

ANNUAL FINANCIAL REPORT
CITY OF DALLAS CITY, ILLINOIS
APRIL 30, 2024.

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Dallas City
Dallas City, IL 62330

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund of the City of Dallas City, as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise the village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund balance of the City of Dallas City, as of April 30, 2024, and the respective changes in the modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in the notes to the financial statements.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under these standards are further described in the Auditor's Responsibilities for the audit of the financial statement section of our report. We are required to be independent of the City of Dallas City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to the notes to the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified basis of accounting described in the notes to the financial statements, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Dallas City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by the management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Dallas City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

The financial statements referred to above do not include the management discussion and analysis. This information is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Dallas City's basic financial statements. The budgetary comparison schedule which follows the notes to the financial statements is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the budgetary comparison schedule is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Chad Passley
Certified Public Accountant

November 6, 2024

CITY OF DALLAS CITY, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
APRIL 30, 2024

ASSETS	Primary Government		Total
	Governmental Activities	Business - Type Activities	
Cash and Cash Equivalents	\$ 845,066.31	\$ 788,904.64	\$ 1,633,970.95
Capital Assets, Net of Accumulated Depreciation	257,786.76	1,629,876.61	1,887,663.37
TOTAL ASSETS	1,102,853.07	2,418,781.25	3,521,634.32
LIABILITIES			
Illinois EPA Loan	-	367,586.87	367,586.87
TOTAL LIABILITIES		367,586.87	367,586.87
NET POSITION			
Net investment in Capital Assets			
Restricted	257,786.76	1,262,289.74	1,520,076.50
Unrestricted	166,640.47	-	166,640.47
	<u>678,425.84</u>	<u>788,904.64</u>	<u>1,467,330.48</u>
TOTAL NET POSITION	\$ 1,102,853.07	\$ 2,051,194.38	\$ 3,154,047.45

CITY OF DALLAS CITY
 STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
 FOR THE YEAR ENDED APRIL 30, 2024

Functions/Programs	Expenses	Charges for Services	Net (Expense) Revenue and Changes in Net Position	
			Governmental Activities	Business Type Activities
Governmental Activities:				
General Government	\$ 366,119.76	\$ 6,474.24	\$ (359,645.52)	\$ (359,645.52)
Public Safety	49,250.57	-	(49,250.57)	(49,250.57)
Highway and Streets	92,708.68	-	(92,708.68)	(92,708.68)
Special Services	51,265.02	-	(51,265.02)	(51,265.02)
Total Governmental Activities	559,344.03	6,474.24	(552,869.79)	(552,869.79)
Business Type Activities:				
Water & Sewer	296,661.89	337,249.30	-	40,587.41
Total Business Type Activities:	296,661.89	337,249.30	-	40,587.41
Total Primary Government:	\$ 856,005.92	\$ 343,723.54	(552,869.79)	(512,282.38)

General Revenues:

Taxes:			
Property Taxes	83,369.40	-	83,369.40
Utility/Cannabis Use/Video Gaming Taxes	32,493.83	-	32,493.83
Intergovernmental Revenue	277,193.33	-	277,193.33
Interest Income	21,394.39	20,462.01	41,856.40
Miscellaneous/Grants/Trash Fees	80,489.16	619.75	81,108.91
Total General Revenues	494,940.11	21,081.76	516,021.87

Transfer In/(Out)

Change in Net Position	(57,929.68)	61,669.17	3,739.49
Net Position - May 1, 2023	1,160,782.75	1,989,525.21	3,150,307.96

Net Position - April 30, 2024	\$ 1,102,853.07	\$ 2,051,194.38	\$ 3,154,047.45
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See accompanying notes to the basic financial statements

CITY OF DALLAS CITY, ILLINOIS
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

April 30, 2024

ASSETS

Cash & Cash Equivalents	\$ 802,480.70	\$ 42,585.61	\$ 845,066.31
<u>TOTAL ASSETS</u>	<u>\$ 802,480.70</u>	<u>\$ 42,585.61</u>	<u>\$ 845,066.31</u>

LIABILITIES &
FUND BALANCES

Fund Balance - Restricted	\$ 124,054.86	\$ 42,585.61	\$ 166,640.47
Fund Balance - Assigned	11,036.96	-	11,036.96
Fund Balance - Unassigned	667,388.88	-	667,388.88
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 802,480.70</u>	<u>\$ 42,585.61</u>	<u>\$ 845,066.31</u>

RECONCILIATION TO THE STATEMENT OF NET POSITION:

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

Capital Assets used in governmental activities of \$647,813.66 net of accumulated depreciation of \$390,026.90 are not financial resources and therefore are not reported in the funds.

257,786.76	<u>\$ 1,102,853.07</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES:

See accompanying notes to the basic financial statements

CITY OF DALLAS CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2024

<u>REVENUES</u>	<u>General Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Total Governmental Funds</u>
Property Tax	\$ 83,369.40		\$ 83,369.40
Intergovernmental Revenue	241,873.08	\$ 35,320.25	277,193.33
Interest Income	21,347.28	47.11	21,394.39
Miscellaneous Income	119,457.23	-	119,457.23
<u>TOTAL REVENUES</u>	<u>466,046.99</u>	<u>35,367.36</u>	<u>501,414.35</u>
 <u>EXPENDITURES</u>			
General Government	374,109.84	-	374,109.84
Public Safety	40,224.77	-	40,224.77
Highway and Streets	33,310.75	49,843.13	83,153.88
Special Services	51,265.02	-	51,265.02
<u>TOTAL EXPENDITURES</u>	<u>498,910.38</u>	<u>49,843.13</u>	<u>548,753.51</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(32,863.39)</u>	<u>(14,475.77)</u>	<u>(47,339.16)</u>
Transfer In/(Out)	-	-	-
Net Change in Fund Balances	<u>(32,863.39)</u>	<u>(14,475.77)</u>	<u>(47,339.16)</u>
Fund Balance May 1, 2023	835,344.09	57,061.38	892,405.47
<u>FUND BALANCE APRIL 30, 2024</u>	<u>\$ 802,480.70</u>	<u>\$ 42,585.61</u>	<u>\$ 845,066.31</u>

Reconciliation to the Statement of Activities:

Net changes in fund balances - total governmental funds \$ (47,339.16)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital Asset Purchases - Capitalized	14,114.00
Depreciation Expense	<u>(24,704.52)</u>

Changes in Net Position Governmental Activities: \$ (57,929.68)

See accompanying notes to the basic financial statements

CITY OF DALLAS CITY, ILLINOIS
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
April 30, 2024

<u>ASSETS</u>	<u>Water/Sewer Fund</u>
<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 788,904.64
Total Current Assets	<u>788,904.64</u>
<u>Fixed Assets</u>	
Property, Plant & Equipment	4,539,281.25
Accumulated Depreciation	(2,909,404.64)
Total Fixed Assets	<u>1,629,876.61</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,418,781.25</u>
<u>LIABILITIES</u>	
Illinois EPA Loan	\$ 367,586.87
<u>TOTAL LIABILITIES</u>	<u>367,586.87</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	1,262,289.74
Unrestricted	<u>788,904.64</u>
<u>TOTAL NET POSITION</u>	<u>\$ 2,051,194.38</u>

See accompanying notes to the basic financial statements

CITY OF DALLAS CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS - PROPRIETARY FUND
YEAR ENDED APRIL 30, 2024

	<u>Water/Sewer</u> <u>Fund</u>
<u>OPERATING REVENUES</u>	
Charges for Services	
Reconnect-Tapping Fees/Renters Deposit	\$ 334,849.30
	<u>2,400.00</u>
<u>TOTAL OPERATING REVENUES</u>	<u>337,249.30</u>
<u>OPERATING EXPENSES</u>	
Wages	24,551.16
Fica/Medicare Contribution	1,945.09
IMRF - Retirement Expense	2,246.43
Contract Labor - Test Inc.	60,308.16
Repairs & Maintenance	1,274.63
Legal	1,076.34
Miscellaneous	1,359.18
Postage	3,177.80
Miscellaneous Equipment	15,307.05
Computer Network System	1,913.33
Insurance	14,466.87
Supplies	2,332.02
Office Supplies	275.00
Telephone	1,419.48
Audit	1,575.00
Permits	2,500.00
Tests	2,748.68
Meter Refunds	352.00
Utilities	22,085.82
Water Purchase	47,430.61
Depreciation	<u>83,246.84</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>291,591.49</u>
<u>OPERATING INCOME/(LOSS)</u>	45,657.81
<u>NON-OPERATING REVENUES/(EXPENSES)</u>	
Other Income	619.75
Interest Expense	(5,070.40)
Interest Income	<u>20,462.01</u>
<u>TOTAL NON OPERATING REVENUES</u> <u>(EXPENSES)</u>	<u>16,011.36</u>
<u>NET INCOME/(LOSS) BEFORE TRANSFERS</u>	61,669.17

See accompanying notes to the basic financial statements

CITY OF DALLAS CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS - PROPRIETARY FUND
YEAR ENDED APRIL 30, 2024

Transfer In/(Out)	<u>-</u>
Change in Net Position	<u>61,669.17</u>
Net Position May 1, 2023	<u>1,989,525.21</u>
<u>NET POSITION APRIL 30, 2024</u>	<u>\$ 2,051,194.38</u>

See accompanying notes to the basic financial statements

CITY OF DALLAS CITY, ILLINOIS
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
YEAR ENDED APRIL 30, 2024

	<u>Water/Sewer</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from Customers	\$ 337,249.30
Payments to Suppliers	(179,601.97)
Payments to Employees, Payroll Taxes, IMRF	(28,742.68)
Net Cash Provided/(Used) by Operating Activities	<u>128,904.65</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Other Income	619.75
Net Cash Provided by Noncapital Financing Activities	<u>619.75</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Interest Expense - IEPA Loan	(5,070.40)
Principal Payments - IEPA Loan	(22,022.00)
Purchase of capital assets	-
Net Cash Used by Capital & Related Financing Activities	<u>(27,092.40)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest	20,462.01
Net Cash Provided by Investing Activities	<u>20,462.01</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	122,894.01
Balance - May 1, 2023	<u>666,010.63</u>
Balance - April 30, 2024	<u>\$ 788,904.64</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income/(Loss)	\$ 45,657.81
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation/Amortization Expense	<u>83,246.84</u>
Net cash provided by operating activities	<u>\$ 128,904.65</u>

See accompanying notes to the basic financial statements

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed later in the notes, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. Financial Reporting Entity

The City's financial reporting entity is composed of the following:

Primary Government: City of Dallas City

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

Fund financial statements of the city are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self balancing accounts that consist of its assets, deferred outflows, liabilities, deferred inflows, fund balance or net position, revenues, and expenditures/expenses. Funds are organized into two major categories: Governmental and Proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the city or if it meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues or expenditures/expense of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – (CONTINUED)

Governmental Funds

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted or committed to expenditures for a specified purpose other than debt service or capital projects of the City of Dallas City. The reporting entity includes the following special revenue funds: Motor Fuel Tax – Major Fund.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund: Water/Sewer Fund – Major Fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

In the government wide financial statements, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used appropriate:

- a. All governmental funds utilize a current financial resources measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spend able financial resources during a given period. These funds use fund balance as their measure of available spend able financial resources at the end of the period.
- b. The proprietary fund utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All asset, deferred outflows, liabilities

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - (CONTINUED)

And deferred inflows associated with their activities are generally reported within the limitations of the modified basis of accounting.

BASIS OF ACCOUNTING

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments; inter fund receivables and payables, capital assets and related depreciation, and short term and long term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues and certain liabilities and their related expenses or expenditures are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the city utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary funds types would use the accrual basis of accounting. All government wide financial statements would be presented on the accrual basis of accounting.

D. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

For the purpose of the financial statements, cash and cash equivalents includes all demand, savings and certificate of deposit accounts regardless of their maturity date.

CAPITAL ASSETS

The modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment depends on whether the assets are used in governmental funds or proprietary funds and whether they are reported in the government wide or fund financial statements.

In the fund financial statements, capital assets arising from cash transactions in the governmental funds are accounted for as capital outlay expenditures. Capital assets used in the proprietary fund are capitalized and depreciated over their useful lives.

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost.

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – (CONTINUED)

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight line of depreciation. The range of estimated useful lives by asset type is as follows:

Buildings	40 years	Building Improvements	15 years
Equipment	7 years	Utility System	40 years
Vehicles	5 years	Infrastructure	50 years

The city uses a \$3,000 threshold for capital asset purchases.

LONG TERM DEBT

All long term debt arising from cash basis transactions to be repaid from governmental and business type resources is reported as liabilities in the government wide financial statements.

Long term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financial sources and payment of principal and interest reported as expenditures. Long term debt of proprietary funds is handled the same way as in government wide statements.

NET POSITION/FUND BALANCE CLASSIFICATIONS

Net Position in the government wide financial statements is classified and displayed as follows:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages or notes that are attributable to those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- b. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use by either external groups, such as creditors, grantors, contributors, or laws and regulations of other governments or law through constitutional provisions or enabling legislation.
- c. Unrestricted – Net amount of assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted portion of net position.

It is the city's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – (CONTINUED)

FUND FINANCIAL STATEMENTS

The difference among assets, deferred outflows, liabilities and deferred inflows of governmental funds is reported as fund balance. It is classified as non spendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined:

Non spendable: Amounts that cannot be spent because they either are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted: Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed: Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the city's highest level of decision making authority. Example would be through an ordinance.

Assigned: Amounts constrained by the city's intent to be used for specific purposes but that are not either restricted or committed.

Unassigned: The residual classification of the general fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the city's policy to first use restricted fund balance prior to use of unrestricted fund balances when an expenditure is incurred where both restricted and unrestricted fund balance are available.

The city has no formal minimum fund balance policies or any formal stabilization arrangements in place.

E. Revenues, Expenditures, and Expenses

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The city has the following program revenue:

General Government: Liquor License, Fines

All other governmental revenues are reported as general. All taxes are classified as general even if they are restricted for a specific purpose.

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – (CONTINUED)

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and services. They also include all revenues and expenses not related to capital and financing or investing activities.

F. Use of Estimates

The preparation of the financial statements using the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Due to this fact actual results could vary due to these estimates.

DETAILED NOTES

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

Note 2 – BUDGETS AND BUDGETARY ACCOUNTING

Budgets for governmental funds are prepared on the modified cash basis, which is the same as that used in the financial statements. This allows for comparability between the actual and budgeted amounts. The city's original/final budget was passed on July 26, 2023. Total disbursements may not exceed budgeted amounts for the fund as a whole. The budget lapses at the end of each fiscal year. The budget comparison schedule for the general and motor fuel tax fund follows the notes for a breakdown.

Note 3 – LONG-TERM DEBT

The city has a loan with Illinois EPA which has a balance of \$367,586.87 at April 30, 2024. The loan has an interest rate of 1.32% with semiannual payments of \$13,546.20 due in May and November for 20 years. During the current fiscal year, the city paid \$22,022.00 of principal and \$5,070.40 of interest on this loan.

Note 4 - PROPERTY TAXES

Property taxes are levied on a calendar-year basis on January 1, the assessment date, and become a lien as of the same date. The 2023 levy was adopted on October 25, 2023. Property taxes are payable in two installments. Property taxes are billed and collected by the County. Tax receipts are generally received in the months of August to December.

Note 5 - CASH AND CASH EQUIVALENTS

On April 30, 2024, the carrying value of the city's deposits with financial institutions totaled \$1,652,037.91. The bank balance of the city's deposits totaled \$1,633,970.95. \$1,296,025.24 of this balance consisted of certificate of deposits.

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 6 – CUSTODIAL CREDIT RISK

Custodial Credit Risk for deposits is the risk that in the event of bank failure, the city's deposits may not be returned to them. To ensure that the city is not exposed to this risk, the city makes sure that their financial institutions are FDIC insured and have securities pledged to cover any excess deposits. On April 30, 2024, the city was not exposed to any custodial credit risk.

Note 7 – RISK MANAGEMENT

The City of Dallas City is exposed to various risks of loss related to torts: theft of, damage to, or destruction of assets; errors and omissions; natural disasters; and workers compensation. The city purchases general and liability insurance from the Illinois Municipal League Risk Management. There have been no significant reductions in insurance coverage for any risk of loss in the past year and any claims settled have not exceeded the commercial coverage.

Note 8 – COMMITMENTS AND CONTINGENCIES

From time to time, the city becomes involved in legal actions and claims, most of which normally occur in governmental operations. Legal actions and claims are defended by the city's various insurance carriers, since claims brought against the city are covered by insurance policies. On April 30, 2024, the city council is not aware of any proceedings that would have a material adverse impact on the City of Dallas City financial position.

Note 9 – PENSION PLAN

Plan Description: The City of Dallas 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. Your employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy: As set by statute, your employer regular plan members are required to contribute 4.5 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to members contributions, to finance the retirement coverage of its own employees. The employer contribution rate for the calendar year 2023 was 10.15% of annual covered payroll. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rate for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 10- DEBT LIMITATION

The City of Dallas City has a legal debt limitation that is equal to 8.625 percent of their equalized assessed valuation. Their current equalized assessed valuation is \$9,024,735. This would give the City of Dallas City a debt limitation of \$778,383. The City of Dallas City has a loan with Illinois EPA for a sewer construction project that has a balance of \$367,586.87 on April 30, 2024.

Note 11 – CAPITILZATION POLICY

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns in the governmental-wide financial statements. Governmental activities capital assets are defined by the City of Dallas City as assets with an initial, individual cost of \$3,000 or higher and an estimated useful life in excess of one year. Business-type capital assets are defined by the City of Dallas City as assets with an individual cost of \$3,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Note 12- FIXED ASSETS

The following table is a breakdown of the enterprise fund and the general fixed assets of the government wide statements.

	Beginning Balance	Depreciation Expense/ Additions	Deletions	Ending Balance
Enterprise Fund				
Water/Sewer System	4,539,281.25	0.00	0.00	4,539,281.25
Government Activities				
Equipment --				
Streets	191,912.27	0.00	0.00	191,912.27
Infrastructure	105,682.17	0.00	0.00	105,682.17
Land	65,449.65	0.00	0.00	65,449.65
Vehicles/Equip -				
Police	134,261.63	0.00	0.00	134,261.63
Buildings –				
General	54,632.59	14,114.00	0.00	68,746.59
Equipment:				
General	81,761.35	0.00	0.00	81,761.35
Accumulated				
Depreciation –	2,826,157.80	83,246.84	0.00	2,909,404.64
Enterprise Fund				
Accumulated				
Depreciation –				
Government	365,322.38	24,704.52	0.00	390,026.90
Activities				

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 13 – COMPONENT UNITS

The City of Dallas City has no component units as of April 30, 2024.

Note 14 – RELATED PARTY TRANSACTIONS

The City of Dallas City has not entered into any related party transactions as of April 30, 2024.

Note 15 – INTERGOVERNMENTAL REVENUES

The following is a breakdown of the intergovernmental revenue total that is shown on the financial statements for the general fund:

Replacement Tax:	\$ 9,986.50
Sales Tax:	69,347.29
Income Tax:	131,789.70
Use Tax:	<u>30,749.59</u>
	<u>\$241,873.08</u>

The \$35,320.25 of intergovernmental revenue for the motor fuel tax fund is for motor fuel tax receipts and rebuild Illinois funds.

Note 16- INTERFUND ACTIVITY

Inter fund activity is reported as loans, reimbursements, or transfers. Loans are reported as inter fund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate fund and reduces its related cost as a reimbursement. All other inter fund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government wide financial statements. No activity was noted during the current fiscal year.

Note 17 – FUND BALANCE – GASB 54

The restricted fund balance consists of the motor fuel tax special revenue fund along with money in the general fund that is for cemetery expense and American Rescue Funds received. These funds can only be spent for the specific purpose noted. The restricted motor fuel tax amount is \$42,585.61 with the cemetery amount being \$5,389.05 and the American Rescue Funds being \$118,665.81.

The assigned fund balance is 11,036.96 that are included in the general fund. \$2,986.74 of this amount has been set aside for beautification projects within the city and the remaining \$8,050.22 for the purchase of DUI equipment for the police department.

Note 18 – SUBSEQUENT EVENTS

No events were noted.

CITY OF DALLAS CITY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024

Note 19 – IEPA SEWER LOAN

The city qualified for a loan from the Illinois EPA that was used to finance the sewer improvements. Over the course of the project the city received \$710,218.64 of loan proceeds. Since the city met the criteria, they qualified for the small community interest rate of 1.32% and the 30% principal forgiveness. Due to this, the city had \$240,824 of principal forgiven. The amount that was financed was \$469,394.64

The loan has a balance of \$367,586.67 on April 30, 2024.

The annual requirements for long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
4/30/25	\$22,313.65	\$4,778.75	\$27,092.40
4/30/26	\$22,609.16	\$4,483.24	\$27,092.40
4/30/27	\$22,908.59	\$4,183.81	\$27,092.40
4/30/28	\$23,211.97	\$3,880.43	\$27,092.40
4/30/29	\$23,519.38	\$3,573.02	\$27,092.40
4/30/30	\$23,830.86	\$3,261.54	\$27,092.40
4/30/31	\$24,146.47	\$2,945.93	\$27,092.40
4/30/32	\$24,466.25	\$2,626.15	\$27,092.40
4/30/33	\$24,790.28	\$2,302.12	\$27,092.40
4/30/34	\$25,118.58	\$1,973.82	\$27,092.40
4/30/35	\$25,451.25	\$1,641.15	\$27,092.40
4/30/36	\$25,788.32	\$1,304.08	\$27,092.40
4/30/37	\$26,129.84	\$962.56	\$27,092.40
4/30/38	\$26,475.90	\$616.50	\$27,092.40
4/30/39	\$26,826.37	\$266.03	\$27,092.40

CITY OF DALLAS CITY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
YEAR ENDED APRIL 30, 2024

REVENUES	Original/Final		Variance-
Taxes	Budget	Actual	Positive
			(Negative)
General Property Taxes			
Intergovernmental Revenue	\$ 76,750.00	\$ 83,369.40	\$ 6,619.40
Illinois Replacement Tax			
Illinois Sales Tax	4,000.00	9,986.50	5,986.50
Illinois Income Tax	55,000.00	69,347.29	14,347.29
Illinois Use Tax	100,000.00	131,789.70	31,789.70
	30,000.00	30,749.59	749.59
Total Intergovernmental Revenue	<u>189,000.00</u>	<u>241,873.08</u>	<u>52,873.08</u>
	Total Taxes	265,750.00	325,242.48
			59,492.48
Miscellaneous Revenue			
Liquor Licenses			
Utility Taxes	1,000.00	2,889.74	1,889.74
Franchise Fees	2,000.00	2,184.68	184.68
2% Fire Tax	10,000.00	12,225.75	2,225.75
Reimbursement	4,000.00	-	(4,000.00)
Trash Service	-	4,914.01	4,914.01
American Rescue Plan	-	70,389.00	70,389.00
Cannabis Use Tax	-	-	-
Video Gaming Tax	-	1,249.16	1,249.16
Fines	6,000.00	16,834.24	10,834.24
Interest	5,000.00	3,584.50	(1,415.50)
Miscellaneous	10,000.00	21,347.28	11,347.28
	-	5,186.15	5,186.15
Total Miscellaneous Revenue	<u>38,000.00</u>	<u>140,804.51</u>	<u>102,804.51</u>
	TOTAL REVENUES	303,750.00	466,046.99
			162,296.99
EXPENDITURES			
General Government			
Wages	204,000.00	193,190.02	10,809.98
FICA/Medicare Contribution	38,570.00	15,416.49	23,153.51
IMRF - Retirement	20,000.00	16,460.13	3,539.87
Cemetery Expense	14,500.00	10,800.00	3,700.00
Publications/Dues	-	1,965.45	(1,965.45)
Trash Collection	10,000.00	74,217.00	(64,217.00)
Legal	7,000.00	7,635.86	(635.86)
Publishing	4,000.00	2,600.13	1,399.87
Utilities	16,000.00	13,629.82	2,370.18
Telephone	9,000.00	9,059.76	(59.76)
Real Estate Taxes	1,000.00	-	1,000.00
Contract Labor	-	7,100.00	(7,100.00)
Audit	2,000.00	1,575.00	425.00
Office Supplies	7,000.00	5,455.31	1,544.69
Total General Government	<u>333,070.00</u>	<u>359,104.97</u>	<u>(26,034.97)</u>

CITY OF DALLAS CITY, ILLINOIS
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND-CONTINUED
YEAR ENDED APRIL 30, 2024

	Original/Final Budget	Actual	Variance - Positive (Negative)
Public Safety			
Telephone			
Equipment/Vehicle Purchased	5,000.00	5,793.41	(793.41)
Vehicle Expense/Repair & Maintenance	80,000.00	16,025.55	63,974.45
Supplies/Internet/Training/Uniforms	15,000.00	11,222.40	3,777.60
	<u>10,500.00</u>	<u>7,183.41</u>	<u>3,316.59</u>
Total Public Safety	<u>110,500.00</u>	<u>40,224.77</u>	<u>70,275.23</u>
Highways and Streets			
Repairs/Supplies - Streets	40,300.00	23,918.28	16,381.72
Equipment Purchased/Bridge Replacement	45,000.00	4,813.52	40,186.48
Vehicle Expense	17,000.00	4,578.95	12,421.05
	<u>102,300.00</u>	<u>33,310.75</u>	<u>68,989.25</u>
Total Highways and Streets	<u>102,300.00</u>	<u>33,310.75</u>	<u>68,989.25</u>
Insurance			
Insurance	15,425.00	15,004.87	420.13
	<u>15,425.00</u>	<u>15,004.87</u>	<u>420.13</u>
Total Insurance	<u>15,425.00</u>	<u>15,004.87</u>	<u>420.13</u>
Special Services			
Internet/Website	1,000.00	1,799.40	(799.40)
Building Improvements	-	15,751.85	(15,751.85)
Sidewalks/Trees	10,000.00	556.00	9,444.00
Computer Network Services	-	13,320.83	(13,320.83)
Security Systems	2,000.00	1,567.74	432.26
Donations	-	4,075.00	(4,075.00)
Capital Purchases	-	6,500.00	(6,500.00)
Other	-	7,694.20	(7,694.20)
	<u>14,600.00</u>	<u>51,265.02</u>	<u>(36,665.02)</u>
Total Special Services	<u>14,600.00</u>	<u>51,265.02</u>	<u>(36,665.02)</u>
TOTAL EXPENDITURES	<u>588,895.00</u>	<u>498,910.38</u>	<u>89,984.62</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	(285,145.00)	(32,863.39)	252,281.61
Transfer In/(Out)	-	-	-
Fund Balance May 1, 2023	835,344.09	835,344.09	-
FUND BALANCE APRIL 30, 2024	<u>\$ 550,199.09</u>	<u>\$ 802,480.70</u>	<u>\$ 252,281.61</u>

CITY OF DALLAS CITY, ILLINOIS
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
 MOTOR FUEL TAX FUND
 YEAR ENDED APRIL 30, 2024

<u>MOTOR FUEL TAX FUND</u>			
	<u>Original/Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>REVENUES</u>			
Motor Fuel Tax/Rebuild Illinois	\$ 30,000.00	\$ 35,320.25	\$ 5,320.25
Interest Income	-	47.11	47.11
<u>TOTAL REVENUES</u>	<u>30,000.00</u>	<u>35,367.36</u>	<u>5,367.36</u>
<u>EXPENDITURES</u>			
Maintenance	160,000.00	47,225.13	112,774.87
Construction	15,000.00	-	15,000.00
Engineering Fees	-	2,618.00	(2,618.00)
<u>TOTAL EXPENDITURES</u>	<u>175,000.00</u>	<u>49,843.13</u>	<u>125,156.87</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>(145,000.00)</u>	<u>(14,475.77)</u>	<u>130,524.23</u>
Transfer In/(Out)	-	-	-
Fund Balance May 1, 2023	73,536.39	# 57,061.38	16,475.01
<u>FUND BALANCE APRIL 30, 2024</u>	<u>\$ (71,463.61)</u>	<u>\$ 42,585.61</u>	<u>\$ 146,999.24</u>