increase in the CPI-U (Tier 2).

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

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

Last Three Calendar Years

MEASUREMENT DATE DECEMBER 31,	2017	2016	2015
TOTAL PENSION LIABILITY			
Service cost	\$ 108,419	\$ 100,425	\$ 91,645
Interest	278,606	264,289	270,925
Changes of benefit terms	-	-	-
Differences between expected and actual experience	126,665	(90,155)	(362,756)
Changes of assumptions	(122,004)	-	-
Benefit payments, including refunds of member contributions	(77,754)	(97,578)	(87,786)
Net change in total pension liability	313,932	176,981	(87,972)
Total pension liability - beginning	3,699,413	3,522,432	3,610,404
TOTAL PENSION LIABILITY - ENDING	\$ 4,013,345	\$ 3,699,413	\$ 3,522,432
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 67,752	\$ 62,522	\$ 58,276
Contributions - member	49,736	41,681	39,024
Net investment income	680,060	254,970	20,136
Benefit payments, including refunds of member contributions	(77,754)	(97,578)	(87,786)
Other	(37,538)	56,753	(348,172)
Net change in plan fiduciary net position	682,256	318,348	(318,522)
Plan fiduciary net position - beginning	4,022,263	3,703,915	4,022,437
PLAN FIDUCIARY NET POSITION - ENDING	\$ 4,704,519	\$ 4,022,263	\$ 3,703,915
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (691,174)	\$ (322,850)	\$ (181,483)
Plan fiduciary net position as a percentage of the total pension liability	117.22%	108.73%	105.15%
Covered-employee payroll	\$ 1,105,253	\$ 926,255	\$ 867,205
Employer's net pension liability as a percentage of covered-employee payroll	(62.54%)	(34.86%)	(20.93%)

Notes to Required Supplementary Information

The price inflation assumption was changed from 2.75% to 2.50%, and the salary increase assumption was changed from 3.75% - 14.50% to 3.39% - 14.25% in 2017.

The discount rate assumption was changed from 7.48% to 7.50% in 2016.

The retirement age and mortality assumptions were changed in 2015.

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

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

Last Four Fiscal Years

MEASUREMENT DATE APRIL 30,	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service cost	\$ 261,245	\$ 245,300	\$ 173,313	\$ -
Interest	456,831	397,878	376,687	-
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(50,595)	529,502	-	-
Changes of assumptions	-	(14,092)	-	-
Benefit payments, including refunds of member contributions	(241,215)	(262,030)	(185,929)	-
Net change in total pension liability	426,266	896,558	364,071	-
Total pension liability - beginning	7,148,773	6,252,215	5,888,144	-
TOTAL PENSION LIABILITY - ENDING	\$ 7,575,039	\$ 7,148,773	\$ 6,252,215	\$ 5,888,144
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 376,579	\$ 201,188	\$ 230,493	\$ 292,560
Contributions - member	80,876	58,565	66,826	85,272
Contributions - other	-	97,331	-	-
Net investment income	169,196	243,105	40,949	191,773
Benefit payments, including refunds of member contributions	(241,215)	(262,030)	(185,929)	(141,088)
Administrative expense	(67,010)	(43,940)	(50,077)	(28,222)
Net change in plan fiduciary net position	318,426	294,219	102,262	400,295
Plan fiduciary net position - beginning	3,672,287	3,378,068	3,275,806	2,875,511
PLAN FIDUCIARY NET POSITION - ENDING	\$ 3,990,713	\$ 3,672,287	\$ 3,378,068	\$ 3,275,806
EMPLOYER'S NET PENSION LIABILITY				
Plan fiduciary net position as a percentage of the total pension liability	52.68%	51.37%	54.03%	55.63%
Covered-employee payroll	\$ 847,229	\$ 820,561	\$ 679,411	\$ 760,573
Employer's net pension liability as a percentage of covered-employee payroll	423.06%	423.67%	423.04%	343.47%

Notes to Required Supplementary Information

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

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

**SCHEDULE OF INVESTMENT RETURNS
POLICE PENSION FUND**

Last Four Fiscal Years

FISCAL YEAR ENDED APRIL 30,	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	4.54%	N/A	N/A	N/A

Notes to Required Supplementary Information

N/A - information not available.

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

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

April 30, 2018

BUDGETS

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds (except for the Police Forfeiture and Debt Service Funds). Budget amounts are as originally adopted by the City Council. All annual appropriations lapse at fiscal year end. No budget amendments were adopted during the fiscal year.

Prior to April 30, the City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments.

Transfers between line items of the appropriation ordinance must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

The following funds had expenditures that exceeded budget:

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>
Liability Insurance Fund	\$ 221,510	\$ 245,810
Audit Fund	17,840	28,500
FICA and Medicare Fund	150,200	208,114
Motor Fuel Tax Fund	201,000	449,954
General Fund	3,559,923	4,331,389

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

NONMAJOR GOVERNMENTAL FUNDS

CITY OF BRAIDWOOD, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

April 30, 2018

	Motor Fuel Tax	FICA and Medicare	Audit
ASSETS			
Cash in bank	\$ -	\$ -	\$ 378
Accounts receivables	14,173	-	-
Property tax receivable	-	158,057	17,833
Prepaid items	-	-	-
TOTAL ASSETS	\$ 14,173	\$ 158,057	\$ 18,211
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 49,560	\$ -	\$ 9,700
Accrued payroll	-	-	-
Advance from other funds	347,855	36,659	-
Total liabilities	397,415	36,659	9,700
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	-	158,057	17,833
Total deferred inflows of resources	-	158,057	17,833
FUND BALANCES			
Nonspendable for prepaid items	-	-	-
Restricted for employee benefits	-	-	-
Restricted for police services	-	-	-
Restricted for debt service	-	-	-
Unassigned (deficit)	(383,242)	(36,659)	(9,322)
Total fund balances (deficit)	(383,242)	(36,659)	(9,322)
TOTAL LIABILITIES, DEFFERED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 14,173	\$ 158,057	\$ 18,211

Illinois Municipal Retirement	Liability Insurance	Police Forfeiture	Debt Service	Total
\$ 40,974	\$ -	\$ 159,676	\$ 44,330	\$ 245,358
-	-	-	-	14,173
69,226	221,302	-	-	466,418
-	85,638	-	-	85,638
\$ 110,200	\$ 306,940	\$ 159,676	\$ 44,330	\$ 811,587
\$ -	\$ -	\$ -	\$ -	\$ 59,260
7,734	-	-	-	7,734
-	57,191	-	-	441,705
7,734	57,191	-	-	508,699
69,226	221,302	-	-	466,418
69,226	221,302	-	-	466,418
-	85,638	-	-	85,638
33,240	-	-	-	33,240
-	-	159,676	-	159,676
-	-	-	44,330	44,330
-	(57,191)	-	-	(486,414)
33,240	28,447	159,676	44,330	(163,530)
\$ 110,200	\$ 306,940	\$ 159,676	\$ 44,330	\$ 811,587

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Motor Fuel Tax	FICA and Medicare	Audit
REVENUES			
Property taxes	\$ -	\$ 157,743	\$ 17,749
Investment income	-	-	-
Motor fuel taxes	164,578	-	-
Fine and forfeitures	-	-	-
Total revenues	164,578	157,743	17,749
EXPENDITURES			
Current			
General government	-	44,491	28,500
Highways and streets	449,954	51,934	-
Public safety	-	111,689	-
Capital outlay	-	-	-
Total expenditures	449,954	208,114	28,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(285,376)	(50,371)	(10,751)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(293,265)	-	-
Other financing sources (uses)	(293,265)	-	-
NET CHANGE IN FUND BALANCES	(578,641)	(50,371)	(10,751)
FUND BALANCES, MAY 1	195,399	95,945	10,682
Prior period adjustment	-	(82,233)	(9,253)
FUND BALANCES, MAY 1, RESTATED	195,399	13,712	1,429
FUND BALANCES (DEFICIT), APRIL 30	\$ (383,242)	\$ (36,659)	\$ (9,322)

Illinois Municipal Retirement	Liability Insurance	Police Forfeiture	Debt Service	Total
\$ 69,000	\$ 220,862	\$ -	\$ -	\$ 465,354
-	-	4	-	4
-	-	-	-	164,578
-	-	174,798	-	174,798
69,000	220,862	174,802	-	804,734
35,369	245,810	-	-	354,170
16,293	-	-	-	518,181
13,293	-	26,956	-	151,938
-	-	5,995	-	5,995
64,955	245,810	32,951	-	1,030,284
4,045	(24,948)	141,851	-	(225,550)
-	-	-	-	(293,265)
-	-	-	-	(293,265)
4,045	(24,948)	141,851	-	(518,815)
65,165	168,531	17,825	44,330	597,877
(35,970)	(115,136)	-	-	(242,592)
29,195	53,395	17,825	44,330	355,285
\$ 33,240	\$ 28,447	\$ 159,676	\$ 44,330	\$ (163,530)

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Intergovernmental	\$ 171,000	\$ 164,578	\$ (6,422)
Total revenues	<u>171,000</u>	<u>164,578</u>	<u>(6,422)</u>
EXPENDITURES			
Highways and streets			
Engineering	12,000	107,222	95,222
Legal	-	458	458
Street maintenance	45,000	5,519	(39,481)
Culvert pipes	-	7,364	7,364
Utilities	44,000	12,281	(31,719)
Rock salt	95,000	83,961	(11,039)
Miscellaneous	5,000	233,149	228,149
Total expenditures	<u>201,000</u>	<u>449,954</u>	<u>248,954</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(30,000)</u>	<u>(285,376)</u>	<u>(255,376)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	-	(293,265)	(293,265)
Total other financing sources (uses)	<u>-</u>	<u>(293,265)</u>	<u>(293,265)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (30,000)</u>	<u>(578,641)</u>	<u>\$ (548,641)</u>
FUND BALANCE, MAY 1		<u>195,399</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u>\$ (383,242)</u>	

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property tax - FICA	\$ 157,825	\$ 128,201	\$ (29,624)
Property - Medicare	29,700	29,542	(158)
	<hr/>		
Total revenues	187,525	157,743	(29,782)
	<hr/>		
EXPENDITURES			
FICA			
Administration	11,000	11,014	14
Zoning	2,000	2,667	667
Police protection	74,000	111,065	37,065
Street	500	25,691	25,191
Water and sewer	3,500	18,098	14,598
Medicare			
Administration	26,200	6,008	(20,192)
Zoning	2,000	2,471	471
Police protection	500	624	124
Street	17,000	26,243	9,243
Water and sewer	13,500	4,233	(9,267)
	<hr/>		
Total expenditures	150,200	208,114	57,914
	<hr/>		
NET CHANGE IN FUND BALANCE	\$ 37,325	(50,371)	\$ (87,696)
	<hr/>		
FUND BALANCE, MAY 1		95,945	
Prior period adjustment		<u>(82,233)</u>	
FUND BALANCE, MAY 1, RESTATED		<u>13,712</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u><u>\$ (36,659)</u></u>	

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
REVENUES			
Property tax	\$ 17,840	\$ 17,749	\$ (91)
Total revenues	<u>17,840</u>	<u>17,749</u>	<u>(91)</u>
EXPENDITURES			
General government			
Audit services	<u>17,840</u>	<u>28,500</u>	<u>10,660</u>
Total expenditures	<u>17,840</u>	<u>28,500</u>	<u>10,660</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(10,751)</u>	<u>\$ (10,751)</u>
FUND BALANCE, MAY 1		10,682	
Prior period adjustment		<u>(9,253)</u>	
FUND BALANCE, MAY 1, RESTATED		<u>1,429</u>	
FUND BALANCE (DEFICIT), APRIL 30		<u><u>\$ (9,322)</u></u>	

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 69,150	\$ 69,000	\$ (150)
Total revenues	<u>69,150</u>	<u>69,000</u>	<u>(150)</u>
EXPENDITURES			
IMRF			
Administration	14,000	8,754	(5,246)
Zoning	2,500	2,488	(12)
Police protection	6,000	13,293	7,293
Street	16,000	16,293	293
Water and sewer	30,650	24,127	(6,523)
Total expenditures	<u>69,150</u>	<u>64,955</u>	<u>(4,195)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>4,045</u>	<u>\$ 4,045</u>
FUND BALANCE, MAY 1		65,165	
Prior period adjustment		<u>(35,970)</u>	
FUND BALANCE, MAY 1, RESTATED		<u>29,195</u>	
FUND BALANCE, APRIL 30		<u><u>\$ 33,240</u></u>	

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

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

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
REVENUES			
Property taxes	\$ 221,510	\$ 220,862	\$ (648)
Total revenues	<u>221,510</u>	<u>220,862</u>	<u>(648)</u>
EXPENDITURES			
General government Insurance	<u>221,510</u>	<u>245,810</u>	<u>24,300</u>
Total expenditures	<u>221,510</u>	<u>245,810</u>	<u>24,300</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>(24,948)</u>	<u>\$ (24,948)</u>
FUND BALANCE, MAY 1		168,531	
Prior period adjustment		<u>(115,136)</u>	
FUND BALANCE, MAY 1, RESTATED		<u>53,395</u>	
FUND BALANCE, APRIL 30		<u>\$ 28,447</u>	

(See independent auditor's report.)

MAJOR ENTERPRISE FUND

CITY OF BRAIDWOOD, ILLINOIS

**SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
WATER OPERATIONS FUND**

For the Year Ended April 30, 2018

	Original and Final Budget	Actual	Variance Over (Under)
OPERATING REVENUES			
Water	\$ 803,000	\$ 703,713	\$ (99,287)
Water capacity fees	-	4,000	4,000
Water meters	4,000	3,600	(400)
Water shutoffs	1,000	5,100	4,100
Sewer	1,437,000	1,313,912	(123,088)
Sewer permits	-	240	240
Sewer capacity fees	-	14,000	14,000
Garbage collection fees	575,000	621,175	46,175
Penalties	122,000	58,310	(63,690)
Insurance reimbursement	-	-	-
Miscellaneous revenue	87,000	97,617	10,617
	<hr/>	<hr/>	<hr/>
Total operating revenues	3,029,000	2,821,667	(207,333)
OPERATING EXPENSES			
Salary and benefits	575,300	565,361	(9,939)
Contractual	450,000	501,714	51,714
Utilities	212,000	292,271	80,271
Maintenance	106,500	58,485	(48,015)
Professional fees	80,000	88,101	8,101
Depreciation	956,000	843,864	(112,136)
Insurance - liability	71,000	68,970	(2,030)
IEPA annual fees	17,500	17,500	-
Postage, printing, supplies, etc.	12,500	11,512	(988)
Fuel - gasoline	11,000	6,691	(4,309)
Equipment and tools	26,000	19,319	(6,681)
Chemicals, sand, salt, and water testing	179,000	100,252	(78,748)
Repairs and install costs - water meters	28,000	30,065	2,065
Capital outlay	123,000	132,627	9,627
General	10,200	8,994	(1,206)
Bad debt expense	-	106,970	106,970
	<hr/>	<hr/>	<hr/>
Total operating expenses	2,858,000	2,852,696	(5,304)
OPERATING INCOME (LOSS)	<hr/>	<hr/>	<hr/>
	171,000	(31,029)	(202,029)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	-	8,551	8,551
Interest expense	(153,000)	(116,644)	36,356
	<hr/>	<hr/>	<hr/>
Total non-operating revenues (expenses)	(153,000)	(108,093)	44,907
NET INCOME (LOSS) BEFORE TRANSFERS	<hr/>	<hr/>	<hr/>
	18,000	(139,122)	(157,122)
TRANSFERS			
Transfers (out)	(17,500)	(1,440)	16,060
	<hr/>	<hr/>	<hr/>
Total transfers	(17,500)	(1,440)	16,060
CHANGE IN NET POSITION	<hr/>	<hr/>	<hr/>
	\$ 500	(140,562)	\$ (141,062)
NET POSITION, MAY 1		31,622,425	
Prior period adjustment		<hr/>	(4,204,746)
NET POSITION, MAY 1, RESTATED		<hr/>	27,417,679
NET POSITION, APRIL 30		<hr/>	<hr/>
		\$ 27,277,117	

(See independent auditor's report.)

FIDUCIARY FUNDS

CITY OF BRAIDWOOD, ILLINOIS

**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
POLICE PENSION FUND**

For the Year Ended April 30, 2018

ADDITIONS

Contributions	
Employer	\$ 376,579
Plan members	<u>80,876</u>
Total contributions	<u>457,455</u>
Investment income	
Interest and dividends	155,851
Net appreciation in fair value of investments	<u>28,947</u>
Total investment income	184,798
Less investment expense	<u>(15,602)</u>
Net investment income	<u>169,196</u>
Total additions	<u>626,651</u>

DEDUCTIONS

Administrative expenses	67,010
Benefits and refunds	<u>241,215</u>
Total deductions	<u>308,225</u>

NET INCREASE 318,426

**NET POSITION RESTRICTED
FOR PENSIONS**

May 1	<u>3,672,287</u>
April 30	<u><u>\$ 3,990,713</u></u>

(See independent auditor's report.)

CITY OF BRAIDWOOD, ILLINOIS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
POLICE AGENCY FUND**

For the Year Ended April 30, 2018

	Balances May 1	Additions	Deletions	Balances April 30
ASSETS				
Cash and cash equivalents	\$ 3,297	\$ 3,281	\$ 3,297	\$ 3,281
TOTAL ASSETS	\$ 3,297	\$ 3,281	\$ 3,297	\$ 3,281
LIABILITIES				
Payable to others	\$ 3,297	\$ 3,281	\$ 3,297	\$ 3,281
TOTAL LIABILITIES	\$ 3,297	\$ 3,281	\$ 3,297	\$ 3,281

(See independent auditor's report.)