

CITY OF JACKSONVILLE, ILLINOIS

ANNUAL FINANCIAL REPORT

For the Year Ended
December 31, 2018

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 the City of Jacksonville, Illinois, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 68-73 and retirement fund historical data on pages 74-82 and the related notes on pages 83-86 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 purpose of forming opinions on the financial statements that collectively comprise the City of Jacksonville, Illinois' basic financial statements. The combining nonmajor fund financial statements, combining fiduciary fund financial statements, and schedule of equalized assessed valuations, tax rates, extensions and collections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedule of equalized assessed valuations, tax rates, extensions and collections has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2019, on our consideration of the City of Jacksonville, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Jacksonville, Illinois' internal control over financial reporting and compliance.

Zumbahlen, Eyth, Surratt, Foote & Flynn, Ltd.

Jacksonville, Illinois
June 10, 2019

CITY OF JACKSONVILLE, ILLINOIS

STATEMENT OF NET POSITION

December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS			
Cash	\$ 21,295,483	\$ 9,739,653	\$ 31,035,136
Investments	2,414,943		2,414,943
Receivables:			
Taxes	6,863,999		6,863,999
Accounts	1,998,845	1,075,177	3,074,022
Due from Other Governments	1,850,726		1,850,726
Inventory		36,049	36,049
Capital Assets (Net of Accumulated Depreciation)	22,075,430	68,531,082	90,606,512
Other Assets		4,412	4,412
Internal Balances			-
	<u>56,499,426</u>	<u>79,386,373</u>	<u>135,885,799</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>7,090,900</u>	<u>1,664,518</u>	<u>8,755,418</u>
Total Deferred Outflows of Resources	<u>7,090,900</u>	<u>1,664,518</u>	<u>8,755,418</u>
	<u>63,590,326</u>	<u>81,050,891</u>	<u>144,641,217</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
LIABILITIES			
Accounts payable	807,768	1,714,461	2,522,229
Unearned revenue	190,908	420,518	611,426
Accrued salaries and wages	387,063	108,875	495,938
Long-term liabilities:			
Due within one year	-	1,771,406	1,771,406
Due in more than one year	181,532	30,650,154	30,831,686
Net Pension Liability	<u>35,851,490</u>	<u>1,095,197</u>	<u>36,946,687</u>
	<u>37,418,761</u>	<u>35,760,611</u>	<u>73,179,372</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>7,156,857</u>	<u>980,734</u>	<u>8,137,591</u>
Total Deferred Inflows of Resources	<u>7,156,857</u>	<u>980,734</u>	<u>8,137,591</u>
	<u>44,575,618</u>	<u>36,741,345</u>	<u>81,316,963</u>
NET POSITION			
Net Investment in Capital Assets	22,075,430	36,159,966	58,235,396
Restricted for:			
Debt Service		200,046	200,046
Purpose of Grantors/Trustees	2,995,935		2,995,935
Economic Loan	617,260		617,260
Public Safety	219,785		219,785
Public Works/Transportation	266,190		266,190
Health and Welfare	20,000		20,000
Culture and Recreation	1,832,827		1,832,827
Construction of Capital Assets	1,884,102		1,884,102
Unrestricted	<u>(10,896,821)</u>	<u>7,949,534</u>	<u>(2,947,287)</u>
	<u>\$ 19,014,708</u>	<u>\$ 44,309,546</u>	<u>\$ 63,324,254</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
General Control and Administration	\$ 3,508,824	\$ 556,780	\$ -
Public Safety	10,129,872	358,737	308,807
Public Works/Transportation	2,261,036		582,195
Health and Welfare	674,596	143,578	
Culture and Recreation	<u>2,195,577</u>	<u>412,625</u>	<u>49,394</u>
Total Governmental Activities	<u>18,769,905</u>	<u>1,471,720</u>	<u>940,396</u>
Business-type activities:			
Water Sewer	8,214,057	8,526,146	
Golf	<u>485,909</u>	<u>287,883</u>	
Total Business-Type Activities	<u>8,699,966</u>	<u>8,814,029</u>	<u>-</u>
Total Primary Government	<u>\$ 27,469,871</u>	<u>\$ 10,285,749</u>	<u>\$ 940,396</u>

General Revenues

Taxes

 Property Tax

 City Sales Tax

 Utility and Franchise Tax

 Hotel Tax

 Video Game Tax

Intergovernmental

 Sales Tax

 Income Tax

 Replacement Tax

 Telecommunications Tax

Investment Income

Gain on Sale of Assets

Transfers

Total General Revenues

Change in Net Position

Net Position-Beginning

Net Position-Ending

Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$	\$		\$
	(2,952,044)		(2,952,044)
-	(9,462,328)		(9,462,328)
92,277	(1,586,564)		(1,586,564)
	(531,018)		(531,018)
	(1,733,558)		(1,733,558)
	<u>(16,265,512)</u>		<u>(16,265,512)</u>
92,277			
3,000,000		3,312,089	3,312,089
		(198,026)	(198,026)
		<u>3,114,063</u>	<u>3,114,063</u>
3,000,000			
<u>\$ 3,092,277</u>	<u>(16,265,512)</u>	<u>3,114,063</u>	<u>(13,151,449)</u>
	6,875,012		6,875,012
	1,986,065		1,986,065
	93,337		93,337
	248,541		248,541
	301,129		301,129
	4,056,245		4,056,245
	1,862,267		1,862,267
	314,414		314,414
	660,616		660,616
	273,861	150,276	424,137
	-		-
	<u>(148,802)</u>	<u>148,802</u>	<u>-</u>
	<u>16,522,685</u>	<u>299,078</u>	<u>16,821,763</u>
	257,173	3,413,141	3,670,314
	<u>18,757,535</u>	<u>40,896,405</u>	<u>59,653,940</u>
	<u>\$ 19,014,708</u>	<u>\$ 44,309,546</u>	<u>\$ 63,324,254</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2018

	General Fund	Capital Improvement Fund	Total NonMajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash	\$ 12,853,653	\$ 1,363,351	\$ 6,177,142	\$ 20,394,146
Investments			2,414,943	2,414,943
Property Taxes Receivable	4,357,382		2,506,617	6,863,999
Intergovernmental Receivables	1,807,757		42,969	1,850,726
Other Receivables	703,707		1,241,055	1,944,762
Due from Other Funds	<u>8,430</u>	<u>197,265</u>	<u>1,599</u>	<u>207,294</u>
Total Assets	\$ <u>19,730,929</u>	\$ <u>1,560,616</u>	\$ <u>12,384,325</u>	\$ <u>33,675,870</u>
LIABILITIES				
Accounts Payable	\$ 94,011	\$ 347,651	\$ 142,159	\$ 583,821
Accrued Salaries	384,573		2,490	387,063
Due to Other Funds	1,599		205,695	207,294
Unearned Revenue	<u>85,484</u>			<u>85,484</u>
Total Liabilities	<u>565,667</u>	<u>347,651</u>	<u>350,344</u>	<u>1,263,662</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Property Taxes	<u>4,357,382</u>		<u>2,495,322</u>	<u>6,852,704</u>
Total Deferred Inflows of Resources	<u>4,357,382</u>	<u>-</u>	<u>2,495,322</u>	<u>6,852,704</u>
Fund Balance				
Nonspendable			2,995,935	2,995,935
Restricted for:				
Economic Loan			617,260	617,260
Public Safety			219,785	219,785
Public Works/Transportation			266,190	266,190
Health and Welfare			20,000	20,000
Culture and Recreation			1,832,827	1,832,827
Construction of Capital Assets		1,212,965	671,137	1,884,102
Committed			2,915,525	2,915,525
Unassigned	<u>14,807,880</u>			<u>14,807,880</u>
Total Fund Balance	<u>14,807,880</u>	<u>1,212,965</u>	<u>9,538,659</u>	<u>25,559,504</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>19,730,929</u>	\$ <u>1,560,616</u>	\$ <u>12,384,325</u>	\$ <u>33,675,870</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

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

Year Ended December 31, 2018

Fund Balances - Total Governmental Funds	\$ 25,559,504
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Funds.	22,075,430
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds	
Deferred outflows of resources related to pensions	7,090,900
Deferred inflows of resources related to pensions	(7,156,857)
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	6,852,704
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. All liabilities, both current and long-term are reported in the Statement of Net Position.	
Notes and Compensated Absences Payable	(181,532)
Net Pension Liability	(35,851,490)
Internal Service Funds are used by management to charge the cost of self insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities section of the Statement of Net Position.	<u>626,049</u>
Net Position of Governmental Activities	\$ <u><u>19,014,708</u></u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 Year Ended December 31, 2018

	General Fund	Capital Improvement Fund	Total NonMajor Governmental Funds	Total Governmental Funds
REVENUE				
Taxes	\$ 6,268,572	\$	\$ 2,710,710	\$ 8,979,282
Intergovernmental	7,240,680	92,277	873,301	8,206,258
Licenses and Permits	367,872			367,872
Fines and Forfeits	135,006		122,107	257,113
Revenue from Services	619,189		35,058	654,247
Investment Income	287,707	14,384	(28,229)	273,862
Other	167,587	-	45,987	213,574
	<u>15,086,613</u>	<u>106,661</u>	<u>3,758,934</u>	<u>18,952,208</u>
Total Revenue				
EXPENDITURES				
Current:				
General Control and Administration	2,972,280		106,990	3,079,270
Public Safety	7,031,797		2,084,817	9,116,614
Public Works/Transportation	1,480,837		250,865	1,731,702
Health and Welfare	631,872		-	631,872
Culture and Recreation	1,019,879		1,026,190	2,046,069
Debt Service		-	-	-
Capital Outlay	33,523	854,446	179,531	1,067,500
	<u>13,170,188</u>	<u>854,446</u>	<u>3,648,393</u>	<u>17,673,027</u>
Total Expenditures				
Revenue Over (Under) Expenditures	<u>1,916,425</u>	<u>(747,785)</u>	<u>110,541</u>	<u>1,279,181</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers				
Received	11,418	1,081,284	82,616	1,175,318
Paid	(1,181,284)	(48,802)	(94,034)	(1,324,120)
	<u>(1,169,866)</u>	<u>1,032,482</u>	<u>(11,418)</u>	<u>(148,802)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	746,559	284,697	99,123	1,130,379
FUND BALANCE, BEGINNING	<u>14,061,321</u>	<u>928,268</u>	<u>9,439,536</u>	<u>24,429,125</u>
FUND BALANCE, ENDING	<u>\$ 14,807,880</u>	<u>\$ 1,212,965</u>	<u>\$ 9,538,659</u>	<u>\$ 25,559,504</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

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

Year Ended December 31, 2018

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,130,379
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets were allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	(501,410)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
Change in Compensated absences	(9,165)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense reflects the net change in the net pension obligation and deferred outflows and inflows related to pensions. This is the amount by which the actuarial change in net pension obligation exceeds pension contributions	(563,592)
Revenues in the government-wide Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount by which property tax revenue recognized in the Statement of Activities exceeds amounts included in the funds.	223,673
The net revenue of certain activities of internal service funds is not reported with governmental funds. However, a portion of this net revenue is allocated to governmental activities on the Statement of Activities. This is the amount that has been included on the Statement of Activities.	<u>(22,712)</u>
Change in Net Position of Governmental Activities	<u>\$ 257,173</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2018

	Business-Type Activities-Enterprise Funds			Governmental
	Water & Sewer	Golf	Total Enterprise Funds	Activities Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash	\$ 9,712,619	\$ 27,034	\$ 9,739,653	\$ 1,112,099
Receivables:				
Accounts (Net of Allowance for Uncollectibles of \$23,096)	596,734		596,734	66,729
Estimated Unbilled Revenue	478,443		478,443	
Inventory	36,049		36,049	
Other Assets	4,412		4,412	
Total Current Assets	<u>10,828,257</u>	<u>27,034</u>	<u>10,855,291</u>	<u>1,178,828</u>
Noncurrent Assets				
Property, Plant & Equipment, Net of Accumulated Depreciation	<u>67,332,707</u>	<u>1,198,375</u>	<u>68,531,082</u>	
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	<u>1,664,518</u>		<u>1,664,518</u>	
Total Deferred Outflows of Resources	<u>1,664,518</u>	<u>0</u>	<u>1,664,518</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 79,825,482</u>	<u>\$ 1,225,409</u>	<u>\$ 81,050,891</u>	<u>\$ 1,178,828</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities				
Accounts Payable	\$ 1,710,662	\$ 3,799	\$ 1,714,461	\$ 276,313
Accrued Salaries	102,383	6,492	108,875	
Unearned Revenue	380,449	40,069	420,518	130,075
Bonds, Notes, and Loans Payable	1,771,406		1,771,406	
Total Current Liabilities	<u>3,964,900</u>	<u>50,360</u>	<u>4,015,260</u>	<u>406,388</u>
Noncurrent Liabilities:				
Compensated Absences	47,901	2,543	50,444	
Net Pension Liability	1,095,197		1,095,197	
Bonds, Notes, and Loans Payable	30,599,710		30,599,710	
Total Noncurrent Liabilities	<u>31,742,808</u>	<u>2,543</u>	<u>31,745,351</u>	<u>0</u>
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	<u>980,734</u>		<u>980,734</u>	
Total Deferred Inflows of Resources	<u>980,734</u>	<u>0</u>	<u>980,734</u>	<u>0</u>
Total Liabilities and Deferred Inflows of Resources	<u>36,688,442</u>	<u>52,903</u>	<u>36,741,345</u>	<u>406,388</u>
NET POSITION				
Net Investment in Capital Assets	34,961,591	1,198,375	36,159,966	
Restricted for:				
Debt Service	200,046		200,046	
Unrestricted	<u>7,975,403</u>	<u>(25,869)</u>	<u>7,949,534</u>	<u>772,440</u>
Total Net Position	<u>43,137,040</u>	<u>1,172,506</u>	<u>44,309,546</u>	<u>772,440</u>
Total Liabilities and Net Position	<u>\$ 79,825,482</u>	<u>\$ 1,225,409</u>	<u>\$ 81,050,891</u>	<u>\$ 1,178,828</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended December 31, 2018

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Water & Sewer	Golf	Total Enterprise Funds	Internal Service Funds
Operating Revenues				
Revenue from Services	\$ 8,526,146	\$ 287,883	\$ 8,814,029	\$ 1,667,433
Investment Income				13,871
Total Operating Revenues	8,526,146	287,883	8,814,029	1,681,304
Operating Expenses:				
Personal Services	2,692,098	217,831	2,909,929	
Contractual Services and Other	1,293,928	122,697	1,416,625	6,197
Supplies	575,733	51,996	627,729	
Heat, Light and Power	807,330	9,112	816,442	
Depreciation	2,259,777	84,273	2,344,050	
Benefit Payments				1,695,333
Total Operating Expenses	7,628,866	485,909	8,114,775	1,701,530
Operating Income (Loss)	897,280	(198,026)	699,254	(20,226)
Nonoperating Revenue (Expenses)				
Investment Income	150,072	204	150,276	
Interest and Fiscal Charges	(585,191)		(585,191)	
Total Nonoperating Revenues (Expenses)	(435,119)	204	(434,915)	0
Income (Loss) Before Contributions and Transfers	462,161	(197,822)	264,339	(20,226)
Capital Contributions	3,000,000		3,000,000	
Transfers In		148,802	148,802	
Change in Net Position	3,462,161	(49,020)	3,413,141	(20,226)
Total Net Position, Beginning	39,674,879	1,221,526	40,896,405	792,666
Total Net Position, Ending	\$ 43,137,040	\$ 1,172,506	\$ 44,309,546	\$ 772,440

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

Year Ended December 31, 2018

	Business Type Activities- Enterprise Funds	
	Water and Sewer	Golf
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Users	\$ 8,635,654	\$ 287,883
Payments to Employees	(2,650,114)	(213,141)
Payments to Suppliers	(1,995,168)	(180,366)
	<u>3,990,372</u>	<u>(105,624)</u>
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Fixed Assets	(5,357,870)	(35,990)
Grant Money Received	3,002,784	
Receipt of Bond Proceeds	4,409,106	
Principal Paid on Bonds	(4,562,881)	
	<u>(2,508,861)</u>	<u>(35,990)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	147,911	204
Receipt of Interfund Transfer		148,802
Interest Paid on Debt	(587,480)	
	<u>(439,569)</u>	<u>149,006</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash	1,041,942	7,392
CASH, BEGINNING	<u>8,670,677</u>	<u>19,642</u>
CASH, ENDING	<u>\$ 9,712,619</u>	<u>\$ 27,034</u>

<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 8,923,537	\$ 1,700,450
(2,863,255)	
<u>(2,175,534)</u>	<u>(1,632,421)</u>
<u>3,884,748</u>	<u>68,029</u>
(5,393,860)	
3,002,784	
4,409,106	
<u>(4,562,881)</u>	
<u>(2,544,851)</u>	<u>-</u>
148,115	
148,802	
<u>(587,480)</u>	
<u>(290,563)</u>	<u>-</u>
1,049,334	68,029
<u>8,690,319</u>	<u>1,044,070</u>
<u>\$ 9,739,653</u>	<u>\$ 1,112,099</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (continued)

Year Ended December 31, 2018

	Business Type Activities- Enterprise Funds	
	Water and Sewer	Golf
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 897,280	\$ (198,026)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	2,259,777	84,273
(Increase) Decrease in Accounts Receivable	103,241	
(Increase) Decrease in Net Pension Asset	469,268	
(Increase) Decrease in Deferred Outflows	(1,260,926)	
(Increase) Decrease in Prepaid Insurance	58,925	
Increase (Decrease) in Operating Accounts Payable	622,898	3,439
Increase (Decrease) in Unearned Revenue	6,267	-
Increase (Decrease) in Net Pension Liability	1,095,197	
Increase (Decrease) in Deferred Inflows	(281,250)	
Increase (Decrease) in Accrued Salaries	11,327	4,690
Increase (Decrease) in Accrued Vacation	8,368	-
Net Cash Provided (Used) by Operating Activities	\$ 3,990,372	\$ (105,624)

<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
\$ 699,254	\$ (20,226)
2,344,050	
103,241	19,146
469,268	
(1,260,926)	
58,925	
626,337	69,109
6,267	-
1,095,197	
(281,250)	
16,017	
8,368	
<u>\$ 3,884,748</u>	<u>\$ 68,029</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2018

ASSETS

Cash and Short-Term Investments	\$ 1,590,181
Investments	30,178,123
Receivables:	
Accrued Interest	42,947
Other	0
Employer Contributions	<u>1,800,024</u>
Total Assets	<u>33,611,275</u>

LIABILITIES

Vouchers Payable	<u>260,601</u>
Total Liabilities	<u>260,601</u>

NET POSITION

Held in Trust for Pension Benefits	<u><u>\$ 33,350,674</u></u>
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See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUNDS

Year Ended December 31, 2018

Additions	
Contributions	
Employer Contributions	\$ 2,012,468
Employee Contributions	<u>438,725</u>
Total Contributions	<u>2,451,193</u>
Net Investment Income (Loss)	
Net Appreciation (Depreciation) in Fair Value of Investments	(3,649,092)
Interest/Dividends	1,184,395
Realized Gain (Loss) on Sale of Investments	945,962
Investment Expense	<u>(47,085)</u>
Net Investment Income	<u>(1,565,820)</u>
Other Income	
Miscellaneous Income	<u>1,517</u>
Total Other Income	<u>1,517</u>
Total Additions	<u>886,890</u>
Deductions	
Benefits	3,231,750
Administrative expenses	<u>57,266</u>
Total Deductions	<u>3,289,016</u>
Change in Net Position	(2,402,126)
Net Position Held in Trust for Benefits, Beginning of Year	<u>35,752,800</u>
Net Position Held in Trust for Benefits, End of Year	<u>\$ 33,350,674</u>

See accompanying notes to the financial statements

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. Summary of Significant Accounting Policies

The accounting policies of City of Jacksonville, Illinois (City) are based upon accounting principles generally accepted in the United States of America as applicable to governmental units (hereinafter referred to as GAAP). The following is a summary of the significant policies.

A. Financial Reporting Entity

City of Jacksonville, Illinois is a Home Rule municipal corporation governed by an elected Mayor and City Council. These financial statements present the City of Jacksonville, Illinois, the primary government unit.

The City's comprehensive annual financial report includes the accounts of all City operations.

The City's financial statements include the accounts of all City operations. The criteria for including organizations within the City's reporting entity, as set forth in GASB No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", is financial accountability. A component unit is included in the City's reporting entity if it is both fiscally dependent on the City (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon the application of the criteria for inclusion as set forth in GASB No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", there are no component units.

B. Government-Wide and Fund 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 nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Basis of Presentation – Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses. The various funds are summarized by type in the combined financial statements.

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

GOVERNMENTAL FUNDS

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) requiring separate accounting because of legal, regulatory provisions or administrative action.

Debt Service Fund – The Debt Service Fund is used for the accumulation of resources for, and payment of, general long-term debt principal and interest.

Capital Project Funds – Capital Project Funds are used to account for the acquisition and construction of major capital assets.

Permanent Funds – The Permanent Funds are used to account for funds that have a restriction on the principal which cannot be used.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise – where tax interest of the City is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds – The Internal Service Fund is used to account for the financing of services provided by one fund to other departments or funds of the government unit, or to other government units, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Pension Trust Funds – The Pension Trust Funds account for pension funds the government controls for its employees.

AGENCY FUND

The City has no Agency Funds.

D. 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 90 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

Property taxes, licenses, charges for services 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. Property taxes are considered available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *Capital Improvement Fund* accounts for the revenues and expenditures related to ongoing capital projects and the purchase of equipment.

The City reports the following major proprietary funds:

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

The *Golf Fund* accounts for revenues received for use of the Nichols Park golf course and the Links, as well as the necessary expenses to operate and maintain both courses.

The City reports the following major pension funds:

Police Pension Fund and *Fire Pension Fund* account for the accumulation of resources needed to pay pension costs when due. Resources are contributions from the Police and Fire Department members at a rate fixed by State Statutes and City contribution in the form of an annual property tax levy.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. Summary of Significant Accounting Policies (Continued)

F. Cash and Investments

Cash and investments represent cash on hand, cash deposited in checking accounts, certificates of deposits, repurchase agreements and U.S. treasury bills and notes. Cash and cash equivalents are stated at cost (which approximates fair value). Investments are stated at fair value based on quoted market prices or other observable inputs. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

G. Receivables

GASB Statements No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions* requires the recognition of receivables associated with nonexchange transactions as follows:

- Derived tax receivables (such as: sales, income and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.
- Government – mandates or voluntary non-exchange transaction receivable (such as: mandates or grants) are recognized when all eligibility requirements have been met.

H. Inventories

Inventories of the City are carried at cost which approximates fair value. The cost of the inventories is determined on the first-in, first-out basis.

I. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Governmental activities' capital assets having a useful life greater than one year are capitalized using the following dollar thresholds: \$50,000 for land, \$100,000 for buildings and improvements, \$25,000 for equipment, \$15,000 for vehicles, and \$200,000 for roads and bridges.

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The City uses the direct expense method of accounting for planned major maintenance costs associated with property and equipment. The costs of such maintenance activities are expensed as incurred.

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

Description	Years
Building and Improvements	20 - 40
Equipment	3 - 10
Vehicles	3
Infrastructure	50

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfer.

K. Compensated Absences

Accrued sick leave which employees have elected to accumulate is accounted for in hours. Accrued sick leave has not been recorded; the City is not liable to pay the amount to the employees upon retirement or discontinued services so the amount is undetermined.

Accrued vacation and comp time have been recorded as noncurrent liabilities due in more than one year.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. Summary of Significant Accounting Policies (Continued)

L. Fund Equity

Beginning with fiscal year 2011, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance: amounts that are not in spendable form (such as inventory) or are required to be maintained intact

Restricted fund balance: amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation

Committed fund balance: amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint

Assigned fund balance: amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates authority

Unassigned fund balance: amounts that are available for any purpose; positive amounts are reported only in the General fund

The City Council establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established through lower level action of the City Council.

The City expends restricted resources first when both restricted and unrestricted resources are available for the same purpose. When unrestricted resources are expended, the City uses any committed resources first, followed by assigned resources and unassigned resources.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 1. Summary of Significant Accounting Policies (Continued)

M. Property Tax Revenue

Property tax revenue line items include adjustments of prior year's tax revenue from tax sales, the adjustment for the allowance for uncollectible taxes and tax increment financing (TIF) distributions. These line items are not reported separately because the amounts are immaterial.

N. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, unavailable property tax revenues are reported in the governmental funds balance sheet and deferred inflows of resources. Additionally, the City's pension plans report both deferred outflows and deferred inflows of resources.

NOTE 2. Legal Compliance and Accountability

Budgets

The City follows the procedures indicated below in establishing the budgetary data reflected in the combined financial statements:

- (a) At a regular or specially called meeting of the City Board in September, the City Board submits a proposed budget for the fiscal year commencing the following December.
 - 1. The budget includes proposed expenditures and the means of financing them.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 2. Legal Compliance and Accountability (continued)

- (b) The budget is available for public inspection for at least 15 days prior to passage by the City Board.
- (c) Prior to April, the budget is legally enacted through passage of an appropriation ordinance.
- (d) The level of budgetary control, on which expenditures may not legally exceed appropriations, is at the fund level in accordance with Illinois Compiled Statutes. Any transfer between funds requires City board approval. The budget was approved on March 12, 2018.
- (e) Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds through an internal reporting basis. Unexpended appropriations lapse at December 31.

Budgets for the general and special revenue funds are legally adopted and are on a basis consistent with GAAP.

NOTE 3. Defined Benefit Pension Plan

A. IMRF

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.

Benefits Provided

IMRF has two 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.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

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

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

Employees Covered by Benefit Terms – RP

As of December 31, 2018, the City's membership consisted of 109 retirees and beneficiaries currently receiving benefits, 42 inactive plan members entitled to but not yet receiving benefits, and 105 active plan members for a total of 256 plan members.

Employees Covered by Benefit Terms – SLEP

As of December 31, 2018, the City's membership consisted of 1 retirees and beneficiaries currently receiving benefits, 0 inactive plan members entitled to but not yet receiving benefits, and 0 active plan members for a total of 1 plan member.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

Contributions – RP

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 2018 was 9.86%. For the fiscal year ended December 31, 2018, the City contributed \$485,626 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.

Contributions – SLEP

As set by statute, the City's SLEP Plan Members are required to contribute 7.5% 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 2018 was 14.67%. For the fiscal year ended December 31, 2018, the City contributed \$1,294 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

Both of the City's plans, net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.25%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016. 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-2017 (base year 2015). 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-2017 (base year 2015). 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:

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

Actuarial Assumptions (continued)

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	1%	2.50%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.25% 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:

- 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
- 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 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25% for RP and 7.25% for SLEP.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

Changes in the Net Pension Liability – RP

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 30,719,908	\$ 31,941,109	\$ (1,221,201)
Changes for the year:			
Service Cost	495,075	-	495,075
Interest on the Total Pension Liability	2,264,300	-	2,264,300
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(170,833)	-	(170,833)
Changes of Assumptions	871,272	-	871,272
Contributions – Employer	-	485,626	(485,626)
Contributions – Employees	-	245,803	(245,803)
Net Investment Income	-	(1,689,952)	1,689,952
Benefit Payments, including Refunds of Employee Contributions	(1,553,546)	(1,553,546)	-
Other (Net Transfer)	-	319,495	(319,495)
Net Changes	1,906,268	(2,192,574)	4,098,842
Balances at December 31, 2018	\$ 32,626,176	\$ 29,748,535	\$ 2,877,641

Changes in the Net Pension Liability – SLEP

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2017	\$ 531,174	\$ 338,990	\$ 192,184
Changes for the year:			
Service Cost	-	-	-
Interest on the Total Pension Liability	38,427	-	38,427
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	4,088	-	4,088
Changes of Assumptions	15,024	-	15,024
Contributions – Employer	-	1,294	(1,294)
Contributions – Employees	-	-	-
Net Investment Income	-	(27,256)	27,256
Benefit Payments, including Refunds of Employee Contributions	(37,630)	(37,630)	-
Other (Net Transfer)	-	18,541	(18,541)
Net Changes	19,909	(45,051)	64,960
Balances at December 31, 2018	\$ 551,083	\$ 293,939	\$ 257,144

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

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

The following presents the plans' net pension liabilities, calculated using Single Discount Rates of 7.25% for RP and SLEP, respectively, as well as what the plans' net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

RP:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 36,573,800	\$ 32,626,176	\$ 29,384,019
Plan Fiduciary Net Position	29,748,535	29,748,535	29,748,535
Net Pension Liability/(Asset)	\$ 6,825,265	\$ 2,877,641	\$ (364,516)

SLEP:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	\$ 619,627	\$ 551,083	\$ 495,209
Plan Fiduciary Net Position	293,939	293,939	293,939
Net Pension Liability/(Asset)	\$ 325,688	\$ 257,144	\$ 201,270

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

For the year ended December 31, 2018, the City recognized pension expense of \$485,626 for RP and \$1,294 for SLEP. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

RP:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	24,921	302,806
Net difference between projected and actual earnings on pension plan investments	3,686,118	1,744,663
Changes of assumptions	662,498	529,418
Total Deferred Amounts Related to Pensions	4,373,537	2,576,887

SLEP:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	87,987	1,677
Net difference between projected and actual earnings on pension plan investments	46,948	
Changes of assumptions		4,243
Total Deferred Amounts Related to Pensions	134,935	5,920

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

A. IMRF (continued)

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

Amounts reported as deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability during the year ending December 31, 2018. Other 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:

RP:	
Year ended December 31:	
2019	\$ 499,325
2020	120,089
2021	348,182
2022	829,054
2023	0
Total	\$ 1,796,650

SLEP:	
Year ended December 31:	
2019	\$ 81,382
2020	26,249
2021	10,983
2022	10,401
2023	0
Total	\$ 129,015

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund

Plan Description:

The City of Jacksonville, Illinois, Policemen’s Pension Fund is a defined benefit single-employer pension plan that covers all sworn police personnel and is administered by the City of Jacksonville, IL. Although this is a single-employer plan, the defined benefits and employee and employer contribution levels are governed by “Article 3, Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40) and may only be amended by the Illinois legislature. This fund is accounted for and reported as a pension trust fund. Administrative costs are financed through investment earnings.

Plan Membership

At December 31, 2018 and 2017, the pension fund membership consisted of:

	<i>2018</i>	<i>2017</i>
Inactive Plan Members and Beneficiaries Currently Receiving Benefits	42	43
Inactive Plan Members Entitled to but not yet Receiving Benefits	4	3
Active Plan Members	37	39

Benefits Provided

Following is a summary of the Policemen’s Pension Plan as provided for in the Illinois Compiled Statutes.

The Policemen’s Pension Plan provides retirement benefits as well as death and disability benefits. There are two tiers or levels of benefits:

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

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 one-half of the salary attached to the rank held at the date of retirement. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years of service through 30 years of service, to a maximum of 75% of such salary. Employees with at least 8 years, but less than 20 years of credited service, may retire and receive a reduced benefit, which begins at age 60. The monthly pension of a police officer who retired after January 1, 1999 with at least 20 years of service, shall be increased annually, following the anniversary date of retirement, and be paid upon reaching the age of at least 55 years, by 1/12 of 3% annually thereafter of the pension payable at the time of increase. Officers that retire with less than 20 years of service receive an annual 3% increase.

Employees that are hired after January 1, 2011 attaining the age of 55 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the average salary for the last 8 years of service (maximum average salary is \$106,800 if an employee retires in calendar year 2011). The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to a maximum of 75% of such salary. Employees with at least 10 years, but less than 20 years of credited service, may retire and receive a reduced benefit, which begins at age 60. Employees that have attained the age of 50 with at least 10 years of service may retire but their pension is reduced by ½% per year for each year the employee is under age 55. The monthly pension shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 60 years, by the lesser of 1/12 of 3% of the original pension times the number of months the employee has been retired since age 60 (up to a maximum of 15%) or by a factor of the CPI-U, whichever is less. Dependents receive a pension of 2/3 of the officer's pension at their date of death. Dependents receive annual increases under the same formula as the retired officer.

Contributions

Covered employees are required to contribute 9.91% of their base salary to the 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 of Jacksonville is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Plan is fully funded.

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

Net Pension Liability

<i>Fiscal Year Ending</i>	<i>Total Pension Liability</i>	<i>Fiduciary Net Position</i>	<i>Net Pension Liability</i>	<i>Fiduciary Net Position as a Percentage of Total Pension Liability</i>
12/31/18	\$ 35,927,158	\$ 16,595,361	\$ 19,331,797	46%
12/31/17	35,073,735	17,687,961	17,385,774	50%

The following are the methods and assumptions used to determine total pension liability:

Actuarial Assumptions (Economic)

Discount Rate used for the Total Pension Liability	6.28%
Long-Term Expected Rate of Return on Plan Assets	6.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	4.10%
Projected Individual Salary Increases	3.50% - 17.36%
Projected Increase in Total Payroll	3.50%
Consumer Price Index (Utilities)	2.50%
Inflation Rate Included	2.50%

Actuarial Assumptions (Demographic)

Mortality Rates	RP-2014 Adjusted for Plan Status, Collar, & Illinois Public Defense Data
Retirement Rates	L&A 2016 Illinois Police Retirement Rates Capped at age 65
Disability Rates	L&A 2016 Illinois Police Disability Rates
Termination Rates	L&A 2016 Illinois Police Termination Rates
Percent Married	80.0%

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

Assumptions Changes

The assumptions were changed from the prior year.

The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.44% to 4.10% for the current year. The underlying index used is The Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 67 and Statement 68.

The discount rate used in the determination of the Total Pension Liability was changed from 6.24% to 6.28%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

In the current valuation, the Long-Term Expected Rate of Return on Plan Assets assumption was updated from 6.75% to 6.50%.

In the current valuation, individual pay scale assumptions were reviewed to reflect the newly settled bargaining agreement between the City of Jacksonville and the Illinois Fraternal Order of Police Labor Council, on behalf of Lodge No. 125, for the period January 1, 2019 through December 31, 2022. The year over year step increases dictated by the wage schedule did not change significantly from the prior year contract, therefore, we have not updated the assumption for individual pay increases.

The above stated assumption changes were made to better reflect the future anticipated experience of the Fund.

In addition, there are changes that can be made that impact the projection of the fiduciary net position of the fund. For example, changes in the formal or informal funding policy can impact the discount rate. Actual changes in the fiduciary net position from one year to the next can impact the projections as well.

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

Individual Pay Increases

Individual pay increases include provisions for annual cost of living increases, plus any additional increases in pensionable pay provided (step increases, longevity increases, promotions, educations, etc.). Sample rates are as follows:

Service	Rate	Service	Rate
0	17.36%	8	4.00%
1	5.36%	9	4.00%
2	5.36%	10	4.00%
3	5.44%	15	4.00%
4	5.95%	20	4.00%
5	4.00%	25	3.50%
6	4.00%	30	3.50%
7	4.00%	35	3.50%

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are Improved Generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Police 2016. These rates are experience-weighted with the Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment and improved generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Participants. These rates are improved generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Police Officers.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

Postemployment Benefit Changes

Eligibility for postemployment benefit increases is determined based on the Illinois Pension Code. Tier 1 Police retirees are provided with an annual 3.0% increase in retirement benefits by statute when eligible. Tier 2 Police retirees are provided postemployment benefit increases based on one-half of the Consumer Price Index (Urban) for the prior September.

The CPI-U for September 1985 was 108.3. The CPI-U for September 2018 was 252.4. The average increase in the CPI-U for September 1985 through September 2018 was 2.61% (on a compounded basis).

Long-Term Expected Rate of Return

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return shown below have been provided by the investment professionals that work with the Pension Fund. The table below illustrates the best estimate of long-term expected real rates of return developed for each of the major asset classes, adjusted for expected inflation.

The rates provided in the table below are based on an arithmetic average. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Long-Term Expected Real Rate of Return
Equities	8.04%
Fixed Income	3.56%
Cash	1.73%

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Actuarial Assumption section is the December 27, 2018 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's AA.

The indices represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indices would yield if the bond was sold at par value. The indices are simple averages of the average estimated yields of the bonds.

Discount Rate

The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected fiduciary net position, the long-term expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. The expected contributions are based on the funding policy of the plan.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2017	\$ 35,073,735	\$ 17,687,961	\$ 17,385,774
Changes for the year:			
Service Cost	737,422	-	737,422
Interest on the Total Pension Liability	2,135,788	-	2,135,788
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(128,220)	-	(128,220)
Changes of Assumptions	(198,840)	-	(198,840)
Contributions – Employer	-	1,194,801	(1,194,801)
Contributions – Employees	-	263,494	(263,494)
Net Investment Income	-	(831,356)	831,356
Benefit Payments, including Refunds of Employee Contributions	(1,692,727)	(1,692,727)	-
Administrative Expense	-	(26,812)	26,812
Net Changes	853,423	(1,092,600)	1,946,023
Balances at December 31, 2018	\$ 35,927,158	\$ 16,595,361	\$ 19,331,797

Sensitivity of the Discount Rate

The Net Pension Liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the Net Pension Liability to the discount rate assumption:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Employer Net Pension Liability	\$24,874,181	\$19,331,797	\$14,875,670

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the Plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

B. Police Pension Fund (continued)

2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	268,902	218,923
Net difference between projected and actual earnings on pension plan investments	1,909,185	704,248
Changes of assumptions	<u>0</u>	<u>1,760,347</u>
Total Deferred Amounts Related to Pensions	2,178,087	2,683,518

Amounts reported as deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability during the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended December 31:	
2019	\$ 100,679
2020	(195,323)
2021	(146,484)
2022	55,701
2023	(293,466)
Thereafter	(26,538)
Total	\$ (505,431)

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund

Plan Description

The City of Jacksonville, Illinois, Firemen’s Pension Fund is a defined benefit single-employer pension plan that covers all sworn firefighting personnel and is administered by the City of Jacksonville, Illinois. Although this is a single-employer plan, the defined benefits and employee and employer contribution levels are governed by “Article 4, Firefighter’s Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40) and may only be amended by the Illinois legislature. This fund is accounted for and reported as a pension trust fund. Administrative costs are financed through investment earnings.

Plan Membership

At December 31, 2018 and 2017, the pension plan membership consisted of:

	<i>2018</i>	<i>2017</i>
Inactive Plan Members and Beneficiaries Currently Receiving Benefits	40	40
Inactive Plan Members Entitled to but not yet Receiving Benefits	-0-	-0-
Active Plan Members	29	26

Benefits Provided

Following is a summary of the firemen’s pension plan as provided for in the Illinois Compiled Statutes:

The firemen’s pension plan provides retirement benefits as well as death and disability benefits. There are two tiers or levels of benefits:

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

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 one-half of the salary attached to the rank held at the date of retirement. The pension shall be increased by one-twelfth of 2.5% of such salary for each month over 20 years of service, to a maximum of 75% of such monthly salary. Employees with at least 10 years, but less than 20 years of credited service, may retire and receive a reduced benefit which begins at age 60. The monthly pension of a firefighter who retires after January 1, 1977 with 20 or more years of service, shall be increased annually, following the first anniversary date of retirement, and paid upon reaching at least the age of 55, by 0.25% of the original pension times the number of months the employee has been retired since age 50 (up to a maximum of 15%), and 3% annually thereafter of the pension payable at the time of the increase. The monthly pension of a firefighter who retires with less than 20 years of service receives an annual 3% increase.

Employees that are hired after January 1, 2011 attaining the age of 55 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the average salary for the last 8 years of service (maximum average salary is \$106,800 if employee retires in calendar year 2011). The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to a maximum of 75% of such salary. Employees with at least 10 years, but less than 20 years of credited service, may retire and receive a reduced benefit, which begins at age 60. Employees that have attained the age of 50 with at least 10 years of service may retire but their pension is reduced by ½% per year for each year the employee is under age 55. The monthly pension shall be increased annually, following the first anniversary date of retirement, and be paid upon reaching the age of at least 60 years, by the lesser of 1/12 of 3% of the original pension times the number of months the employee has been retired since age 60 (up to a maximum of 15%) or by a factor of the CPI-U, whichever is less. Dependents receive a pension of 2/3 of the member's pension at date of death. Dependents receive an annual increase under the same formula as the retired member.

Contributions

Covered employees are required to contribute 9.455% of their salary to the Firemen's 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 of Jacksonville is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Plan is fully funded.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

Net Pension Liability

The total pension liability is based on the actuarial valuation completed as of January 1, 2018 and January 1, 2017, respectively. The components of the net pension liability at December 31, 2018 and 2017 were as follows:

<i>Fiscal Year Ending</i>	<i>Total Pension Liability</i>	<i>Fiduciary Net Position</i>	<i>Net Pension Liability</i>	<i>Fiduciary Net Position as a Percentage of Total Pension Liability</i>
12/31/18	\$ 31,235,418	\$ 16,755,313	\$ 14,480,105	54%
12/31/17	30,921,049	18,064,839	12,856,210	58%

The following are the methods and assumptions used to determine total pension liability:

Actuarial Assumptions (Economic)

Discount Rate used for the Total Pension Liability	6.39%
Long-Term Expected Rate of Return on Plan Assets	6.50%
High Quality 20 Year Tax-Exempt G.O. Bond Rate	4.10%
Projected Individual Salary Increases	3.75% - 14.35%
Projected Increase in Total Payroll	3.50%
Consumer Price Index (Urban)	2.50%
Inflation Rate Included	2.50%

Actuarial Assumptions (Demographic)

Mortality Table	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
Retirement Rates	L&A 2016 Illinois Firefighters Retirement Rates Capped at age 65
Disability Rates	L&A 2016 Illinois Firefighters Disability Rates
Termination Rates	L&A 2016 Illinois Firefighters Termination Rates
Percent Married	80.0%

Assumption Changes

The assumptions were changed from the prior year.

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

The assumed rate on High Quality 20 Year Tax-Exempt G.O. Bonds was changed from 3.44% to 4.10% for the current year. The underlying index used is The Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current fiscal year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 67 and Statement 68.

The discount rate used in the determination of the Total Pension Liability was changed from 6.26% to 6.39%. The discount rate is impacted by a couple of metrics. Any change in the underlying High Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended discount rate.

In the current valuation, we have updated the Long-Term Expected Rate of Return on Plan Assets assumption from 6.75% to 6.50%.

The above stated assumption changes were made to better reflect the future anticipated experience of the Fund.

In addition, there are changes that can be made that impact the projection of the Fiduciary Net Position of the fund. For example, changes in the formal or informal funding policy can impact the discount rate. Actual changes in the Fiduciary Net Position from one year to the next can impact the projections as well.

Individual Pay Increases

Individual pay increases include provisions for annual cost of living increases, plus any additional increases in pensionable pay provided (step increases, longevity increases, promotions, educations, etc.). Sample rates are as follows:

Service	Rate	Service	Rate
0	14.35%	8	4.25%
1	5.15%	9	4.25%
2	6.54%	10	4.25%
3	5.37%	15	4.25%
4	6.41%	20	4.25%
5	5.00%	25	3.75%
6	4.25%	30	3.75%
7	4.25%	35	3.75%

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

Demographic Assumptions

Active Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Firefighters 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improved Generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study for Disabled Participants, with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2016 Improvement Rates.

Other demographic assumption rates are based on a review of assumptions in the L&A 2016 study for Illinois Firefighters.

Postemployment Benefit Changes

Eligibility for postemployment benefit increases is determined based on the Illinois Pension code. Tier I Firefighter retirees are provided with an annual 3.0% increase in retirement benefits by statute when eligible. Tier 2 Firefighter retirees are provided postemployment benefit increases based on one-half of the Consumer Price Index (Urban) for the prior September.

The CPI-U for September, 1985 was 108.3. The CPI-U for September 2018 was 252.4. The average increase in the CPI-U for September 1985 through September 2018 was 2.61% (on a compounded basis).

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return shown below have been provided by the investment professionals that work with the Pension Fund. The table below illustrates the best estimate of long-term expected real rates of return developed for each of the major asset classes, adjusted for expected inflation.

The rates provided in the table below are based on an arithmetic average. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Long-Term Expected Real Rate of Return
US Large Cap Growth	3.77%
US Large Cap Value	4.13%
US Mid Cap Growth	5.00%
US Mid Cap Value	4.77%
US Small Cap Growth	6.11%
US Small Cap Value	6.32%
Non-US Dev Stk	5.54%
Non-US Emrg Stk	6.72%
US Inv Grade Bonds	1.37%
US High Yield Bonds	2.56%
Non-US Bonds	0.96%
Cash	0.11%
Real Estate	5.55%
Commodities	2.83%

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

Municipal Bond Rate

The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Actuarial Assumption section is the December 28, 2018 rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

The indices represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indices are simple averages of the average estimated yields of the bonds.

Discount Rate

The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. The expected contributions are based on the funding policy of the plan.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2017	\$ 30,921,049	\$ 18,064,839	\$ 12,856,210
Changes for the year:			
Service Cost	511,368	-	511,368
Interest on the Total Pension Liability	1,887,486	-	1,887,486
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience of the Total Pension Liability	(26,748)	-	(26,748)
Changes of Assumptions	(518,714)	-	(518,714)
Contributions – Employer	-	817,667	(817,667)
Contributions – Employees	-	175,231	(175,231)
Net Investment Income	-	(732,947)	732,947
Benefit Payments, including Refunds of Employee Contributions	(1,539,023)	(1,539,023)	-
Administrative Expense	-	(30,454)	30,454
Net Changes	314,369	(1,309,526)	1,623,895
Balances at December 31, 2018	\$ 31,235,418	\$ 16,755,313	\$ 14,480,105

Sensitivity of the Discount Rate

The Net Pension Liability has been determined using the discount rate listed in the assumption section. Below is a table illustrating the sensitivity of the Net Pension Liability to the discount rate assumption.

	1% Decrease (5.39%)	Current Discount Rate (6.39%)	1% Increase (7.39%)
Employer Net Pension Liability	\$18,855,469	\$14,480,105	\$10,911,116

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

C. Fire Pension Fund (continued)

2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	260,222	109,427
Net difference between projected and actual earnings on pension plan investments	1,808,637	405,445
Changes of assumptions	<u>0</u>	<u>2,356,394</u>
Total Deferred Amounts Related to Pensions	2,068,859	2,871,266

Amounts reported as deferred outflows of resources related to employer contributions made subsequent to the measurement date will be recognized as a reduction in the net pension liability during the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year ended December 31:	
2019	\$ (107,690)
2020	(370,034)
2021	(338,971)
2022	86,649
2023	(72,361)
Thereafter	-
Total	<u>\$ (802,407)</u>

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 3. Defined Benefit Pension Plan (continued)

Summary of All Pension Related Amounts

		Deferred Inflows of Resources		Deferred Outflows of Resources		Net Pension Liability
IMRF	\$	2,582,807	\$	4,508,472	\$	3,134,785
Police Pension		2,683,518		2,178,087		19,331,797
Fire Pension		2,871,266		2,068,859		14,480,105
Total	\$	8,137,591	\$	8,755,418	\$	36,946,687

NOTE 4. Other Post-Employment Benefits

Post-Retirement Health Care Benefits

The City provides post-retirement health benefits for City retirees with 20 years of service and are under age 65. The same coverage, provisions, deductibles, etc. which apply to active employees also applies to individuals receiving continued insurance coverage. This includes coverage for dependents of members who are insured under the policy on the day immediately before the day the member retires. The Unfunded Actuarial Liability has not been determined as of December 31, 2018.

Plan Description

The City administers a single-employer defined benefit health plan. Certain City employees as listed above are eligible for post-retirement health coverage. The plan does not issue a separate publicly available financial report.

Funding Policy

The contribution requirements of the City may be amended by the City Board. Current policy is to pay on a month by month basis for post-retirement insurance benefits or premiums. The City requires retirees to contribute 100% of the premium of their desired coverage. The premiums are established for the employee/retiree group, which currently ranges from \$600 per month for individual coverage to \$1,380 per month for family coverage. Although, with regard to retirees, this amount contains an implied rate subsidy by the City through the blended premium covering all current employees and retirees, there is no actuarial valuation performed to determine the amount of such subsidy.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4. Other Post-Employment Benefits (continued)

Contributions Made

Because the retiree insurance premium established is paid entirely by retiree contributions, there is no cash outflow by the City related to these benefits when paid. Therefore, there are no cash-basis expenditures reported by the City in regard to the plan benefits for retirees. As of December 31, 2018, there were 4 participants.

NOTE 5. Illinois Environmental Protection Agency

The Illinois Environmental Protection Agency requires the following additional information concerning the Sewerage system:

- 1) The total wastewater received at the wastewater plant during 2018 was 1,735,160,800 gallons.
- 2) The billable flow during 2018 was 801,715,070 gallons.
- 3) The debt service of the sewerage system for 2018 is \$190,167.
- 4) There were 7,617 users connected to the system in 2018.
- 5) There were no "non-metered" users.
- 6) The following list is of those customers discharging both domestic and non-domestic and industrial waste into the wastewater system.

Nestle - Discharge of 18,240,870 gallons consisting of domestic, non-domestic and industrial waste.

South Jacksonville - Discharge of 180,655,649 gallons of domestic, non-domestic and industrial waste.

The Illinois Environmental Protection Agency requires the following additional information concerning the water system.

- 1) The billable flow 1,281,633,508.
- 2) The debt service of the water system for 2018 is \$2,019,743.
- 3) There were 7,857 users connected to the system in 2018.
- 4) There were no "non-metered" users.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6. Deposits and Investments

The City is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act of Illinois.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested in certificates of deposit. Collateral agreements must be approved prior to deposit of funds. The City Council designates a list of authorized depository institutions.

Deposits of the City's reporting entity are insured or collateralized with securities held by the City, its agent, or by the pledging financial institution's trust department or agent in the name of the City.

As of December 31, 2018, the City's deposits totaled \$30,926,468, of which \$2,579,575 is covered by Federal Deposit Insurance, \$28,346,893 is collateralized by securities held by the pledging financial institution in the name of the City.

Investments

Fair value of investments is determined based on readily available quoted market prices as of December 31, 2018. At December 31, 2018 the City's reporting entity had the following investments:

	Fair Value	Cost	Quality Rating	Weighted Average Months to Maturity
Primary Government				
Non-Pooled Investments				
Federal Agency Notes	\$ 194,403	\$ 199,765	AA+	68
Mutual Fund Bonds	803,640	830,431	BBB	83
Mutual Fund Equities	264,403	277,496	N/A	N/A
Common Stock/Equity	<u>1,152,497</u>	<u>1,015,680</u>	N/A	N/A
Total Primary Government Investments	<u>\$ 2,414,943</u>	<u>\$ 2,323,372</u>		

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6. Deposits and Investments (Continued)

	Fair Value	Cost	Quality Rating	Weighted Average Months to Maturity
Fiduciary Funds				
Non-Pooled Investments				
U.S. Treasury Notes	\$ 3,350,701	\$ 3,397,814	Aaa	23
U.S. Treasury Notes	549,450	525,956	Aaa	41
U.S. Treasury Bonds	224,930	254,156	Aaa	311
U.S. Treasury Bill	1,386,744	1,381,843	Aaa	1
U.S. Treasury Bill	99,450	99,408	Aaa	3
Common Stock	279,040	240,044	N/A	N/A
Mutual Funds Equity	9,168,315	9,038,190	N/A	N/A
Mutual Funds Index	9,473,125	9,579,493	N/A	N/A
Corporate Bonds	728,685	760,239	Aaa	40
Corporate Bonds	123,540	124,153	Aa1	41
Corporate Bonds	516,700	534,720	Aa2	34
Corporate Bonds	685,297	739,599	A1	54
Gov. Natl. Mort. Assoc.	6,354	4,142	AAA	60
Gov. Natl. Mort. Assoc.	431,066	440,191	Aaa	293
Federal Farm Credit Banks	788,618	799,955	Aaa	57
Federal Natl. Mort. Assoc.	117,533	122,254	Aaa	281
Federal Home Loan Banks	444,712	449,460	Aaa	80
Municipal Bonds	199,534	206,533	Aa3	24
Certificates of Deposit	663,795	672,481	N/A	N/A
Certificates of Deposit	940,534	940,534	N/A	N/A
Total Fiduciary Funds				
Investments	<u>\$ 30,178,123</u>	<u>\$ 30,311,165</u>		
Grand Total Investments	<u><u>\$ 32,593,066</u></u>	<u><u>\$ 32,634,537</u></u>		

- (1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.
- (2) Interest Rate Risk is estimated using either duration or weighted average months to maturity depending on the respective policy.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 6. Deposits and Investments (Continued)

Investments (Continued)

Investment Policies

City Policy

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Generally, the City's investing activities are managed under the custody of the City Treasurer.

Investing is performed in accordance with investment policies adopted by the City Council complying with the Public Funds Investment Act of Illinois. City funds may be invested in securities as authorized by Sections 2 & 6 of the Public Funds Investment Act of Illinois.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Concentration of Credit Risk is the risk of loss attributed to the magnitude of the city's investment in a single issuer.

All amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by (1) securities eligible for City investment or any other high-quality, interest-bearing security rated at least AA/Aa by one or more standard rating services to include Standard & Poor's, Moody's or Fitch, (2) mortgages, (3) letters of credit issued by a Federal Home Loan Bank, or (4) loans covered by a State Guaranty under the Illinois Farm Development Act. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. City policy provides that investment collateral is held by a third party custodian with whom the City has a current custodial agreement in the City's name or be held in the name of both parties by the Federal Reserve Bank servicing Illinois.

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 7. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in fixed and variable rate annuity contracts.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

The investment activity for the year ended December 31, 2018 is as follows:

Beginning Investment Balance	\$	3,352,283
Contributions		141,574
Investment Income		(149,341)
Transfers		(227,816)
Withdrawals		(39,828)
Asset Fees		(15,408)
Life Ins. And Posted Only		0
Ending Investment Balance	\$	3,061,464
Life Insurance Policy Holder Account Value	\$	2,255

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 8. Operating Transfers

Operating transfers among funds reported within the same activities column are eliminated from that column in the government-wide statement of activities.

The following operating transfers were made:

	Operating Transfer In	Operating Transfer Out
General		
Capital Improvement	\$	\$ 1,081,284
Golf		100,000
Nonmajor Governmental	11,418	
Total General	11,418	1,181,284
Capital Improvements		
General	\$ 1,081,284	\$
Golf		48,802
Total Capital Improvements	1,081,284	48,802
Golf		
General	\$ 100,000	\$
Capital Improvements	48,802	
Total Golf	148,802	
Nonmajor Governmental		
General	\$	\$ 11,418
Total Nonmajor Governmental		11,418
Total Interfund Transfers		
All Funds	\$ 1,241,504	\$ 1,241,504

NOTE 9. Recently Issued and Adopted Accounting Standards

In the fiscal year ending December 31, 2018, the City implemented Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, Statement No. 81 – *Irrevocable Split- Interest Agreements*, Statement No. 85 – *Omnibus 2017*, and Statement No. 86 – *Certain Debt Extinguishment Issues* and had no impact on the City’s financial statements. The City also implemented Statement No. 82 – *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* which has been reflected in the pension note.

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 83**, *Certain Asset Retirement Obligations*
- Statement No. 84**, *Fiduciary Activities*
- Statement No. 87**, *Leases*

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 9. Recently Issued and Adopted Accounting Standards (continued)

Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

Statement No. 90, *Majority Equity Interests- and amendment of GASB Statement No. 14 and No. 61*

When they become effective, application of these standards may restate portions of these financial statements.

NOTE 10. Interfund Balances

Interfund balances reported within the same activities column are eliminated from that column in the government-wide statement of activities.

At December 31, 2018, interfund receivables and payables consisted of the following:

	Due From Other Funds	Due To Other Funds
General		
Nonmajor Governmental	\$ 8,430	\$ 1,599
Total General	8,430	1,599
Capital Improvements		
Nonmajor Governmental	\$ 197,265	\$ -
Total Capital Improvements	197,265	-
Nonmajor Governmental		
General	\$ 1,599	\$ 8,430
Capital Improvements		197,265
Nonmajor Governmental	7,942	7,942
Total Nonmajor Governmental	9,541	205,695
Total Interfund Balances		
All Funds	\$ 215,236	\$ 215,236

NOTE 11. Risk Management and Self Insurance

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. The City maintains internal service funds for its self-insured employees health insurance program insurance claims. Each participating fund makes payments to the self-insurance fund for amounts which are determined based on historical claims experience. Such payments are displayed on the fund financial statements as revenues and expenditures/expenses.

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 11. Risk Management and Self Insurance (Continued)

For medical claims, self-insurance is in effect up to a stop loss of \$70,000 per individual occurrence. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. An independent claims administrator performs all claim handling procedures.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The changes in the aggregate liabilities for claims for the year ended December 31, 2018 were as follows:

EMPLOYEE HEALTH INSURANCE

Claims Payable, Beginning of the Year	\$	204,028
Claims Incurred and Changes in Accrual		1,754,294
Claim Payments		(1,685,185)
Claims Payable, End of the Year	\$	<u><u>273,137</u></u>

NOTE 12. Industrial Revenue Bonds

In 2006 and 2017, the City issued \$32,390,000 and \$6,000,000, respectively, in industrial revenue bonds. The bonds are backed only by the revenue stream of the recipient. No assets of the City have been pledged against this issuance. These bonds are not included on the Statement of Net Position as a liability of the City, as they are to be repaid by the recipient corporation. The activity for the bonds for the year ended December 31, 2018 follows:

Outstanding 12/31/17	Issued	Retired	Outstanding 12/31/18
\$27,577,212	\$0	\$1,542,527	\$26,034,685

NOTE 13. Commitments and Contingent Liabilities

There are several lawsuits in which the City may potentially be involved. The City Attorney believes that the potential settlements from these claims, in excess of insurance coverage, would not materially affect the financial statements.

NOTE 14. Restricted Fund Balance

Amounts included as restricted fund balances on the financial statements include property tax levies, grant funds, fines and fees, and other amounts externally restricted for specific purposes.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 15. Long Term Obligations

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2018

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 172,367	\$ 9,165	\$ -	\$ 181,532	\$ -
Total	<u>\$ 172,367</u>	<u>\$ 9,165</u>	<u>\$ -</u>	<u>\$ 181,532</u>	<u>\$ -</u>
Business-Type Activities					
Water and Sewer					
Alternative Revenue Bonds	\$ 32,665,182	\$ 4,268,814	\$ 4,562,880	\$ 32,371,116	\$ 1,771,406
Compensated Absences	<u>42,076</u>	<u>8,368</u>	<u>-</u>	<u>50,444</u>	<u>-</u>
Total	<u>\$ 32,707,258</u>	<u>\$ 4,277,182</u>	<u>\$ 4,562,880</u>	<u>\$ 32,421,560</u>	<u>\$ 1,771,406</u>

Total interest expense of the Business-type activities for the year was \$585,191.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 15. Long Term Obligations (Continued)

1. Alternative Revenue Bonds

Alternative revenue bonds included as liabilities of the Water and Sewer enterprise fund consist of the following:

- a. \$3,129,907 issue of 1998 is due in semi-annual installments of \$103,259 through November 1, 2019, interest rate of 2.625%
- b. \$325,989 issue of 1999 is due in semi-annual installments of \$10,646 through May 1, 2020, interest rate of 2.525%.
- c. \$915,324 issue of 2000 is due in semi-annual installments of \$23,455 through May 1, 2021, including interest of 2.905%.
- d. \$792,848 issue of 2002 is due in semi-annual installments of \$25,975 through November 1, 2022, with a final payment of \$11,329 due May 1, 2023, including interest of 2.5700%.
- e. \$880,184 issue of 2002 is due in semi-annual installments of \$28,836 through November 1, 2022, with a final payment of \$12,577 due May 1, 2023, including interest of 2.5700%.
- f. \$2,333,623 issue of 2013 is due in semi-annual installments of \$71,628 through August 18, 2034, including interest of 1.9300%.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 15. Long Term Obligations (Continued)

1. Alternative Revenue Bonds (Continued)

Principal and interest payments to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2019	\$ 472,121	\$ 55,477	\$ 527,598
2020	262,109	45,092	307,201
2021	237,380	38,954	276,334
2022	219,090	33,788	252,878
2023	137,918	29,245	167,163
2024	116,532	26,725	143,257
2025	118,792	24,465	143,257
2026	121,096	22,161	143,257
2027	123,445	19,812	143,257
2028	125,839	17,418	143,257
2029	128,279	14,978	143,257
2030	130,767	12,490	143,257
2031	133,303	9,954	143,257
2032	135,888	7,369	143,257
2033	138,523	4,734	143,257
2034	141,209	2,048	143,257
	<u>\$ 2,742,291</u>	<u>\$ 364,710</u>	<u>\$ 3,107,001</u>

g. In addition to the above loans, the City has drawn \$30,731,074 from the Illinois Environmental Protection Agency Drinking Water Revolving Loan Fund as of December 31, 2018. During the fiscal year ending December 31, 2016, the City received notification of a \$3,000,000 loan forgiveness. This forgiveness will not be taken into effect until the final loan amendment is completed. The loan is being used to fund the construction of a new water treatment plant. The loan has been executed for an amount up to \$34,742,972 but only \$31,742,972 is to be repaid semi-annually at a rate of 2.210% interest. Repayment commenced in the spring of 2018, with maturity in the fall of 2037.

Below is an amortization schedule for this loan, based on the above assumptions. These amounts are subject to change based on the final determination of loan utilization and repayment dates:

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 15. Long Term Obligations (Continued)

1. Alternative Revenue Bonds (Continued)

Year Ending December 31,	Principal	Interest	Total
2019	\$ 1,299,285	\$ 640,985	\$ 1,940,270
2020	1,348,537	621,671	1,970,208
2021	1,378,504	591,704	1,970,208
2022	1,409,137	561,071	1,970,208
2023	1,440,451	529,757	1,970,208
2024	1,472,461	497,747	1,970,208
2025	1,505,182	465,026	1,970,208
2026	1,538,631	431,577	1,970,208
2027	1,572,822	397,386	1,970,208
2028	1,607,774	362,434	1,970,208
2029	1,643,502	326,706	1,970,208
2030	1,680,024	290,184	1,970,208
2031	1,717,357	252,851	1,970,208
2032	1,755,521	214,687	1,970,208
2033	1,794,532	175,676	1,970,208
2034	1,834,410	135,798	1,970,208
2035	1,875,175	95,033	1,970,208
2036	1,916,845	53,363	1,970,208
2037	838,675	10,766	849,441
	\$ <u>29,628,825</u>	\$ <u>6,654,422</u>	\$ <u>36,283,247</u>

Alternative revenue bond ordinances of the Water and Sewer Utility Fund require that certain reserve accounts be maintained at designated minimum dollar amounts.

Account	Amount
Bond and Interest	\$200,046

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 16. Legal Debt Margin

Equalized Assessed Valuation, 2018 Tax Year	\$ <u>248,722,799</u>
Statutory Debt Limitation (5.75% of Equalized Assessed Valuation)	\$ 14,301,561
Less: Bond Indebtedness	
Legal Debt Margin	\$ <u>14,301,561</u>

NOTE 17. Construction In Progress

The City has multiple construction projects in process as of December 31, 2018. Construction in progress includes work completed to date on the Nichols Park Pavilion project and a recreational path at Lake Jacksonville. The pavilion project is expected to have a total estimated cost of between \$300,000 and \$400,000. The recreational path is expected to have a total estimated cost of \$285,000. As of December 31, 2018, \$188,262 has been expended for the pavilion project and \$220,092 for the recreational path project.

NOTE 18. Interest Expense

The following amounts of interest expense have been included as a direct expense of the corresponding function on the Statement of Activities:

Business-Type Activities	\$ 585,191

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 19. Capital Assets.

The following is a summary of changes in capital assets for the year ended
December 31, 2018

	Beginning Balance January 1, 2018	Additions	Deletions	Ending Balance December 31, 2018
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 529,592	\$	\$	\$ 529,592
Infrastructure Land	459,635			459,635
Construction in Progress	<u>1,862,919</u>	<u>220,092</u>	<u>1,674,657</u>	<u>408,354</u>
Total Capital Assets, Not Being Depreciated	<u>2,852,146</u>	<u>220,092</u>	<u>1,674,657</u>	<u>1,397,581</u>
Capital Assets, Being Depreciated:				
Buildings	6,249,763			6,249,763
Infrastructure	23,535,917	1,732,939		25,268,856
Machinery and Equipment	3,821,601	117,530		3,939,131
Licensed Vehicles	<u>1,698,312</u>	<u>106,388</u>		<u>1,804,700</u>
Total Capital Assets, Being Depreciated	<u>35,305,593</u>	<u>1,956,857</u>	<u>-</u>	<u>37,262,450</u>
Less Accumulated Depreciation for:				
Buildings	3,791,314	106,237		3,897,551
Infrastructure	7,247,447	589,344		7,836,791
Machinery and Equipment	3,058,391	190,732		3,249,123
Licensed Vehicles	<u>1,483,748</u>	<u>117,388</u>		<u>1,601,136</u>
Total Accumulated Depreciation	<u>15,580,900</u>	<u>1,003,701</u>	<u>-</u>	<u>16,584,601</u>
Total Capital Assets, Being Depreciated, Net	<u>19,724,693</u>	<u>953,156</u>	<u>-</u>	<u>20,677,849</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,576,839</u>	<u>\$ 1,173,248</u>	<u>\$ 1,674,657</u>	<u>\$ 22,075,430</u>

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 19. Capital Assets (Continued)

	Beginning Balance January 1, 2018	Additions	Deletions	Ending Balance December 31, 2018
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 173,813	\$	\$	\$ 173,813
Construction in Progress	<u>36,497,729</u>	<u>405,364</u>	<u>35,326,972</u>	<u>1,576,121</u>
 Total Capital Assets, Not Being Depreciated	 <u>36,671,542</u>	 <u>405,364</u>	 <u>35,326,972</u>	 <u>1,749,934</u>
 Capital Assets, Being Depreciated:				
Land Improvements	1,809,041			1,809,041
Buildings & Infrastructure	66,426,982	39,798,607		106,225,589
Machinery and Equipment	<u>5,694,439</u>	<u>190,189</u>		<u>5,884,628</u>
 Total Capital Assets, Being Depreciated	 <u>73,930,462</u>	 <u>39,988,796</u>	 <u>-</u>	 <u>113,919,258</u>
 Less Accumulated Depreciation for:				
Land Improvements	585,253	1,998		587,251
Buildings & Infrastructure	39,943,487	2,102,837		42,046,324
Machinery and Equipment	<u>4,265,320</u>	<u>239,215</u>		<u>4,504,535</u>
 Total Accumulated Depreciation	 <u>44,794,060</u>	 <u>2,344,050</u>	 <u>-</u>	 <u>47,138,110</u>
 Total Capital Assets, Being Depreciated, Net	 <u>29,136,402</u>	 <u>37,644,746</u>	 <u>-</u>	 <u>66,781,148</u>
 Business-Type Activities Capital Assets, Net	 \$ <u>65,807,944</u>	 \$ <u>38,050,110</u>	 \$ <u>35,326,972</u>	 \$ <u>68,531,082</u>

CITY OF JACKSONVILLE, ILLINOIS
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2018

NOTE 19. Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 201,703
Public Safety	148,811
Public Works/Transportation	528,363
Health and Welfare	14,757
Culture and Recreation	110,067
	<u>\$ 1,003,701</u>
Business-Type Activities	
Water and Sewer	\$ 2,259,777
Golf	84,273
	<u>\$ 2,344,050</u>

NOTE 20. Subsequent Events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the City through June 10, 2019, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 21. Joint Venture

The West Central Dispatch Center is a joint venture between the City of Jacksonville, Illinois, Morgan County Board, Passavant Hospital and the West Central Emergency Telephone System Board (ETSB) to provide professional and compassionate 911 and emergency dispatch services. The West Central ETSB is comprised of 13 members from the various emergency response agencies and county boards from Morgan, Greene and Calhoun Counties. The System's financial activities, other than operating subsidies and advances from the City, are not included in the City's reporting entity.

CITY OF JACKSONVILLE, ILLINOIS

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE				
Property Taxes	\$ 4,200,000	\$ 4,200,000	\$ 4,189,170	\$ (10,830)
City Sales Tax	2,000,000	2,000,000	1,986,065	(13,935)
Franchise Tax	112,000	112,000	93,337	(18,663)
Intergovernmental:				
State Income Tax	1,950,000	1,950,000	1,862,267	(87,733)
Replacement Tax	-	-	5,428	5,428
Sales Tax	4,068,000	4,068,000	4,056,245	(11,755)
Video Gaming Tax	-	-	292,285	292,285
Telecommunications Tax	560,000	560,000	660,616	100,616
Federal Grant	187,350	187,350	144,887	(42,463)
State Expense Reimbursement	80,000	80,000	154,093	74,093
Local Expense Reimbursement	85,000	85,000	64,859	(20,141)
Licenses and Permits	352,595	352,595	367,872	15,277
Fines and Forfeitures	110,000	110,000	135,006	25,006
Revenue from Services	600,000	600,000	619,189	19,189
Rent	46,000	46,000	43,800	(2,200)
Investment Income	82,100	82,100	287,707	205,607
Other	134,803	134,803	123,787	(11,016)
	<u>14,567,848</u>	<u>14,567,848</u>	<u>15,086,613</u>	<u>518,765</u>
EXPENDITURES				
Current:				
General Control and Administration	3,138,451	3,138,451	2,972,280	166,171
Public Safety	7,275,250	7,275,250	7,031,797	243,453
Public Works/Transportation	1,718,139	1,718,139	1,480,837	237,302
Culture & Recreation	1,153,940	1,153,940	1,019,879	134,061
Health and Welfare	640,652	640,652	631,872	8,780
Capital Outlay	38,000	38,000	33,523	4,477
	<u>13,964,432</u>	<u>13,964,432</u>	<u>13,170,188</u>	<u>794,244</u>
Revenue Over (Under) Expenditures	<u>603,416</u>	<u>603,416</u>	<u>1,916,425</u>	<u>1,313,009</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers				
Received		-	11,418	11,418
Paid	(1,577,211)	(1,577,211)	(1,181,284)	395,927
	<u>(1,577,211)</u>	<u>(1,577,211)</u>	<u>(1,169,866)</u>	<u>407,345</u>
Total Other Financing Sources	<u>(1,577,211)</u>	<u>(1,577,211)</u>	<u>(1,169,866)</u>	<u>407,345</u>
Net Change in Fund Balances	\$ <u>(973,795)</u>	\$ <u>(973,795)</u>	746,559	\$ <u>1,720,354</u>
FUND BALANCE, BEGINNING			<u>14,061,321</u>	
FUND BALANCE, ENDING			\$ <u>14,807,880</u>	

CITY OF JACKSONVILLE, ILLINOIS

GENERAL FUND
SCHEDULE OF EXPENDITURES

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CURRENT:				
General Control and Administration:				
Aldermen				
Personal Services	\$ 36,675	\$ 36,675	\$ 36,023	\$ 652
Other Services and Charges	8,500	8,500	844	7,656
	<u>45,175</u>	<u>45,175</u>	<u>36,867</u>	<u>8,308</u>
Mayor's Office				
Personal Services	321,111	321,111	320,791	320
Supplies	3,000	3,000	784	2,216
Other Services and Charges	57,500	57,500	48,025	9,475
	<u>381,611</u>	<u>381,611</u>	<u>369,600</u>	<u>12,011</u>
Revolving Loan				
Personal Services	2,929	2,929	2,907	22
	<u>2,929</u>	<u>2,929</u>	<u>2,907</u>	<u>22</u>
City Clerk's Office				
Personal Services	404,924	404,924	399,003	5,921
Supplies	3,950	3,950	3,141	809
Other Services and Charges	9,750	9,750	4,390	5,360
	<u>418,624</u>	<u>418,624</u>	<u>406,534</u>	<u>12,090</u>
City Treasurer's Office				
Personal Services	98,326	98,326	104,596	(6,270)
Supplies	800	800	2,938	(2,138)
Other Services and Charges	3,500	3,500	2,399	1,101
	<u>102,626</u>	<u>102,626</u>	<u>109,933</u>	<u>(7,307)</u>
City Attorney's Office				
Personal Services	103,989	103,989	104,504	(515)
Supplies	5,950	5,950	891	5,059
Other Services and Charges	135,200	135,200	77,958	57,242
	<u>245,139</u>	<u>245,139</u>	<u>183,353</u>	<u>61,786</u>
Boards and Commissions				
Other Services and Charges	13,615	13,615	19,881	(6,266)
	<u>\$ 13,615</u>	<u>\$ 13,615</u>	<u>\$ 19,881</u>	<u>\$ (6,266)</u>

CITY OF JACKSONVILLE, ILLINOIS

GENERAL FUND
SCHEDULE OF EXPENDITURES
-continued-

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Audit				
Other Services and Charges	\$ 35,000	\$ 35,000	\$ 36,720	\$ (1,720)
	<u>35,000</u>	<u>35,000</u>	<u>36,720</u>	<u>(1,720)</u>
Major Departmental Emergency				
Personal Services	51,476	51,476	49,501	1,975
Supplies	15,500	15,500	12,409	3,091
Other Services and Charges	705,540	705,540	636,402	69,138
	<u>772,516</u>	<u>772,516</u>	<u>698,312</u>	<u>74,204</u>
City Hall and Plaza				
Personal Services	252,279	252,279	240,857	11,422
Supplies	43,500	43,500	40,783	2,717
Other Services and Charges	103,500	103,500	104,559	(1,059)
	<u>399,279</u>	<u>399,279</u>	<u>386,199</u>	<u>13,080</u>
City Insurance				
Other Services and Charges	594,094	594,094	596,760	(2,666)
	<u>594,094</u>	<u>594,094</u>	<u>596,760</u>	<u>(2,666)</u>
Central Supply				
Supplies	20,000	20,000	19,810	190
	<u>20,000</u>	<u>20,000</u>	<u>19,810</u>	<u>190</u>
Human Resource				
Personal Services	99,043	99,043	101,005	(1,962)
Other Services and Charges	8,800	8,800	4,399	4,401
	<u>107,843</u>	<u>107,843</u>	<u>105,404</u>	<u>2,439</u>
Total General Control and Administration	<u>3,138,451</u>	<u>3,138,451</u>	<u>2,972,280</u>	<u>166,171</u>
Public Safety:				
Police Department				
Personal Services	3,778,828	3,778,828	3,628,939	149,889
Supplies	54,500	54,500	28,216	26,284
Other Services and Charges	184,181	184,181	141,485	42,696
	<u>4,017,509</u>	<u>4,017,509</u>	<u>3,798,640</u>	<u>218,869</u>
Fire Department				
Personal Services	2,359,388	2,359,388	2,378,090	(18,702)
Supplies	11,000	11,000	17,445	(6,445)
Other Services and Charges	107,000	107,000	101,139	5,861
	<u>\$ 2,477,388</u>	<u>\$ 2,477,388</u>	<u>\$ 2,496,674</u>	<u>\$ (19,286)</u>

CITY OF JACKSONVILLE, ILLINOIS

GENERAL FUND
SCHEDULE OF EXPENDITURES
-continued-

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Inspection/Community Development				
Personal Services	\$ 503,234	\$ 503,234	\$ 509,765	\$ (6,531)
Supplies	1,500	1,500	992	508
Other Services and Charges	95,600	95,600	44,413	51,187
	<u>600,334</u>	<u>600,334</u>	<u>555,170</u>	<u>45,164</u>
Emergency Services				
Personal Services	151,079	151,079	149,397	1,682
Supplies	8,550	8,550	10,230	(1,680)
Other Services and Charges	20,390	20,390	21,686	(1,296)
	<u>180,019</u>	<u>180,019</u>	<u>181,313</u>	<u>(1,294)</u>
 Total Public Safety	 <u>7,275,250</u>	 <u>7,275,250</u>	 <u>7,031,797</u>	 <u>243,453</u>
Public Works/Transportation:				
Municipal Services				
Personal Services	762,739	762,739	721,249	41,490
Supplies	504,500	504,500	344,317	160,183
Other Services and Charges	193,400	193,400	167,434	25,966
	<u>1,460,639</u>	<u>1,460,639</u>	<u>1,233,000</u>	<u>227,639</u>
Street Lighting				
Other Services and Charges	257,500	257,500	247,837	9,663
	<u>257,500</u>	<u>257,500</u>	<u>247,837</u>	<u>9,663</u>
 Total Public Works/ Transportation	 <u>1,718,139</u>	 <u>1,718,139</u>	 <u>1,480,837</u>	 <u>237,302</u>
Culture and Recreation:				
Parks & Lakes	1,093,666	1,093,666	961,620	132,046
Personal Services	60,274	60,274	58,259	2,015
	<u>1,153,940</u>	<u>1,153,940</u>	<u>1,019,879</u>	<u>134,061</u>
Health and Welfare:				
Animal Control				
Other Services and Charges	38,428	38,428	38,428	-
	<u>\$ 38,428</u>	<u>\$ 38,428</u>	<u>\$ 38,428</u>	<u>\$ -</u>

CITY OF JACKSONVILLE, ILLINOIS

GENERAL FUND
SCHEDULE OF EXPENDITURES
-continued-

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Landfill				
Personal Services	\$ 9,384	\$ 9,384	\$ 8,993	\$ 391
Other Services and Charges	159,308	159,308	208,699	(49,391)
	<u>168,692</u>	<u>168,692</u>	<u>217,692</u>	<u>(49,000)</u>
Public Service				
Other Services and Charges	1,200	1,200	1,040	160
	<u>1,200</u>	<u>1,200</u>	<u>1,040</u>	<u>160</u>
Cemetery	432,332	432,332	374,712	57,620
	<u>432,332</u>	<u>432,332</u>	<u>374,712</u>	<u>57,620</u>
Total Health and Welfare	<u>640,652</u>	<u>640,652</u>	<u>631,872</u>	<u>8,780</u>
Total Current Expenditures	<u>13,926,432</u>	<u>13,926,432</u>	<u>13,136,665</u>	<u>789,767</u>
Capital Outlay:				
General Control and Administration:				
Other Major Departmental	-	-	-	-
Public Safety:				
Police Department	25,000	25,000	23,603	1,397
Fire Department	10,000	10,000	7,547	2,453
Inspection/Community Development	3,000	3,000	2,373	627
Health and Welfare				
Cemetery			-	-
	<u>38,000</u>	<u>38,000</u>	<u>33,523</u>	<u>4,477</u>
Total Capital Outlay	<u>38,000</u>	<u>38,000</u>	<u>33,523</u>	<u>4,477</u>
Total General Fund Expenditures	<u>\$ 13,964,432</u>	<u>\$ 13,964,432</u>	<u>\$ 13,170,188</u>	<u>\$ 794,244</u>

CITY OF JACKSONVILLE, ILLINOIS

CAPITAL IMPROVEMENT FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended December 31, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE				
Intergovernmental				
Federal Grant			45,555	45,555
State Grant	46,722	46,722	46,722	-
Investment Income	18,000	18,000	14,384	(3,616)
Other	500	500	-	(500)
	<u>65,222</u>	<u>65,222</u>	<u>106,661</u>	<u>41,439</u>
Total Revenue				
EXPENSES				
Debt Service			-	-
Capital Outlay	2,082,238	2,082,238	854,446	1,227,792
	<u>2,082,238</u>	<u>2,082,238</u>	<u>854,446</u>	<u>1,227,792</u>
Total Expenditures				
Revenue Over (Under)				
Expenditures	<u>(2,017,016)</u>	<u>\$ (2,017,016)</u>	<u>(747,785)</u>	<u>\$ 1,269,231</u>
OTHER FINANCING SOURCES (USES)				
Interfund Transfers				
Received	1,692,211	1,692,211	1,081,284	(610,927)
Paid	<u>(30,000)</u>	<u>(30,000)</u>	<u>(48,802)</u>	<u>(18,802)</u>
	<u>1,662,211</u>	<u>1,662,211</u>	<u>1,032,482</u>	<u>(629,729)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	<u>\$ (354,805)</u>	<u>\$ (354,805)</u>	284,697	<u>\$ 639,502</u>
FUND BALANCE, BEGINNING			<u>928,268</u>	
FUND BALANCE, ENDING			<u>\$ 1,212,965</u>	

CITY OF JACKSONVILLE, ILLINOIS
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP PLAN

LAST 10 CALENDAR YEARS (To be built prospectively from 2014)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 13,993	\$ 13,992	\$ 1	\$ 91,098	15.36%
2015	15,089	15,088	1	92,455	16.32%
2016	15,526	15,526	-	93,700	16.57%
2017	3,402	3,402	-	21,947	15.50%
2018	-	1,294	(1,294)	-	0.00%

CITY OF JACKSONVILLE, ILLINOIS
 MULTIYEAR SCHEDULE OF CONTRIBUTIONS
 ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN

LAST 10 CALENDAR YEARS (To be built prospectively from 2014)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 526,369	\$ 541,880	\$ (15,511)	\$ 4,553,368	11.90%
2015	534,588	534,588	-	4,829,160	11.07%
2016	533,585	533,584	1	5,019,612	10.63%
2017	485,029	485,092	(63)	4,850,293	10.00%
2018	485,626	485,626	-	4,925,209	9.86%

CITY OF JACKSONVILLE, ILLINOIS
POLICE PENSION FUND
MULTI- YEAR SCHEDULE OF CONTRIBUTIONS

LAST 10 CALENDAR YEARS (To be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 835,762	\$ 992,848	\$ (157,086)	\$ 2,607,909	38.07%
2016	875,841	1,036,438	(160,597)	2,699,186	38.40%
2017	918,642	1,116,242	(197,600)	2,793,657	39.96%
2018	990,997	1,194,801	(203,804)	2,658,865	44.94%

Notes to Schedule of Contributions

The actuarially determined contribution shown for the current year is from the January 1, 2017 actuarial report completed by the Illinois Department of Insurance for the tax levy recommendation for the December 2017 tax levy. The methods and assumptions shown below are based on the same actuarial valuation. For more detail on the age-based and service-based rates discussed below, please see the Actuarial Valuation.

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	24 Years
Asset Valuation Method	5-Year Smoothed Market Value
Inflation Rate (CPI-U)	2.50%
Payroll Increases	4.50%
Individual Pay Increases	4.00% - 11.00%
Investment Rate of Return	6.75%
Mortality Rates	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Retirement Rates	Illinois Department of Insurance Actuarial Experience Study Dated September 26, 2012
Termination Rates	Illinois Department of Insurance Actuarial Experience Study Dated September 26, 2012
Disability Rates	Illinois Department of Insurance Actuarial Experience Study Dated September 26, 2012

CITY OF JACKSONVILLE, ILLINOIS
FIREMEN'S PENSION FUND
SCHEDULE OF CONTRIBUTIONS

LAST 10 CALENDAR YEARS (To be built prospectively from 2015)

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 601,406	\$ 670,795	\$ (69,389)	\$ 1,718,854	39.03%
2016	588,401	734,886	(146,485)	1,779,014	41.31%
2017	654,038	785,197	(131,159)	1,841,279	42.64%
2018	696,044	817,667	(121,623)	1,853,311	44.12%

Notes to Schedule of Contributions

The Actuarially Determined Contribution shown for the current year is from the January 1, 2017 Actuarial Report completed by the Illinois Department of Insurance for the tax levy recommendation for the December 2017 tax levy. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Remaining Amortization Method	24 Years
Asset Valuation Method	5- Year Smoothed Market Value
Inflation Rate (CPI-U)	2.5%
Payroll Increases	4.5%
Individual Pay Increases	4.00% - 12.00%
Investment Rate of Return	6.75%
Mortality Rates	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Retirement Rates	Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012
Termination Rates	Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012
Disability Rates	Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012

CITY OF JACKSONVILLE, ILLINOIS
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP PLAN

LAST 10 CALENDAR YEARS (to be built prospectively from 2014)

Calendar Year Ending December 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ -	\$ 16,347	\$ 16,598	\$ 15,911	\$ 17,088					
Interest on the Total Pension Liability	38,427	21,891	20,902	18,876	16,117					
Benefit Changes	-	-	-	-	-					
Difference Between Expected and Actual Experience	4,088	232,609	(11,439)	(7,664)	(4,548)					
Assumption Changes	15,024	(9,899)	(3,408)	289	10,390					
Benefit Payments and Refunds	(37,630)	(26,970)	-	-	-					
Net Change in Total Pension Liability	<u>19,909</u>	<u>233,978</u>	<u>22,653</u>	<u>27,412</u>	<u>39,047</u>	-	-	-	-	-
Total Pension Liability - Beginning	<u>531,174</u>	<u>297,196</u>	<u>274,543</u>	<u>247,131</u>	<u>208,084</u>					
Total Pension Liability - Ending (a)	<u>\$ 551,083</u>	<u>\$ 531,174</u>	<u>\$ 297,196</u>	<u>\$ 274,543</u>	<u>\$ 247,131</u>	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	\$ 1,294	\$ 3,402	\$ 15,526	\$ 15,088	\$ 13,992					
Employee Contributions	-	1,646	7,028	6,934	6,832					
Pension Plan Net Investment Income	(27,256)	19,269	16,944	1,099	11,435					
Benefit Payments and Refunds	(37,630)	(26,970)	-	-	-					
Other	18,541	70,409	(597)	339	(439)					
Net Change in Plan Fiduciary Net Position	<u>(45,051)</u>	<u>67,756</u>	<u>38,901</u>	<u>23,460</u>	<u>31,820</u>	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>338,990</u>	<u>271,234</u>	<u>232,333</u>	<u>208,873</u>	<u>177,053</u>					
Plan Fiduciary Net Position - Ending (b)	<u>\$ 293,939</u>	<u>\$ 338,990</u>	<u>\$ 271,234</u>	<u>\$ 232,333</u>	<u>\$ 208,873</u>	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 257,144</u>	<u>\$ 192,184</u>	<u>\$ 25,962</u>	<u>\$ 42,210</u>	<u>\$ 38,258</u>					
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53.34%	63.82%	91.26%	84.63%	84.52%					
Covered Valuation Payroll	\$ -	\$ 21,947	\$ 93,700	\$ 92,455	\$ 91,098					
Net Pension Liability as a Percentage of Covered Valuation Payroll	0.00%	875.67%	27.71%	45.65%	42.00%					

Notes to Schedule:

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF JACKSONVILLE, ILLINOIS
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - ECO PLAN

LAST 10 CALENDAR YEARS (to be built prospectively from 2014)

Calendar Year Ending December 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ -	\$ -	\$ -	\$ -	-					
Interest on the Total Pension Liability	-	-	6,044	3,259	3,120					
Benefit Changes	-	-	-	-	-					
Difference Between Expected and Actual Experience	-	-	(86,628)	33,867	(3,253)					
Assumption Changes	-	-	-	-	1,995					
Benefit Payments and Refunds	-	-	-	-	-					
Net Change in Total Pension Liability	-	-	(80,584)	37,126	1,862	-	-	-	-	-
Total Pension Liability - Beginning	-	-	80,584	43,458	41,596					
Total Pension Liability - Ending (a)	\$ -	\$ -	\$ -	\$ 80,584	\$ 43,458	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	\$ -	\$ -	\$ -	\$ -	\$ -					
Employee Contributions	-	-	-	-	-					
Pension Plan Net Investment Income	-	-	6,044	206	2,537					
Benefit Payments and Refunds	-	-	-	-	-					
Other	-	-	(86,641)	39,234	(2,976)					
Net Change in Plan Fiduciary Net Position	-	-	(80,597)	39,440	(439)	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	80,597	41,157	41,596					
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ 80,597	\$ 41,157	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ -	\$ -	\$ -	\$ (13)	\$ 2,301					
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	0.00%	0.00%	0.00%	100.02%	94.71%					
Covered Valuation Payroll	\$ -	\$ -	\$ -	\$ -	\$ -					
Net Pension Liability as a Percentage of Covered Valuation Payroll	0.00%	0.00%	0.00%	0.00%	0.00%					

Notes to Schedule:

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

The City of Jacksonville no longer participates in the ECO Plan. This schedule is presented to show the years that the City had participated in the ECO Plan.

CITY OF JACKSONVILLE, ILLINOIS
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN

LAST 10 CALENDAR YEARS (to be built prospectively from 2014)

Calendar Year Ending December 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ 495,075	\$ 526,024	\$ 529,892	\$ 506,454	\$ 551,511					
Interest on the Total Pension Liability	2,264,300	2,256,026	2,185,353	2,082,829	1,970,261					
Benefit Changes	-	-	-	-	-					
Difference Between Expected and Actual Experience	(170,833)	(143,270)	(287,180)	209,053	(521,368)					
Assumption Changes	871,272	(986,687)	(35,407)	34,881	893,787					
Benefit Payments and Refunds	<u>(1,553,546)</u>	<u>(1,499,029)</u>	<u>(1,475,626)</u>	<u>(1,402,471)</u>	<u>(1,339,034)</u>					
Net Change in Total Pension Liability	1,906,268	153,064	917,032	1,430,746	1,555,157	-	-	-	-	-
Total Pension Liability - Beginning	<u>30,719,908</u>	<u>30,566,844</u>	<u>29,649,812</u>	<u>28,219,066</u>	<u>26,663,909</u>					
Total Pension Liability - Ending (a)	<u>\$ 32,626,176</u>	<u>\$ 30,719,908</u>	<u>\$ 30,566,844</u>	<u>\$ 29,649,812</u>	<u>\$ 28,219,066</u>	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	\$ 485,626	\$ 485,092	\$ 533,584	\$ 534,588	\$ 541,880					
Employee Contributions	245,803	219,498	225,883	217,313	210,939					
Pension Plan Net Investment Income	(1,689,952)	4,979,374	1,873,597	135,715	1,604,631					
Benefit Payments and Refunds	(1,553,546)	(1,499,029)	(1,475,626)	(1,402,471)	(1,339,034)					
Other	319,495	(524,849)	90,511	79,724	(148,746)					
Net Change in Plan Fiduciary Net Position	<u>(2,192,574)</u>	<u>3,660,086</u>	<u>1,247,949</u>	<u>(435,131)</u>	<u>869,670</u>	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>31,941,109</u>	<u>28,281,023</u>	<u>27,033,074</u>	<u>27,468,205</u>	<u>26,598,535</u>					
Plan Fiduciary Net Position - Ending (b)	<u>\$ 29,748,535</u>	<u>\$ 31,941,109</u>	<u>\$ 28,281,023</u>	<u>\$ 27,033,074</u>	<u>\$ 27,468,205</u>	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 2,877,641</u>	<u>\$ (1,221,201)</u>	<u>\$ 2,285,821</u>	<u>\$ 2,616,738</u>	<u>\$ 750,861</u>					
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.18%	103.98%	92.52%	91.17%	97.34%					
Covered Valuation Payroll	\$ 4,925,209	\$ 4,850,293	\$ 5,019,612	\$ 4,829,160	\$ 4,553,368					
Net Pension Liability as a Percentage of Covered Valuation Payroll	58.43%	(25.18%)	45.54%	54.19%	16.49%					

Notes to Schedule:

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF JACKSONVILLE, ILLINOIS
POLICE PENSION FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 CALENDAR YEARS (to be built prospectively from 2015)

Calendar Year Ending December 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ 737,422	\$ 818,174	\$ 772,153	\$ 745,659						
Interest on the Total Pension Liability	2,135,788	2,064,035	2,028,888	1,946,220						
Benefit Changes	-	-	-	-						
Difference Between Expected and Actual Experience	(128,220)	(154,475)	457,386	-						
Assumption Changes	(198,840)	(1,401,903)	(1,004,575)	-						
Benefit Payments and Refunds	(1,692,727)	(1,767,127)	(1,561,117)	(1,601,112)						
Net Change in Total Pension Liability	853,423	(441,296)	692,735	1,090,767	-	-	-	-	-	-
Total Pension Liability - Beginning	35,073,735	35,515,031	34,822,296	33,731,528						
Total Pension Liability - Ending (a)	\$ 35,927,158	\$ 35,073,735	\$ 35,515,031	\$ 34,822,295	-	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	\$ 1,194,801	\$ 1,116,242	\$ 1,036,438	\$ 992,848						
Employee Contributions	263,494	290,869	254,402	241,315						
Pension Plan Net Investment Income	(831,356)	2,077,509	1,249,275	(431,732)						
Benefit Payments and Refunds	(1,692,727)	(1,767,127)	(1,561,117)	(1,601,112)						
Administrative Expense	(26,812)	(20,961)	(25,211)	(25,298)						
Other	-	-	-	-						
Net Change in Plan Fiduciary Net Position	(1,092,600)	1,696,532	953,787	(823,979)	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	17,687,961	15,991,429	15,037,642	15,861,621						
Plan Fiduciary Net Position - Ending (b)	\$ 16,595,361	\$ 17,687,961	\$ 15,991,429	\$ 15,037,642	-	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 19,331,797	\$ 17,385,774	\$ 19,523,602	\$ 19,784,653						
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	46.19%	50.43%	45.03%	43.18%						
Covered Valuation Payroll	\$ 2,658,865	\$ 2,793,657	\$ 2,699,186	\$ 2,607,909						
Net Pension Liability as a Percentage of Covered Valuation Payroll	727.07%	622.33%	723.31%	758.64%						

Notes to Schedule:

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Covered employee payroll shown for the current year is the total covered payroll for the fiscal year for all Fund members.

CITY OF JACKSONVILLE, ILLINOIS
FIREMEN'S PENSION FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 CALENDAR YEARS (to be built prospectively from 2015)

Calendar Year Ending December 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Pension Liability										
Service Cost	\$ 511,368	\$ 589,245	\$ 555,944	\$ 544,392						
Interest on the Total Pension Liability	1,887,486	1,825,495	1,878,624	1,665,441						
Benefit Changes	-	-	-	-						
Difference Between Expected and Actual Experience	(26,748)	(130,901)	523,961	-						
Assumption Changes	(518,714)	(1,100,507)	(2,403,671)	-						
Benefit Payments and Refunds	(1,539,023)	(1,475,982)	(1,407,646)	(1,403,789)						
Net Change in Total Pension Liability	<u>314,369</u>	<u>(292,650)</u>	<u>(852,788)</u>	<u>806,044</u>	-	-	-	-	-	-
Total Pension Liability - Beginning	<u>30,921,049</u>	<u>31,213,699</u>	<u>32,066,488</u>	<u>31,260,444</u>						
Total Pension Liability - Ending (a)	<u>\$ 31,235,418</u>	<u>\$ 30,921,049</u>	<u>\$ 31,213,700</u>	<u>\$ 32,066,488</u>	-	-	-	-	-	-
Plan Fiduciary Net Position										
Employer Contributions	\$ 817,667	\$ 785,197	\$ 734,886	670,795						
Employee Contributions	175,231	165,409	160,349	151,687						
Pension Plan Net Investment Income	-	-	-	(189,536)						
Benefit Payments and Refunds	(732,947)	1,735,024	1,170,512	(1,403,789)						
Administrative Expense	(1,539,023)	(1,475,982)	(1,407,646)	(29,780)						
Other	(30,454)	(22,719)	(22,099)	-						
Net Change in Plan Fiduciary Net Position	<u>(1,309,526)</u>	<u>1,186,929</u>	<u>636,002</u>	<u>(800,623)</u>	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	<u>18,064,839</u>	<u>16,877,910</u>	<u>16,241,908</u>	<u>17,042,531</u>						
Plan Fiduciary Net Position - Ending (b)	<u>\$ 16,755,313</u>	<u>\$ 18,064,839</u>	<u>\$ 16,877,910</u>	<u>\$ 16,241,908</u>	-	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 14,480,105</u>	<u>\$ 12,856,210</u>	<u>\$ 14,335,789</u>	<u>\$ 15,824,580</u>						
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53.64%	58.42%	54.07%	50.65%						
Covered Valuation Payroll	\$ 1,853,311	\$ 1,841,279	\$ 1,779,014	\$ 1,718,854						
Net Pension Liability as a Percentage of Covered Valuation Payroll	781.31%	698.22%	805.83%	920.65%						

Notes to Schedule:

- This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.
- Covered employee payroll shows for the current year is the Total Covered Payroll for the fiscal year for all Fund members.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

Illinois Municipal Retirement Fund
Regular Plan (RP)
(Unaudited)

NOTE 1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE*

Valuation Date: 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 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	25-year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%
Salary Increases:	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE* (continued)

Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generation projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012.) The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

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

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

Illinois Municipal Retirement Fund
Sheriff's Law Enforcement Personnel (SLEP)
(Unaudited)

NOTE 1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE* (continued)

Valuation Date: 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 2018 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	25-year closed period
Asset Valuation Method:	5-year smoothed market, 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75%
Salary Increases:	3.75% to 14.50%, 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 2014 valuation pursuant to an experience study of the period 2011 to 2013.

CITY OF JACKSONVILLE, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

NOTE 1. SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN THE CALCULATION OF THE 2018 CONTRIBUTION RATE* (continued)

Mortality:

For non-disabled retirees, an IMRF specific mortality table was used with fully generation projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012.) The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information:

Notes: There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation; note two year lag between valuation and rate setting.

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

CITY OF JACKSONVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

	Total Nonmajor Governmental Funds	Special Revenue Funds	
		Motor Fuel Tax	Economic Loan
ASSETS			
Cash	\$ 6,177,142	\$ 482,834	\$ 129,166
Investments	2,414,943		
Receivables:			
Taxes	2,506,617		
Intergovernmental	42,969	42,969	
Loans	1,234,866		488,094
Accrued Interest	6,189		
Due from Other Funds	1,599		
 Total Assets	\$ 12,384,325	\$ 525,803	\$ 617,260
LIABILITIES			
Accounts Payable	\$ 142,159	\$ 62,348	
Accrued Salaries	2,490		
Due to Other Funds	205,695	197,265	
 Total Liabilities	350,344	259,613	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Taxes	2,495,322		
 Total Deferred Inflows of Resources	2,495,322	-	-
Fund Balance:			
Nonspendable	2,995,935		
Restricted for:			
Economic Loan	617,260		617,260
Public Safety	219,785		
Public Works/Transportation	266,190	266,190	
Health and Welfare	20,000		
Culture and Recreation	1,832,827		
Construction of Capital Assets	671,137		
Committed	2,915,525		
Unassigned	-		
 Total Fund Balance	9,538,659	266,190	617,260
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 12,384,325	\$ 525,803	\$ 617,260

Special Revenue Funds

Goveia Trust	Heritage Cultural Center	Tourism	Drug Enforcement	Public Library Fund
\$ 637,157	\$ -	\$ 17,897	\$ 180,936	1,252,518
		11,295		520,019 0
4,576				
<u>\$ 641,733</u>	<u>\$ -</u>	<u>\$ 29,192</u>	<u>\$ 180,936</u>	<u>1,772,537</u>
\$ 29,733	\$ -	\$ 29,192	\$ 0	\$ 20,771 2,490 8,430
<u>29,733</u>	<u>-</u>	<u>29,192</u>	<u>-</u>	<u>31,691</u>
				<u>520,019</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,019</u>
			180,936	
612,000	-			1,220,827
<u>612,000</u>	<u>-</u>	<u>-</u>	<u>180,936</u>	<u>1,220,827</u>
<u>\$ 641,733</u>	<u>\$ -</u>	<u>\$ 29,192</u>	<u>\$ 180,936</u>	<u>1,772,537</u>

CITY OF JACKSONVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2018

	Special Revenue Funds		
	Police and Fire Retirement Funds	Police Department Evidence	Foreign Fire Insurance Tax
ASSETS			
Cash	\$	\$ 5,641	\$ 33,208
Investments			
Receivables:			
Taxes	1,800,024		
Intergovernmental Loans			
Accrued Interest			
Due from Other Funds			
	_____	_____	_____
Total Assets	\$ <u>1,800,024</u>	\$ <u>5,641</u>	\$ <u>33,208</u>
LIABILITIES			
Accounts Payable	\$	\$	\$
Accrued Salaries			
Due to Other Funds			
	_____	_____	_____
Total Liabilities	_____ -	_____ -	_____ -
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Taxes	1,800,024		
	_____	_____	_____
Total Deferred Inflows of Resources	1,800,024	-	-
	_____	_____	_____
Fund Balance:			
Nonspendable			
Restricted for:			
Economic Loan			
Public Safety		5,641	33,208
Public Works/Transportation			
Health and Welfare			
Culture and Recreation			
Construction of Capital Assets			
Committed			
Unassigned			
	_____	_____	_____
Total Fund Balance	_____ -	_____ 5,641	_____ 33,208
	_____	_____	_____
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>1,800,024</u>	\$ <u>5,641</u>	\$ <u>33,208</u>

Capital Improvement Funds			Permanent Funds	
Lake Reclamation	Securities Investment	Tax Increment Finance	Public Library Endowment Trust	Cemetery Perpetual Care
\$ 350,384	\$ 1,860,014	\$ 626,395	\$ 70,929	\$ 530,063
			1,956,137	458,806
		175,279		
	703,514	43,258		
-	1,613			
		1,599		-
<u>\$ 350,384</u>	<u>\$ 2,565,141</u>	<u>\$ 846,531</u>	<u>\$ 2,027,066</u>	<u>\$ 988,869</u>
\$ -	\$ -	\$ 115	\$ -	\$ -
		115		
		175,279		
		175,279		
			2,027,066	968,869
				20,000
350,384	2,565,141	671,137		
<u>350,384</u>	<u>2,565,141</u>	<u>671,137</u>	<u>2,027,066</u>	<u>988,869</u>
<u>\$ 350,384</u>	<u>\$ 2,565,141</u>	<u>\$ 846,531</u>	<u>\$ 2,027,066</u>	<u>\$ 988,869</u>

CITY OF JACKSONVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	Total Nonmajor Governmental Funds	Special Revenue Funds	
		Motor Fuel Tax	Economic Loan
REVENUE			
Taxes	\$ 2,710,710	\$	\$
Intergovernmental	873,301	498,466	
Fines and Forfeitures	122,107		
Revenue from Services	35,058		
Investment Income	(28,229)	207	12,438
Other	45,987		
Total Revenue	<u>3,758,934</u>	<u>498,673</u>	<u>12,438</u>
EXPENDITURES			
Current:			
General Control and Administration	106,990		
Public Safety	2,084,817		
Public Works/Transportation	250,865	250,865	
Health and Welfare	-		
Culture and Recreation	1,026,190		
Debt Service	-		
Capital Outlay	179,531	-	
Total Expenditures	<u>3,648,393</u>	<u>250,865</u>	<u>-</u>
Revenue Over (Under) Expenditures	<u>110,541</u>	<u>247,808</u>	<u>12,438</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
Received	82,616		
Paid	(94,034)	-	
Total Other Financing Sources (Uses)	<u>(11,418)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	99,123	247,808	12,438
FUND BALANCE, BEGINNING	<u>9,439,536</u>	<u>18,382</u>	<u>604,822</u>
FUND BALANCE, ENDING	<u>\$ 9,538,659</u>	<u>\$ 266,190</u>	<u>\$ 617,260</u>

Special Revenue Funds

Goveia Trust	Heritage Cultural Center	Tourism	Drug Enforcement	Public Library Fund
\$	\$	\$ 248,541	\$	\$ 512,992
			111,616	101,108
11,418	7		943	6,577
	-			10,699
				7,514
				21,086
<u>11,418</u>	<u>7</u>	<u>248,541</u>	<u>112,559</u>	<u>659,976</u>
			36,863	
	45,936	248,541		705,639
			28,107	-
-	45,936	248,541	64,970	705,639
<u>11,418</u>	<u>(45,929)</u>	<u>-</u>	<u>47,589</u>	<u>(45,663)</u>
<u>(11,418)</u>			-	82,616
<u>(11,418)</u>	-	-	-	82,616
-	(45,929)	-	47,589	36,953
<u>612,000</u>	<u>45,929</u>	<u>-</u>	<u>133,347</u>	<u>1,183,874</u>
<u>\$ 612,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,936</u>	<u>\$ 1,220,827</u>

CITY OF JACKSONVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2018

	Special Revenue Funds		
	Police and Fire Retirement Funds	Police Department Evidence	Foreign Fire Insurance Tax
REVENUE			
Taxes	\$ 1,776,283	\$	\$
Intergovernmental	236,186		37,541
Fines and Forfeitures		3,914	
Revenue from Services			
Investment Income		6	16
Other			2,704
Total Revenue	<u>2,012,469</u>	<u>3,920</u>	<u>40,261</u>
EXPENDITURES			
Current:			
General Control and Administration			
Public Safety	2,012,469	3,864	31,621
Public Works/Transportation			
Health and Welfare			
Culture and Recreation			
Debt Service			
Capital Outlay			
Total Expenditures	<u>2,012,469</u>	<u>3,864</u>	<u>31,621</u>
Revenue Over (Under) Expenditures	<u>-</u>	<u>56</u>	<u>8,640</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
Received			
Paid		-	
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	56	8,640
FUND BALANCE, BEGINNING	<u>-</u>	<u>5,585</u>	<u>24,568</u>
FUND BALANCE, ENDING	\$ <u>-</u>	\$ <u>5,641</u>	\$ <u>33,208</u>

Capital Improvement Funds			Permanent Funds	
Lake Reclamation	Securities Investment	Tax Increment Finance	Public Library Endowment Trust	Cemetery Perpetual Care
\$	\$	\$	\$	\$
		172,894		
265	56,679	10,761	(100,232)	24,359
22,197			-	(28,251)
<u>22,462</u>	<u>56,679</u>	<u>183,655</u>	<u>(100,232)</u>	<u>(3,892)</u>
		106,990		
14,585			11,489	-
151,424				
<u>166,009</u>	<u>-</u>	<u>106,990</u>	<u>11,489</u>	<u>-</u>
<u>(143,547)</u>	<u>56,679</u>	<u>76,665</u>	<u>(111,721)</u>	<u>(3,892)</u>
			(82,616)	
			(82,616)	
(143,547)	56,679	76,665	(194,337)	(3,892)
<u>493,931</u>	<u>2,508,462</u>	<u>594,472</u>	<u>2,221,403</u>	<u>992,761</u>
\$ <u>350,384</u>	\$ <u>2,565,141</u>	\$ <u>671,137</u>	\$ <u>2,027,066</u>	\$ <u>988,869</u>

CITY OF JACKSONVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUNDS

December 31, 2018

ASSETS	Firemen's Pension Trust Fund	Policemen's Pension Trust Fund	Total
Cash and Short-Term Investments	\$ 703,303	\$ 886,878	\$ 1,590,181
Investments	15,436,498	14,741,625	30,178,123
Receivables:			
Accrued Interest	16,029	26,918	42,947
Other			0
Employer Contributions	<u>730,011</u>	<u>1,070,013</u>	<u>1,800,024</u>
 Total Assets	 <u>16,885,841</u>	 <u>16,725,434</u>	 <u>33,611,275</u>
 LIABILITIES			
Vouchers Payable	<u>130,528</u>	<u>130,073</u>	<u>260,601</u>
 Total Liabilities	 <u>130,528</u>	 <u>130,073</u>	 <u>260,601</u>
 NET POSITION			
Held in Trust for Pension Benefits	<u>\$ 16,755,313</u>	<u>\$ 16,595,361</u>	<u>\$ 33,350,674</u>

CITY OF JACKSONVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AVAILABLE FOR BENEFITS
PENSION TRUST FUNDS

Year Ended December 31, 2018

	Firemen's Pension Trust Fund	Police Pension Trust Fund	Total
ADDITIONS			
Contributions:			
Employer Contributions	\$ 817,667	\$ 1,194,801	\$ 2,012,468
Employee Contributions	<u>175,231</u>	<u>263,494</u>	<u>438,725</u>
Total Contributions	<u>992,898</u>	<u>1,458,295</u>	<u>2,451,193</u>
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	(2,154,488)	(1,494,604)	(3,649,092)
Interest/Dividends	497,577	686,818	1,184,395
Realized Gain (Loss) on Sale of Investment	942,974	2,988	945,962
Investment Expense	<u>(19,010)</u>	<u>(28,075)</u>	<u>(47,085)</u>
Net Investment Income	<u>(732,947)</u>	<u>(832,873)</u>	<u>(1,565,820)</u>
Other Income:			
Miscellaneous Income	<u>0</u>	<u>1,517</u>	<u>1,517</u>
Total Other Income	<u>-</u>	<u>1,517</u>	<u>1,517</u>
Total Additions	<u>259,951</u>	<u>626,939</u>	<u>886,890</u>
DEDUCTIONS			
Benefits	1,539,023	1,692,727	3,231,750
Administration Expenses	<u>30,454</u>	<u>26,812</u>	<u>57,266</u>
Total Deductions	<u>1,569,477</u>	<u>1,719,539</u>	<u>3,289,016</u>
Net Increase (Decrease)	(1,309,526)	(1,092,600)	(2,402,126)
NET POSITION, BEGINNING OF YEAR	<u>18,064,839</u>	<u>17,687,961</u>	<u>35,752,800</u>
NET POSITION, END OF YEAR	<u>\$ 16,755,313</u>	<u>\$ 16,595,361</u>	<u>\$ 33,350,674</u>

CITY OF JACKSONVILLE, ILLINOIS

SCHEDULE OF EQUALIZED ASSESSED VALUATIONS, TAX RATES,
EXTENSIONS AND COLLECTIONS

	2018	Tax Year 2017	2016
EQUALIZED ASSESSED VALUATIONS	\$ <u>248,722,799</u>	\$ <u>250,464,789</u>	\$ <u>239,730,808</u>
TAX LEVY			
General	\$ 4,082,780	\$ 3,979,220	\$ 3,942,697
Firemen's Pension	730,000	696,044	654,038
Police Pension	1,070,000	990,997	918,642
Library	520,000	520,000	520,000
Road District No. 14	<u>335,390</u>	<u>319,419</u>	<u>304,209</u>
	\$ <u>6,738,170</u>	\$ <u>6,505,680</u>	\$ <u>6,339,586</u>
TAX LEVY RATES			
General	1.66313	1.61307	1.66778
Firemen's Pension	0.29737	0.28216	0.27667
Police Pension	0.43587	0.40173	0.38859
Library	0.21183	0.21080	0.21997
Road District No. 14	<u>0.13663</u>	<u>0.12949</u>	<u>0.12869</u>
	<u>2.74483</u>	<u>2.63725</u>	<u>2.68170</u>
TAX EXTENSIONS			
General	\$ 4,082,802	\$ 3,979,238	\$ 3,942,708
Firemen's Pension	730,011	696,053	654,060
Police Pension	1,070,013	991,017	918,644
Library	520,020	520,017	520,019
Road District No. 14	<u>274,580</u>	<u>271,529</u>	<u>258,532</u>
	\$ <u>6,677,426</u>	\$ <u>6,457,854</u>	\$ <u>6,293,963</u>
TAX COLLECTIONS			
General		\$ 3,923,210	\$ 3,928,168
Firemen's Pension		686,254	651,648
Police Pension		977,065	915,260
Library		512,695	518,101
Road District No. 14		131,814	128,069
Tax Increment Finance		<u>172,796</u>	<u>172,205</u>
		\$ <u>6,403,834</u>	\$ <u>6,313,451</u>