

Posted: 9/7/2016

## REGULAR CITY COUNCIL MEETING

September 12, 2016, 7:00 P.M.

Marengo City Hall, 132 East Prairie Street

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Roll Call**
4. **Public Participation** (Interested parties are invited to speak for two minutes on any item listed on the agenda. Any person wishing to address the City Council must approach the podium, be recognized by the Mayor, and provide their name for the record.)
5. **Approval of Minutes:** August 22, 2016 Regular Meeting Minutes
6. **Approval of the List of Bills**
7. **Consent Agenda**
  - a. Approval of Knights of Columbus Tootsie Roll Drive Request
  - b. Action on an Ordinance Declaring Certain Municipal Property as Surplus
8. **New Business**
  - a. Authorization to Accept Health Insurance and Benefits Renewal Proposal for 2016-2017
  - b. Presentation and Acceptance of Fiscal Year 2015-2016 Comprehensive Annual Financial Report as Prepared by Roach & Associates
  - c. Action on an Ordinance Amending Section 33.07 of the Marengo City Code Creating a New Liquor License Classification for a Video Gaming Café for an Establishment on 20001 Telegraph Street, Establishing the Number of Class VGC Licenses and Adding an Additional Class E License for the Restaurant on 228 South State Street, Marengo
  - d. Request for Direction on Potential Changes to Liquor Licensing and Classifications
9. **Mayor's Statements and Reports**
10. **Department Head and Staff Reports**
11. **Reports and Statements from City Council**
12. **Adjournment**

**Marengo City Council  
Regular Meeting Minutes  
City Council Chambers  
132 E. Prairie Street  
Marengo, IL 60152  
August 22, 2016**

**CALL TO ORDER**

Mayor Donald B. Lockhart called the meeting to order at 7:02 PM.

**PLEDGE OF ALLEGIANCE**

Josh Blakemore, Assistant City Administrator, led everyone in the Pledge of Allegiance.

**ROLL CALL**

Present this evening are Mayor Donald B. Lockhart; Aldermen Matt Keenum, Mike Miller, Michael Smith, Nicole DeBoer, Dennis Hammortree, Brett Martin, Todd Hall and Steve Mortensen. Also present are City Administrator Gary Boden, Asst City Administrator Joshua Blakemore, Interim Chief of Police Rich Solarz, Public Works Director Howard Moser, City Engineer Tim Hartnett, and Finance Director Jennifer Snelten.

**PUBLIC PARTICIPATION**

Two residents spoke about a proposed change under discussion this evening, to add a special liquor license for "Video Gaming Café's". They both spoke in favor of the proposal.

**APPROVAL OF MINUTES - July 25<sup>th</sup>, 2016 Regular Meeting Minutes**

Alderman Steve Mortensen made a motion, seconded by Alderman Michael Smith, to approve the minutes from the July 25<sup>th</sup>, 2016 Regular Meeting. The aldermen voted as follows:

- Ayes: Keenum, Mortensen, Miller, Hall, Smith, Hammortree and Martin
  - Nays: DeBoer (see below)
  - Abstain: 0
  - Absent: 0
- The motion passed.

Alderman DeBoer stated "For the record, I am voting no is because we have convoluted the ordinance for the "Chain of Command" so greatly that it doesn't even make sense anymore."

**APPROVAL OF MINUTES – August 8<sup>th</sup>, 2016 Regular Meeting Minutes**

Alderman Steve Mortensen made a motion, seconded by Alderman Michael Smith, to approve the minutes from the August 8<sup>th</sup>, 2016 Regular Meeting. The aldermen voted as follows:

- Ayes: Smith, Keenum, Mortensen, Miller, Martin, Hall and Hammortree
  - Nays: 0
  - Abstain: DeBoer
  - Absent: 0
- The motion passed.

APPROVAL OF LIST OF BILLS

A question was raised on an invoice from Smith Amundsen LLC, Brookside Meadows - No retained Personnel Deposit. Administrator Boden explained that the developer involved is being charged directly – for this expense – but it is not very much.

Alderman Nicole DeBoer made a motion, seconded by Alderman Steve Mortensen, to approve the list of bills. The aldermen voted as follows:

Ayes: Martin, Hall, Keenum, Mortensen, Miller, DeBoer and Smith  
Nays: Hammortree  
Abstain: 0  
Absent: 0  
The motion passed.

NEW BUSINESS

a. Action on an Ordinance Adopting the McHenry County Stormwater Management Ordinance  
City Engineer Hartnett reviewed the amendment presented to the Council, explaining the addition of wording being required by the IDNR/OWR. The highlighted copy that is attached to the amended ordinance shows the changes required by DNR and OWR.

Alderman Nicole DeBoer made a motion, seconded by Alderman Todd Hall, to approve an ordinance adopting the McHenry County Stormwater Management Ordinance. The aldermen voted as follows:

Ayes: Smith, Keenum, Martin, Mortensen, DeBoer, Hall, Miller and Hammortree  
Nays: 0  
Abstain: 0  
Absent: 0  
The motion passed.

b. Request for Direction on Creating a Video Gaming Café Liquor License Classification  
Attorney Arevalo put together a proposed ordinance, and the members of the Council discussed the pros and cons. This type of license would only allow the serving of beer and wine, and there would also be no other forms of gambling allowed on the premises. There are 9 restrictions currently listed in the proposal. There were questions asked about more entities coming forward and asking for this type of license – and how many of these would the City want to have within the City limits. Attorney will rework the proposal, incorporating the Council’s requests, and bring it back once that is completed.

c. Action on a Three (3) Month Moratorium on Issuance of Liquor Licenses to Allow for a Review of Section 33.07, Classifications, Fees and Daily Permits of the Marengo Municipal Code  
Administrator Boden is recommending that staff reviews all the licenses and fees, and bring the information back to the Council for consideration of changes. There has been concern expressed on the locations of the various classifications, fees being charged for the various classifications, number of licenses per classifications, etc. A resident expressed concern on the proposed 3-month time frame. The Council opted to go with a 6-week time frame at this time, which could be extended if the need arose.

Alderman Steve Mortensen made a motion, seconded by Alderman Nicole DeBoer, for a 6-week Moratorium (from August 23, 2016 to October 10, 2016) on issuance of liquor licenses, to allow for review of Section 33.07 of the Marengo Municipal Code, with an exception of the moratorium for the current application for the VGC license. The aldermen voted as follows:

Ayes: Hall, DeBoer, Mortensen, Smith, Hammortree, Martin, Keenum and Miller

Nay: 0  
Abstain: 0  
Absent: 0  
The motion passed.

d. 1<sup>st</sup> Quarter Budget Report - 2016/2017

Finance Director Jennifer Snelten reviewed the report with the Council. Most line items are coming on budget at this time. Some of the line items are "one time/seasonal" items, and therefore the amount shows up higher, but will balance out in the long run.

MAYOR'S STATEMENTS AND REPORTS

Mayor Lockhart, Administrator Boden and City Engineer Hartnett appeared before the County Transportation Board last week, and they approved the expansion for the toll way, and this coming week, they will be going before the Finance Committee. The projected date to appear before the full County Board is the 6<sup>th</sup> of September.

DEPARTMENT HEAD AND STAFF REPORTS

Asst. City Administrator Joshua Blakemore reported that he has a meeting next Monday with the McHenry DOT on the McRide Program. The City has an IGA with the County for that service, and if there are any changes being discussed, those changes would be brought back to the Council for approval. There are certain streets (Prairie and Washington) in town that are designated as FAU routes, and recently IDOT reviewed procedures and reclassified these streets and removed them from the FAU route. The Council of Mayors responded to this change, and worked on the City's behalf to get them reinstated and classified correctly.

Finance Director Jennifer Snelten spoke about the health insurance renewal and the specific information will be forthcoming soon. The City should receive savings of about \$45,000 on the renewal.

Public Works Director Howard Moser spoke briefly about the storm damage that occurred on Briden Drive. GA Rich will be working on the heating repairs in the electrical room in the preliminary building at the WWTP starting Monday. They have met with a representative from the Mortem Arboretum, who will assist the City on grant writing, and also on planning for future tree plantings. The footing for the new flag pole is done.

Interim Chief of Police Rich Solarz clarified the information that was provided to the Council on the monthly reports that they received. These reports are to bring the Council up to date. They passed the rifle requalification and all officers have been recertified. The first group of officers have taken the NARCAN class. September 10<sup>th</sup>, they will be having an "active shooter" drill at MCHS. There will be several agencies involved with the project.

City Engineer Tim Hartnett had nothing further to report.

City Administrator Gary Boden spoke about the email that was sent last week about a FOIA request, and the volume of documents involved. The Council felt that 1 copy in the Clerk's office would be sufficient.

City Attorney Carlos Arevalo had no report.

REPORTS AND STATEMENTS FROM CITY COUNCIL

None

EXECUTIVE SESSION – Semi-Annual Review of Minutes of Executive Session as Required by Section 2.06 of the Open Meetings Act

Alderman Nicole DeBoer made a motion, seconded by Alderman Steve Mortensen, to go to Executive Session. The aldermen voted as follows:

Ayes: Miller, Keenum, Smith, DeBoer, Hammortree, Martin, Hall and Mortensen  
Nays: 0  
Abstain: 0  
Absent: 0

The motion passed.

*The regular meeting recessed at 8:10 PM.*

*The regular meeting reconvened at 8:15 PM.*

ACTION ON RELEASE OF EXECUTIVE SESSION MINUTES FOLLOWING REVIEW IN EXECUTIVE SESSION

Alderman Nicole DeBoer made a motion, seconded by Alderman Steve Mortensen, to release the Executive Session Minutes for the dates of January 25, 2016, February 8, 2016, March 14, 2016 and April 11, 2016. The aldermen voted as follows:

Ayes: Keenum, Mortensen, DeBoer, Miller, Hall, Smith and Martin  
Nays: 0  
Abstain: Hammortree  
Absent: 0

The motion passed.

ADJOURNMENT

Alderman Nicole DeBoer made a motion, seconded by Alderman Steve Mortensen, to adjourn the meeting. The motion passed with a voice vote. The meeting adjourned at 8:16 PM.

\_\_\_\_\_  
Constance J Boxleitner  
City Clerk

The City Council approved these minutes on \_\_\_\_\_.

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CITY OF MARENGO

BOARD MEETING: 09/12/16

BILLS PAYABLE REPORT FOR SEPTEMBER, 2016

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WARRANT NO.: 1

GENERAL CORPORATE FUND

CHECKS & DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
<u>PAYROLL AND MISCELLANEOUS EXPENDITURES</u>		
BLUE CROSS BLUE SHIELD (228)		\$14,130.99
724136-09 SEPTEMBER 2016 MEDICAL INSURANCE PLAN PREMIUMS/EMPLOYEE SHARE	01-208-000	14,130.99
DEARBORN NATIONAL LIFE INSURANCE CO (718)		\$283.74
F015934-09 SEPTEMBER 2016 LIFE INSURANCE PLAN PREMIUMS/ EMPLOYEE VOLUNTARY SHARE	01-208-002	283.74
METLIFE (1369)		\$988.76
KM05911825-09 SEPTEMBER 2016 DENTAL INSURANCE PLAN PREMIUMS /EMPLOYEE SHARE	01-208-000	988.76
VISION SERVICE PLAN OF ILLINOIS (2199)		\$170.51
12222915-09 SEPTEMBER 2016 VISION INSURANCE PLAN PREMIUM/ EMPLOYEE SHARE	01-208-000	170.51
LARRY HARLAN (3093)		\$1,500.00
REFUND STREET CUT DEPOSIT/329 W. WASHINGTON PERMIT 18078	01-345-00	1,500.00
TOTAL PAYROLL AND MISCELLANEOUS EXPENDITURES		\$17,074.00
<u>ADMINISTRATION DEPARTMENT EXPENDITURES</u>		
BLUE CROSS BLUE SHIELD (228)		\$4,272.34
724136-09 SEPTEMBER 2016 MEDICAL INSURANCE PLAN PREMIUMS/CITY SHARE	01-51-403.00	4,272.34
DEARBORN NATIONAL LIFE INSURANCE CO (718)		\$86.47
F015934-09 SEPTEMBER 2016 LIFE INSURANCE PLAN PREMIUMS/ CITY SHARE	01-51-403.00	86.47
FIRST NATIONAL BANK OF OMAHA (2575)		\$265.04
08082016 CRYSTAL LAKE CHAMBER OF COMMERCE/SENATOR KIRK LUNCHEON 8.8.16	01-51-429.01	30.00
08082016 CRYSTAL LAKE CHAMBER OF COMMERCE/SENATOR KIRK LUNCHEON 8.8.16	01-51-480.05	30.00
08192016 NORTHWEST HERALD/PRESS PLUS/WEB SUBSCRIPTION	01-51-531.00	7.99
08252016 MICROSOFT/OFFICE 365	01-51-565.01	105.19
3160880 POWERCOM/SERVER BATTERY REPLACEMENT	01-51-565.01	91.86
HARMONY COMPUTER (848)		\$93.29
1590 8/23/16-8/22/17 AVG CLOUDCARE RENEWAL/6 COMPUTERS	01-51-512.00	93.29
HINCKLEY SPRINGS (2998)		\$8.65
14457314082516 AUGUST 2016 WATER DELIVERY	01-51-565.01	8.65
HR GREEN, INC. (1945)		\$6,510.45
106150 6/18-7/15/16 PROFESSIONAL SERVICES/PROJECT #86140257/INTERCHANGE DESIGN STUDY/ REIMBURSED BY MCDOT	01-51-636.01	3,115.20
106678 6/18-7/15/16 PROFESSIONAL SERVICES/PROJECT #86160200/MUO2/SPECIAL MTG ATTENDANCE/ TOLLWAY	01-51-636.00	1,080.00
106678 6/18-7/15/16 PROFESSIONAL SERVICES/PROJECT #86160200/MUO3/COORDINATION & MTG ATTENDANCE/ TOLLWAY	01-51-636.00	809.25
106678 6/18-7/15/16 PROFESSIONAL SERVICES/PROJECT #86160200/MUO3/COORDINATION, MTG ATTENDANCE, & REIMBURSABLES/GENERAL	01-51-636.00	765.75
106678 6/18-7/15/16 PROFESSIONAL SERVICES/PROJECT #86160200/MUOI/TOLLWAY PLANNING	01-51-636.00	740.25
MCHENRY COUNTY DIV. OF TRANSPORTATION (3019)		\$1,834.75
9-18 AUGUST 2016 LOCAL SHARE/MCRIDE	01-51-588.01	1,834.75
METLIFE (1369)		\$509.41
KM05911825-09 SEPTEMBER 2016 DENTAL INSURANCE PLAN PREMIUMS /CITY SHARE	01-51-403.00	509.41
OFFICE DEPOT (1575)		\$15.48
856319883001 DVD/R, ENVELOPES, AND CANNED AIR	01-51-565.01	15.48
VISION SERVICE PLAN OF ILLINOIS (2199)		\$64.73
12222915-09 SEPTEMBER 2016 VISION INSURANCE PLAN PREMIUM/ CITY SHARE	01-51-403.00	64.73

## CITY OF MARENGO

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BILLS PAYABLE REPORT FOR SEPTEMBER, 2016

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WARRANT NO.: 1

GENERAL CORPORATE FUND

CHECKS &amp; DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
<u>ADMINISTRATION DEPARTMENT EXPENDITURES</u>		
VERIZON WIRELESS (2787)		\$220.61
687248174-00001 7/16-8/15/16 SERVICE/CITY HALL	01-51-523.00	220.61
TOTAL ADMINISTRATION DEPARTMENT EXPENDITURES		\$13,881.22
<u>POLICE DEPARTMENT EXPENDITURES</u>		
AT&T (109)		\$1,995.30
815-Z0200074899 EARLY TERMINATION FEE/PD TO LITH T1 LINE	01-52-523.00	1,738.40
815-Z0400047651 7/17-8/16/16 SERVICE/RADIO CIRCUIT FROM WATER TOWER TO PD	01-52-523.00	256.90
BLUE CROSS BLUE SHIELD (228)		\$15,807.28
724136-09 SEPTEMBER 2016 MEDICAL INSURANCE PLAN PREMIUMS/CITY SHARE	01-52-403.00	15,807.28
CINTAS CORPORATION #355 (411)		\$77.14
355263844 MATS/POLICE	01-52-510.00	77.14
DEARBORN NATIONAL LIFE INSURANCE CO (718)		\$132.86
F015934-09 SEPTEMBER 2016 LIFE INSURANCE PLAN PREMIUMS/ CITY SHARE	01-52-403.00	132.86
MSC - 410526 (579)		\$30.00
1000544113 MARKERS AND BATTERIES	01-52-565.02	14.50
1000547612 KLEENEX, HAND SOAP, AND PAPER PLATES	01-52-565.02	15.50
FIRST NATIONAL BANK OF OMAHA (2575)		\$1,523.85
07272016 MARRIOTT ST LOUIS / 7/23-7/26/16 TRAINING/ SOLARZ	01-52-430.00	623.28
07272016 IPASS/AUTO REPLENISH	01-52-545.00	40.00
08022016 ILLINOIS TACTICAL OFFICERS ASSOC / 8/15- 8/16/16 RESCUE TASK FORCE INSTRUCTOR/ KJELLGREN	01-52-430.00	250.00
08022016 ILLINOIS TACTICAL OFFICERS ASSOC / 8/15- 8/16/16 RESCUE TASK FORCE INSTRUCTOR/PHELPS	01-52-430.00	250.00
08192016 SIRCHIE FINGER PRINT LAB/NARK II DUQUENOIS LEVINE REAGANT	01-52-565.02	55.19
22392 EMERGENCY RESPOND/18" LED STOP HANDHELD SIGN	01-52-469.00	213.99
71109527 SUITES BY WYNDHAM/LODGING/PHELPS	01-52-430.00	91.39
HINCKLEY SPRINGS (2998)		\$166.43
14457314082516 AUGUST 2016 WATER DELIVERY	01-52-565.02	166.43
METLIFE (1369)		\$941.24
KM05911825-09 SEPTEMBER 2016 DENTAL INSURANCE PLAN PREMIUMS /CITY SHARE	01-52-403.00	941.24
OFFICE DEPOT (1575)		\$48.04
856319883001 CALCULATOR TAPE, KLEENEX	01-52-565.02	48.04
P.F. PETTIBONE & COMPANY (1649)		\$164.75
170592 FIRE AND POLICE COMMISSION BADGES/WARREN & SMITH	01-52-429.05	164.75
RADICOM, INC. (1733)		\$16,981.98
102517 RADIO CIRCUIT LOCATE FOR DISCONNECTION	01-52-512.00	255.00
102551 PROGRAMMING, PARTS AND LABOR/T1 LINE AND PHONE SYSTEM/PD TO MCHENRY DISPATCH	01-52-688.00	16,726.98
VISION SERVICE PLAN OF ILLINOIS (2199)		\$164.58
12222915-09 SEPTEMBER 2016 VISION INSURANCE PLAN PREMIUM/ CITY SHARE	01-52-403.00	164.58
VERIZON WIRELESS (2787)		\$220.61
687248174-00001 7/16-8/15/16 SERVICE/POLICE	01-52-523.00	220.61
VETO ENTERPRISES, INC. (2415)		\$26,944.00
28778 2017 FORD INTERCEPTOR SQUAD VEHICLE	01-52-594.00	26,944.00
TOTAL POLICE DEPARTMENT EXPENDITURES		\$65,198.06

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GENERAL CORPORATE FUND

CHECKS &amp; DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
<u>STREET DEPARTMENT EXPENDITURES</u>		
BLUE CROSS BLUE SHIELD (228)		\$6,467.95
724136-09 SEPTEMBER 2016 MEDICAL INSURANCE PLAN PREMIUMS/CITY SHARE	01-53-403.00	6,467.95
BONNELL INDUSTRIES INC. (248)		\$2,325.89
0110026 PLOW REPAIR/T14	01-53-511.00	2,325.89
C&L SERVICE & SUPPLY CO. INC. (310)		\$79.91
88506 ARBOR SPACER/STIHL SAW	01-53-512.00	79.91
CHICAGO CONTRACTOR'S SUPPLY (3055)		\$17.50
43675 WOOD STAKES/CONCRETE REPAIRS	01-53-567.00	17.50
CINTAS CORPORATION #355 (411)		\$344.06
355269296 UNIFORMS	01-53-469.00	90.14
355272149 UNIFORMS	01-53-469.00	86.14
355274990 UNIFORMS	01-53-469.00	83.89
355277915 UNIFORMS	01-53-469.00	83.89
COMED (438)		\$6,487.30
1488129005 7/18-8/16/16 SERVICE/STREET LIGHTING/STREET LIGHTS OWNED BY COMED/RENTAL, MAINTENANCE & USAGE CHARGES	01-53-527.00	6,125.41
2891090021 7/13-8/11/16 SERVICE/STREET LIGHTING/CITY OWNED STREET LIGHTS/ELECTRIC USAGE CHARGES	01-53-527.00	361.89
DEARBORN NATIONAL LIFE INSURANCE CO (718)		\$41.92
F015934-09 SEPTEMBER 2016 LIFE INSURANCE PLAN PREMIUMS/ CITY SHARE	01-53-403.00	41.92
FIRST NATIONAL BANK OF OMAHA (2575)		\$200.00
592367 INNOVATIVE CREATIONS/RUNNING BOARDS/STEPS /DIRECTOR OF PW TRUCK	01-53-511.00	200.00
HARMONY COMPUTER (848)		\$62.16
1590 8/23/16-8/22/17 AVG CLOUDCARE RENEWAL/4 COMPUTERS	01-53-512.00	62.16
HD SUPPLY WATERWORKS, LTD. (872)		\$198.96
F995671 COUPLERS/SEWER REPAIR/E. PRAIRIE ST	01-53-525.00	81.36
G007930 BUTYL MASTIC ROLL/STORM SEWER REPAIRS	01-53-567.00	117.60
KARSTEN'S TIRE & AUTO (1108)		\$519.62
62227 TIRES/PW1	01-53-511.00	519.62
KNUCKLEBOOM SERVICES, INC. (2885)		\$350.00
1897 ANNUAL CRANE INSPECTION/T11	01-53-511.00	350.00
LINDSAY METAL MADNESS (3043)		\$175.00
0709 STEEL PLATE/STORM SEWER REPAIR/BRIDEN DR & JOHNSON ST.	01-53-525.00	175.00
MENARD'S (1364)		\$30.75
10254 BROOMS	01-53-593.00	30.75
METLIFE (1369)		\$471.44
KM05911825-09 SEPTEMBER 2016 DENTAL INSURANCE PLAN PREMIUMS /CITY SHARE	01-53-403.00	471.44
THE SHERWIN-WILLIAMS CO. (2513)		\$26.80
2005-7 PAINT SPRAYER FILTERS	01-53-512.00	26.80
UNITED LABORATORIES (2153)		\$358.64
INV164517 HAND SANITIZER, WASP SPRAY, AND ADHESIVE SPRAY	01-53-567.00	358.64
VISION SERVICE PLAN OF ILLINOIS (2199)		\$69.99
12222915-09 SEPTEMBER 2016 VISION INSURANCE PLAN PREMIUM/ CITY SHARE	01-53-403.00	69.99
VERIZON WIRELESS (2787)		\$205.11
687248174-00001 7/16-8/15/16 SERVICE/STREETS	01-53-523.00	205.11

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WARRANT NO.: 1

GENERAL CORPORATE FUND

CHECKS &amp; DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
TOTAL STREET DEPARTMENT EXPENDITURES		\$18,433.00
<u>PUBLIC GROUNDS, WORKS &amp; BEAUTIFICATION EXPENDITURES</u>		
BRAUN THYSSENKRUPP ELEVATOR (262)		\$247.06
120380 9/1/16 TO 11/30/16 4TH QUARTERLY EXAM & LUBE SERVICE	01-54-518.00	247.06
CHARTER COMMUNICATIONS (380)		\$90.25
081416 FRANCHISE FEE/PUBLIC WORKS	01-54-526.03	0.27
082316 INTERNET SERVICE/PUBLIC WORKS	01-54-526.03	89.98
CINTAS CORPORATION #355 (411)		\$72.88
355263844 MATS/CITY HALL	01-54-510.00	72.88
COMED (438)		\$20.83
2796543007 7/12-8/10/16 SERVICE/109 E. WASHINGTON	01-54-526.03	20.83
CONSOLIDATED MATERIALS (2975)		\$200.00
9436 DISPOSAL OF SPOILS	01-54-515.00	200.00
FIRST NATIONAL BANK OF OMAHA (2575)		\$454.99
10604389 ALTEC CORP/ACCESSORIES/POLE SAW	01-54-512.00	454.99
TOTAL PUBLIC GROUNDS, WORKS & BEAUTIFICATION EXPENDITURES		\$1,086.01
<u>BUILDING DEPARTMENT EXPENDITURES</u>		
BLUE CROSS BLUE SHIELD (228)		\$942.88
724136-09 SEPTEMBER 2016 MEDICAL INSURANCE PLAN PREMIUMS/CITY SHARE	01-55-403.00	942.88
DEARBORN NATIONAL LIFE INSURANCE CO (718)		\$4.49
F015934-09 SEPTEMBER 2016 LIFE INSURANCE PLAN PREMIUMS/ CITY SHARE	01-55-403.00	4.49
HARMONY COMPUTER (848)		\$15.54
1590 8/23/16-8/22/17 AVG CLOUDCARE RENEWAL/1 COMPUTER	01-55-512.00	15.54
HINCKLEY SPRINGS (2998)		\$64.10
14457314082516 AUGUST 2016 WATER DELIVERY	01-55-565.00	64.10
METLIFE (1369)		\$57.53
KM05911825-09 SEPTEMBER 2016 DENTAL INSURANCE PLAN PREMIUMS /CITY SHARE	01-55-403.00	57.53
VISION SERVICE PLAN OF ILLINOIS (2199)		\$9.26
12222915-09 SEPTEMBER 2016 VISION INSURANCE PLAN PREMIUM/ CITY SHARE	01-55-403.00	9.26
VERIZON WIRELESS (2787)		\$156.47
687248174-00001 7/16-8/15/16 SERVICE/BUILDING DEPT	01-55-523.00	156.47
TOTAL BUILDING DEPARTMENT EXPENDITURES		\$1,250.27

CITY OF MARENGO

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GENERAL CORPORATE FUND

CHECKS & DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
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GENERAL CORPORATE FUND RECAP

CODE	DESCRIPTION	AMOUNT
	PAYROLL AND MISCELLANEOUS	17,074.00
51	ADMINISTRATION DEPARTMENT	13,881.22
52	POLICE DEPARTMENT	65,198.06
53	STREET DEPARTMENT	18,433.00
54	PUBLIC GROUNDS, WORKS & BEAUTIFICATION	1,086.01
55	BUILDING DEPARTMENT	1,250.27
	TOTAL GENERAL CORPORATE FUND EXPENDITURES	116,922.56

CITY OF MARENGO

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RETAINED PERSONNEL FUND

CHECKS & DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
<u>PAYROLL AND MISCELLANEOUS EXPENDITURES</u>		
HR GREEN, INC. (1945)		\$1,832.60
106333 6/18-7/15/16 PROFESSIONAL SERVICES/PROJECT #86160309/BROOKSIDE MEADOWS	22-215-000	1,832.60
TOTAL PAYROLL AND MISCELLANEOUS EXPENDITURES		\$1,832.60

RETAINED PERSONNEL FUND RECAP

CODE	DESCRIPTION	AMOUNT
	PAYROLL AND MISCELLANEOUS	1,832.60
	TOTAL RETAINED PERSONNEL FUND EXPENDITURES	1,832.60

## CITY OF MARENGO

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BILLS PAYABLE REPORT FOR SEPTEMBER, 2016

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WATER &amp; SEWER FUND

CHECKS &amp; DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
<u>WATER DEPARTMENT EXPENDITURES</u>		
BLUE CROSS BLUE SHIELD (228)		\$1,364.09
724136-09 SEPTEMBER 2016 MEDICAL INSURANCE PLAN PREMIUMS/CITY SHARE	30-70-403.00	1,364.09
CINTAS CORPORATION #355 (411)		\$131.12
355269296 UNIFORMS	30-70-469.00	32.78
355272149 UNIFORMS	30-70-469.00	32.78
355274990 UNIFORMS	30-70-469.00	32.78
355277915 UNIFORMS	30-70-469.00	32.78
COMED (438)		\$1,357.89
1017202024 6/16-7/14/16 SERVICE/501 NICOLE/WELL #8	30-70-526.00	1,171.05
2512078001 6/8-7/8/16 SERVICE/416 STEVENSON	30-70-526.00	91.95
3279033030 6/16-7/18/16 SERVICE/0 BRIDEN DR	30-70-526.00	50.62
3812080106 6/16-7/18/16 SERVICE/240 N. PROSPECT	30-70-526.00	44.27
CONSTELLATION NEWENERGY, INC. (463)		\$2,574.98
0033921022 6/16-7/17/16 SERVICE/840 GREENLEE	30-70-526.00	1,426.53
0033921024 6/16-7/17/16 SERVICE/105 LYNN DR/PUMP STATION	30-70-526.00	461.47
0033956097 6/16-7/13/16 SERVICE/501 NICOLE DR/WELL #8	30-70-526.00	686.98
DEARBORN NATIONAL LIFE INSURANCE CO (718)		\$13.80
F015934-09 SEPTEMBER 2016 LIFE INSURANCE PLAN PREMIUMS/ CITY SHARE	30-70-403.00	13.80
DEBT SERVICE FUND (532)		\$22,254.25
SEPTEMBER 2016 TRANSFER TO DEBT SERVICE FUND	30-70-587.00	22,254.25
HARMONY COMPUTER (848)		\$15.54
1590 8/23/16-8/22/17 AVG CLOUDCARE RENEWAL/1 COMPUTER	30-70-635.00	15.54
HD SUPPLY WATERWORKS, LTD. (872)		\$14,556.87
F921983 CLAMP/MAIN REPAIR/PARK DR	30-70-512.06	484.25
F976703 FOUR HYDRANTS, MEGALUGS, GASKETS, VALVE BOXES AND MISC. PARTS/HYDRANT REPLACEMENT	30-70-512.06	13,975.97
F986319 PLUG AND GASKET/VALVE REPAIR	30-70-512.06	96.65
LAYNE CHRISTENSEN COMPANY (1179)		\$1,632.00
89085803 PM TESTING OF WELL 7 & 8	30-70-512.06	1,632.00
MCHENRY ANALYTICAL WATER LAB INC (1345)		\$157.50
591487 WATER SAMPLE TESTING	30-70-638.00	112.50
591571 WATER SAMPLE TESTING	30-70-638.00	45.00
METLIFE (1369)		\$184.92
KM05911825-09 SEPTEMBER 2016 DENTAL INSURANCE PLAN PREMIUMS /CITY SHARE	30-70-403.00	184.92
U.S. POSTAL SERVICE (2137)	09/06 CK# 18562	\$165.52
SEPTEMBER 2016 WATER-SEWER BILLS FOR SECTION 2, AND PAST DUE BILLS FOR SECTION 1	30-70-532.00	165.52
VISION SERVICE PLAN OF ILLINOIS (2199)		\$23.55
12222915-09 SEPTEMBER 2016 VISION INSURANCE PLAN PREMIUM/ CITY SHARE	30-70-403.00	23.55
VERIZON WIRELESS (2787)		\$84.78
687248174-00001 7/16-8/15/16 SERVICE/WATER DEPT	30-70-523.00	84.78
VIKING CHEMICAL COMPANY (2183)		\$4,370.81
35990 TREATMENT CHEMICALS	30-70-565.02	4,370.81
TOTAL WATER DEPARTMENT EXPENDITURES		\$48,887.62

## CITY OF MARENGO

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WATER &amp; SEWER FUND

CHECKS &amp; DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
<u>SANITARY &amp; WASTEWATER DEPARTMENT EXPENDITURES</u>		
AT&T UVERSE (3018)		\$55.00
144219884 7/13-8/12/16 INTERNET SERVICE/WWTP	30-75-523.00	55.00
BLUE CROSS BLUE SHIELD (228)		\$-142.96
724136-09 SEPTEMBER 2016 MEDICAL INSURANCE PLAN PREMIUMS/CITY SHARE	30-75-403.00	-142.96
C&L SERVICE & SUPPLY CO. INC. (310)		\$92.35
88647 PARTS/WEED WHIP	30-75-511.02	92.35
CINTAS CORPORATION #355 (411)		\$256.72
355269296 UNIFORMS	30-75-469.00	64.18
355272149 UNIFORMS	30-75-469.00	64.18
355274990 UNIFORMS	30-75-469.00	64.18
355277915 UNIFORMS	30-75-469.00	64.18
CINTAS FIRST AID & SAFETY (2993)		\$38.69
5005747627 REPLENISH FIRST AID KIT	30-75-565.02	38.69
COMED (438)		\$169.92
0588136038 6/13-7/12/16 SERVICE/800 N. STATE/LIFT STATION	30-75-526.00	169.92
CONSTELLATION NEWENERGY, INC. (463)		\$9,827.17
0033806632 6/13-7/11/16 SERVICE/1350 N. STATE/WWTP	30-75-526.00	9,827.17
DEARBORN NATIONAL LIFE INSURANCE CO (718)		\$23.55
F015934-09 SEPTEMBER 2016 LIFE INSURANCE PLAN PREMIUMS/ CITY SHARE	30-75-403.00	23.55
DEBT SERVICE FUND (532)		\$22,254.25
SEPTEMBER 2016 TRANSFER TO DEBT SERVICE FUND	30-75-587.00	22,254.25
FIRST NATIONAL BANK OF OMAHA (2575)		\$716.21
08032016 USPS/PACKAGE RETURN POSTAGE	30-75-532.00	8.45
08182016 FOX VALLEY OPERATORS ASSOCIATION/ANNUAL CONFERENCE/EVERTSEN, MANGUM, SCHULER	30-75-430.00	165.00
09072016 NORTHERN KEY & LOCK/KEYS/WWTP	30-75-511.01	17.76
1154837 SIUE MARKET/CLASS 2 WWTP OPERATORS COURSE/ EVERTSEN	30-75-430.00	525.00
HINCKLEY SPRINGS (2998)		\$13.90
14457314082516 AUGUST 2016 WATER DELIVERY	30-75-565.01	13.90
JACK DOHENY SUPPLIES, INC. (1064)		\$67.65
C87547 PLUG AND TRAILER CONNECTOR/T70	30-75-511.00	67.65
MCHENRY ANALYTICAL WATER LAB INC (1345)		\$936.00
591460 LAB SAMPLE TESTING	30-75-635.00	108.00
591488 LAB SAMPLE TESTING	30-75-635.00	360.00
591572 LAB SAMPLE TESTING	30-75-635.00	468.00
METLIFE (1369)		\$22.47
KM05911825-09 SEPTEMBER 2016 DENTAL INSURANCE PLAN PREMIUMS /CITY SHARE	30-75-403.00	22.47
U.S. POSTAL SERVICE (2137)	09/06 CK# 18562	\$165.52
SEPTEMBER 2016 WATER-SEWER BILLS FOR SECTION 2, AND PAST DUE BILLS FOR SECTION 1	30-75-532.00	165.52
USA BLUE BOOK (2169)		\$661.82
032144 LAB SUPPLIES/WWTP	30-75-565.01	661.82
VISION SERVICE PLAN OF ILLINOIS (2199)		\$11.30
12222915-09 SEPTEMBER 2016 VISION INSURANCE PLAN PREMIUM/ CITY SHARE	30-75-403.00	11.30
VERIZON WIRELESS (2787)		\$160.94
687248174-00001 7/16-8/15/16 SERVICE/WWTP	30-75-523.00	160.94

CITY OF MARENGO

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BILLS PAYABLE REPORT FOR SEPTEMBER, 2016

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WATER & SEWER FUND

CHECKS & DIR. DEBITS

DESCRIPTION	ACCOUNT NUMBER	AMOUNT
<u>SANITARY &amp; WASTEWATER DEPARTMENT EXPENDITURES</u>		
VIKING CHEMICAL COMPANY (2183)		\$3,731.18
36220 TREATMENT CHEMICALS	30-75-565.06	3,731.18
VORTEX TECHNOLOGIES, INC. (2197)		\$1,460.00
5072 CALIBRATION OF INFLUENT FLOW METER AND PROBE METER	30-75-511.02	1,460.00
TOTAL SANITARY & WASTEWATER DEPARTMENT EXPENDITURES		\$40,521.68

<u>WATER &amp; SEWER FUND RECAP</u>		
CODE	DESCRIPTION	AMOUNT
70	WATER DEPARTMENT	48,887.62
75	SANITARY & WASTEWATER DEPARTMENT	40,521.68
	TOTAL WATER & SEWER FUND EXPENDITURES	89,409.30

## CITY OF MARENGO

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BILLS PAYABLE REPORT FOR SEPTEMBER, 2016

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SUMMARY ALL FUNDS

BANK ACCOUNT	BANK	DESCRIPTION	AMOUNT	
01-102-000	01	GENERAL CORPORATE FUND-CASH IN BANK	116,922.56	*
22-102-000	22	RETAINED PERSONNEL FUND-CASH IN BANK	1,832.60	*
30-102-000	30	WATER & SEWER FUND-CASH IN BANK	89,409.30	*
TOTAL ALL FUNDS			208,164.46	**

#7a



# KNIGHTS OF COLUMBUS

IN SERVICE TO ONE. IN SERVICE TO ALL.

Sacred Heart Council #13476  
323 N. Taylor St.  
Marengo, IL 60152

.....  
*Michael Looby - Grand Knight: Chris Wolf - Deputy Grand Knight:  
Ronald Rood - Financial Secretary: - Paul Garcia - Treasurer:*  
.....

Mayor Don Lockhart,  
Marengo City Hall  
Marengo, Illinois 60152

Honorable Mayor,

We, the Knights of Columbus Sacred Heart Council, are again having our annual "Tootsie Roll" charity drive for the **Intellectual Disabilities Fund** to be held on September 16, 17 and 18, 2016.

We provide our time in the collection of donations at these locations:

- Intersection of Rt.20 and 23
- Wisted's Super Mart,
- Shell
- Marathon
- Citgo

Other business will be directly contacted for assistance in this worthy cause.

The following charities are recipients of this drive, Pioneer Center - Marengo, Special Ed at MCHS, Marengo Grade School, and Riley School. We gave over \$900 to each of these worthy needs last year and hope to do even better this year with your support and that of our community.

Approval and support of this drive by you and your council will again be greatly appreciated by our Knights membership.

Respectfully,  
Michael Looby, Grand Knight  
2016 Fund Drive Chairman  
815-568-0588

**ORDINANCE 16-9- \_\_\_\_\_**

**AN ORDINANCE AUTHORIZING THE SALE OR DISPOSAL  
OF SURPLUS PROPERTY OWNED  
BY THE CITY OF MARENGO**

WHEREAS, in the opinion of a majority of the corporate authorities holding office in the City of Marengo, McHenry County, Illinois, that it is no longer necessary or useful and is in the best interests of the City of Marengo not to retain the property identified on the attached Schedule A.

NOW, THEREFORE, BE IT ORDAINED by the Mayor and City Council of the City of Marengo, McHenry County, Illinois, as follows:

SECTION 1: Pursuant to 65 ILCS 5/11-76-4 of the Illinois Municipal Code, the Mayor and Aldermen find that the described property now owned by the City of Marengo and identified on Schedule A, is no longer necessary or useful to the City of Marengo and the best interest of the City of Marengo will be served by their sale or disposal.

SECTION 2: Pursuant to said Section 5/11-76-4, City Interim Police Chief, Rich Solarz is hereby authorized and directed to sell or dispose of the described property on Schedule A, in a manner deemed appropriate. This authorization includes, but is not limited to, participation in an auction in which a percentage of the sale proceeds are retained as an auctioneer fee.

SECTION 3: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, invalidate or nullify the remainder thereof, which remainder shall remain and continue in full force and effect.

SECTION 4: All ordinances or parts of ordinance, in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 5: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Voting Aye:  
Voting Nay:  
Absent:  
Abstained:

APPROVED:

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Donald B. Lockhart, Mayor

ATTEST:

BY: \_\_\_\_\_  
Constance J. Boxleitner, Clerk

Passed:  
Approved:  
Published:

(ATTACHMENT REQUIRED)

(SEAL)

## CERTIFICATION

I, CONSTANCE J. BOXLEITNER, do hereby certify that I am the elected and qualified Clerk of the City of Marengo, McHenry County, Illinois, and that as such Clerk, I am the keeper of the records and minutes and proceedings of the Mayor and City Council of said City of Marengo.

I do hereby further certify that at a regular meeting of the Mayor and City Council of the City of Marengo held on the 12th day of September, 2016, the foregoing Ordinance entitled *An Ordinance Authorizing the Sale or Disposal of Surplus Property Owned by the City of Marengo*, was duly passed by the Mayor and City Council of the City of Marengo.

The pamphlet form of Ordinance No. 16-9-\_\_, including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted in the City Hall, commencing on the 12<sup>th</sup> day of September, 2016, and continuing for at least 10 days thereafter. Copies of such Ordinance were also available for public inspection upon request in the office of the City Clerk.

I do further certify that the original, of which the attached is a true and correct copy, is entrusted to me as the Clerk of said City for safekeeping, and that I am the lawful custodian and keeper of the same.

Given under my hand and corporate seal of the City of Marengo on this \_\_\_\_ day of September, 2016.

\_\_\_\_\_  
Constance J. Boxleitner, Clerk  
City of Marengo,  
McHenry County, Illinois

(SEAL)

CITY OF MARENGO SURPLUS  
SCHEDULE A

**Police Items**

**2006 Chevrolet Impala**

VIN #: 2G1WS551469398968

**2012 Chevrolet Impala & Vehicle Equipment**

VIN # 2G1WD5E32C1153267

- Light Bar
- Cage
- Prisoner Transport Seat
- Console

**Intox EC/IR Breathalyzer**

S/N: 03633

#8a

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## AGENDA SUPPLEMENT

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**TO: Mayor and City Council**

**FROM: Jennifer Snelten, Finance/HR Director**

**FOR: September 12, 2016 Regular City Council Meeting**

**RE: October 1, 2016 Health Insurance Renewal**

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Attached for the review and consideration of the City Council is a proposal prepared by the City's health insurance broker, InvisionBenefit, Ltd, for the renewal of the City's medical, dental, vision and life insurance. Please note that the proposals and figures are based on the current level of participation and will change as employee participation changes.

InvisionBenefit has been proactive in exploring every option possible in order to save the City premium costs over the past 12 years. In response to a potential 26% increase in medical premiums in 2006, the City implemented an HRA program at the recommendation of InvisionBenefit. The Health Reimbursement Arrangement (HRA) is combined with higher deductible and out-of-pocket policy limits in order to keep the premium costs lower for the PPO plans. The employee and eligible family members are reimbursed for anything over \$250 for the deductible and \$500 for the out-of-pocket expense. This provided a savings of approximately \$37,845 in premium costs that year alone, and since 2006 we have saved a total of \$1,994,530 in premiums (including the cost of the reimbursements). This program has provided significant savings to the City, and continues to be the best option at this time compared to other cost saving programs such as high deductible, and HSA plans.

This year's BCBS health insurance renewals for the PPO and HMO policies came in at an aggregate decrease of 8.11%. This represents a decrease in annual premiums of \$47,630, and a projected actual decrease of \$41,660 when combined with estimated HRA cofunding of 20% (average). InvisionBenefit did acquire quotes from alternate carriers in order to confirm that the BCBS rates continue to be competitive.

InvisionBenefit was able to negotiate an initial 3% increase down to a 1% increase, representing \$380.40 in additional annual premium, with our current dental carrier MetLife; the closest competitive bid with comparable coverage was from Delta Dental with a proposed increase of 5.04% above current rates.

Dearborn National is increasing our current rates by 21.69%, or \$692 annually, on the group life/ad&d, and voluntary life insurance premiums; we received one alternative quote from UNUM that was much higher than Dearborn, and all others declined to quote because of the number of retirees in our group.

We received a flat renewal from Vision Service Plan (V.S.P.), our current vision carrier, and a competitive quote from EyeMed that offers marginal savings of \$116.40 annually. However, the administrative time, and resulting cost, spent in switching the group plan to a different carrier would most likely exceed the minimal savings.

The rate for the Employee Assistance Program (EAP) through ComPsych is guaranteed for another 12 months at \$2,275. Utilization data is included in the renewal presentation, and shows a significant increase over the prior calendar year.

In preparing the FY 2016-17 budget, staff projected a 15% increase in health insurance costs effective 10/1/16-4/30/17; the combined renewal rates are projected to represent a savings of approximately \$62,987 (not including deductible and out-of-pocket reimbursements) within the current budget. In summary, the following renewals are recommended:

**Medical:** Renew policy with Blue Cross/Blue Shield with no change to the current plan and an 8.11% decrease in premiums.

**Dental:** Renew policy with MetLife with no change to the current plan and an increase of 1% in premiums.

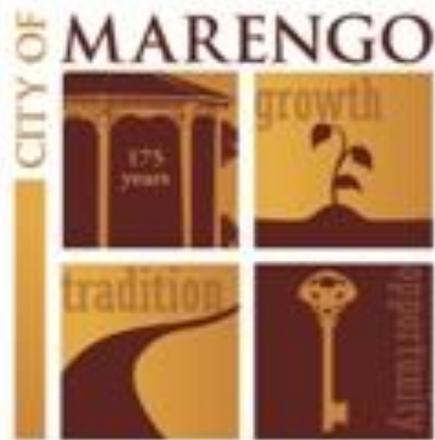
**Life:** Renew policy with Dearborn National with no change to the current plan and a 21.69% increase in premiums.

**Vision:** Renew policy with V.S.P. with no change to the current plan or premiums.

**EAP:** Renew Employee Assistance Program with no change to the current plan or premiums.

A motion to approve the renewal as proposed is respectfully requested.

cc: Gary Boden, City Administrator  
Joshua Blakemore, Assistant City Administrator  
Mike Kozemzak, InvisionBenefit  
Christina Candelora, InvisionBenefit

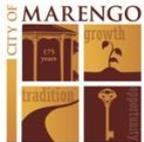


## Employee Benefit – Renewal Analysis October 1, 2016

Presented by: Invision Benefit

- ✓ Markets Approached
- ✓ Medical Benefit Snapshot
- ✓ Medical Renewal
- ✓ HRA Projections
- ✓ Dental Renewal
- ✓ Vision Renewal
- ✓ Life/AD&D Renewal
- ✓ EAP Utilization

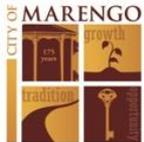




# Medical – Current Benefits

CARRIER NETWORK	BLUE CROSS BLUE SHIELD OF ILLINOIS	
	BAE HMO	PPO
<b>Benefits</b>	In-Network   Out-of-Network	In-Network   Out-of-Network
<b>Plan Number</b>	<b>NHHB103</b>	<b>NPP92323</b>
<b>Deductible</b>		
Individual	\$0	\$1,500   \$3,000
Family	\$0	\$4,500   \$9,000
<b>Coinsurance</b>		
	0%   Not Covered	10%   30%
<b>Out-of-Pocket Maximum (Including Deductible)</b>		
Individual	\$1,500   Not Covered	\$2,500   \$5,000
Family	\$3,000   Not Covered	\$7,500   \$15,000
Prescription OOP Maximum	\$1,000 indiv \$3,000 Family   Not Covered	\$1,000 indiv \$3,000 Family   Not Covered
<b>Physician Office Visits</b>		
Preventive	\$0   Not Covered	\$0   Deductible & 30%
Primary Care	\$20 Copay   Not Covered	\$20 Copay   Deductible & 30%
Specialist	\$40 Copay   Not Covered	\$40 Copay   Deductible & 30%
<b>Hospital Services</b>		
Inpatient	\$0   Not Covered	Ded & 10%   \$300 Copay & 30%
Outpatient	\$0   Not Covered	Ded & 10%   \$150 Copay & 30%
<b>Emergency Services</b>		
Emergency Room	100%   Not Covered	\$150 Copay
Urgent Care	\$150 Copay	\$150 Copay
	\$20 or \$150 Copay*   Not Covered	Ded & 10%   Ded & 30%
<b>Prescription Drug</b>		
	Mail Order: 2 times Retail	Mail Order: 2 times Retail
Rx Deductible	None	None
Generic	\$15*	\$15 or \$30
Formulary	\$30	\$30 or \$60
Non-Formulary	\$50	\$50 or \$100
<b>Lifetime Maximum</b>		
	Unlimited	Unlimited

	HMO PPO		CURRENT		RENEWAL	
	HMO	PPO	HMO	PPO	HMO	PPO
Employee	0	11	\$653.66	\$722.54	\$602.22	\$662.77
EE + Spouse	1	8	\$1,390.42	\$1,536.94	\$1,273.62	\$1,401.68
EE + Child(ren)	0	5	\$1,218.63	\$1,347.03	\$1,134.30	\$1,248.35
EE + Family	5	5	\$1,955.39	\$2,161.43	\$1,805.69	\$1,987.25
<b>TOTAL MONTHLY PREMIUM</b>			<b>\$11,167.37</b>	<b>\$37,785.76</b>	<b>\$10,302.07</b>	<b>\$34,681.91</b>
<b>ESTIMATED ANNUAL PREMIUM</b>			\$134,008.44	\$453,429.12	\$123,624.84	\$416,182.92
<i>DIFFERENCE FROM CURRENT</i>					<b>\$10,383.60</b>	<b>\$37,246.20</b>
<b>COMBINED ANNUAL PREMIUM</b>				<b>\$587,437.56</b>		<b>\$539,807.76</b>
<i>DIFFERENCE FROM CURRENT (dollar amount)</i>						<b>\$47,629.80</b>
<i>DIFFERENCE FROM CURRENT (percentage)</i>						<b>8.11%</b>

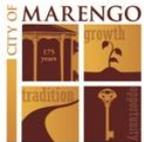


# BCBS Renewal With HRA Funding at 30%

CARRIER		
NETWORK		
Plan Number		
	HMO	PPO
Employee	0	11
EE + Spouse	1	8
EE + Child(ren)	0	5
EE + Family	5	5
<b>TOTAL MONTHLY PREMIUM</b>		
<b>HRA Funding</b>		
<b>ESTIMATED ANNUAL PREMIUM</b>		
<b>COMBINED ANNUAL PREMIUM</b>		
<i>DIFFERENCE FROM CURRENT (dollar amount)</i>		
<i>DIFFERENCE FROM CURRENT (percentage)</i>		

CURRENT BCBSIL	
BAE HMO	PPO (Large)
B103	NPP92323
CURRENT	
\$653.66	\$722.54
\$1,390.42	\$1,536.94
\$1,218.63	\$1,347.03
\$1,955.39	\$2,161.43
<b>\$11,167.37</b>	<b>\$37,785.76</b>
<b>Plan YTD</b>	<b>\$13,280.00</b>
<b>\$134,008.44</b>	<b>\$466,709.12</b>
<b>\$600,717.56</b>	

RENEWAL BCBSIL	
BAE HMO	PPO (Large)
H103	NPP92323
RENEWAL	
\$602.22	\$662.77
\$1,273.62	\$1,401.68
\$1,134.30	\$1,248.35
\$1,805.69	\$1,987.25
<b>\$10,302.07</b>	<b>\$34,681.91</b>
<b>Projected at 30%</b>	<b>\$28,875.00</b>
<b>\$123,624.84</b>	<b>\$445,057.92</b>
<b>\$568,682.76</b>	
<b>\$32,034.80</b>	
<b>5.33%</b>	

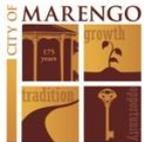


# BCBS Renewal With HRA Funding at 20%

CARRIER		
NETWORK		
Plan Number		
	HMO	PPO
Employee	0	11
EE + Spouse	1	8
EE + Child(ren)	0	5
EE + Family	5	5
<b>TOTAL MONTHLY PREMIUM</b>		
<b>HRA Funding</b>		
<b>ESTIMATED ANNUAL PREMIUM</b>		
<b>COMBINED ANNUAL PREMIUM</b>		
<i>DIFFERENCE FROM CURRENT (dollar amount)</i>		
<i>DIFFERENCE FROM CURRENT (percentage)</i>		

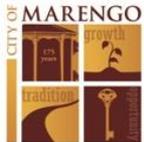
CURRENT BCBSIL	
BAE HMO	PPO (Large)
B103	NPP92323
CURRENT	
\$653.66	\$722.54
\$1,390.42	\$1,536.94
\$1,218.63	\$1,347.03
\$1,955.39	\$2,161.43
<b>\$11,167.37</b>	<b>\$37,785.76</b>
Plan YTD	<b>\$13,280.00</b>
<b>\$134,008.44</b>	<b>\$466,709.12</b>
<b>\$600,717.56</b>	

RENEWAL BCBSIL	
BAE HMO	PPO (Large)
H103	NPP92323
RENEWAL	
\$602.22	\$662.77
\$1,273.62	\$1,401.68
\$1,134.30	\$1,248.35
\$1,805.69	\$1,987.25
<b>\$10,302.07</b>	<b>\$34,681.91</b>
Projected at 20%	<b>\$19,250.00</b>
<b>\$123,624.84</b>	<b>\$435,432.92</b>
<b>\$559,057.76</b>	
<b>\$41,659.80</b>	
<b>6.94%</b>	



# Projected 2016- 2017 Cofunding

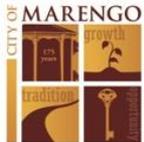
Plan Option	Current Annual Premium	Renewal Annual Premium
BCBS - HMO	\$134,008.44	\$123,624.84
BCBS - PPO	\$453,429.12	\$416,182.92
<b>TOTAL ANNUAL PREMIUM</b>	<b>\$587,437.56</b>	<b>\$539,807.76</b>
Reimbursement Arrangement	Reimbursement Amounts	HMO, PPO, HRA Annual Premium
Potential reimbursement amounts:		
Maximum	\$96,250.00	\$636,057.76
Expected at 50%	\$48,125.00	\$587,932.76
Expected at 40%	\$38,500.00	\$578,307.76
Expected at 30%	\$28,875.00	\$568,682.76
Expected at 20%	\$19,250.00	\$559,057.76
<b>These numbers are based on a total of 55 units with a maximum liability of \$96,250</b>		
<b>Actual Liability for 2015-2016 was \$13,280 which represents 13.80%. 2014-2015 reimbursement was 30.39% (\$22,333.41), 2013-2014 reimbursement was 13.57% (\$9,734.50), and 2012-2013 reimbursement was 25.39% (\$18,217.36).</b>		



# 10-Year HRA Snapshot

Plan Year	Original PPO Annual Cost	Actual PPO Cost	Amount Reimbursed	Percentage of Maximum Reimbursement	Maximum Reimbursement	Variance
10/1/2006 through 9/30/2007	\$343,805.88	\$295,112.52	\$10,847.63	10%	\$108,500.00	<b>\$37,845.73</b>
10/1/2007 through 9/30/2008	\$431,098.19	\$321,622.08	\$19,347.32	27.15%	\$71,250.00	<b>\$90,128.79</b>
10/1/2008 through 9/30/2009	\$496,323.35	\$332,328.12	\$16,436.67	16.77%	\$98,000.00	<b>\$147,558.56</b>
10/1/2009 through 9/30/2010	\$570,573.32	\$358,769.04	\$15,589.70	15.36%	\$101,500.00	<b>\$196,214.58</b>
10/1/2010 through 9/30/2011	\$553,456.12	\$337,508.16	\$21,047.48	28.06%	\$75,000.00	<b>\$194,900.48</b>
10/1/2011 through 9/30/2012	\$603,251.00	\$300,250.08	\$25,405.24	33%	\$71,750.00	<b>\$277,595.68</b>
10/1/2012 through 9/30/2013	\$573,088.45	\$260,727.00	\$18,217.36	25.39%	\$71,750.00	<b>\$294,144.09</b>
10/1/2013 through 9/30/2014	\$630,397.30	\$317,461.80	\$9,734.50	13.57%	\$71,750.00	<b>\$303,201.00</b>
10/1/2014 through 9/30/2015	\$646,535.47	\$380,758.32	\$22,333.41	30.39%	\$73,500.00	<b>\$243,443.74</b>
10/1/2015 through 7/31/2016	\$678,862.24	\$453,429.12	\$15,936.00	16.56%*	\$96,250.00	<b>\$209,497.12</b>
<b>Total Variance Between Traditional PPO and Traditional PPO with HRA</b>						<b>\$1,994,529.76</b>

\*Percentage based on estimated reimbursement for 12 month period through 9/30/16

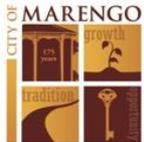


# Dental

CARRIER	CURRENT	ALTERNATE 1
	MetLife - CURRENT	Delta Dental of IL
Type of Plan	In-Network   Out-of-Network	In-Network   Out-of-Network
Deductible	Waived on Preventive	
Individual	\$50	\$50
Family	\$150	\$150
Coinsurance		
Preventive	0%   0%	0%   0%
Basic	20%   20%	20%   20%
Major	50%   50%	50%   50%
Orthodontia (Child to age 19)	50%   50%	50%   50%
Calendar Year Maximum	\$1,750	<b>\$1,800</b>
Orthodontia Lifetime Maximum (To age 19)	\$1,500	\$1,500
Services		
Endo	Basic	Basic
Perio	Basic	Basic
Complex Oral Surgery	Basic	Basic
Implants	Major	Major
U&C Percentile	90th	90th
Rollover Feature	No	<b>Included up to \$1,000</b>
Waiting Periods		
New/Timely Entrants	None	None
Late Entrants	12 months on Basic; 24 months on Major & Ortho	12 months on Basic; 24 months on Major & Ortho

	4 Tier	Current	Renewal	Negotiated Renewal	Delta Dental of IL (3 Tier Rates)
Employee	10	\$40.65	\$41.87	\$41.06	\$40.43
EE + Spouse	12	\$84.35	\$86.88	\$85.19	\$83.69
EE + Child(ren)	4	\$96.28	\$99.17	\$97.24	\$153.35
EE + Family	9	\$152.10	\$156.66	\$153.62	
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$3,172.72</b>	<b>\$3,267.88</b>	<b>\$3,204.42</b>	<b>\$3,332.47</b>
<b>ESTIMATED ANNUAL PREMIUM</b>		<b>\$38,072.64</b>	<b>\$39,214.56</b>	<b>\$38,453.04</b>	<b>\$39,989.64</b>
<b>VARIANCE FROM CURRENT (dollar amount)</b>			<b>\$1,141.92</b>	<b>\$380.40</b>	<b>\$1,917.00</b>
<b>VARIANCE FROM CURRENT (percentage)</b>			<b>3.00%</b>	<b>1.00%</b>	<b>5.04%</b>

\*3 tier rates; cost based on actual enrolled



CARRIER		VSP		EyeMed
		Participating   Non-participating		PPO   Non-PPO
<b>Eye Exams</b>				
Glasses		\$10 copay   Reimbursed up to \$45		\$10 copay   Reimbursed up to <b>\$40</b>
Contacts		\$10 copay   Reimbursed up to \$45		\$25 copay   Reimbursed up to <b>\$40</b>
<b>Frames</b>				
		Covered up to \$130   Reimbursed up to \$70 \$25 copay on material		Covered up to \$130   Reimbursed up to <b>\$91</b> \$25 copay on material
<b>Lenses</b>				
Single		Covered in Full   Reimbursed up to \$30		Covered in Full   Reimbursed up to \$30
Bifocal		Covered in Full   Reimbursed up to \$50		Covered in Full   Reimbursed up to \$50
Trifocal		Covered in Full   Reimbursed up to \$65		Covered in Full   Reimbursed up to <b>\$70</b>
Lenticular		Covered in Full   Reimbursed up to \$48		Covered in Full   Reimbursed up to <b>\$70</b>
<b>Contacts per Pair</b>				
Necessary (instead of glasses)		Covered in Full   Reimbursed up to \$210		Covered in Full   Reimbursed up to \$210
Elective (instead of glasses)		Covered up to \$130   Reimbursed up to \$100		Covered up to \$130   Reimbursed up to <b>\$130</b>
<b>Frequency</b>				
Exams		12 months		12 months
Lenses		12 months		12 months
Frames		12 months		12 months
<b>Enrollment</b>		<b>CURRENT</b>	<b>RENEWAL</b>	
Employee	11	\$8.47	\$8.47	\$8.15
EE + 1 Dependent	12	\$12.29	\$12.29	\$9.63
EE + Family	13	\$22.03	\$22.03	\$24.01
<b>TOTAL MONTHLY PREMIUM</b>		<b>\$527.04</b>	<b>\$527.04</b>	<b>\$517.34</b>
<b>ESTIMATED ANNUAL PREMIUM</b>		<b>\$6,324.48</b>	<b>\$6,324.48</b>	<b>\$6,208.08</b>
<b>DIFFERENCE FROM CURRENT PREMIUM</b>				<b>\$116.40</b>
<b>Rate Guarantee</b>			<b>9/30/2019</b>	<b>9/30/2020</b>

CARRIER	CURRENT DEARBORN NATIONAL	ALTERNATE UNUM
Benefit		
Full-time Employees & Elected Officials	\$30,000	\$30,000
Retirees	\$30,000 Life Only	\$30,000 Life Only
Guarantee Issue	\$30,000	\$30,000
Reduction Formula		
	35% at age 65 by an add'l 15% at age 70 by an add'l 15% at age 75	35% at age 65 by an add'l 15% at age 70 by an add'l 15% at age 75
Waiver of Premium	Included	Included
Other Provisions		
Waiver of Premium	Prior to age 60; Terminates at age 65	Prior to age 60; Terminates at age 65
Accelerated Death Benefit	Up to 50% of the employee's life amount, minimum of \$7,500 and a maximum of \$150,000, if diagnosed with a terminal illness and has a life expectancy of 12 months or less	Up to 50% of the employee's life amount, minimum of \$7,500 and a maximum of \$150,000, if diagnosed with a terminal illness and has a life expectancy of 12 months or less
Portability	Not Applicable	Not Applicable
Conversion	Included	Included

FINANCIAL ANALYSIS	CURRENT	RENEWAL	UNUM
Life Volume	\$1,201,500	\$1,201,500	\$1,201,500
AD&D Volume	\$939,000	\$939,000	\$939,000
Life Rate per \$1,000 of Benefit	\$0.19	\$0.24	\$0.27
AD&D Rate per \$1,000 of Benefit	\$0.04	\$0.04	\$0.03
<b>Monthly Premium</b>	<b>\$265.85</b>	<b>\$323.52</b>	<b>\$352.58</b>
<b>ANNUAL PREMIUM</b>	<b>\$3,190.14</b>	<b>\$3,882.20</b>	<b>\$4,230.90</b>
<b>DIFFERENCE FROM CURRENT (dollar amount)</b>		<b>\$692.06</b>	<b>\$1,040.76</b>
<b>DIFFERENCE FROM CURRENT (percentage)</b>		<b>21.69%</b>	<b>32.62%</b>
Rate Guarantee		<b>9/30/2017</b>	<b>9/30/2017</b>

\*No Change to Voluntary Life rates

	This Year			Last Year		
<b>Access To Services</b>						
<b>Telephone/Email Access</b>						
EAP	1	100%		3	75%	
LegalConnect	0	0%		1	25%	
<b>Sub Total</b>	<b>1</b>			<b>4</b>		
<b>Online Access</b>						
EAP	11	35%		14	56%	
FamilySource	10	32%		2	8%	
FinancialConnect	4	13%		0	0%	
Health & Wellness	0	0%		5	20%	
Health Care Navigation	1	3%		3	12%	
LegalConnect	5	16%		1	4%	
<b>Sub Total</b>	<b>31</b>			<b>25</b>		
<b>Combined Access</b>						
EAP	12	38%		17	59%	
FamilySource	10	31%		2	7%	
FinancialConnect	4	13%		0	0%	
Health & Wellness	0	0%		5	17%	
Health Care Navigation	1	3%		3	10%	
LegalConnect	5	16%		2	7%	
<b>Total</b>	<b>32</b>			<b>29</b>		
<b>Total Utilization</b>	<b>32</b>			<b>29</b>		

<b>Utilization Results</b>						
<b>Total Utilization Rate (% - Annualized)</b>	40.51%			36.71%		
<i>Based on Annual Average Employee Counts</i>	79			79		
<b>Satisfaction Results - Book of Business</b>						
% of Clients reporting satisfaction with the program	98%			98%		
<b>Case Closure (only EAP cases)</b>						
Resolved within EAP	0	0%		3	100%	
<b>Total</b>	<b>0</b>			<b>3</b>		

\*No Change to Voluntary Life rates

**This Year**

**Last Year**

**Employee Assistance Program<sup>®</sup>**

**U.S. Services**

**Primary Issue Presented**

Occupational - Interpersonal	0	0%	2	67%
Partner/Relationship	1	100%	1	33%

**Sub-Total Issues**

1

3

**Consultation Type**

Face to Face	1	100%	2	67%
Supervisor / Management Consult	0	0%	1	33%

**Sub-Total - Consultations**

1

3

**Total Number of Issues**

1

3

**Online Services**

**Total Online Services**

11

14

**Total Product Utilization**

12

17

**Employee Count**

**Total Utilization Rate (% - Annualized)**

15.19%

21.52%

*Based on Annually Average employees*

79

79

This benefit analysis represents a summary of some of the major benefit provisions from the proposed managed care and insurance programs. Every effort has been made to assure accuracy, however, actual benefit determinations, limitations, and exclusions will be determined by the managed care organization and insurance carrier's Master Contract and/or Certificates. These documents supersede all other communications whether in writing or verbal.

These actual benefit limitations and exclusions can be provided upon request.

Some contract provisions may not be included in the employee "out of pocket" expense limitations shown. Standard provisions excluded are as follows:

- Co-Pays
- Non-Compliance Penalties
- Co-Insurance for Mental and Nervous Benefits
- Amounts in excess of Reasonable and Customary
- Premiums

All managed care organizations referred to in this analysis are Federal and/or State approved. We do not certify the quality of medical care by an organization or individual within that organization.

The rates in the financial analysis are predicated on the census information and other pertinent data provided. These rates also assume a current effective date. Final rates are determined upon enrollment and could vary if the enrollment varies from the original census or the plan is installed at a later date.

*It is important to remember that utilization review programs only determine the appropriateness of the proposed care. Utilization review programs do not determine an individual's eligibility to receive health care benefits or the level of benefits available under a health care program.*

#8b

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## AGENDA SUPPLEMENT

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**To: Mayor and City Council**

**From: Jennifer Snelten, Finance/HR Director**

**For: September 12, 2016 Regular City Council Meeting**

**Re: FY 2015-16 Annual Financial Report**

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The fiscal year 2015-16 audit process has been completed, and the resulting Annual Financial Report is attached for your review and consideration. George Roach, with George Roach & Associates, P.C., will be in attendance on Monday, September 12, 2016, to present an overview of the report and answer any related questions.

A motion to accept the FY 2015-16 Annual Financial Report is respectfully requested.



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Crystal Lake, IL 60014  
T: 815-459-0700  
W: <http://GRA-CPA.com>

To the Honorable City Mayor  
Members of the City Council  
City of Marengo, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marengo, Illinois (City) for the year ended April 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. GASB 68, a new accounting policy in 2016, was adopted and the application of existing policies is described in Note 1. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements was:

Management's estimate of depreciation is based on their best approximation of the various assets useful lives and the straight line method of depreciation. We evaluated the key factors and assumptions used to develop these estimates and have determined they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Cash and Investments in Note 2 to the financial statements is significant because of the large dollar amounts involved.

Depreciation expense is based on their best approximation of the various assets useful lives and the straight line method of depreciation.

The financial statement disclosures are neutral, consistent, and clear.



### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information as described in the Table of Contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on other information as described in the table of contents, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures

applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*George Roach & Associates, P.C.*

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
July 27, 2016



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44 North Walkup Avenue  
Crystal Lake, IL 60014  
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To the Honorable City Mayor  
and Members of the City Council  
City of Marengo, Illinois

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marengo, Illinois (City) as of and for the year ended April 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses: None Noted.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

#### *Preparation of Financial Statements*

Management is responsible for the fair presentation of the financial statements in accordance with Generally Accepted Accounting Principles. Preparing full financial statements includes drafting the individual fund statements, the government-wide statements, and footnote disclosures. As is the case with most small to medium size organizations, management relies on the auditor to prepare the full financial statements. Current standards require that we provide this information to the Board in writing each year to ensure that the City Council is aware of the relationship with the audit firm.

This communication is intended solely for the information and use of management, the City Council, and others within City, and is not intended to be, and should not be, used by anyone other than these specified parties.

*George Roach & Associates, P.C.*

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
July 27, 2016



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# CITY OF MARENGO, ILLINOIS

Annual Financial Report  
For the Year Ended April 30, 2016

# CITY OF MARENGO, ILLINOIS

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# CITY OF MARENGO, ILLINOIS

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor  
and Members of the City Council  
City of Marengo, Illinois

### Report on the Financial Statements

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 City of Marengo, Illinois as of and for the year ended April 30, 2016, which collectively comprise the City of Marengo's basic financial statements as listed in the accompanying 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Marengo, Illinois as of April 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2016 as discussed in Note 1 to the financial statements:

Statement No. 68 – Accounting and Financial Reporting for Pensions

The emphasis of this matter does not constitute modifications to our opinion.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information 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.

*Other Information*

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise City of Marengo, Illinois' financial statements as a whole. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements and schedules and other information listed as schedules and other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*George Roach & Associates, P.C.*

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
July 27, 2016

REQUIRED SUPPLEMENTARY INFORMATION –  
MANAGEMENT DISCUSSION AND ANALYSIS –  
UNAUDITED

# CITY OF MARENGO, ILLINOIS

*Management's Discussion and Analysis*  
*April 30, 2016*

As management of the City of Marengo (City), we offer readers of the City's statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended April 30, 2016.

## FINANCIAL HIGHLIGHTS

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- The assets of the City exceeded its liabilities at April 30, 2016 by \$1,123,506 (net position). Of this amount, (\$23,661,321) is unrestricted net position.
- The City's total net position decreased by \$556,800 from operations and \$10,196,099 due to the implementation of GASB No. 68 (see note 11 of the audit report).
- At April 30, 2016, the City's governmental funds reported combined ending fund balances of \$2,830,353, a decrease of \$37,639 from the prior year.
- At April 30, 2016, the unassigned fund balance for the General Fund was \$1,476,293.
- The City's total capital assets increased by \$2,387,166 during the year ended April 30, 2016.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

### Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and transportation, culture and recreation, and economic development. The business-type activities of the City include culture and recreation, water and sewer, and refuse. The government-wide financial statements can be found on pages 12 and 13 of this report.

# CITY OF MARENGO, ILLINOIS

Management's Discussion and Analysis  
April 30, 2016

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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### Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is considered to be the City's only major fund. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 12 through 21 of this report.

**Proprietary funds** - The City maintains one type of proprietary fund (enterprise fund). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer services, and for refuse and recycling services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer services, and refuse and recycling services, all of which are considered to be major funds of the City.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City utilizes a fiduciary fund to segregate developer deposits. The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

# CITY OF MARENGO, ILLINOIS

Management's Discussion and Analysis  
April 30, 2016

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 48 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in meeting its obligation to provide as fully adequate as possible services to its residents.

The City adopts an annual budget for all funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget. The budgetary comparison for the general fund can be found on pages 53 to 58 of this report.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,123,506 at April 30, 2016.

Of the City's net position, \$5,960,978 reflects its investment in capital assets (e.g., land, construction in progress, buildings, systems and equipment); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Marengo -- Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
Current and Other Assets	\$ 4,513,320	\$ 4,568,715	\$ 4,568,613	\$ 5,711,796	\$ 9,081,933	\$ 10,280,511
Capital Assets	4,002,473	3,788,470	19,966,851	17,793,688	23,969,324	21,582,158
Total Assets	<u>\$ 8,515,793</u>	<u>\$ 8,357,185</u>	<u>\$ 24,535,464</u>	<u>\$ 23,505,484</u>	<u>\$ 33,051,257</u>	<u>\$ 31,862,669</u>
Deferred Outflows	\$ 4,975,219	\$ -	-	-	\$ 4,975,219	\$ -
Current and Other Liabilities	\$ 166,177	\$ 136,094	42,127	\$ 61,271	\$ 208,304	\$ 197,365
Long-Term Liabilities Outstanding	14,539,507	1,738,192	17,203,011	16,486,078	31,742,518	18,224,270
Total Liabilities	<u>14,705,684</u>	<u>1,874,286</u>	<u>17,245,138</u>	<u>16,547,349</u>	<u>31,950,822</u>	<u>18,421,635</u>
Deferred Inflows	4,952,148	1,564,629	-	-	-	1,564,629
Net Position						
Net Investment in Capital Assets	3,141,275	2,159,385	2,819,703	1,367,267	5,960,978	3,526,652
Restricted -- Net Position	1,354,060	1,529,948	17,469,789	15,417,696	18,823,849	16,947,644
Unrestricted -- Net Position	<u>(10,662,155)</u>	<u>1,228,937</u>	<u>(12,999,166)</u>	<u>(9,826,828)</u>	<u>(23,661,321)</u>	<u>(8,597,891)</u>
Total Net Position	<u>\$ (6,166,820)</u>	<u>\$ 4,918,270</u>	<u>\$ 7,290,326</u>	<u>\$ 6,958,135</u>	<u>\$ 1,123,506</u>	<u>\$ 11,876,405</u>

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is (\$23,661,321).

The City's net position decreased by \$10,752,899 during the year ended April 30, 2016 (including the GASB No. 68 adjustment of \$10,196,099).

# CITY OF MARENGO, ILLINOIS

Management's Discussion and Analysis  
April 30, 2016

## Governmental activities

Governmental activities decreased the City's net position by \$11,085,090 (including \$10,196,099 GASB No. 68 adjustment). The most significant change from the prior year was the reporting of actuarial pension expenses and implementation of GASB No. 68.

## Business-type activities

Business-type activities increased the City's net position by \$332,191.

Key elements of the increases/(decreases) to net position by governmental and business type activities are as follows:

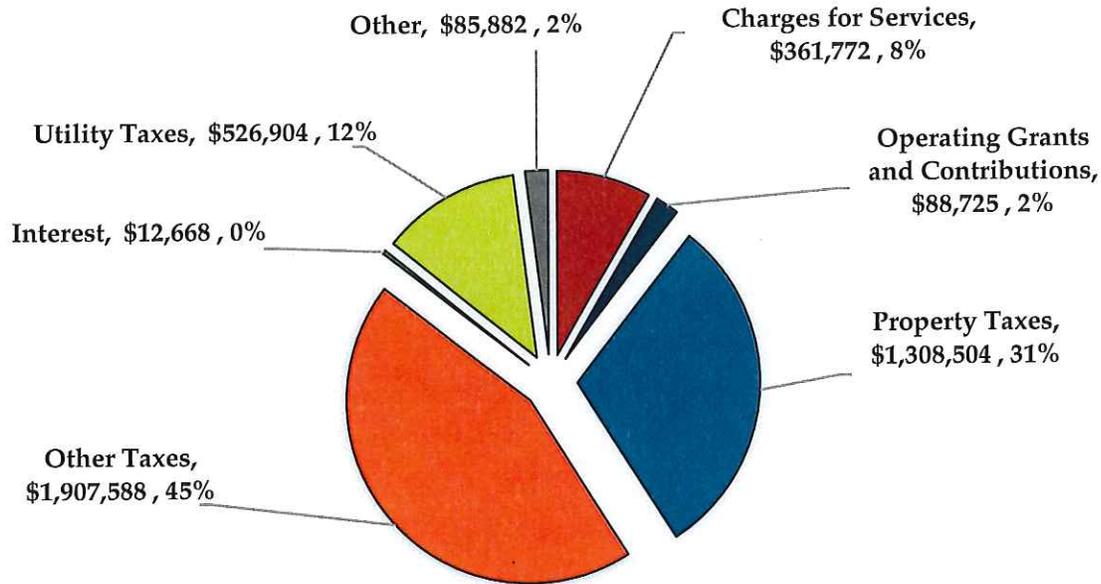
	City of Marengo -- Activities and Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	4/30/2016	4/30/2015	4/30/2016	4/30/2015	4/30/2016	4/30/2015
Program Revenues						
Charges for Services	\$ 361,772	\$ 421,330	\$ 2,278,242	\$ 2,117,803	\$ 2,640,014	\$ 2,539,133
Operating Grants and Contributions	88,725	10,921	-	-	88,725	10,921
General Revenues						
Property Taxes	1,308,504	1,301,762	-	-	1,308,504	1,301,762
Other Taxes	1,907,588	1,837,589	-	-	1,907,588	1,837,589
Utility Taxes	526,904	565,849	-	-	526,904	565,849
Other	85,882	48,641	-	-	85,882	48,641
Interest	12,668	7,273	11,557	12,598	24,225	19,871
<b>Total Revenues</b>	<b>4,292,043</b>	<b>4,193,365</b>	<b>2,289,799</b>	<b>2,130,401</b>	<b>6,581,842</b>	<b>6,323,766</b>
Expenses						
General Government	1,045,733	1,319,319	-	-	1,045,733	1,319,319
Public Safety	1,964,847	1,983,702	-	-	1,964,847	1,983,702
Streets and Roads	935,610	169,306	-	-	935,610	169,306
IMRF Pension actuarial expenses	508,622	-	-	-	508,622	-
Police Pension actuarial expenses	636,005	-	-	-	636,005	-
Interest on Long-Term Debt	92,681	80,708	401,881	141,013	494,562	221,721
Proprietary Activities	-	-	1,558,370	1,813,422	1,558,370	1,813,422
<b>Total Expenses</b>	<b>5,183,498</b>	<b>3,553,035</b>	<b>1,960,251</b>	<b>1,954,435</b>	<b>7,143,749</b>	<b>5,507,470</b>
Increase/(Decrease) before Transfers	(891,455)	640,330	329,548	175,966	(561,907)	816,296
Transfers in/(out)	2,464	2,416	(2,464)	(2,416)	-	-
<b>Increase/(Decrease) in Net Position</b>	<b>(888,991)</b>	<b>642,746</b>	<b>327,084</b>	<b>173,550</b>	<b>(561,907)</b>	<b>816,296</b>
Net Position - Beginning of Year	4,918,270	4,275,524	6,958,135	6,777,779	11,876,405	11,053,303
Restatement adjustment	(10,196,099)	-	-	-	(10,196,099)	-
Capital Contributions	-	-	5,107	6,806	5,107	6,806
<b>Net Position - End of Year</b>	<b>\$ (6,166,820)</b>	<b>\$ 4,918,270</b>	<b>\$ 7,290,326</b>	<b>\$ 6,958,135</b>	<b>\$ 1,123,506</b>	<b>\$ 11,876,405</b>

# CITY OF MARENGO, ILLINOIS

Management's Discussion and Analysis  
April 30, 2016

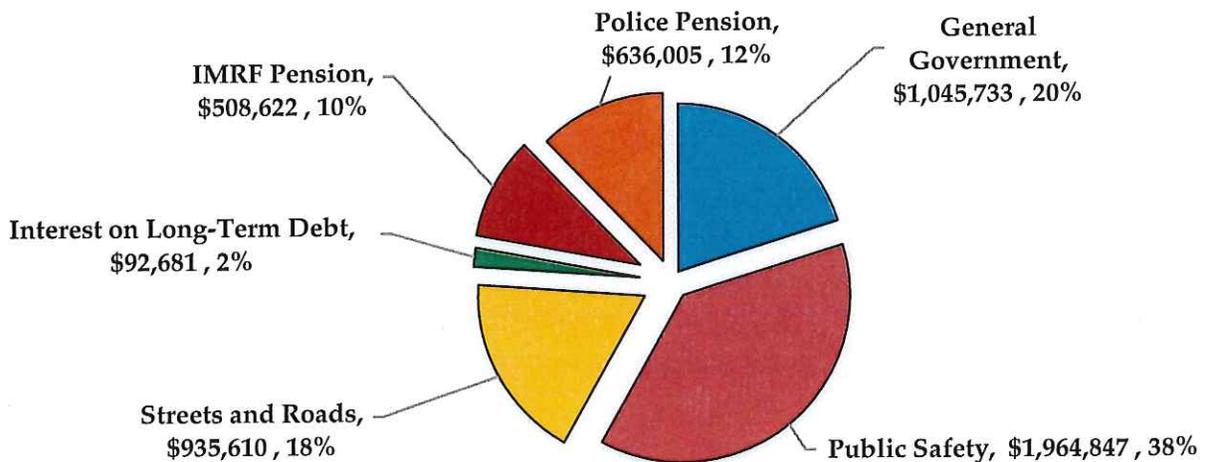
## 2016 REVENUES

ROUND TO NEAREST PERCENT



## 2016 EXPENSES

ROUND TO NEAREST PERCENT



# CITY OF MARENGO, ILLINOIS

Management's Discussion and Analysis  
April 30, 2016

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At April 30, 2016, the City's governmental funds reported combined ending fund balances of \$2,830,353, a decrease of \$37,639 in comparison with the prior year. A portion of this amount (\$1,476,293) constitutes unassigned fund balance, which is available, to meet the City's ongoing obligations to citizens and creditors. The remainder of the fund balance is assigned or restricted to indicate that it is not available for new spending because it has already been allocated for specific restricted purposes.

The General Fund is the chief operating fund of the City. At April 30, 2016, the fund balance of the General Fund was \$1,476,293. This represents an increase of \$138,249 compared to the prior fiscal year.

### General Fund Budgetary Highlights

Differences between the original budget and the final budget were relatively minor. Total differences between the final amended budget and the actual revenues and expenditures are summarized as follows:

- The difference between the estimated revenues and the actual revenues was \$91,185 (favorable).
- The difference between the estimated expenditures and the actual expenditures was \$858,313 (favorable).

## CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of April 30, 2016 amounts to \$23,969,324 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, infrastructure, systems, and equipment.

	City of Marengo's Capital Assets					
	Governmental Activities		Business Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Water and Sewage System	\$ -	\$ -	\$ 13,835,071	\$ 13,816,727	13,835,071	\$ 13,816,727
Buildings Land and Improvements	3,123,013	2,850,583	789,152	789,152	3,912,165	3,639,735
Equipmetn, Furniture, and Fixtures	1,220,900	1,122,553	761,789	726,516	1,982,689	1,849,069
Construction in Progress	1,053,356	1,053,356	13,682,959	11,086,352	14,736,315	12,139,708
<b>Total Capital Assets</b>	<b>5,397,269</b>	<b>5,026,492</b>	<b>29,068,971</b>	<b>26,418,747</b>	<b>34,466,240</b>	<b>31,445,239</b>
Accumulated Depreciation	1,394,796	1,238,022	9,102,120	8,625,059	10,496,916	9,863,081
<b>Total Net Capital Assets</b>	<b>\$ 4,002,473</b>	<b>\$ 3,788,470</b>	<b>\$ 19,966,851</b>	<b>\$ 17,793,688</b>	<b>\$ 23,969,324</b>	<b>\$ 21,582,158</b>

Additional information on the City's capital assets can be found in note 3 on pages 29-30.

# CITY OF MARENGO, ILLINOIS

Management's Discussion and Analysis  
April 30, 2016

## ECONOMIC FACTORS AND PROPERTY TAXES

The equalized assessed valuation (EAV) of the City for 2015 is \$108,850,273. That represents an increase in EAV of \$4,755,989 over the prior year's EAV. Taxes recorded in these financial statements are from the 2014 levy. A summary of the assessed valuations and extensions for tax years 2015, 2014, and 2013 is as follows:

### ASSESSED VALUATIONS, EXTENDED TAX RATES PERCENTAGE ALLOCATIONS, EXTENDED TAX RATES

TAX LEVY YEAR	2015	2014	2013
ASSESSED VALUATION			
McHenry County	\$ 108,850,273	\$ 104,094,284	\$ 109,999,448

### TAX RATES AND PERCENTAGE ALLOCATIONS BY FUND

Funds	Rate	Percentage	Rate	Percentage	Rate	Percentage
General Fund	0.424979	29.65	0.423234	29.65	0.437500	33.03
IMRF	0.070473	4.92	0.070184	4.92	0.065102	4.92
Police Protection	0.383702	26.79	0.382713	26.81	0.296234	22.37
Police Pension	0.251713	17.56	0.250679	17.56	0.220542	16.66
Cemetery	0.000092	0.00	0.000000	0.00	0.025000	1.89
Garbage	0.000092	0.00	0.000000	0.00	0.000000	0.00
Audit	0.015779	1.10	0.015402	1.08	0.010457	0.79
Liability Insurance	0.059478	4.15	0.059234	4.15	0.054945	4.15
Street Lighting	0.048570	3.39	0.048370	3.39	0.049617	3.75
ESDA	0.002172	0.15	0.002163	0.15	0.002006	0.15
Social Security	0.102418	7.15	0.101997	7.15	0.094611	7.15
Unemployment Insurance	0.005370	0.37	0.005348	0.37	0.004960	0.37
Workman's Compensation	0.068356	4.77	0.068076	4.77	0.063146	4.77
<b>Totals</b>	<b>1.433194</b>	<b>100.00</b>	<b>1.427400</b>	<b>100.00</b>	<b>1.324120</b>	<b>100.00</b>

### Property Tax Extensions

Funds	2015	2014	2013
General Fund	\$ 444,207	\$ 453,435	\$ 481,247
IMRF	73,659	75,193	71,612
Police Protection	401,233	403,721	325,856
Police Pension	263,102	274,666	242,595
Cemetery	-	100	27,500
Garbage	-	100	-
Audit	16,491	16,500	11,503
Liability Insurance	62,175	63,461	60,439
Street & Bridge	-	100	-
Street Lighting	50,768	51,821	54,578
ESDA	2,275	2,317	2,207
Social Security	107,054	109,275	104,071
Unemployment Insurance	5,617	5,729	5,456
Workman's Compensation	71,449	72,933	69,461
<b>Totals</b>	<b>\$ 1,498,030</b>	<b>\$ 1,529,351</b>	<b>\$ 1,456,525</b>

# CITY OF MARENGO, ILLINOIS

*Management's Discussion and Analysis*  
*April 30, 2016*

## REQUESTS FOR INFORMATION

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This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator, City of Marengo, 132 East Prairie, Marengo, IL 60152.

## BASIC FINANCIAL STATEMENTS

# CITY OF MARENGO, ILLINOIS

Government-wide - Statement of Net Position

Year Ended April 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and investments, at cost	\$ 2,392,556	\$ 3,877,880	\$ 6,270,436
Accounts receivable	88,502	690,733	779,235
Property tax receivable	1,623,339	-	1,623,339
Due from other Governments	408,923	-	408,923
Fixed assets	4,002,473	19,966,851	23,969,324
<b>Total Assets</b>	<b>\$ 8,515,793</b>	<b>\$ 24,535,464</b>	<b>\$ 33,051,257</b>
<b>Deferred Outflows</b>			
IMRF pension fund	\$ 299,837	\$ -	\$ 299,837
Police pension Fund	4,675,382	-	4,675,382
<b>Total Deferred Outflows</b>	<b>\$ 4,975,219</b>	<b>\$ -</b>	<b>\$ 4,975,219</b>
<b>Liabilities</b>			
Accounts payable	\$ 15,641	\$ 15,241	\$ 30,882
Accrued payroll liabilities	43,987	26,886	70,873
Notes payable -- current portion	46,549	38,646	85,195
Bonds payable -- current portion	60,000	370,000	430,000
IEPA note payable -- current portion	-	518,969	518,969
<b>Total Current Liabilities</b>	<b>166,177</b>	<b>969,742</b>	<b>1,135,919</b>
Premium on bonds	-	47,075	47,075
Notes payable	322,558	82,372	404,930
Bonds payable	1,105,000	4,870,000	5,975,000
IEPA note payable	-	11,267,162	11,267,162
IMRF pension accrued liability	783,074	-	783,074
Police pension accrued liability	12,204,062	-	12,204,062
Deferred Compensation	124,813	8,787	133,600
<b>Total Long-term Liabilities</b>	<b>14,539,507</b>	<b>16,275,396</b>	<b>30,814,903</b>
<b>Total Liabilities</b>	<b>14,705,684</b>	<b>17,245,138</b>	<b>31,950,822</b>
<b>Deferred Inflows</b>			
Property taxes	1,623,339	-	1,623,339
IMRF pension fund	16,565	-	16,565
Police pension fund	3,312,244	-	3,312,244
<b>Total Deferred Inflows</b>	<b>4,952,148</b>	<b>-</b>	<b>4,952,148</b>
<b>Net Position</b>			
Net investment in Capital Assets	3,141,275	2,819,703	5,960,978
Restricted - Capital projects/debt service	542,276	17,469,789	18,012,065
Restricted - Other nonmajor governmental funds	811,784	-	811,784
Unrestricted	(10,662,155)	(12,999,166)	(23,661,321)
<b>Total Net Position</b>	<b>\$ (6,166,820)</b>	<b>\$ 7,290,326</b>	<b>\$ 1,123,506</b>

The accompanying notes are an integral part of these statements.

# CITY OF MARENGO, ILLINOIS

Government-wide - Statement of Activities and Changes in Net Position

Year Ended April 30, 2016

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
<b>Governmental Activities</b>							
General government	\$ 1,045,733	\$ 263,646	\$ 88,725	\$ -	\$ (693,362)	\$ -	\$ (693,362)
Public safety	1,964,847	98,126	-	-	(1,866,721)	-	(1,866,721)
Public properties	935,610	-	-	-	(935,610)	-	(935,610)
IMRF Pension actuarial expenses	508,622	-	-	-	(508,622)	-	(508,622)
Police Pension actuarial expenses	636,005	-	-	-	(636,005)	-	(636,005)
Interest on long-term debt	92,681	-	-	-	(92,681)	-	(92,681)
<b>Total Governmental Activities</b>	<b>5,183,498</b>	<b>361,772</b>	<b>88,725</b>	<b>-</b>	<b>(4,733,001)</b>	<b>-</b>	<b>(4,733,001)</b>
<b>Business-Type Activities</b>							
Proprietary activities	1,558,370	2,278,242	-	-	-	719,872	719,872
Interest on long-term debt	401,881	-	-	-	-	(401,881)	(401,881)
<b>Total Business-Type Activities</b>	<b>1,960,251</b>	<b>2,278,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317,991</b>	<b>317,991</b>
<b>Total Primary Government</b>	<b>\$ 7,143,749</b>	<b>\$ 2,640,014</b>	<b>\$ 88,725</b>	<b>\$ -</b>	<b>(4,733,001)</b>	<b>317,991</b>	<b>(4,415,010)</b>
<b>General Revenues:</b>							
Property taxes					1,308,504	-	1,308,504
Intergovernmental revenue					1,907,588	-	1,907,588
Utility taxes					526,904	-	526,904
Miscellaneous revenue					85,882	-	85,882
Investment income					12,668	11,557	24,225
<b>Total Revenues</b>					<b>3,841,546</b>	<b>11,557</b>	<b>3,853,103</b>
<b>Transfers in/(out)</b>					<b>2,464</b>	<b>(2,464)</b>	<b>-</b>
Changes in Net Position					(888,991)	327,084	(561,907)
Net Position Beginning					4,918,270	6,958,135	11,876,405
Restatement adjustment (See Note 11)					(10,196,099)	-	(10,196,099)
Capital Contributions					-	5,107	5,107
<b>Total Net Position, Ending</b>					<b>\$ (6,166,820)</b>	<b>\$ 7,290,326</b>	<b>\$ 1,123,506</b>

The accompanying notes are an integral part of these statements.

# CITY OF MARENGO, ILLINOIS

## Governmental Funds - Balance Sheet

Year Ended April 30, 2016

Assets	General Fund	Other Nonmajor Governmental Funds	Capital Project Funds	Total
Cash and cash equivalents	\$ 1,053,573	\$ 796,707	\$ 542,276	\$ 2,392,556
Total cash and cash equivalents	1,053,573	796,707	542,276	2,392,556
Property taxes receivable, net of 1% allowance for loss	1,549,794	73,545	-	1,623,339
Other receivables	88,502	-	-	88,502
Due from other governmental units	391,518	17,405	-	408,923
<b>Total Assets</b>	<b>\$ 3,083,387</b>	<b>\$ 887,657</b>	<b>\$ 542,276</b>	<b>\$ 4,513,320</b>
<b>Liabilities</b>				
Accounts payable	\$ 13,313	\$ 2,328	\$ -	\$ 15,641
Accrued payroll	43,987	-	-	43,987
<b>Total Liabilities</b>	<b>57,300</b>	<b>2,328</b>	<b>-</b>	<b>59,628</b>
<b>Deferred Inflows -- property taxes</b>	<b>1,549,794</b>	<b>73,545</b>	<b>-</b>	<b>1,623,339</b>
<b>Fund Balance</b>				
Nonspendable	-	-	-	-
Restricted	-	811,784	542,276	1,354,060
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	1,476,293	-	-	1,476,293
<b>Total Fund Balance</b>	<b>1,476,293</b>	<b>811,784</b>	<b>542,276</b>	<b>2,830,353</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,083,387</b>	<b>\$ 887,657</b>	<b>\$ 542,276</b>	<b>\$ 4,513,320</b>

The accompanying notes are an integral part of these statements.

# CITY OF MARENGO, ILLINOIS

## Governmental Funds - Statement of Revenues, Expenditures and Changes in Fund Balance

Year Ended April 30, 2016

	General Fund	Other Nonmajor Governmental Funds	Capital Projects Funds	Total
<b>Revenues</b>				
Property taxes	\$ 1,284,478	\$ 24,026	\$ -	\$ 1,308,504
Intergovernmental revenue	1,703,595	203,993	-	1,907,588
Utility taxes	526,904	-	-	526,904
Licenses, fees, and permits	224,328	39,318	-	263,646
Fines	98,126	-	-	98,126
Grants and donations	88,725	-	-	88,725
Interest income	861	10,365	1,442	12,668
Miscellaneous revenue	57,444	28,438	-	85,882
<b>Total Revenues</b>	<b>3,984,461</b>	<b>306,140</b>	<b>1,442</b>	<b>4,292,043</b>
<b>Expenditures</b>				
Administrative	843,338	120,914	-	964,252
Police	1,985,417	13,144	-	1,998,561
Street	541,019	197,154	-	738,173
Public grounds	248,861	83,367	-	332,228
Building	94,584	-	-	94,584
Operation and maintenance	-	-	26,970	26,970
Principal payments on debt	-	60,000	-	60,000
Interest payments on debt	-	67,958	-	67,958
Contingency	49,420	-	-	49,420
<b>Total Expenditures</b>	<b>3,762,639</b>	<b>542,537</b>	<b>26,970</b>	<b>4,332,146</b>
<b>Excess (Deficiency) of Revenue over expenditures</b>	<b>221,822</b>	<b>(236,397)</b>	<b>(25,528)</b>	<b>(40,103)</b>
<b>Operating Transfers In/(Out)</b>	<b>(83,573)</b>	<b>11,037</b>	<b>75,000</b>	<b>2,464</b>
<b>Net Change in Fund Balance</b>	<b>138,249</b>	<b>(225,360)</b>	<b>49,472</b>	<b>(37,639)</b>
<b>Fund Balance</b>				
Fund balance, beginning	1,338,044	1,037,144	492,804	2,867,992
<b>Total Fund Balance, Ending</b>	<b>\$ 1,476,293</b>	<b>\$ 811,784</b>	<b>\$ 542,276</b>	<b>\$ 2,830,353</b>

The accompanying notes are an integral part of these statements.

# CITY OF MARENGO, ILLINOIS

Reconciliations of the Governmental Fund Statements to the  
Statement of Net Position and Statement of Activities  
Year Ended April 30, 2016

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

<b>Total Fund Balances--Total Governmental Funds</b>	\$	2,830,353
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Amount net of depreciation.		4,002,473
Other employee benefit obligations accruals are not reported in funds.		(124,813)
Deferred pension outflows/inflows and net pension liabilities are not reported in funds.		
Deferred pension outflows		4,975,219
Net pension liabilities are not reported in funds.		(12,987,136)
Deferred pension inflows		(3,328,809)
Long term debt is not recorded in the fund statement but is included as a liability in the Statement of Net Position.		(1,534,107)
<b>Total Net Position of Governmental Activities</b>	<b>\$</b>	<b>(6,166,820)</b>

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

<b>Excess (Deficiency) of Revenue Over Expenditures</b>		
<b>Governmental Funds</b>	\$	(37,639)
Governmental funds report capital outlays as expenditures; however for the Statement of Activities the amounts are capitalized and depreciated over their useful life. (Amount shown is net of depreciation)		214,003
Governmental funds report the payment of debt as an expenditure; however the Statement of Activities records the payment as a reduction in the debt liability.		94,978
Change in deferred pension outflows/inflows and net pension liabilities are not reported in funds.		(1,144,627)
Governmental funds do not accrue for deferred compensation but the expenses are accrued for the Statement of Activities.		(15,706)
<b>Changes in Net Position Governmental Funds</b>	<b>\$</b>	<b>(888,991)</b>

The accompanying notes are an integral part of these statements.

# CITY OF MARENGO, ILLINOIS

## Proprietary Funds - Statement of Net Position

Year Ended April 30, 2016

Assets	Operating and Maintenance	Bond and Interest Account	Capital Construction Fund	Equipment Replacement Fund	Water Improvement 2014 Bond Fund	IEPA WWTP Debt Fund	Total
Cash	\$ 314,339	\$ 671,412	\$ 28,375	\$ 26,000	\$ 2,271,398	\$ 566,356	\$ 3,877,880
Sewer billing receivable	467,444	-	-	-	-	223,289	690,733
Property and equipment, net of accumulated depreciation	6,283,892	-	-	-	-	-	6,283,892
Construction In Progress	-	-	-	-	963,034	12,719,925	13,682,959
<b>Total Assets</b>	<b>\$ 7,065,675</b>	<b>\$ 671,412</b>	<b>\$ 28,375</b>	<b>\$ 26,000</b>	<b>\$ 3,234,432</b>	<b>\$ 13,509,570</b>	<b>\$ 24,535,464</b>
<b>Liabilities</b>							
Accounts payable	\$ 15,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,241
Other accruals/liabilities	26,886	-	-	-	-	-	26,886
IEPA note payable	11,786,131	-	-	-	-	-	11,786,131
Notes payable	121,018	-	-	-	-	-	121,018
Premium on Bonds	47,075	-	-	-	-	-	47,075
Alt. Revenue Bonds	5,240,000	-	-	-	-	-	5,240,000
Deferred compensation	8,787	-	-	-	-	-	8,787
<b>Total Liabilities</b>	<b>17,245,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,245,138</b>
<b>Net Position</b>							
Reserve for authorized expenditures	-	671,412	28,375	26,000	3,234,432	13,509,570	17,469,789
Contributed Capital	2,377,402	-	-	-	-	-	2,377,402
Retained earnings (deficit)	(12,556,865)	-	-	-	-	-	(12,556,865)
<b>Total Net Position</b>	<b>(10,179,463)</b>	<b>671,412</b>	<b>28,375</b>	<b>26,000</b>	<b>3,234,432</b>	<b>13,509,570</b>	<b>7,290,326</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 7,065,675</b>	<b>\$ 671,412</b>	<b>\$ 28,375</b>	<b>\$ 26,000</b>	<b>\$ 3,234,432</b>	<b>\$ 13,509,570</b>	<b>\$ 24,535,464</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF MARENGO, ILLINOIS**

*Proprietary Funds - Statement of Revenues, Expenses and Changes in Net Position*

*Year Ended April 30, 2016*

Revenues	Operating and Maintenance	Bond and Interest Account	Capital Construction Fund	Equipment Replacement Fund	Water Improvement 2014 Bond Fund	IEPA WWTP Debt Fund	Total
Water - supply and distribution	\$ 532,486	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 532,486
Water - debt service	129,937	-	-	-	-	-	129,937
Sewer - collection and treatment	524,936	-	-	-	-	652,312	1,177,248
Sewer - debt service	376,016	-	-	-	-	47,021	423,037
Miscellaneous revenue	15,534	-	-	-	-	-	15,534
<b>Total Revenues</b>	<b>1,578,909</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>699,333</b>	<b>2,278,242</b>
<b>Expenses</b>							
Water department	409,142	-	-	-	-	-	409,142
Sewer department	648,838	-	10,886	-	-	-	659,724
Debt service fees	-	1,277	-	-	-	-	1,277
Contingency	11,165	-	-	-	-	-	11,165
<b>Total Expenditures</b>	<b>1,069,145</b>	<b>1,277</b>	<b>10,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,081,308</b>
<b>Operating Income Before Depreciation/Amortization</b>	<b>509,764</b>	<b>(1,277)</b>	<b>(10,886)</b>	<b>-</b>	<b>-</b>	<b>699,333</b>	<b>1,196,934</b>
<b>Less: Depreciation and Amortization</b>	<b>477,062</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>477,062</b>
<b>Operating Income (Loss)</b>	<b>32,702</b>	<b>(1,277)</b>	<b>(10,886)</b>	<b>-</b>	<b>-</b>	<b>699,333</b>	<b>719,872</b>
<b>Non-Operating Income (Expense)</b>							
Interest expense	(224,597)	(177,284)	-	-	-	-	(401,881)
Interest income	406	2,219	58	-	8,874	-	11,557
<b>Total Non-operating Income/(Expense)</b>	<b>(224,191)</b>	<b>(175,065)</b>	<b>58</b>	<b>-</b>	<b>8,874</b>	<b>-</b>	<b>(390,324)</b>
<b>Net Income (Loss)</b>	<b>(191,489)</b>	<b>(176,342)</b>	<b>(10,828)</b>	<b>-</b>	<b>8,874</b>	<b>699,333</b>	<b>329,548</b>
Net Position, Beginning	(8,459,561)	667,507	45,903	13,000	3,225,558	11,465,728	6,958,135
Operating Transfers	(1,533,520)	180,247	(6,700)	13,000	-	1,344,509	(2,464)
Capitalized connection fees	5,107	-	-	-	-	-	5,107
<b>Total Net Position</b>	<b>\$ (10,179,463)</b>	<b>\$ 671,412</b>	<b>\$ 28,375</b>	<b>\$ 26,000</b>	<b>\$ 3,234,432</b>	<b>\$ 13,509,570</b>	<b>\$ 7,290,326</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARENGO, ILLINOIS

Proprietary Funds - Statement of Cash Flows

Year Ended April 30, 2016

	Operating and Maintenance	Bond and Interest Account	Capital Construction Fund	Equipment Replacement Fund	Water Improvement 2014 Bond Fund	IEPA WWTP Debt Fund	Total
<b>Cashflows from Operating Activities:</b>							
Cash received from customers and users	\$ 1,491,765	\$ -	\$ -	\$ -	\$ -	\$ 626,098	\$ 2,117,863
Cash paid to suppliers/employees	(643,153)	(1,277)	(10,886)	-	-	-	(655,316)
<b>Net Cash Provided by Operating Activities</b>	<b>1,023,353</b>	<b>(1,277)</b>	<b>(10,886)</b>	<b>-</b>	<b>-</b>	<b>626,098</b>	<b>1,637,288</b>
<b>Cashflows from Investing Activities:</b>							
System additions -- net	(25,044)	-	-	-	(887,930)	(1,737,251)	(2,650,225)
<b>Net Cashflows Provided by Investing Activities</b>	<b>(25,044)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(887,930)</b>	<b>(1,737,251)</b>	<b>(2,650,225)</b>
<b>Cashflows from Capital &amp; Financing Activities:</b>							
Operating transfers	(1,533,520)	180,247	(6,700)	13,000	-	1,344,509	(2,464)
Investment income	406	2,219	58	-	8,874	-	11,557
Investment expense	(224,597)	(177,284)	-	-	-	-	(401,881)
Loan and bond proceeds	1,345,276	-	-	-	-	-	1,345,276
Bond/note payments, net	(624,548)	-	-	-	-	-	(624,548)
<b>Net Cashflows Provided by Capital and Financing Activities</b>	<b>(1,036,983)</b>	<b>5,182</b>	<b>(6,642)</b>	<b>13,000</b>	<b>8,874</b>	<b>1,344,509</b>	<b>327,940</b>
<b>Net Increase in Cash</b>	<b>(38,674)</b>	<b>3,905</b>	<b>(17,528)</b>	<b>13,000</b>	<b>(879,056)</b>	<b>233,356</b>	<b>(684,997)</b>
Connection Fees Capitalized	5,107	-	-	-	-	-	5,107
Cash at Beginning of Year	347,906	667,507	45,903	13,000	3,150,454	333,000	4,557,770
<b>Cash at End of Year</b>	<b>\$ 314,339</b>	<b>\$ 671,412</b>	<b>\$ 28,375</b>	<b>\$ 26,000</b>	<b>\$ 2,271,398</b>	<b>\$ 566,356</b>	<b>\$ 3,877,880</b>
<b>Reconciliation of Operating Income to Net cash provided by Operating Activities:</b>							
Net income (loss) for the year	\$ 32,702	\$ (1,277)	\$ (10,886)	\$ -	\$ -	\$ 699,333	\$ 719,872
Depreciation/amortization	477,062	-	-	-	-	-	477,062
(Increase) decrease in accounts receivable	87,144	-	-	-	-	(73,235)	13,909
(Increase) decrease in IEPA receivable	449,384	-	-	-	-	-	449,384
Increase (decrease) in accounts payable	(10,448)	-	-	-	-	-	(10,448)
(Increase) decrease in other liabilities	(8,696)	-	-	-	-	-	(8,696)
Increase (decrease) in deferred compensation	(3,795)	-	-	-	-	-	(3,795)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,023,353</b>	<b>\$ (1,277)</b>	<b>\$ (10,886)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 626,098</b>	<b>\$ 1,637,288</b>

Cash payments for interest made during the year were \$ 224,597.

The accompanying notes are an integral part of these financial statements.

# CITY OF MARENGO, ILLINOIS

## Fiduciary Funds - Statement of Net Position

Year Ended April 30, 2016

Assets	Police Pension Trust	Agency Funds	
		Retained Personnel	Grant Fund 90-24109 Revolving Loan Fund
Cash and Cash Equivalents	\$ 36,054	\$ 361,833	\$ 320,014
Investments, at Fair Value:			
Money Market Mutual Funds	41,300	-	-
Fixed Income	2,774,945	-	-
Mutual Funds	1,978,065	-	-
Total Cash and Investments	4,830,364	361,833	320,014
Accrued Interest Receivable	26,469	-	-
Prepays	530	-	-
<b>Total Assets</b>	<b>\$ 4,857,363</b>	<b>\$ 361,833</b>	<b>\$ 320,014</b>
<b>Liabilities</b>			
Pension and Benefits Due/Unpaid	\$ -	\$ -	\$ -
Expenses Due/Unpaid	1,004	-	-
Due for Distribution	-	361,833	-
<b>Total Liabilities</b>	<b>1,004</b>	<b>361,833</b>	<b>-</b>
<b>Net Position</b>			
Held in Trust for Pension Benefits	4,856,359	-	-
Net Position Agency Funds	-	-	320,014
<b>Total Net Position</b>	<b>\$ 4,856,359</b>	<b>\$ -</b>	<b>\$ 320,014</b>

The accompanying notes are an integral part of these financial statements.

# CITY OF MARENGO, ILLINOIS

## Fiduciary Funds - Statement of Changes in Net Position

Year Ended April 30, 2016

	Police Pension Trust	Agency Funds	
		Retained Personnel	Grant Fund 90-24109 Revolving Loan Fund
<b>Additions</b>			
Contributions - Employer	\$ 259,382	\$ -	\$ -
Contributions - Plan Members	108,697	-	-
Total Contributions	368,079	-	-
<b>Investment Income</b>			
Interest and Dividends Earned	79,478	-	960
Net Change in Fair Value	-	-	-
Total Investment Income	79,478	-	960
<b>Less Investment Expenses</b>			
Net Investment Income	79,478	-	960
<b>Total Additions</b>	<b>447,557</b>	<b>-</b>	<b>960</b>
<b>Deductions</b>			
Administration	25,695	-	-
Benefits and Refunds			
Benefits	308,893	-	-
Refunds	5,484	-	-
Total Deductions	340,072	-	-
<b>Change in Net Position</b>	<b>107,485</b>	<b>-</b>	<b>960</b>
<b>Net Position</b>			
Net Position, Beginning	4,748,874	-	319,054
Net Position, Ending	\$ 4,856,359	\$ -	\$ 320,014

The accompanying notes are an integral part of these financial statements.

# CITY OF MARENGO, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2016*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accounting policies of the City of Marengo, Illinois (the City) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Marengo, Illinois.

### REPORTING ENTITY –

The City has developed criteria to determine whether outside agencies with activities that benefit the citizens of the City should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financial relationships.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS –

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely significantly on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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.

# CITY OF MARENGO, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2016*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION –

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recognized only when payment is due.

Property taxes, state-shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be available only when cash is received by the City.

The government 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 required to be accounted for in another fund.

The government reports the following major proprietary funds:

The Water and Sewer Fund is used to account for the purchase and distribution of water to the citizens of Marengo, Illinois. Treated water and sewerage services are purchased from the City. User charges to customers based upon consumption account for substantially all the revenue of this fund.

The accrual basis of accounting is used for non-expendable trust funds and pension trusts.

# CITY OF MARENGO, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2016*

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### CASH AND INVESTMENTS –

The City maintains a cash pool which is available for use by the General and Special Revenue Funds. All other funds either have their own cash accounts in the form of regular checking or money market accounts.

The City's investment policies are governed by state statutes. All funds are deposited in federally insured banks and savings and loans. The cash and investments reflected in the combined balance sheet consist of demand accounts, certificates of deposit and federal securities.

### RECEIVABLES AND REVENUE RECOGNITION –

Property taxes receivable are recognized at the time they are levied. Property taxes are levied and attached as an enforceable lien on property on January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of levy. The portion of the property taxes, which are not available for the current year's operations are shown as, deferred inflows. The tax levy ordinance was adopted on December 14, 2015. The taxes related to the levy are collected between June and December of the following year.

Substantially, all other shared revenues are recorded during the period when received by the collecting authority, the State of Illinois.

Income from investments, accounts and unbilled usage receivables are recognized when earned. Licenses and permits, fines and forfeits, fees and refunds, charges for service (other than enterprise funds), miscellaneous and other revenues are recorded as revenue when received in cash as they are generally not measurable until actually received.

### FIXED ASSETS –

Property and equipment is carried at cost less its accumulated depreciation. Depreciation is provided using the straight-line method over periods of 5 to 35 years.

### DEFERRED INFLOWS –

Deferred inflows are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City reported \$4,952,148 as deferred inflows which is for property taxes, IMRF, and police pensions.

### PENSION PLAN –

The City has a pension plan covering substantially all the full time employees. Employees are

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

covered by the Illinois Municipal Retirement Fund. The sworn police are covered by the Marengo Police Pension Fund.

### BUDGET –

The budget represents departmental appropriations as authorized by the City's appropriation ordinance and includes revisions authorized by the City Council to reflect changes in departmental programs. At April 30, 2016, unexpended appropriations of the budgetary funds (general fund and special revenue funds) automatically lapse. The appropriations ordinance was passed on July 27, 2015. The budget is prepared on the modified accrual basis.

### IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS -

GASB Statement No. 68 – In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The requirements of this Statement will improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and will enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015, therefore, the City implemented this Statement in fiscal year ending April 30, 2016.

## NOTE 2 – CASH AND INVESTMENTS

The investment policies of the City of Marengo are governed by state statutes whereby City money must be deposited in FDIC - insured banks located within the state. Permissible investments include demand accounts and certificates of deposits.

The City's deposits are categorized to give an indication of the level of risk assumed by the City at April 30, 2016. The categories are described as follows:

- Category 1 Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 Uncollateralized.

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

	Category			Bank Balance	Carrying Value
	1	2	3		
<b>Pooled deposits</b>					
Checking/Savings	\$ 792,098	\$ 5,769,238	\$ -	\$ 6,561,336	\$ 6,260,681
Illinois Funds	-	-	-	9,755	9,755
<b>Totals</b>	<u>\$ 792,098</u>	<u>\$ 5,769,238</u>	<u>\$ -</u>	<u>\$ 6,571,091</u>	<u>\$ 6,270,436</u>

### POLICE PENSION FUND INVESTMENTS –

At year-end, the carrying amount of the Pension Fund checking and savings deposits totaled \$36,054 and the bank balances totaled \$36,054. At year-end, the Pension Fund has the following investments and maturities:

Fixed Income Investments	Investment Maturities (in Years)				
	Fair	Less Than			More than
	Value	1	1 to 5	6 to 10	10
Schwab Govt. Money Market	\$ 41,300	\$ 41,300	\$ -	\$ -	\$ -
U.S. Treasury Notes	374,119	-	269,150	104,969	-
Fannie MAE	159,319	-	159,319	-	-
Federal Home Loan Bank	775,980	-	122,601	627,120	26,259
Federal Farm Credit	315,841	-	-	210,558	105,283
Federal Farm Credit Bank	427,297	51,258	376,039	-	-
Federal Home Loan Mortgage	152,430	-	152,430	-	-
American Express Bond	15,242	-	15,242	-	-
Apple Inc. Bond	30,774	-	30,774	-	-
Bershire Hathway Bond	15,824	-	15,824	-	-
Exxon Mobil Bond	25,496	-	-	25,496	-
General Electric Bond	10,703	-	10,703	-	-
Goldman Sachs Bond	14,031	-	14,031	-	-
McDonalds Corp. Bond	20,726	-	20,726	-	-
Microsoft Bond	27,417	-	27,417	-	-
GNMA & FHLMC Mortgage Pools	4,462	4,462	-	-	-
Municipal Bonds	405,284	15,213	83,887	250,057	56,127
	<u>\$ 2,816,245</u>	<u>\$ 112,233</u>	<u>\$ 1,298,143</u>	<u>\$ 1,218,200</u>	<u>\$ 187,669</u>

The Pension Fund assumes any callable securities will not be called.

# CITY OF MARENGO, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2016*

## NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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### INTEREST RATE RISK –

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the Fund's investment policy, the Fund limits its exposure to interest rate risk by structuring the portfolio to provide liquidity while at the same time matching investment maturities to projected fund liabilities.

### CREDIT RISK –

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund helps limit its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. The Pension Fund's investment policy establishes criteria for allowable investments; those criteria follow the requirements of the Illinois Pension Code. The Investments in the securities of U.S. government agencies and state and local securities were all rated AAA by Standard & Poor's or by Moody's Investors Services. Corporate Bonds held at year-end were rated between BBB+ and A by Standard & Poor's.

The Pension Fund's investment policy also prescribes to the "prudent person" rule, which states, "investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the primary objective of safety as well as the secondary objective of the attainment of market rates of return."

### CUSTODIAL CREDIT RISK – DEPOSITS –

In the case of deposits, this is the risk that in the event of a bank failure, the Pension Fund's deposits may not be returned to the City. At April 30, 2016, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance. The Pension Fund's investment policy requires that all deposits in excess of FDIC insurable limits be secured by collateral in order to protect deposits from default.

### CUSTODIAL CREDIT RISK – INVESTMENTS –

For an investment, this is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Equity mutual funds are not subject to custodial credit risk. At April 30, 2016, the U.S. Government Agencies and the State and Local obligations are held by the counterparty in the trust department. The Pension Fund limits its exposure to custodial credit risk by utilizing an independent third party institution, selected by the Pension Fund, to act as custodian for its securities and collateral.

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 2 – CASH AND INVESTMENTS (CONCLUDED)

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### CONCENTRATION CREDIT RISK –

This is the risk of loss attributed to the magnitude of the Pension Fund's investment in a single issuer. In accordance with the Pension Fund's investment policy, the Pension Fund may invest in any type of investment instrument permitted by Illinois law. At April 30, 2016, the Pension Fund has over 5% of plan net position invested in various agency securities as indicated in the previous table. Agency investments represent a large portion of the portfolio; however the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the "full faith and credit" backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

The Pension Board has diversified its mutual fund holdings as follows:

<b>Mutual Funds</b>	
American Beacon Intl	\$ 25,451
Bridgeway Ultra Small	55,743
Chen & Steers Inst.	54,569
Fidelity Adv. Materials	25,605
First Eagle Overseas	32,643
Hennessy Focus Fund I	58,438
Homestead Small Company	134,167
LSV Value Equity Fund Inst.	227,581
Oppenheimer Developing	28,865
Openheimer Intl. Growth	64,194
Pioneer Equity Income Y	232,677
T Rowe Price Growth Stock	421,144
T Rowe Price US Small Cap	140,811
Vanguard Energy Fund	9,131
Vanguard 500 Index Fund	467,046
	<u>\$ 1,978,065</u>

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 3 – CHANGES IN PROPERTY AND EQUIPMENT

During the year ended April 30, 2016, property and equipment transactions were as follows:

### Governmental Type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable capital assets</b>				
Land	\$ 240,497	\$ -	\$ -	\$ 240,497
<b>Depreciable capital assets</b>				
Machinery and equipment	437,260	71,377	-	508,637
Vehicles	685,293	26,970	-	712,263
Construction in progress	1,053,356	-	-	1,053,356
Infrastructure	2,610,086	272,430	-	2,882,516
<b>Total depreciable assets</b>	<b>4,785,995</b>	<b>370,777</b>	<b>-</b>	<b>5,156,772</b>
<b>Less accumulated depreciation</b>				
Machinery and equipment	330,943	19,028	-	349,971
Vehicles	442,130	48,361	-	490,491
Infrastructure	464,949	89,385	-	554,334
<b>Total depreciation</b>	<b>1,238,022</b>	<b>156,774</b>	<b>-</b>	<b>1,394,796</b>
<b>Total net depreciable capital assets</b>	<b>3,547,973</b>	<b>214,003</b>	<b>-</b>	<b>3,761,976</b>
<b>Total net capital assets</b>	<b>\$ 3,788,470</b>	<b>\$ 214,003</b>	<b>\$ -</b>	<b>\$ 4,002,473</b>

### Business Type Activities:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Nondepreciable capital assets</b>				
Land	\$ 403,988	\$ -	\$ -	\$ 403,988
<b>Depreciable capital assets</b>				
Buildings	385,164	-	-	385,164
Machinery and equipment	681,641	35,273	-	716,914
Vehicles	44,875	-	-	44,875
Construction in progress	11,086,352	2,625,180	(28,573)	13,682,959
Infrastructure	13,816,727	18,344	-	13,835,071
<b>Total depreciable assets</b>	<b>26,014,759</b>	<b>2,678,797</b>	<b>(28,573)</b>	<b>28,664,983</b>
<b>Less accumulated depreciation</b>				
Buildings	230,893	23,027	-	253,920
Machinery and equipment	394,096	33,520	-	427,616
Vehicles	39,365	5,508	-	44,873
Infrastructure	7,960,705	415,006	-	8,375,711
<b>Total depreciation</b>	<b>8,625,059</b>	<b>477,061</b>	<b>-</b>	<b>9,102,120</b>
<b>Total net depreciable capital assets</b>	<b>17,389,700</b>	<b>2,201,736</b>	<b>(28,573)</b>	<b>19,562,863</b>
<b>Total net capital assets</b>	<b>\$ 17,793,688</b>	<b>\$ 2,201,736</b>	<b>\$ (28,573)</b>	<b>\$ 19,966,851</b>

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements  
Year Ended April 30, 2016

## NOTE 3 – CHANGES IN PROPERTY AND EQUIPMENT (CONCLUDED)

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Total depreciation charged to activities for the year ended April 30, 2016 were:

<b>Governmental Activities</b>	
Public Safety	\$ 39,244
Culture and Recreation	4,358
Highways and Streets	113,172
<b>Business-Type Activities</b>	
Water and Sewer	<u>477,061</u>
<b>Total Depreciation</b>	<u><u>\$ 633,835</u></u>

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT

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### IMRF PLAN DESCRIPTION

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

### BENEFITS PROVIDED -

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

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

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

As of December 31, 2015, the following employees were covered by the benefit terms:

	<b>IMRF</b>
Retirees and Beneficiaries currently receiving benefits	24
Inactive Plan Members entitled to but not yet receiving benefits	27
Active Plan Members	<u>16</u>
<b>Total</b>	<b>67</b>

### CONTRIBUTIONS -

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2015 was 11.18%. For the fiscal year ended April 30, 2016, the City contributed \$122,459 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### NET PENSION LIABILITY -

The City's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### ACTUARIAL ASSUMPTIONS -

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 3.5%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Executive Summary as of December 31, 2015

Actuarial Valuation Date	12/31/2015	
Measurement Date of the Net Pension Liability	12/31/2015	
Fiscal Year End	4/30/2016	
<b>Membership</b>		
Number of		
- Retirees and Beneficiaries	24	
- Inactive, Non-Retired Members	27	
- Active Members	16	
- Total	67	
Covered Valuation Payroll	\$ 1,095,350	
<b>Net Pension Liability</b>		
Total Pension Liability/(Asset)	\$ 6,064,713	
Plan Fiduciary Net Position	5,281,639	
Net Pension Liability/(Asset)	\$ 783,074	
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.09%	
Net Pension Liability as a Percentage of Covered Valuation Payroll	71.49%	
<b>Development of the Single Discount Rate as of December 31, 2015</b>		
Long-Term Expected Rate of Investment Return	7.50%	
Long-Term Municipal Bond Rate*	3.57%	
Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded	2088	
Resulting Single Discount Rate based on the above development	7.48%	
Single Discount Rate calculated using December 31, 2014 Measurement Date	7.49%	
<b>Total Pension Expense/(Income)</b>	\$ 49,857	
<b>Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses</b>		
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 16,565
Changes in assumptions	5,111	-
Net difference between projected and actual earnings on pension plan investments	294,726	-
Total	<u>\$ 299,837</u>	<u>\$ 16,565</u>

\* "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2015. The statistical release describes this rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality." In describing this index, the Bond Buyer notes that the bonds' average credit quality is roughly equivalent to Moody's Investors Services's Aa2 rating and Standard & Poor's Corp.'s AA.

# CITY OF MARENGO, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2016*

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### SINGLE DISCOUNT RATE -

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

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%.

### SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE -

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

### Schedule of Changes in Net Pension Liability and Related Ratios -- Current Period

Calendar Year Ended December 31, 2015

#### A. Total pension liability

1. Service Cost	\$ 121,358
2. Interest on the Total Pension Liability	430,107
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(24,019)
5. Changes of assumptions	7,411
6. Benefit payments, including refunds of employee contributions	(303,757)
7. Net change in total pension liability	231,100
8. Total pension liability – beginning	5,833,613
9. Total pension liability – ending	<u>\$ 6,064,713</u>

#### B. Plan fiduciary net position

1. Contributions – employer	\$ 122,459
2. Contributions – employee	49,291
3. Net investment income	25,976
4. Benefit payments, including refunds of employee contributions	(303,757)
5. Other (Net Transfer)	126,461
6. Net change in plan fiduciary net position	20,430
7. Plan fiduciary net position – beginning	5,261,209
8. Plan fiduciary net position – ending	<u>\$ 5,281,639</u>

#### C. Net pension liability/(asset)

\$ 783,074

#### D. Plan fiduciary net position as a percentage

of the total pension liability 87.09%

#### E. Covered Valuation payroll

\$ 1,095,350

#### F. Net pension liability as a percentage

of covered valuation payroll 71.49%

### Sensitivity of Net Pension Liability/(Asset) to the Single discount rate Assumption

	1% Decrease <u>6.48%</u>	Current Single Discount Rate Assumption <u>7.48%</u>	1% Increase <u>8.48%</u>
Total Pension Liability	\$ 6,871,225	\$ 6,064,713	\$ 5,448,130
Plan Fiduciary Net Position	5,281,639	5,281,639	5,281,639
Net Pension Liability/(Asset)	<u>\$ 1,589,586</u>	<u>\$ 783,074</u>	<u>\$ 166,491</u>

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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

For the year ended April 30, 2016, the City recognized pension expense of \$122,459. At April 30, 2016, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual	\$ -	\$ 16,565
Changes of assumptions	5,111	-
Net difference between projected and actual earnings on pension plan investments	<u>294,726</u>	<u>-</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>299,837</u>	<u>16,565</u>
<b>Total Deferred Amounts Related to Pensions</b>	<b>\$ <u>299,837</u></b>	<b>\$ <u>16,565</u></b>

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

<u>Year Ending</u> <u>December 31</u>	<u>Net Deferred</u> <u>Outflows of Resources</u>	<u>Net Deferred</u> <u>Inflows of Resources</u>
2016	\$ 68,527	\$ -
2017	68,527	-
2018	72,535	-
2019	73,683	-
2020	-	-
Thereafter	-	-
Total	<u>\$ 283,272</u>	<u>\$ -</u>

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 4 – ILLINOIS MUNICIPAL RETIREMENT (CONTINUED)

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### Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate\*

Valuation Date: December 31, 2015

Notes

Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported.

#### Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

#### Other Information:

Notes

There were no benefit changes during the year

\* Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation



# CITY OF MARENGO, ILLINOIS

*Notes to Financial Statements*

*Year Ended April 30, 2016*

## NOTE 5 – POLICE PENSION

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### PLAN DESCRIPTION –

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 108 1/2 Article 3) and may be amended only by the Illinois legislature. The City of Marengo accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2016 was \$1,063,953.

The following is a summary of the Police Pension Plan as provided for in the Illinois State Statutes.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 1/2 of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary. Covered employees hired on or after January 1, 2011, attaining the age of 55 with at least 10 years creditable service are entitled to receive an annual retirement benefit of 2.5% of final average salary for each year of service, with a maximum salary cap of \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter. The monthly benefit of a police officer hired before January 1, 2011, 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. The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, but the lesser of 3% or 1/2 of the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required 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 administrative costs, as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded.

The monthly pension 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% simple interest annually thereafter.

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 5 – POLICE PENSION (CONTINUED)

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Covered employees are required 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 as actuarially determined by an enrolled actuary. By the year 2040 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded. (Duplicate paragraph, see paragraph at bottom of above page)

### Membership

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	1
Active Plan Members	<u>14</u>
<b>Total</b>	<u><u>23</u></u>

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS-

*Basis of accounting* -- The financial statements are prepared using the accrual basis of accounting. Employees and employer contributions are recognized as revenues in the period in which employee services are performed.

*Method used to value investments* -- Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price.

## SUMMARY OF SIGNIFICANT ACTUARIAL ASSUMPTIONS –

Discount Rate used for the Total Pension Liability	4.18%
Long-Term Expected Rate of Return on Plan Assets	6.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	3.32%
Projected Individual Salary Increases	3.50 - 7.55%
Projected Increase in Total Payroll	3.50%
Consumer Price Index	2.50%
Inflation Rate Included	2.50%

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 5 – POLICE PENSION (CONTINUED)

### EXPECTED RETURN ON PENSION PLAN INVESTMENTS –

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Large Cap Domestic Equity	10.10%	3.15%	6.95%	28.00%
Small Cap Domestic Equity	12.20%	3.15%	9.05%	8.00%
International Equity	10.30%	3.15%	7.15%	4.00%
Fixed Income	5.30%	3.15%	2.15%	60.00%

Long-term expected real returns under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The rates provided above are intended to estimate those figures.

### TOTAL PENSION LIABILITY –

	<u>2016</u>
Active Employees	\$ 10,608,091
Inactive Employees	
Terminated Employees - Vested	137,129
Retired Employees	2,894,842
Disabled Employees	2,505,722
Other Beneficiaries	914,637
Total Pension Liability	\$ 17,060,421

### SENSITIVITY OF THE DISCOUNT RATE -

	<u>1% Decrease 3.18%</u>	<u>Current Discount Rate 4.18%</u>	<u>1% Increase 5.18%</u>
Employer Net Pension Liability	\$ 15,651,687	\$ 12,204,062	\$ 9,517,900

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 5 – POLICE PENSION (CONTINUED)

### CHANGES IN THE TOTAL PENSION LIABILITY –

	2016
Service Cost	\$ 433,546
Interest	618,613
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(3,862,451)
Changes in Assumptions	5,225,813
Benefit Payments and Refunds	(308,893)
Net Change in Total Pension Liability	\$ 2,106,628
Total Pension Liability - Beginning	14,953,793
Total Pension Liability - Ending (a)	\$ 17,060,421
Plan Fiduciary Net Position - Ending (b)	\$ 4,856,359
Employer's Net Pension Liability - Ending (a)-(b)	\$ 12,204,062
Plan fiduciary Net Position as a Percentage of the Total pension Liability	28%
Covered-Employee Payroll	\$ 1,063,953
Employer's Net Pension Liability as a Percentage of Employee Payroll	1147%

### CHANGES IN NET PENSION LIABILITY -

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a) - (b)
Balances Beginning at 5/01/15	\$ 14,953,793	\$ 4,748,874	\$ 10,204,919
Changes for the year:			
Service Cost	\$ 433,546	\$ -	\$ 433,546
Interest	618,613	-	618,613
Actuarial Experience	(3,862,451)	-	(3,862,451)
Assumptions Changes	5,225,813	-	5,225,813
Plan Changes	-	-	-
Contributions - Employer	-	259,382	(259,382)
Contributions - Employee	-	108,697	(108,697)
Contributions - Other	-	-	-
Net Investment Income	-	67,493	(67,493)
Benefit payments, including refunds	(308,893)	(308,893)	-
Administrative Expense	-	(19,194)	19,194
Net Changes	2,106,628	107,485	1,999,143
Balances Ending at 4/30/16	\$ 17,060,421	\$ 4,856,359	\$ 12,204,062

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 5 – POLICE PENSION (CONCLUDED)

### DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES –

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the pension fund. Differences in projected and actual earnings over the measurement period are recognized over a 5 year period. Amounts not yet recognized are summarized below.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 3,312,244
Changes in Assumptions	4,481,395	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	193,987	-
Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 4,675,382</u>	<u>\$ 3,312,244</u>

Subsequent to the measurement date, the following amounts will be recognized in pension expense in the upcoming years:

#### Year Ended April, 30:

2017	\$ 242,708
2018	242,708
2019	242,708
2020	242,708
2021	194,211
Thereafter	198,095
Total	<u>\$ 1,363,138</u>

## NOTE 6 – PROPERTY TAXES

Property taxes are recorded on the "deferred method". Because of the long period of time between levy date and receipt of tax distributions from the County Collector, all of the property taxes are not "available" to finance current year expenditures. For those funds on the modified accrual basis, the current tax levy is recorded as property tax receivable, and deferred inflows -- tax revenue for those revenues not considered available at April 30, 2016.

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 7 – GENERAL OBLIGATIONS AND (ALTERNATE REVENUE SOURCE) BONDS AND DEBT

### GOVERNMENTAL TYPE ACTIVITIES DEBT OBLIGATIONS

The City has three general obligation installment loans outstanding at April 30, 2016.

	<u>Balance</u>
Bond payable – MFT project, Payable in semi-annual installments, Plus interest at variable rate	\$ 1,165,000
Note payable to bank, Payable in annual installments, Plus interest at 3.55%	\$ 194,651
Note payable to bank, Payable in annual installments, Plus interest at 3.41%	\$ 174,456

Annual repayment requirements of the governmental type activities debt obligations are as follows:

#### SCHEDULE OF GENERAL OBLIGATION DEBT MATURITIES

Fiscal Year Ended due	Motor Fuel Tax Project		Property Loan		Police Bldg. Addition		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
4-30-17	\$ 60,000	\$ 41,256	\$ 26,630	\$ 5,819	\$ 19,919	\$ 6,813	\$ 106,549	\$ 53,888
4-30-18	65,000	39,496	27,575	4,874	20,230	6,116	112,805	50,486
4-30-19	65,000	37,510	28,537	3,912	20,541	5,408	114,078	46,830
4-30-20	70,000	35,292	29,532	2,917	20,863	4,689	120,395	42,898
4-30-21	70,000	32,892	30,556	1,893	21,197	3,958	121,753	38,743
4-30-22	75,000	30,334	31,626	822	21,542	3,217	128,168	34,373
4-30-23	80,000	27,537	-	-	21,900	2,463	101,900	30,000
4-30-24	85,000	24,534	-	-	22,271	1,696	107,271	26,230
4-30-25	90,000	21,291	-	-	22,654	917	112,654	22,208
4-30-26	90,000	17,898	-	-	3,534	124	93,534	18,022
4-30-27	95,000	14,380	-	-	-	-	95,000	14,380
4-30-28	100,000	10,641	-	-	-	-	100,000	10,641
4-30-29	105,000	6,641	-	-	-	-	105,000	6,641
4-30-30	115,000	2,280	-	-	-	-	115,000	2,280
Total	\$ 1,165,000	\$ 341,982	\$ 174,456	\$ 20,237	\$ 194,651	\$ 35,401	\$ 1,534,107	\$ 397,620

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 7 – GENERAL OBLIGATIONS AND (ALTERNATE REVENUE SOURCE) BONDS AND DEBT (CONTINUED)

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### BUSINESS TYPE ACTIVITIES DEBT OBLIGATIONS

Two general obligation (alternate revenue source) bond issues and one debt certificate issue are in effect at April 30, 2016 for the improvement of the waterworks and sewerage system and building acquisition. The General Obligation (Alternate Revenue Source) Bond Ordinance in effect requires all money in the Waterworks and Sewerage Fund be segregated and restricted in separate special reserve accounts, in the priority and for the purposes indicated by the following:

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
(a) Operation and Maintenance	Sufficient amount to pay the reasonable expenses	Expenses of operating, maintaining and repairing the system
(b) Bond	One-sixth of the interest and one-twelfth of the principal per month becoming due the next succeeding payment date	Paying principal and interest on bonds
(c) Depreciation and Surplus	The amount remaining after payments to the above accounts	Cost of necessary repairs and replacements to the system and/or the payment of principal and/or interest Improvement and extension of the system and/or all bonds and/or any other purposes
(d) Bond Reserve	Discretionary	Paying principal and interest on bonds

Annual repayment requirements of the business type activities debt obligations are as follows:

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 7 – GENERAL OBLIGATIONS AND (ALTERNATE REVENUE SOURCE) BONDS AND DEBT (CONTINUED)

SCHEDULE OF OUTSTANDING "ARS" BONDS AND DEBT -- WATER AND SEWERAGE FUND (Concluded)												
Fiscal Year Ended due	Bonds Dated August 15, 2005		Bonds Dated June 25, 2014		Debt Certificates Dated June 1, 2009		Equipment Note June 1, 2009		IEPA Loan June 1, 2009		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
4-30-17	\$ 345,000	\$ 14,490	\$ 25,000	\$ 148,150	\$ 19,000	\$ 2,461	\$ 19,646	\$ 2,136	\$ 518,969	\$ 224,980	\$ 927,615	\$ 392,217
4-30-18	-	-	385,000	147,650	20,000	1,692	20,334	1,448	529,034	214,916	954,368	365,706
4-30-19	-	-	390,000	139,950	21,000	872	21,038	736	539,293	204,656	971,331	346,214
4-30-20	-	-	395,000	132,150	-	-	-	-	549,752	194,198	944,752	326,348
4-30-21	-	-	290,000	124,250	-	-	-	-	560,413	183,536	850,413	307,786
4-30-22	-	-	295,000	118,450	-	-	-	-	571,282	172,668	866,282	291,118
4-30-23	-	-	305,000	109,600	-	-	-	-	582,360	161,589	887,360	271,189
4-30-24	-	-	315,000	100,450	-	-	-	-	593,654	150,295	908,654	250,745
4-30-25	-	-	195,000	91,000	-	-	-	-	605,167	138,783	800,167	229,783
4-30-26	-	-	195,000	85,150	-	-	-	-	616,903	127,047	811,903	212,197
4-30-27	-	-	200,000	79,300	-	-	-	-	628,867	115,083	828,867	194,383
4-30-28	-	-	205,000	73,050	-	-	-	-	641,063	102,887	846,063	175,937
4-30-29	-	-	215,000	66,388	-	-	-	-	653,495	90,455	868,495	156,843
4-30-30	-	-	225,000	59,400	-	-	-	-	666,168	77,782	891,168	137,182
4-30-31	-	-	230,000	50,400	-	-	-	-	679,087	64,863	909,087	115,263
4-30-32	-	-	240,000	41,200	-	-	-	-	692,257	51,693	932,257	92,893
4-30-33	-	-	250,000	31,600	-	-	-	-	705,682	38,268	955,682	69,868
4-30-34	-	-	265,000	21,600	-	-	-	-	719,367	24,583	984,367	46,183
4-30-35	-	-	275,000	11,000	-	-	-	-	733,318	10,632	1,008,318	21,632
Total	\$ 345,000	\$ 14,490	\$ 4,895,000	\$ 1,630,738	\$ 60,000	\$ 5,025	\$ 61,018	\$ 4,320	\$ 11,786,131	\$ 2,348,914	\$ 17,147,149	\$ 4,003,487

Long-term liability activity for the year ended April 30, 2016 was as follows:

	Balance			Amounts	
	May 1, 2015	Additions	Retirements	Balance April 30, 2016	Due Within One Year
<b>Governmental Activities: Long-Term Debt</b>					
Police Building Improvement	\$ 204,085	\$ -	\$ 9,434	\$ 194,651	\$ 19,919
Street bond -- MFT project	1,225,000	-	60,000	1,165,000	60,000
Property Loan	200,000	-	25,544	174,456	26,630
<b>Total Long-Term Debt</b>	<b>1,629,085</b>	<b>-</b>	<b>94,978</b>	<b>1,534,107</b>	<b>106,549</b>
<b>Other Long Term Liabilities</b>					
Compensated Absences	109,107	124,813	109,107	124,813	-
<b>Total Governmental Long Term Obligations</b>	<b>\$ 1,738,192</b>	<b>\$ 124,813</b>	<b>\$ 204,085</b>	<b>\$ 1,658,920</b>	<b>\$ 106,549</b>

### Business -Type Activities: Long-Term Debt

Equipment note payable	\$ 80,000	\$ -	\$ 20,000	\$ 60,000	\$ 19,000
Building bonds	79,000	-	17,982	61,018	19,646
Bonds (ARS) dated August 15, 2005	700,000	-	355,000	345,000	345,000
Bonds (ARS) dated June 25, 2014	4,895,000	-	-	4,895,000	25,000
IEPA Construction Loan	10,672,421	1,345,276	231,566	11,786,131	518,969
<b>Total Long-Term Debt</b>	<b>16,426,421</b>	<b>1,345,276</b>	<b>624,548</b>	<b>17,147,149</b>	<b>927,615</b>
<b>Other Long Term Liabilities</b>					
Compensated Absences	\$ 12,582	\$ 8,787	\$ 12,582	\$ 8,787	\$ -
<b>Total Business -Type Long Term Obligations</b>	<b>\$ 16,439,003</b>	<b>\$ 1,354,063</b>	<b>\$ 637,130</b>	<b>\$ 17,155,936</b>	<b>\$ 927,615</b>

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 7 – GENERAL OBLIGATIONS AND (ALTERNATE REVENUE SOURCE) BONDS AND DEBT (CONCLUDED)

---

Long-term liabilities at April 30, 2016	Maturity Dates	Interest Rates	Face Amount	Carrying Amount
<b>Governmental Activities:</b>				
Police Building Improvement	1/8/2024	variable	\$ 280,000	\$ 194,651
Property Loan	12/1/2021	3.410%	\$ 200,000	\$ 174,456
Street bond -- MFT project	4/28/2030	variable	\$ 1,500,000	\$ 1,165,000
<b>Business -Type Activities:</b>				
Equipment note payable	8/29/2018	3.550%	\$ 80,000	\$ 60,000
Building bonds	10/1/2018	variable	\$ 175,000	\$ 61,018
Bonds (ARS) dated August 15, 2005	8/15/2017	variable	\$ 3,075,000	\$ 345,000
Bonds (ARS) dated June 25, 2014	12/1/2034	variable	\$ 4,975,000	\$ 4,895,000
IEPA Construction Loan	12/20/2034	1.930%	\$ 10,672,421	\$ 11,786,131

## NOTE 8 – RISK MANAGEMENT

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Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## NOTE 9 – CONTINGENCIES

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The City is not aware of any pending litigation or potential non-disclosed liabilities that management believes would have a material adverse effect on the financial statements.

## NOTE 10 – SUBSEQUENT EVENTS

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Subsequent events are events or transactions that occur after the balance sheet date but before the financial Statements are issued, or are available to be issued. There are two types of subsequent events: recognized (events that relate to conditions present at the balance sheet date) and non-recognized (events or conditions that did not exist at the balance sheet date but arose after that date).

There have been no other recognized or non-recognized subsequent events that have occurred between April 30, 2016 and the date of this audit report requiring disclosure in the financial statements.

# CITY OF MARENGO, ILLINOIS

Notes to Financial Statements

Year Ended April 30, 2016

## NOTE 11 – NET POSITION RESTATEMENT

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The City restated the April 30, 2015 net position in the government-wide statements to reflect the change in accounting principles from GASB Statement No. 68. This restatement represents the IMRF and police pension net pension asset/liability and deferred outflows/inflows that existed at April 30, 2015 and were reported to the City in the IMRF pension actuarial report and the police pension actuarial report.

Net Position, Beginning as previously reported	\$	11,876,405
IMRF GASB 68 - Pension Adjustment		8,820
Police GASB 68 - Pension Adjustment		<u>(10,204,919)</u>
Net Position, Beginning as restated	\$	<u>1,680,306</u>

**CITY OF MARENGO, ILLINOIS**  
**Multi-year Schedule of Changes in Net IMRF Pension Liability and Related Ratios**  
**Last 10 Calendar Years**

*(schedule to be built prospectively from 2014)*

Calendar Year Ending	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Total Pension Liability</b>										
Service Cost	\$ 121,358									
Interest on the Total Pension Liability	430,107									
Benefit Changes	-									
Difference between Expected and Actual Experience	(24,019)									
Assumption Changes	7,411									
Benefit Payments and Refunds	(303,757)									
<b>Net Change in Total Pension Liability</b>	<b>231,100</b>									
<b>Total Pension Liability - Beginning</b>	<b>5,833,613</b>									
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 6,064,713</b>									
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	122,459									
Employee Contributions	49,291									
Pension Plan Net Investment Income	25,976									
Benefit Payments and Refunds	(303,757)									
Other	126,461									
<b>Net Change in Plan Fiduciary Net Position</b>	<b>20,430</b>									
<b>Plan Fiduciary Net Position - Beginning</b>	<b>5,261,209</b>									
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 5,281,639</b>									
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>783,074</b>									
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>87.09%</b>									
<b>Covered Valuation Payroll</b>	<b>\$ 1,095,350</b>									
<b>Net Pension Liability as a Percentage of Covered Valuation Payroll</b>	<b>71.49%</b>									

**CITY OF MARENGO, ILLINOIS**  
**Multi-year Schedule of IMRF Pension Contributions**  
**Last 10 Calendar Years**

<b>Calendar Year Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
2015	\$ 122,460 *	\$ 122,459	\$ 1	\$ 1,095,350	11.18%

\* Estimated based on a contribution rate of 11.18% and covered valuation payroll of \$1,095,350.

**CITY OF MARENGO, ILLINOIS**  
**Multi-year Schedule of Changes in Net Police Pension Liability and Related Ratios**  
**Last 10 Calendar Years**  
*(schedule to be built prospectively from 2014)*

Fiscal Year Ending	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Total Pension Liability</b>										
Service Cost	\$ 433,546	\$ 388,671								
Interest	618,613	651,415								
Changes of Benefit Terms	-	-								
Difference between Expected and Actual Experience	(3,862,451)	-								
Changes in Assumptions	5,225,813	-								
Benefit Payments and Refunds	(308,893)	(372,353)								
<b>Net Change in Total Pension Liability</b>	<b>2,106,628</b>	<b>667,733</b>								
<b>Total Pension Liability - Beginning</b>	<b>14,953,793</b>	<b>14,286,060</b>								
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 17,060,421</b>	<b>\$ 14,953,793</b>								
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	259,382	265,941								
Employee Contributions	108,697	108,009								
Net Investment Income	67,492	229,792								
Benefit Payments and Refunds	(308,893)	(372,353)								
Administrative Expense	(19,194)	(20,991)								
Prior Period Audit Adjustment	-	1,709								
<b>Net Change in Plan Fiduciary Net Position</b>	<b>107,485</b>	<b>212,107</b>								
<b>Plan Fiduciary Net Position - Beginning</b>	<b>4,748,874</b>	<b>4,536,766</b>								
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 4,856,359</b>	<b>\$ 4,748,873</b>								
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>12,204,062</b>	<b>10,204,920</b>								
<b>Plan Fiduciary Net Position as a Percentage</b>										
<b>of Total Pension Liability</b>	<b>28.47%</b>	<b>31.76%</b>								
<b>Covered Valuation Payroll</b>	<b>\$ 1,063,953</b>	<b>\$ 1,036,449</b>								
<b>Net Pension Liability as a Percentage</b>										
<b>of Covered Valuation Payroll</b>	<b>1147.05%</b>	<b>984.60%</b>								

**CITY OF MARENGO, ILLINOIS**  
**Multi-year Schedule of Police Pension Contributions**  
**Last 10 Calendar Years**

<b>Fiscal Year Ending</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Valuation Payroll</b>	<b>Actual Contribution as a % of Covered Valuation Payroll</b>
2016	\$ 470,799 *	\$ 259,382	\$ 211,417	\$ 1,063,953	24.4%
2015	\$ 490,739	\$ 265,941	\$ 224,798	\$ 1,036,449	25.7%

\* Estimated based on a contribution rate of 24.4% and covered valuation payroll of \$1,063,953.

# CITY OF MARENGO, ILLINOIS

General Fund - Schedule of Revenues - Budget and Actual

Year Ended April 30, 2016

Revenues	Original Budget	Final Budget	Modified Accrual Basis Actual
Property tax	\$ 1,291,755	\$ 1,291,755	\$ 1,284,478
State use tax	141,488	141,488	176,546
State sales tax	660,000	660,000	631,310
State income tax	741,856	741,856	782,289
Utility tax--electricity	255,000	255,000	244,880
Utility tax--gas	115,000	115,000	85,591
Utility tax--telephone	222,000	222,000	196,433
Planning commission fees	1,000	1,000	7,800
Video gaming & charitable games tax	48,000	48,000	68,468
Replacement tax	38,432	38,432	38,851
Marengo Township road & bridge	7,500	7,500	6,131
Liquor licenses	42,000	42,000	45,567
Vending machines/games	3,125	3,125	3,575
Cable TV franchise fees	91,000	91,000	93,333
Video service franchise fees	2,000	2,000	8,492
Scavenger license	1,400	1,400	1,050
Permits--building	30,000	30,000	40,197
Permits--other	220	220	430
Permits--vehicles	58,000	58,000	53,884
Court fines	80,000	80,000	73,540
Parking fines	8,000	8,000	7,150
Other fines--prosecution fees	9,000	9,000	9,421
Drug fines	500	500	625
Ordinance fines	6,500	6,500	6,275
ADM processing fees	1,500	1,500	1,040
Security Alarms	100	100	75
Rental	100	100	150
Interest income	1,200	1,200	861
Police grant receipts	2,500	2,500	404
Grant receipts	7,800	7,800	88,321
Detail officer pay reimbursements	1,300	1,300	1,251
Donations police	1,000	1,000	400
Miscellaneous receipts	5,000	5,000	5,790
Pace township receipts	13,000	13,000	11,500
Elevator inspections	1,000	1,000	-
Surplus property proceeds	2,000	2,000	7,828
Unclaimed evidence proceeds	500	500	-
Fingerprint fees	500	500	525
Impound fees	2,000	2,000	-
<b>Total Revenues</b>	<b>\$ 3,893,276</b>	<b>\$ 3,893,276</b>	<b>\$ 3,984,461</b>

# CITY OF MARENGO, ILLINOIS

## General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2016

	Original Budget	Final Budget	Modified Accrual Basis Actual
<b>Administrative Department</b>			
<b>Administrative salaries</b>			
Salary - full time	\$ 289,786	\$ 258,701	\$ 238,567
Salary - elected officials	58,272	58,272	44,788
Overtime	1,200	1,200	459
<b>Total administrative salaries</b>	<b>349,258</b>	<b>318,173</b>	<b>283,814</b>
<b>Administrative expenses</b>			
Health/Life Insurance - city	74,158	74,158	65,460
I.M.R.F. - city share	32,532	32,532	26,453
F.I.C.A/Medicare - city share	26,718	26,718	17,516
Direct deposit fees	216	216	180
Liability insurance	80,452	80,452	76,644
Worker's compensation	101,407	101,407	84,555
Unemployment insurance	37,979	37,979	21,287
Capitol - building improvements	1,200	1,200	-
Equipment maintenance	3,600	4,460	4,455
Telephone	10,800	10,800	8,823
Website hosting & maintenance	2,400	2,400	576
Expenses - city officials	1,200	1,200	356
Expenses - planning commission	1,200	1,200	263
Expenses - E.S.D.A.	3,000	3,000	2,500
Training	2,400	2,400	2,370
Subscriptions	600	600	227
Postage	6,600	6,600	3,847
Legal printing and advertising	1,800	1,800	1,351
Printing - miscellaneous	8,400	8,400	5,428
Filing of documents	1,200	1,200	94
Main street contribution	18,000	18,000	10,833
Radio station donation	4,680	4,680	-
Safety committee initiatives	9,000	9,000	7,928
Services - engineering	36,000	38,610	36,435
Services - engineering/interchange design	-	19,150	-
Services - legal	85,200	85,200	62,598
Services - professional TIF	4,500	4,500	1,750
Services - other professional	6,000	6,000	5,603
Services - drug/alcohol testing	240	240	-
Dues and memberships	6,600	6,600	5,546
Transfer to 27th payroll sinking fund	10,288	10,288	-

# CITY OF MARENGO, ILLINOIS

## General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2016

	Original Budget	Final Budget	Modified Accrual Basis Actual
<b>Administrative expenses (continued)</b>			
Supplies - office	\$ 6,600	\$ 6,600	\$ 5,734
Miscellaneous - city function expenses	300	300	-
Miscellaneous - community functions	330	330	195
Miscellaneous - city office	1,200	1,200	457
City administrator expenses	1,800	1,800	649
Sales tax rebate	66,000	66,000	58,376
Contract payments	4,800	4,800	3,544
Contract payment - PACE	25,920	25,920	22,559
Contract utility audit	6,000	14,465	14,464
New equipment	4,800	4,800	468
<b>Total administrative expenses</b>	<b>696,120</b>	<b>727,205</b>	<b>559,524</b>
<b>Total administrative department</b>	<b>1,045,378</b>	<b>1,045,378</b>	<b>843,338</b>
<b>Police Department</b>			
<b>Police salaries</b>			
Salary - full-time	98,645	91,940	79,398
Salary - full-time sworn	1,292,004	1,292,004	1,060,250
Salary - part-time	25,387	25,387	17,744
Salary - over-time	600	600	-
Salary - over-time sworn	138,000	138,000	113,691
<b>Total police salaries</b>	<b>1,554,636</b>	<b>1,547,931</b>	<b>1,271,083</b>
<b>Administrative expenses</b>			
I.M.R.F. - city share	11,028	11,028	9,292
F.I.C.A./Medicare - city share	118,930	118,930	96,254
Fire and police commission expenses	4,800	4,800	1,475
Maintenance - building	6,000	6,000	3,043
Maintenance - vehicles	12,000	12,000	1,133
Maintenance - equipment	12,000	16,415	16,158
Telephone	70,800	70,800	29,060
Copier	4,320	4,320	2,882
Training	18,000	18,000	10,935
Postage	1,800	1,800	838
Legal services - collective bargaining	6,000	6,000	17
Legal services	55,200	57,490	57,488
Dues	3,000	3,000	2,875
Supplies - operating	12,000	12,000	8,254

# CITY OF MARENGO, ILLINOIS

## General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2016

	Original Budget	Final Budget	Modified Accrual Basis Actual
<b>Administrative expenses (continued)</b>			
Uniform allowance	\$ 21,000	\$ 21,000	\$ 8,632
Miscellaneous - donation proceeds	1,200	1,200	352
Dispatch contract	137,522	137,522	112,355
Transfer to vehicle replacement fund	24,000	24,000	-
Building addition payment	32,040	32,040	26,731
<b>Total administrative expenses</b>	<b>929,172</b>	<b>935,877</b>	<b>714,334</b>
<b>Total police department</b>	<b>2,483,808</b>	<b>2,483,808</b>	<b>1,985,417</b>
<b>Street department salaries</b>			
Salary - fulltime	290,056	224,711	205,424
Overtime	24,000	24,000	22,866
<b>Total street department salaries</b>	<b>314,056</b>	<b>248,711</b>	<b>228,290</b>
<b>Administrative expenses</b>			
Health/Life insurance - city	91,534	91,534	76,490
I.M.R.F. - city share	35,112	35,112	26,216
F.I.C.A./Medicare - city share	24,025	24,025	15,912
Maintenance - vehicles	12,000	15,375	15,027
Maintenance - equipment	10,800	10,800	7,361
Maintenance - streets	-	57,070	57,069
Street signs	3,000	3,000	2,581
Sidewalks - maintenance	3,600	3,600	149
Sidewalks - 50/50 program	2,400	2,400	341
Telephone	5,400	6,085	5,884
New storm sewers	1,800	2,140	2,140
Street lighting	93,600	79,360	72,460
Street lights	3,600	3,600	3,114
Rentals	600	600	-
Training	1,200	1,200	602
Postage	600	600	100
Services - engineering	1,200	1,200	-
Services - other professional	5,400	5,400	1,050
Pre-employment testing	300	300	184
Gas, oil, and petroleum products	16,800	10,240	10,238
Supplies - maintenance	7,200	4,185	4,147
Uniform allowance	5,400	5,475	5,016
Small tools and equipment	2,400	6,160	6,010

# CITY OF MARENGO, ILLINOIS

## General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2016

	Original Budget	Final Budget	Modified Accrual Basis Actual
<b>Administrative expenses (continued)</b>			
Transfer to vehicle replacement fund	\$ 66,000	\$ 57,097	\$ -
<b>Total administrative expenses</b>	<b>394,571</b>	<b>427,198</b>	<b>312,729</b>
<b>Total street department</b>	<b>708,627</b>	<b>675,909</b>	<b>541,019</b>
<b>Public Grounds Department</b>			
Salary - part-time	20,710	14,000	12,597
F.I.C.A./Medicare - city share	1,584	1,050	1,005
Maintenance - buildings	10,800	24,455	23,333
Maintenance - equipment	600	2,375	2,373
Maintenance - grounds	26,400	4,345	4,344
Maintenance - parking lot	6,000	6,000	-
Maintenance - elevator	3,600	2,095	4,031
Equipment purchases	-	-	81,526
Utilities - other	9,000	5,750	5,563
Supplies - maintenance	600	1,155	1,154
Tree trimming and stump removal	18,000	24,730	24,730
Forestry expenses	11,400	11,400	-
Spencer Park maintenance	3,000	3,000	-
Small tools and equipment	600	75	71
Lighting upgrades	-	81,530	-
Land acquisition	37,493	32,975	32,972
Downtown streetscaping	3,000	1,935	1,930
<b>Total public grounds department</b>	<b>216,987</b>	<b>270,105</b>	<b>248,861</b>
<b>Building Department</b>			
Salary - fulltime	76,933	73,928	50,374
Overtime	1,000	1,000	231
Health/Life insurance - city	16,604	16,604	13,556
I.M.R.F. - city share	8,602	8,602	5,824
F.I.C.A. - city share	5,886	5,886	3,636
Maintenance - vehicles	600	600	415
Maintenance - equipment	300	300	225
Telephone	4,320	4,320	4,001
Expenses	300	300	16
Training	1,200	1,200	-
Subscriptions and books	600	600	-

# CITY OF MARENGO, ILLINOIS

## General Fund - Schedule of Expenditures - Budget and Actual

Year Ended April 30, 2016

	Original Budget	Final Budget	Modified Accrual Basis Actual
<b>Building Department (continued)</b>			
Postage	\$ 480	\$ 480	\$ 100
Services - building inspections	6,000	9,005	8,655
Services - other professional	6,000	6,000	3,550
Dues and memberships	300	300	185
Supplies	1,440	1,440	682
Fuel and oil	900	900	638
Uniform allowance	480	480	-
Contract payments	3,000	3,000	-
Small tools and equipment	180	180	-
New equipment	600	600	-
Software maintenance and service	-	-	2,496
<b>Total building department</b>	<u>135,725</u>	<u>135,725</u>	<u>94,584</u>
<b>Contingencies</b>			
General contingency	93,600	93,600	49,420
<b>Total contingencies</b>	<u>93,600</u>	<u>93,600</u>	<u>49,420</u>
<b>Capital Reserves and Transfers</b>			
Transfer to Capital Improvements fund	-	-	55,000
Transfer to 27th Payroll Fund	-	-	8,573
Transfer to Vehicle Replacement Fund	-	-	20,000
<b>Total capital reserves and transfers</b>	<u>-</u>	<u>-</u>	<u>83,573</u>
<b>Total General Fund</b>	<u>\$ 4,684,125</u>	<u>\$ 4,704,525</u>	<u>\$ 3,846,212</u>

# CITY OF MORENGO, ILLINOIS

*Notes to Required Supplementary Information  
Year ended April 30, 2016*

## NOTE 1 - BUDGETARY INFORMATION

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The accounting policies of the City of Marengo include the preparation of financial statements on the modified accrual basis of accounting. The City also prepares its budget on the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. General capital assets acquisitions are reported as expenditures in the governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, debt service expenditures, and claims and judgments are recognized only when payment is due.

Budgets are adopted at the function level in the General Fund and total General Fund expenditures disbursed may not legally exceed the budgeted amount. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year.

The City procedures in establishing the budgetary data reflected in the General Fund Financial Statements are presented below:

1. Prior to July 15th the City Board receives a proposed operating budget (appropriation ordinance) for the fiscal year commencing on proceeding May 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted at a public meeting to obtain taxpayers comments.
3. The budget is legally enacted through passage of an ordinance prior to July 31st.
4. The City Treasurer, in conjunction with the City Board, is authorized to expend the unexpensed balance of any item or items of any general appropriation in making up any deficiency in any item or items of the same general appropriation.
5. The original budget was not amended during the fiscal year.
6. Formal budgetary integration is not employed as a management control device during the year for any fund.

# CITY OF MORENGO, ILLINOIS

*Notes to Required Supplementary Information  
Year ended April 30, 2016*

## NOTE 1 - BUDGETARY INFORMATION (CONCLUDED)

7. Budgetary comparisons presented in the accompanying financial statements are prepared on the modified cash basis of accounting, which is comprehensive basis of accounting other than generally accepted accounting principles. All funds utilize the same basis of accounting for both budgetary purposes and actual results.
8. Expenditures cannot legally exceed appropriations at the fund level.
9. All appropriations lapse at year-end.
10. The budget for City was adopted on July 27, 2015

## NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

No funds had expenditures exceeding the appropriations.

# CITY OF MARENGO, ILLINOIS

Special Revenue Funds - Balance Sheet

Year Ended April 30, 2016

	Total	Motor Fuel Tax	Cemetery	Audit	Police Drug & Alcohol Awareness	Police Drug Forfeiture	Police Squad Acquisition & Maintenance	Special Service Area # 2	Payroll Sinking Fund	Downtown TIF Fund	East Corridor TIF Fund
<b>Assets</b>											
Cash and cash equivalents	\$ 796,707	\$ 165,836	\$ 579,660	\$ -	\$ 6,528	\$ 14,558	\$ 17	\$ 21,200	\$ -	\$ 8,864	\$ 44
Taxes receivable, net of 1% allowance of loss	73,545	-	-	16,326	-	-	-	7,479	-	4,838	44,902
Due from other governmental units	17,405	17,405	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 887,657</b>	<b>\$ 183,241</b>	<b>\$ 579,660</b>	<b>\$ 16,326</b>	<b>\$ 6,528</b>	<b>\$ 14,558</b>	<b>\$ 17</b>	<b>\$ 28,679</b>	<b>\$ -</b>	<b>\$ 13,702</b>	<b>\$ 44,946</b>
<b>Liabilities</b>											
Accounts payable/accruals	\$ 2,328	\$ -	\$ 698	\$ 1,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>2,328</b>	<b>-</b>	<b>698</b>	<b>1,630</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows</b>											
property taxes	73,545	-	-	16,326	-	-	-	7,479	-	4,838	44,902
<b>Fund Balance</b>											
Fund balance, Ending	811,784	183,241	578,962	(1,630)	6,528	14,558	17	21,200	-	8,864	44
<b>Total Liabilities and Fund Balance</b>	<b>\$ 887,657</b>	<b>\$ 183,241</b>	<b>\$ 579,660</b>	<b>\$ 16,326</b>	<b>\$ 6,528</b>	<b>\$ 14,558</b>	<b>\$ 17</b>	<b>\$ 28,679</b>	<b>\$ -</b>	<b>\$ 13,702</b>	<b>\$ 44,946</b>

# CITY OF MARENGO, ILLINOIS

## Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended April 30, 2016

	Total	Motor Fuel Tax	Cemetery	Audit	Police Drug & Alcohol Awareness	Police Drug Forfeiture	Police Squad Acquisition & Maintenance	Special Service Area # 2	Payroll Sinking Fund	Downtown TIF Fund	East Corridor TIF Fund
<b>Revenues</b>											
Property taxes	\$ 24,026	\$ -	\$ 380	\$ 15,936	\$ -	\$ -	\$ -	\$ 3,488	\$ -	\$ 4,180	\$ 42
Intergovernmental revenue	203,993	203,993	-	-	-	-	-	-	-	-	-
Licenses, fees, and permits	39,318	-	29,226	-	-	-	10,092	-	-	-	-
Interest income	10,365	842	9,498	-	-	6	4	10	-	5	-
Other	28,438	21,746	-	-	2,900	3,792	-	-	-	-	-
<b>Total Revenues</b>	<b>306,140</b>	<b>226,581</b>	<b>39,104</b>	<b>15,936</b>	<b>2,900</b>	<b>3,798</b>	<b>10,096</b>	<b>3,498</b>	<b>-</b>	<b>4,185</b>	<b>42</b>
<b>Expenditures</b>											
Operations and maintenance	542,537	325,112	83,367	16,500	3,107	-	10,037	500	102,164	1,750	-
Operating Transfers in/(out)	11,037	-	-	-	-	-	-	-	11,037	-	-
<b>Net Change in Fund Balance</b>	<b>(225,360)</b>	<b>(98,531)</b>	<b>(44,263)</b>	<b>(564)</b>	<b>(207)</b>	<b>3,798</b>	<b>59</b>	<b>2,998</b>	<b>(91,127)</b>	<b>2,435</b>	<b>42</b>
<b>Fund Balance</b>											
Fund balance, Beginning	1,037,144	281,772	623,225	(1,066)	6,735	10,760	(42)	18,202	91,127	6,429	2
<b>Total Fund Balance, Ending</b>	<b>\$ 811,784</b>	<b>\$ 183,241</b>	<b>\$ 578,962</b>	<b>\$ (1,630)</b>	<b>\$ 6,528</b>	<b>\$ 14,558</b>	<b>\$ 17</b>	<b>\$ 21,200</b>	<b>\$ -</b>	<b>\$ 8,864</b>	<b>\$ 44</b>

# CITY OF MARENGO, ILLINOIS

## Capital Projects Funds - Balance Sheet

Year Ended April 30, 2016

	<u>Total</u>	<u>Capital Projects &amp; Equipment</u>	<u>Capital Projects &amp; Streets</u>	<u>Police Vehicle Replacement Fund</u>	<u>Street Vehicle Replacement Fund</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 542,276	\$ 50,465	\$ 375,643	\$ 6,168	\$ 110,000
<b>Total Assets</b>	<u>\$ 542,276</u>	<u>\$ 50,465</u>	<u>\$ 375,643</u>	<u>\$ 6,168</u>	<u>\$ 110,000</u>
<b>Liabilities</b>					
Accounts payable/accruals	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>					
Fund balance, Ending	<u>542,276</u>	<u>50,465</u>	<u>375,643</u>	<u>6,168</u>	<u>110,000</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 542,276</u>	<u>\$ 50,465</u>	<u>\$ 375,643</u>	<u>\$ 6,168</u>	<u>\$ 110,000</u>

# CITY OF MARENGO, ILLINOIS

## Capital Projects Funds - Schedule of Revenues, Expenditures and Changes in Fund Balance

Year Ended April 30, 2016

	Total	Capital Projects & Equipment	Capital Projects & Streets	Police Vehicle Replacement Fund	Street Vehicle Replacement Fund
<b>Revenues</b>					
Interest income	\$ 1,442	\$ 127	\$ 1,315	\$ -	\$ -
<b>Total Revenues</b>	<u>1,442</u>	<u>127</u>	<u>1,315</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Operations and maintenance	26,970	-	-	26,970	-
Operating Transfers in/(out)	75,000	-	-	20,000	55,000
<b>Excess (Deficiency) of Revenue Over Expenditures and Other Uses</b>	49,472	127	1,315	(6,970)	55,000
<b>Fund Balance</b>					
Fund balance, beginning	492,804	50,338	374,328	13,138	55,000
<b>Total Fund Balance, ending</b>	<u>\$ 542,276</u>	<u>\$ 50,465</u>	<u>\$ 375,643</u>	<u>\$ 6,168</u>	<u>\$ 110,000</u>

# CITY OF MARENGO, ILLINOIS

## Proprietary Funds - Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual

Year Ended April 30, 2016

	Original Budget	Final Budget	Accrual Basis
<b>Revenues</b>			
Water - supply and distribution	\$ 660,000	\$ 660,000	\$ 650,161
Water - debt service	109,044	109,044	61,265
Sewer - collection and treatment	535,000	535,000	552,778
Sewer - debt service	358,044	358,044	320,224
Meter sales - WTTP	1,000	1,000	2,246
Meter sales - W/S	1,000	1,000	2,246
Capital improvements	2,000	2,000	-
Interest income	600	600	773
Sprinkler user fees	-	-	3,000
Water surplus property proceeds	-	-	24,615
Miscellaneous	7,000	7,000	8,144
<b>Total revenues</b>	<b>1,673,688</b>	<b>1,673,688</b>	<b>1,625,452</b>
<b>Water department expenditures</b>			
Salaries - full-time	225,825	221,733	200,329
Salaries - overtime	24,000	24,875	35,000
Medical insurance-city	27,067	27,067	24,871
IMRF-city	27,930	27,930	27,943
FICA/Medicare-city	19,111	19,111	15,925
Unemployment insurance	2,534	2,534	3,261
Workers compensation	5,573	5,875	5,629
Maintenance vehicles	1,200	1,200	2,621
Maintenance building	1,440	2,060	6,197
Maintenance equipment	4,800	170	5,702
Maintenance utility infrastructure	54,000	54,000	65,824
Telephone	3,000	3,000	2,966
Utilities	69,600	69,600	60,589
Rental	300	300	-
Training	1,800	1,800	150
Postage	3,000	3,000	2,945
Professional services	8,400	8,715	23,081
Engineering service	6,000	6,000	2,402
Legal service	-	-	1,114
Dues	600	695	692
New meters	-	-	126
Lab analysis	7,200	7,200	6,193
Pre-employment testing	300	300	176

# CITY OF MARENGO, ILLINOIS

Proprietary Funds - Schedule of Revenues, Expenses and  
Changes in Net Position - Budget and Actual  
Year Ended April 30, 2016

	Original Budget	Final Budget	Accrual Basis
<b>Water department expenditures (continued)</b>			
Supplies - office	\$ 3,600	\$ 3,600	\$ 2,555
Maintenance supplies	60,000	1,205	1,225
Materials and supplies	-	-	56,039
<b>Water department expenditures (concluded)</b>			
Gas and oil	4,800	4,800	4,535
Uniform allowance	3,000	300	2,252
Transfer to 27th payroll fund	2,956	2,956	-
Debt service payments	668,951	668,951	-
Small tools and equipment	-	510	8,970
Transfer to W/S vehicle replacement fund	15,600	15,600	-
<b>Total water department expenditures</b>	<b>1,252,587</b>	<b>1,185,087</b>	<b>569,312</b>
<b>Sewer department expenditures</b>			
Salary - full-time	302,185	302,185	304,180
Salary - overtime	12,000	12,000	15,319
Health/Life insurance	50,483	50,483	35,439
I.M.R.F. city share	35,126	35,126	32,831
F.I.C.A./Medicare city share	24,035	24,035	18,358
Unemployment insurance	3,803	3,803	6,675
Workers compensation	10,642	10,642	13,134
Maintenance - buildings	3,000	3,000	10,062
Maintenance - vehicles	1,200	1,200	2,478
Maintenance - equipment	10,800	10,800	7,593
Maintenance - utility infrastructure	36,000	36,000	40,269
NPDES permit	21,000	21,000	17,500
Telephone	4,800	4,800	4,858
Utilities	126,000	126,000	121,590
Rental	600	600	-
Training	1,800	1,800	1,162
Postage	2,400	2,400	2,143
Professional services	-	-	25,830
Engineering services	18,000	18,000	2,000
Services - waste hauling	18,000	18,000	-
Services - professional	18,000	18,000	-
Dues	240	240	-
Office/lab supplies	10,800	10,800	2,016
Plant supplies	1,800	1,800	1,623

# CITY OF MARENGO, ILLINOIS

Proprietary Funds - Schedule of Revenues, Expenses and

Changes in Net Position - Budget and Actual

Year Ended April 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Accrual Basis</u>
<b>Sewer department expenditures (concluded)</b>			
Materials and supplies	\$ 21,600	\$ 21,600	\$ 17,839
Gas and oil	3,600	3,600	2,198
Uniform allowance	3,600	3,600	3,558
Small tools and equipment	-	-	343
Capital - new equipment	27,000	27,000	3,998
<b>Total sewer department</b>	<u>768,514</u>	<u>768,514</u>	<u>692,996</u>
<b>Contingencies</b>	<u>49,200</u>	<u>49,200</u>	<u>4,661</u>
<b>Total Operating Expenditures</b>	<u>2,070,301</u>	<u>2,002,801</u>	<u>1,266,969</u>
<b>Change in Net Position</b>	<u>\$ (396,613)</u>	<u>\$ (329,113)</u>	<u>\$ 358,483</u>



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## CITY OF MARENGO, ILLINOIS

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

To the Mayor  
and Members of the City Council  
City of Marengo, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Marengo, Illinois as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise City of Marengo, Illinois basic financial statements, and have issued our report thereon dated July 27, 2016.

#### Internal Control over Financial Reporting

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

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

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

### Purpose of this Report

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

*George Roach & Associates, P.C.*

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
July 27, 2016



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## CITY OF MARENGO, ILLINOIS

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor  
and Members of the City Council  
City of Marengo, Illinois

#### Report on Compliance for Each Major Federal Program

We have audited the City of Marengo, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Marengo's major federal programs for the year ended April 30, 2016. The City of Marengo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility to the City of Marengo, Illinois is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis,

evidence about the City of Marengo's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Marengo, Illinois' compliance.

### Opinion on Each Major Federal Program

In our opinion, the City of Marengo, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2016.

### Other Matters

The results of our auditing procedures, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings. Our opinion on each major federal program is not modified with respect to these matters.

### Report on Internal Control over Compliance

Management of the City of Marengo, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Marengo's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Marengo's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*George Roach & Associates, P.C.*

George Roach & Associates, P.C.  
Crystal Lake, Illinois  
July 27, 2016

**CITY OF MARENGO, ILLINOIS**

*Schedule of Expenditures of Federal Awards*

*Year Ended April 30, 2016*

<u>Federal Grantor/Pass-through Grantor/Title Programs</u>	<u>Federal CFDA Number</u>	<u>Loan Number</u>	<u>Revenue Recognized 05/1/15 to 4/30/16</u>	<u>Expenditures 5/1/15 to 4/30/16</u>	<u>Revenue Recognized Inception to 4/30/16</u>	<u>Expenditures Inception to 4/30/16</u>
Environmental Protection Agency Office of Water; Capitalization Grants for Drinking Water State Revolving Funds	66.468	L175157				
Environmental Protection Agency Office of Water; Capitalization Grants for Clean Water State Revolving Funds	66.458	L175157	\$ 1,345,276	\$ 1,345,276	\$ 12,017,697	\$ 12,017,697

# CITY OF MARENGO, ILLINOIS

*Notes to Financial Statements*

*Year ended April 30, 2016*

## NOTE 1 - BASIS OF PRESENTATION

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The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of City of Marengo and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## NOTE 2 - SUBRECIPIENTS

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The City did not provide federal awards to sub-recipients during the year ended April 30, 2016.

## NOTE 3 - NONCASH ASSISTANCE

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The City did not provide federal noncash assistance during the year ended April 30, 2016.

## NOTE 4 - FEDERAL INSURANCE

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The City did not have any federal insurance in effect during the year ended April 30, 2016.

# CITY OF MARENGO, ILLINOIS

## *Notes to Financial Statements*

*Year ended April 30, 2016*

- 1) Summary of auditors' results:
  - a) The auditors' report expresses an unmodified opinion on the financial statements of City of Marengo.
  - b) No material weaknesses or significant deficiencies in internal controls were disclosed during the audit of the financial statements.
  - c) No instances of noncompliance material to the financial statements of City of Marengo, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
  - d) No material weaknesses or significant deficiencies in internal control over major programs were disclosed by the audit.
  - e) The auditors' report on compliance for the major federal award programs for City of Marengo expresses an unmodified opinion on all major federal programs.
  - f) No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
  - g) The programs tested as major programs included: Capitalization Grants for Drinking Water State Revolving Funds--CFDA 66.468 and Capitalization Grants for Clean Water State Revolving Funds 66.458.
  - h) The threshold used for distinguishing between Type A and Type B programs was \$300,000.
  - i) City of Marengo, Illinois does not qualify as a low-risk auditee.
- 2) There were no findings related to the financial statements which are required to be reported.
- 3) There were no findings and questioned costs for federal awards which are required to be reported.

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## AGENDA SUPPLEMENT

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**TO:** Mayor and City Council

**FROM:** Joshua Blakemore, Assistant City Administrator

**FOR:** September 12, 2016 Regular City Council Meeting

**RE:** **An Ordinance Amending Section 33.07 of the Marengo City Code Creating a New Liquor License Classification for a Video Gaming Café for an Establishment on 20001 Telegraph Street, Establishing the Number of Class VGC Licenses and Adding an Additional Class E License for the Restaurant on 228 South State Street**

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As was mentioned during the previous Council meeting, an application is being submitted for a Class E Liquor License at 228 S. State Street. The proposed use is a Mexican Restaurant. Their goal is to be open in time for Settlers' Days. Based on the discussion at the previous City Council meeting, the Council seemed willing to consider this application, therefore it is being placed on the agenda for consideration.

An ordinance adding one Class E Liquor License has been attached for your consideration. The restaurant manager, Evgardo Urbina, will be in attendance to answer any questions the Council may have. Mr. Urbina currently holds a liquor license at a restaurant in Woodstock as well. This would bring the total number of Class E Licenses to five.

Further, as per Council direction at the last Council meeting, the attached draft ordinance would also establish a new gaming café liquor license. The City Attorney has incorporated all parameters of this type of license, as was requested by the Council. Please note the annual license fee for the VGC License has been left blank. Council will need to provide direction as to what the desired annual fee shall be for this particular license. Most other licensees range from \$1,500- \$1,750 on an annual basis.

This ordinance, if approved, would also add one Gaming Café Liquor License for Patsy's Café, located at 20001 Telegraph Street. Mr. Kaminski will be in attendance to answer any questions the Council may have, specific to his proposal for Patsy's Gaming Café.

**ORDINANCE 16-\_\_\_\_ - \_\_\_\_\_**

***An Ordinance Amending Section 33.07 of the Marengo City Code Creating a New Liquor License Classification for a Video Gaming Café for an Establishment on 20001 Telegraph Street, Establishing the Number of Class VGC Licenses and Adding an Additional Class E License for the Restaurant on 228 South State Street, Marengo***

WHEREAS, the City of Marengo is a municipal corporation duly organized and operating pursuant to the laws of the State of Illinois; and

WHEREAS, Chapter 33 of the Marengo City Code governs and regulates liquor licensing and the conduct of licensed liquor establishments within the City; and

WHEREAS, Section 33.07 of the Marengo City Code establishes the various classification, fees and number of liquor licenses available within the City; and

WHEREAS, the Local Liquor Commissioner has recommended an amendment to Section 33.07 to create a new liquor license classification for a video gaming café on 20001 Telegraph Street; and

WHEREAS, the City Council has determined that this new liquor license classification is reasonable and necessary in that video game cafes do not operate as traditional taverns and/or restaurants as required in Classes AA, E, EE, R, GC, or EEE liquor licenses and instead derive the majority of their revenue from video gaming, with the service of food and alcohol as an amenity thereto; and

WHEREAS, the City Council desires to approve this new liquor license classification, finding that this new license classification will provide more consistency in administering the City's liquor code and will institute sufficient safeguards in place to protect the public health, safety and welfare; and

WHEREAS, a new Class E license is to be granted to the applicant of an establishment being located on 228 South State Street, Marengo Illinois.

NOW, THEREFORE, be it ordained by the Mayor and Aldermen of the City of Marengo, McHenry County, Illinois, as follows:

SECTION 1: The above stated recitals are hereby restated and incorporated into this Section 1 as though fully stated herein.

SECTION 2: 33.07(A) of Chapter 33 of the Marengo City Code is hereby amended to create a new class VGC for a video gaming café as follows:

**33.07 CLASSIFICATIONS, FEES, DAILY PERMIT**

A. CLASSES, FEES: Liquor licenses shall be divided into the following classes:

13. Class VGC, which shall authorize the retail sale of beer and wine for consumption on the licensed premises where the major and primary business is that of a video gaming café, defined as an establishment which has obtained a video gaming license pursuant to the Illinois Video Gaming Act and which offers alcohol and food as an amenity only, subject to the following restrictions:

- a. The licensed premises shall satisfy all building, premises, health code requirements applicable to liquor establishments in the City of Marengo;
- b. The business must derive a portion of its revenue from food sales, but the food sold need not be prepared on site;
- c. All operations must be conducted indoors (no outdoor eating/drinking/gaming allowed);
- d. No other forms of gaming (billiards, darts, etc.) are allowed on the premises;
- e. Patrons may not bring their own alcohol onto the premises;
- f. No person under the age of 21 shall be allowed on the premises;
- g. A VGC licensee shall comply with all applicable provisions of the Illinois Liquor Control Act, as amended, the Illinois Video Gaming Act, and the Marengo City Code, as amended; and
- h. The annual fee for a VGC license shall be \$\_\_\_\_\_.

SECTION 3: Chapter 33.07(A)(13) for BYOB Permits shall be renumbered as Chapter 33.07(A)(14).

SECTION 4: Chapter 33.07(B), Number of Licenses Issued, shall be amended to add one Class E license and one VGC Class license, as follows:

B. NUMBER OF LICENSES ISSUED: There shall be issued in the City not more than:

Class E: Five licenses  
Class VGC: One license

SECTION 5: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, invalidate or nullify the remainder thereof, which remainder shall remain and continue in full force and effect.

SECTION 6: All ordinances or parts of ordinance in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 7: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Voting Aye:

Voting Nay:

Absent:

Abstain:

APPROVED:

\_\_\_\_\_  
Mayor Donald B. Lockhart

(SEAL)

ATTEST: \_\_\_\_\_  
City Clerk Constance J. Boxleitner

Passed: \_\_\_\_\_

Approved: \_\_\_\_\_

Published: \_\_\_\_\_

## CERTIFICATION

I, CONSTANCE J. BOXLEITNER, do hereby certify that I am the elected and qualified Clerk of the City of Marengo, McHenry County, Illinois, and that as such Clerk, I am the keeper of the records and minutes and proceedings of the Mayor and City Council of said City of Marengo.

I do hereby further certify that at a regular meeting of the Mayor and City Council of the City of Marengo held on the \_\_\_\_\_ day of \_\_\_\_\_, 2016, the foregoing Ordinance entitled *An Ordinance Amending Section 33.07 of the Marengo City Code Creating a New Liquor License Classification for a Video Gaming Café for an Establishment on 20001 Telegraph Street, Establishing the Number of Class VGC Licenses and Adding an Additional Class E License for the Restaurant on 228 South State Street, Marengo* was duly passed by the Mayor and City Council of the City of Marengo.

The pamphlet form of Ordinance No. 16-\_\_-\_\_, including the Ordinance and a cover sheet thereof, was prepared, and a copy of such Ordinance was posted in the City Hall, commencing on the \_\_\_\_\_ day \_\_\_\_\_, 2016, and will continue for at least 10 days thereafter. Copies of such Ordinance are also available for public inspection upon request in the office of the City Clerk.

I do further certify that the original, of which the attached is a true and correct copy, is entrusted to me as the Clerk of said City for safekeeping, and that I am the lawful custodian and keeper of the same.

Given under my hand and corporate seal of the City of Marengo on this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Constance J. Boxleitner, Clerk  
City of Marengo,  
McHenry County, Illinois

(SEAL)

#8d

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## AGENDA SUPPLEMENT

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**TO:** Mayor and City Council

**FROM:** Joshua Blakemore, Assistant City Administrator

**FOR:** September 12, 2016 Regular City Council Meeting

**RE:** Request for Direction on Potential Changes to Liquor Licensing and Classifications

During the previous City Council meeting, the City Council placed a short term moratorium on issuing liquor licenses in order to allow for a review of the liquor licensing ordinance. For practical purposes, liquor licenses could be broken down into three categories, restaurants, taverns and establishments which sell packaged liquor, such as grocery stores. Video gaming cafes could be considered a fourth category, if they are added as a liquor license classification. As has been discussed, only establishments which serve liquor on the premises are permitted to pursue video gaming licensing. A map showing the location of all current liquor license holders has been attached for your review.

Prior to drafting any changes to the ordinance, (if needed) staff is seeking direction from the Council on what types of changes should be incorporated into the ordinance. More specifically, staff would like feedback from the Council as to what limitations should be incorporated into the liquor license ordinance. Such questions the Council may wish to consider would be as follows:

- Does the Council desire to place a moratorium on all liquor licenses? If so, for how long?
- Does the Council desire to place a moratorium on video gaming licenses? If so, for how long?

If the Council wishes to place a moratorium on either type of licensing, a change to the ordinance may not be necessary but rather a resolution establishing the moratorium could be considered. If a total and complete moratorium is not the desire, other options could be considered.

- Restrict liquor licensing on certain classifications, such as taverns. The Council could set limits on the number of "tavern" licenses issued or place a geographical boundary on these types of establishments, such as by zoning classification. This could be done similarly for restaurants and liquor stores as well.
- Similarly, the Council could also set a numeric or geographic limit on when and where video gaming licenses are issued, at either tavern or video gaming café establishments.

Staff is requesting feedback from the Council on this matter in order to better understand what types of changes and/or moratoriums, if any, the Council would like to make on a more permanent basis.

Google Maps 9.6.16 Current Liquor License Holders



H. **OUTSTANDING DEBTS:** An applicant or holder of a liquor licenses shall not be indebted to the City. Any indebtedness in excess of 30 days shall constitute the basis for the denial and/or revocation of a liquor license.

**33.06 TERM, PRORATING FEES** *Amended, 11-11-1*

A license is purely a personal privilege and, except for daily permits, shall expire one year from the date of issuance. The one-year period shall be from the 1st day of May of each year to the 30th day of April of each following year, unless sooner revoked or suspended. The fee for licenses issued after the 1st day of May of any year will be prorated.

The fee for licenses issued after the 1<sup>st</sup> of May but before September 1<sup>st</sup> of any year shall pay the full amount, licenses issued after September 1<sup>st</sup> but before January 1<sup>st</sup> of any year shall pay two-thirds (2/3) of the full amount, and licenses issued after January 1<sup>st</sup> but before May 1<sup>st</sup> of any year shall pay one-third (1/3) of the full amount.

All licenses, regardless of the date of issuance, shall terminate on the 30th day of April of each year following the date of issuance.

**33.07 CLASSIFICATIONS, FEES, DAILY PERMIT** *Amended, 16-5-3, 16-2-5, 14-9-3, 14-2-2, 13-09-3, 12-8-1, 12-5-5, 11-10-5, 10-5-1, 10-2-1, 09-12-2, 09-9-1, 08-11-3, 08-10-2, 08-10-3, 09-8-6, 08-5-4, 07-2-1, 06-11-2, 06-7-3, 06-5-2, 06-1-3, 01-5-3*

A. **CLASSES, FEES:** Liquor licenses shall be divided into the following classes:

1. A Class AA license authorizes the retail sale of alcoholic liquor for consumption on or off the premises where sold, and not for resale in any form. The annual fee for a Class AA license shall be \$1,750.
2. A Class BB license authorizes the retail sale of alcoholic liquor as packaged goods for consumption off the premises where sold on any premises used, maintained, operated, advertised and held out to the public as primarily a grocery, drug or department store. No more than 15 percent of the area within the licensed premises shall be used for the display and sale of packaged alcoholic liquor. Such area shall be closed and segregated at those times in which Class BB licensed sales are not permitted.

Except as provided herein below, no displays, flyers, posters or other written material of any kind shall be secured on, adhered to or posted in the windows of the licensed premises, nor shall any displays, flyers, posters or other material be seen through the windows advertising the sale of any packaged alcoholic liquor. Packaged liquor sales must be separately identified in the cash register receipts. The employee operating said cash register shall be at least 21 years of age.

The holder of a Class BB license may advise or inform the public of the

existence of a liquor department within the licensed premises by erecting and maintaining a sign at each public entrance attached to the exterior of the licensed premises, provided said sign, if illuminated, is not a flashing, blinking or moving sign, and further provided that the size, construction and location of the sign in all other respects conforms to the applicable City; and/or by erecting and maintaining within the licensed premises a single sign at the entranceway to the segregated liquor department.

The annual fee for a Class BB license shall be \$1,500.

3. A Class B license authorizes the retail sale of alcoholic liquor solely for consumption off the premises where sold, and not for resale in any form.

The annual fee for a Class B license shall be \$1,500.

4. A Class C license authorizes a City not-for-profit service organization for charitable causes, the consumption on the premises of alcoholic liquor containing not more than four percent of alcohol by volume. The licensed premises are limited to temporary stands, booths and counters such as used at picnics, celebrations and the like.

The annual fee for a Class C license is \$300.

5. A Class D license authorizes the retail sale, in a regularly organized club, as defined in Appendix A of this Code, of alcoholic liquor on the licensed premises. Sales shall be made only to the members of the club, or guests of the club members in the company of the member or an organization function open to the public.

The annual fee for a Class D license shall be \$300.

6. A Class E license authorizes the retail sale of alcoholic beverages, for consumption on the premises, as a supplement to the serving of food, such as a restaurant.

The annual fee for a Class E license shall be \$1,500.

To qualify for a Class E license, a restaurant shall have a seating capacity for not less than 50 persons at tables and booths. In addition, not more than one bar shall be allowed that is intended primarily for the seating of customers or the seating capacity exceed one-tenth of the seating capacity of the restaurant.

A Class E licensee may apply for an additional auxiliary license, designated as a Class E-1 license, which authorizes the retail sale of packaged beer and wine for consumption off the licensed premises.

The annual fee for a Class E-1 license shall be \$200.

7. A Class EE license authorizes the retail sale of beer and wine only at retail, for consumption on the premises, as a supplement to the serving of food, such as a restaurant.

The annual fee for a Class EE license shall be \$1,500.

To qualify for a Class EE license, a restaurant shall have a seating capacity of not less than 25 persons at tables and booths. In addition, not more than one bar shall be allowed that is intended primarily for the seating of customers or the seating capacity exceed one-tenth of the seating capacity of the restaurant.

A Class EE licensee may apply for an auxiliary license, designated as a Class EE-1 license, which authorizes the retail sale of packaged beer and wine for consumption off the licensed premises.

The annual fee for a Class EE-1 license shall be \$200.

8. A Class G license authorizes the retail sale of beer and wine only as packaged goods for consumption off the premises for establishments selling gasoline or establishments selling retail food and goods with a floor area of less than 2,500 square feet.

The annual fee for a Class G license shall be \$1,500.

To qualify for a Class G license no more than 15 percent of the area within the licensed premises shall be used for the display and sale of packaged alcoholic liquor. No displays of beer or wine shall be located within five feet of any public entrance or cover more than five percent of the retail floor area. Employees selling, delivering, checking out or receiving payment for packaged alcoholic liquors must be 21 years of age or older.

A Class G license does not allow mechanical or repair work of any kind to be performed on automobiles on the licensed premises.

A Class G license, except as provided herein, mandates no signs, displays, flyers, banners, posters or other written or illustrated materials shall be adhered to or posted on the windows of the licensed premises, nor shall any signs, displays, flyers, banners, posters or other written or illustrated materials be seen through the windows advertising the sale of any packaged alcoholic liquor. No temporary point of sale, beer or wine advertising shall be located on gasoline islands. One lighted or unlighted sign advertising beer or wine not exceeding four square feet in area may be located in a

window. If a freestanding or flush mounted sign is permitted on the licensed premises pursuant to City ordinances, only generic advertising using the words "beer" or "wine" and descriptive terms relating thereto (exclusive of brand and price advertising) shall be permitted.

9. A Class R license authorizes the retail sale of alcoholic liquor for consumption on or off the premises where sold, and not for resale in any form, in a bowling alley.

The annual fee for a Class R license shall be \$1,500.

10. A Class GC license authorizes the retail sale of alcoholic liquor for consumption only on the premises where sold, and not for resale in any form, to be issued to a regularly organized golf club, country club or golf club facility. This license also permits the retail sale of alcoholic liquor from a beverage cart or refreshment stand on the grounds of the golf club or country club or at patio immediately adjacent to the clubhouse/restaurant.

The annual fee for a Class GC license shall be \$1,750.

11. A Class EEE license authorizes the retail sale of alcoholic beverages, for consumption on the premises, as a supplement to the serving of food, such as a restaurant or operating a banquet hall, and provides catering services either on or off the licensed restaurant premises.

The annual fee for a Class EEE license shall be \$1,500.

To qualify for a Class EEE license, a restaurant shall have a seating capacity for not less than 50 persons at tables and booths. In addition, one bar shall be allowed that is intended primarily for the seating of customers or the seating capacity exceed one-tenth of the seating capacity of the restaurant, and an auxiliary bar shall be allowed in the banquet hall.

A Class EEE licensee may apply for an additional auxiliary license, designated as a Class EEE-1 license, which authorizes the retail sale of packaged beer and wine for consumption off the licensed premises.

The annual fee for a Class EEE-1 license shall be \$200.

12. A BYOB Permit shall allow a customer to bring beer or wine only into the permitted premises of a restaurant to be consumed on premises only as a compliment to food. For the purposes of this BYOB permit, a restaurant must derive more than forty percent (40%) of its gross revenue (on an annual basis) from the sale of food. The records used to determine whether said forty percent (40%) standard has been met shall include, but not be limited to, audited financial statements, corporate financial reports, tax re-

turn information or any other form deemed acceptable by the city. The permit holder may provide glasses for the consumption of beer or wine only on the premises. No permit holder, agent, staff or employee may open or pour the beer or wine. No on site storage of beer or wine is permitted. In addition to general liability insurance, licensee must provide a certificate of insurance naming the City of Marengo certificate holder and additional insured in the amount of two hundred fifty thousand dollars (\$250,000.00) per person and five hundred thousand (\$500,000.00) per occurrence for bodily injury liability, or a five hundred thousand dollar (\$500,000.00) single limit dramshop policy.

Applicant must provide proof of ownership or a fully executed lease for premises where permit is being sought. Applicant must agree in writing to abide by the City of Marengo's liquor control and licensing code. A permit shall be valid for a period of one year (May 1<sup>st</sup> to April 30<sup>th</sup>) unless revoked or suspended sooner. The annual permit fee may be prorated if sought before May 1<sup>st</sup>. The hours of a BYOB permit shall reflect what is currently in the liquor code as well as all applicable provisions of said code.

The annual fee for a BYOB Permit shall be \$200.00.

B. NUMBER OF LICENSES ISSUED: There shall be issued in the City not more than:

Class AA:	Four licenses
Class B:	Three license
Class BB:	Two licenses
Class C:	Zero licenses
Class D:	One license
Class E:	Four licenses
Class E1:	Zero licenses
Class EE:	Zero licenses
Class EEE:	One license
Class EEE1:	One license
Class G:	Three licenses
Class GC:	One license
Class R:	One license

C. DAILY PERMIT: The Commissioner may grant a daily permit to any not-for-profit organization or club, such as a church, order or lodge, veteran's organization or other civic organization, business or local liquor license holders in good standing. A daily permit shall be valid for one day only and the Commissioner reserves the right to limit the sale of liquor to particular times during the day of the permit. Permits shall be issued in accordance with the following standards:

## Marengo Police Department

On August 8<sup>th</sup> I met with Illinois State Trooper Janet Reffett who is in charge of certifying the breathalyzers for our district. Trooper Reffett informed me that as of December, the State Police will be taking all of the Intoximeters EC/IR I out of service. The manufacturer will no longer be providing software updates to this unit, therefore any tests performed on the unit after December will not be certified by the State and most likely thrown out in court.

Based on the serial number of our current breathalyzer it looks to have been made in the late 90's. A quote was received through Intoximeters Inc. who carries the state price for Illinois and it will cost \$6,875.00 to replace our current instrument with the EC/IR II. Another manufacturer of breathalyzers out of Kentucky is CMI which has an 8000 unit which is a portable unit, and their 9000 unit has not been approved by the state of Illinois. Attached are both quotes from Intoximeters Inc. and CMI Inc.

Since taking over as the interim Chief I have been going over the budget in an attempt to find ways to save money. Thus far, I have switched IT Techs from Bolars Computer Specialists to Dan Kane who is the IT Tech at the Marengo High School. By doing so, I was able to cut the hourly rate nearly in half from \$95.00 an hour to \$50.00 an hour. After working with Spectrum Business (Charter Cable) I was able to cut out monthly internet service fee from \$295.98 a month to \$89.98 a month.

Now that the Intergovernmental Agreement has been signed by all parties involving the T-1 line running to McHenry, the city's cost will drop from approximately \$902.00 a month to approximately \$225.00 a month. I had Radicom come out for a service call to check the status on a radio frequency line running from the basement of City Hall to the water tower on South St. I was informed that this line was not connected to anything, as a result the line was cancelled with ATT saving us approximately \$250.00 a month.

On September 1<sup>st</sup> I started the initiative MEET THE PEOPLE. This initiative calls for all sworn personnel to go into at least one business a day to say hi, introduce ourselves and ask if they have any concerns. At the end of the month I will receive a log of all sworn personnel's meetings.

The new SUV is in. The cost to outfit the new squad is approximately \$6,400.00. This cost includes the 70/30 prisoner transport partition system, a Lund vertical mounting console, front air bag cutoff switch, a DVM-800 video camera system, some miscellaneous items and to stripe the squad. This does not include the lights for the squad. I'm hoping to trade in the old M-8 2012 Chevy Impala mileage 118,182, in exchange for a new light bar and the rest of the exterior and interior lighting. M-3 2006 Chevy Impala mileage 157,556; has been up at public works and parted out to our other vehicles, as most of the useable parts have been taken I plan on scrapping it out.

# Intoximeters Inc.

2081 Craig Road - Saint Louis, MO 63146  
 Phone: [+1] (314) 429 4000 - Fax: [+1] (314) 429 4170 - Email: markp@intox.com

## QUOTATION

Date	Quote #
08/16/2016	221-28-011491

**Sold To:** Marengo Police Department  
 ATTN: Burke, Megan  
 142 East Prairie Street  
 Marengo, IL 60152  
 USA

Phone: (815) 568-7231  
 Fax: (815) 568-5545

**Ship To:** Marengo Police Department  
 ATTN: Burke, Megan  
 142 East Prairie Street  
 Marengo, IL 60152  
 USA

Phone: (815) 568-7231  
 Fax: (815) 568-5545

Terms	Rep	P.O. Number	Ship Via
Net 30 Days	Mark Postal		FOB Destination

Ln #	Qty	Description	Part No.	Unit Price	Extended Price
1	1	EC/IR II Illinois Instrument Set Including:	DOM-ILECIR2	\$6,875.000	\$6,875.00
	1	DELETED			
	100	MOUTHPIECE: ASIV or EC/IR Construction: One-Way Individually Wrapped	23-0000-00		
	2	Paper Roll EC/IR Thermal-Printrex	24-0150-00		
	1	MANUAL OPERATORS ECIR	26-0070-00		

Sub total	\$6,875.00
Sales Tax	\$0.00
Est. Freight	\$0.00
<b>Total</b>	<b>\$6,875.00</b>

**Shipping Term:** EXW - Intoximeters, Inc.

Standard Terms & Conditions of Intoximeters, Inc. apply to all orders.  
 All prices are quoted in US Dollars and valid for 60 days unless noted.  
 Federal ID# 43-0906533  
 Country of Origin: USA

**BANKING DETAILS**  
 UMB Bank, N.A.  
 1008 Oak Street  
 Kansas City, MO 64106  
 USA  
 TEL: [+1] (816) 860-7900

Account No: 9871455602  
 ABA No: 081009813  
 Swift: UMKCUS44

(Electronic Signature) Signed :

Mark Postal



QUOTE

CMI, Inc., a subsidiary of MPD, Inc.

Breath Alcohol Testing Is Our Business.

QUOTE #: PJH08302016  
DATE: AUGUST 30, 2016

316 East Ninth Street  
Owensboro, KY 42303  
Phone: 270-685-6294  
Fax: 270-685-6678  
Email: [pjhagan@alcoholtest.com](mailto:pjhagan@alcoholtest.com)

EXPIRATION DATE: OCTOBER 31, 2016

**BILL TO** Marengo Police Department  
142 E. Prairie Street  
Marengo, IL 60152  
Attn: Chief Rich Solarz  
Phone: 815-568-7231  
Email: [rsolarz@cityofmarengo.com](mailto:rsolarz@cityofmarengo.com)

**SHIP TO** To Be Determined.

SALESPERSON		SHIPPING METHOD	SHIPPING TERMS	SHIPMENT DATE	PAYMENT TERMS
Pamela J. Hagan		Ground Allow	FOB Owensboro	4 - 10weeks ARO	N30
QTY	ITEM #	DESCRIPTION		UNIT PRICE	LINE TOTAL
1		Intoxilyzer 8000		\$7,758.00	\$7,758.00
		Each Intoxilyzer 8000 package include the following: 1 each - Gas Delivery System 1 bag - Mouthpieces (100/bag) 3 rolls - Thermal Printer Paper 1 each - 105L Gas Cylinder, .080 BrAC 1 Year Warranty			
		Sales Tax: Quotation does not include applicable sales tax.			

<b>ORDER TOTAL</b>	\$7,758.00
<b>STATE AND LOCAL TAXES</b>	See Text.
<b>SUBTOTAL</b>	\$7,758.00
<b>FREIGHT</b>	None
<b>TOTAL</b>	\$7,758.00

QUOTED BY:

TECHNICAL SALES MANAGER

*These commodities are licensed for the ultimate destination shown. Diversion contrary to United States law is prohibited.*

*CMI, Inc. represents that the goods covered by this quotation have been produced in compliance with the requirements of the Fair labor Standards Act of 1938, as amended.*

**THANK YOU FOR YOUR BUSINESS!**  
**PLEASE INCLUDE A COPY OF THIS QUOTE WITH YOUR ORDER.**  
**15% RESTOCKING FEE FOR RETURNED PRODUCT.**



**HR GREEN, INC. (HRG)**  
City of Marengo (CoM) Update  
September 7, 2016



"Bold" indicates status change, new item(s), or new action.

Item No.	HRG Project No./Name (City Acct)	Tasks	CoM Action Required	HRG Action Required	Contract Amount	Billed To Date	Remaining Budget
1.	86120385.01/Wastewater System Improvements (31-00-736.00)	The plant improvements have been completed. The warranty items are being monitored and completed by the contractors and their subs. Additional items have been identified and are being worked on by the City Staff/HR Green. An action item list has been created and is being monitored/reviewed each week.	<ul style="list-style-type: none"> <li>Attend site meetings as required. Coordinate with WBCI for any warranty items. One year remains on warranty until May 2017.</li> <li>Review In/I in system and create priority list by lift station area served</li> <li>Continue to monitor Fat Oil Grease (FOG) in system</li> </ul>	<ul style="list-style-type: none"> <li>Offer guidance and expertise as required/requested.</li> <li>Bi-weekly phone conference or site meetings to aid City with plant and any remaining comments/concerns, if required</li> <li>HR Green to provide timeline, future phases</li> <li>HR Green submitted January 1, 2015 to August 25 emails related to the WWTF per request FOIA.</li> </ul>	\$0.00	\$0.00	\$0.00
2.	86140257 IL Rte. 23 @ Jane Adams Tollway – Interchange/ Intersection Design Study – Startup Agreement (41-00-736.00)	<p><b>Month of August</b></p> <ul style="list-style-type: none"> <li>Finalized Phase I/II Contract per McDOT, Tollway, IDOT comments</li> <li>Update to County Board 8/2/16 at 9:00 a.m. meeting – Info Only</li> <li>Present updated MOU/IGA to City Council on 8/8/16 (6-1 recommended approval)</li> <li>Attended/presented to Transportation Committee on 8/17/16 at the 8:15 a.m. meeting (6-1 recommended approval)</li> <li>Attended/presented to Finance committee at the 8/25/16 meeting (5-0 recommended approval)</li> </ul> <p><b>Month of September</b></p> <ul style="list-style-type: none"> <li>Attended/presented request for support/approval of MOU/IGA at the 9/6/16 County Board meeting (21-1 recommended approval with 2 members absent)</li> <li>Obtain signed documents to proceed with completion of Phase 1 and Phase 2 reports/plans – September 2016 through August 2018</li> </ul>	<ul style="list-style-type: none"> <li>Attend update meetings – as scheduled</li> <li>Coordinate with Stakeholders when required</li> <li>Work on ROW needs – discussions with Owners once study has been updated.</li> <li>Finalize/approve MOU, IGA when pre-final is completed 8/4/16 – Done/Approved</li> <li>City council review/approval at 8/8/16 meeting (Approved 6-1)</li> <li>Attend County meeting on 9/6</li> <li>Work on marketing plan Fall 2016</li> </ul>	<ul style="list-style-type: none"> <li>HR Green will continue to coordinate and present at County, IDOT, Tollway and stakeholder meetings. Provide meeting minutes and exhibits as needed. Provide monthly or quarterly updates to the City, County, IDOT, Tollway, MCEDEC and other stakeholders. See tasks for details.</li> <li>Separate meeting minutes, reports, and information will be distributed as it becomes available each month.</li> <li>Assist/update Economic Impact Study with Pam Cumpata at MCEDEC to resubmit to IDOT for approval and funding support.</li> <li>Attend County Board meeting on 9/6</li> <li>Coordinate with Tollway, IDOT, County to kick off next phase</li> </ul>	\$289,608.25	\$276,827.28	\$12,780.97
3.	86130105/Prospect Const. Obs. (40-00-736.00)	Awaiting IDOT approvals estimated spring 2016 or beyond pending IDOT review. HR Green prepared summary report for City Staff and submitted for review. <i>No action at this time.</i>	Attend update meetings as required and sign all final paperwork when submitted. Pay IDOT invoices as they are submitted. <i>No action at this time.</i>	Complete the closeout process with the City, contractor, and IDOT. Met with IDOT to attempt of move IDOT approval of outstanding authorizations. <i>No action at this time.</i>	\$0.00	\$0.00	\$0.00
4.	86140148/FPA Amendment and Sanitary Sewer Master Planning (37-00-736.00)	FPA Amendment Documents and Sanitary Sewer Master Plan have been substantially completed and have been reviewed with City Staff. City Staff and HR Green will present the information and recommendations to the City Council in fall 2016 along with a schedule of next steps if requested. <i>No action at this time.</i>	City Staff to review the FPA Amendment documents and Sanitary Sewer Master Plan and prepare for presentation to City Council.  <i>No action at this time.</i>	HR Green finished the FPA Application and Sanitary Sewer Master Plan Report and submitted to the City for review and comment. HR Green to coordinate pre-final review meeting and then prepare for a presentation to the City Council. Submit to CMAP/EPA after City council review fall 2016. <i>No action at this time.</i>	\$43,000.00	\$42,515.15	\$484.85
5.	86160200.01/Genl. Cons. (2016/2017 – May 1 through April 30) (01-51-636.00)	Meeting attendance, research, coordination as requested on a monthly basis. Detailed backup is provided with invoices.	Coordinate with HR Green to complete tasks on a monthly basis.	Ongoing services for meeting attendance, research, and coordination with various agencies and/or City staff. Attend meeting with City, Owner, Developers, and Engineers to host kickoff meetings as requested.	T&M as requested by City	--	N/A
6.	86160153/Deerpass Estates VI	Approved. Notices all signed. Pre-construction meeting completed 8/31/16 at 10:00 a.m. Work has begun as of 9/6/16.	Attend pre-construction meeting (Done) Attend progress meetings - Ongoing	Continue coordination with Geske and Sons to get project completed before 10/14/16	\$8,100.00	\$5,476.25	\$2,623.75
7.	86160154/Deerpass Meadows II	Approved. Notices all signed. Pre-construction meeting completed 8/31/16 at 10:00 a.m. Work has begun as of 9/6/16.	Attend pre-construction meeting (Done) Attend progress meetings - Ongoing	Continue coordination with Geske and Sons to get project completed before 10/14/16	\$15,299.99	\$11,312.00	\$3,987.99
8.	86160155/Settler's Cove	Approved. Notices all signed. Pre-construction meeting completed 8/31/16 at 10:00 a.m. Work has begun as of 9/6/16.	Attend pre-construction meeting (Done) Attend progress meetings - Ongoing	Continue coordination with Geske and Sons to get project completed before 10/14/16	\$7,000.00	\$4,378.75	\$2,621.25
9.	2016 Water Main Project 86140346.01 (City Project)	Develop scope and fee for design and part-time construction services for approximately 1,800 LF of water main along US HWY 20 (Segment 3). Work consists of Segment 3 water main per agreement with 300 West LLC. Scope/Fee completed; review with City.  <i>No Activity – Fall Start</i>	<ul style="list-style-type: none"> <li>Review scope and fee for proposed work in Sept/Oct.</li> <li>Approve contract at next available Council meeting – Sept/Oct</li> <li>Update escrow account prior to Notice To Proceed</li> </ul>	<ul style="list-style-type: none"> <li>Coordinate with City to answer questions and work to get agreement approved in the month of August.</li> <li>Complete plans in late fall, bid in winter 2016/2017, and complete in spring/summer 2017 with 300 West LLC Segment 1A</li> </ul>	\$30,000.00	\$0	\$30,000.00

Item No.	HRG Project No./Name (City Acct)	Tasks	CoM Action Required	HRG Action Required	Contract Amount	Billed To Date	Remaining Budget
10.	86160189 Battery Storage of Marengo (Escrow Account)	Plan Review No. 1 completed. Submitted to design engineer for revisions.  Resubmittal No. 2 will be made week of 9/13/16.	Review plan recommendation and approve when letter from HR Green is received  Resubmittal week of 9/13/16 - review	1 <sup>st</sup> submittal of plans received on 04/05/16. HR Green Review #1 to City on 04/28/16.  Awaiting updated plan resubmittal - per engineer, resubmittal will occur week of 9/13/16.	\$3,705.00	\$2,703.50	\$1,001.50
11.	Brookside Meadows Punchlist 86160309 (Escrow Account)	Part-time observation as requested by Director of Public Works and contractor Ongoing coordination with Developer and Contractor	Provide construction observation when required for Public Works Staff Review Letter of Credit reduction	Part-time observation as required Punchlist review when project completed Closeout and acceptance process when requested	\$4,000.00	\$3,592.28	\$407.72
12.	Railroad St/Ritz Rd Water Main - Review/Plan Check (300 LLC) 86160244 (Escrow Account)	IEPA permit sent in. Awaiting contract to be let and pre-construction meeting to be setup Create part-time construction observation scope/fee to be paid for by 300 West LLC	Attend meeting if required Obtain escrow account money for construction observation	Part-time observation when requested – scope/fee to follow prior to work beginning	\$3,700.00	\$3,500.25	\$199.75

Updated By: Tim Hartnett

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