



**PHILLIPS, SALMI + ASSOCIATES, LLC**

CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF WASHINGTON, ILLINOIS**

**FINANCIAL STATEMENTS**

**YEAR ENDED APRIL 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Washington, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited each fiduciary fund type of the City of Washington, Illinois as of and for the year ended April 30, 2019.

### **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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 Washington, Illinois, as of April 30, 2019, 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*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of changes in net pension liability and related ratios, schedule of employer contributions, schedule of money-weighted rate of return of pension plan investments and schedule of changes in the City's total OPEB liability and related ratios on pages 4-12 and 65-74, 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*

We have previously audited the City's 2018 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated October 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Such information, on pages 76-90, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The information included on page 91 has been summarized from the City's records. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no 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 October 16, 2019, on our consideration of the City of Washington, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Washington, Illinois' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Washington, Illinois' internal control over financial reporting and compliance.

*Phillips, Salmi & Associates, LLC*

Washington, Illinois  
October 16, 2019

## CITY OFFICIALS

Gary W. Manier, *Mayor*

Patricia S. Brown, *City Clerk*

Ellen L. Dingledine, *City Treasurer*

Raymond P. Forsythe, *City Administrator*



## ALDERMEN

Michael J. Brownfield, *Ward I*

Lilija V. Stevens, *Ward I*

Brett M. Adams, *Ward II*

Todd M. Yoder, *Ward II*

David Dingledine, *Ward III*

Brian H. Butler, *Ward III*

Daniel A. Cobb, *Ward IV*

Randall J. Black, *Ward IV*

## MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDING APRIL 30, 2019

The following narrative overview and analysis is provided by the management of the City of Washington, IL to serve as an introduction to and to aid in the understanding of the more detailed financial statements which follow. Comparative information for the prior fiscal year ending April 30, 2018 is provided where available and applicable. This overview should be read in conjunction with the financial statements and footnotes that follow this section.

### BACKGROUND

The City of Washington, IL operates under the Aldermanic-City form of government. The legislative body consists of two aldermen from each ward elected for a four-year term. Their terms are staggered so that half are elected every two years. Other elected officials include a City Clerk and City Treasurer, elected to a four-year term. In 1972 (Ord. 1052), the City Council created the office of City Administrator. The City Administrator is appointed by the Mayor and confirmed by a majority vote of the City Council. The City Administrator is the chief administrative officer of the city, and responsible to the Mayor and City Council for the proper administration of the affairs of the City. Voters approved a Home Rule referendum in 1998 which affords the city greater latitude in meeting the needs of its residents and managing its governmental affairs.

The City directly provides or makes provision for the delivery of services to its residents including, but not limited to, the following: police; fire; ambulance and rescue; water; wastewater; streets; solid waste disposal and recycling; storm water management; and planning, zoning and code enforcement. It also performs a variety of functions related to these services and other general administrative responsibilities including: budgeting and financial management, human resources administration, accounts payable/receivable and engineering.

The format and content of the financial statements for the fiscal year ending April 30, 2019 are in accordance with the GASB 34 reporting model. Among other things, GASB 34 requires the city to account for the depreciation of fixed assets (city-owned streets, buildings, land, etc.) within governmental activities.

### FINANCIAL HIGHLIGHTS

- The total net position of the City of Washington assets exceeded liabilities at April 30, 2019 by \$79,235,537, a \$2,948,494 or 3.86% increase over the prior year as adjusted. Of the \$79 million, \$20,619,617 is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. Unrestricted net position for the year ending April 30, 2018 totaled \$20,900,350 as adjusted.
- At April 30, 2019, the governmental funds reported combined fund balances of \$15,962,177, of which \$10,082,188 were unassigned. In the prior year, the governmental funds combined fund balance was \$16,543,934 of which \$11,313,367 was unassigned.
- Unrestricted cash, cash equivalents and investments decreased by \$1,457,590 in the General Fund, increased by \$326,107 in the Sewer Funds and increased by \$10,449 in the Water Funds.
- The City continues to maintain cash reserves equal to at least three months annual operating revenues for cash flow purposes. These additional funds are maintained for unanticipated needs that may occur at any time and in anticipation of major capital projects planned for future years.
- The City's long-term debt totaled \$13,821,953 at fiscal year-end. This total includes not only bonded indebtedness, but also vested employee compensated absences. The City continues to meet its debt obligations in a full and timely manner. Total long-term debt as of April 30, 2018 was \$18,764,768.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Washington's basic financial statements. The financial statements include three major component parts: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. The report contains other supplementary information as well.

**Government-wide Financial Statements.** The *government-wide financial statements* are intended to provide readers with a broad overview of the City of Washington's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the City of Washington's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the city is improving or deteriorating. Readers are cautioned that substantive conclusions should only be made following a more thorough evaluation of the full financial details and notes included herein.

Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The City of Washington's governmental activities include General Government, Public Safety, Highways and Streets, Health and Welfare, Cemetery and interest on long-term debt.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information for governmental funds with information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City of Washington maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Washington 223 Debt Service Fund which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report.

The City of Washington adopts an annual budget for all of the governmental funds pursuant to Illinois statutes.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The City of Washington maintains two different types of proprietary funds, enterprise and internal service:

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Washington utilizes enterprise funds to account for financial transactions related to its Waterworks and Sewerage systems.



- Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City of Washington uses internal service funds to account for the City's self-insured health plan (Employees' Benefit Fund), for fleet and equipment maintenance and replacement (Motor Equipment Replacement Fund) and to provide funding for non-motorized capital equipment in excess of \$5,000 (Capital Replacement Fund).

*Fiduciary funds* account for resources held for the benefit of parties outside of the government: pension trust funds and agency funds held by the City in a custodial capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Washington's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

**Notes to Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

**Other Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning combining statements and schedules for various funds; funding progress for the City's Illinois Municipal Retirement Fund (IMRF) and Police Pension Trust Fund; a historical review of property tax levies, rates and collections; and comparisons of budget vs. actual revenue and expense data.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. The largest part of the City of Washington's net position reflects its investment in capital assets (land, buildings and improvements, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Washington uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Washington's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the fiscal year, the City of Washington reports balances in all categories of net position, both for the government as a whole (\$79,235,537 for FYE April 2019 compared to \$76,287,043 for FYE April 2018, as adjusted, a 3.8% increase), as well as for governmental activities (\$40,850,281 compared to \$38,259,423, a 6.7% increase) and business-type activities (\$38,385,256 compared to \$38,027,620, a .9% increase).

### Financial Analysis: Government Funds

As previously noted, the City of Washington uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City of Washington's governmental funds reported combined ending fund balances of \$15,962,177, a decrease of \$581,757. The sum of \$10,082,188 is unassigned.

The General Fund is the primary operating fund of the City. Unassigned fund balances at fiscal year-end totaled \$10,092,855. During the year, revenues exceeded expenditures in the General Fund by \$1,898,573. After planned transfers to various other funds, including repayment of debt principal for the Washington 223 loan in the amount of \$5,006,557, a net decrease in the fund balance totaled \$1,283,927.

### Financial Analysis: Proprietary Funds

The City's primary Proprietary Funds include the Waterworks and Sewerage Enterprise Funds. Monies in these funds are principally generated from user fees; they are primarily dedicated to the operation, maintenance, repair and replacement of the water treatment and distribution system and the sewer collection and treatment system.

Net position in the Waterworks Fund total \$12,448,275 with \$2,858,532 being unrestricted. Net position decreased by \$75,292 during the year ending April 30, 2019. Sewerage Fund net position totals \$24,739,319; \$8,529,983 is unrestricted. Net position in this fund grew by \$283,797.

Internal Service Funds include the Employee Benefits Fund (Health Insurance) with net position of \$1,516,129, the Motor Equipment Replacement Fund with net position of \$3,939,970 and the Capital Replacement Fund with net position of \$433,826.

### **Financial Analysis: Trust and Agency Funds**

Total fund balances in Trust and Agency Funds are \$8,075,754 which largely represents the fund balance of the Police Pension Fund (Pension Trust). The net position of the Pension Trust Fund increased by \$428,299 over the past year. These monies are restricted for the payment of pension benefits to sworn officers of the Washington Police Department.

### **Capital Asset Administration**

The City of Washington's investment in capital assets includes land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals, and other infrastructure. This investment in capital assets as of April 30, 2019 was \$68,030,248 (net of accumulated depreciation) compared to \$70,195,160 in the prior year. See Note 3 for further details.

### **Long-Term Debt**

The City's long-term debt totaled \$13,821,953 at April 30, 2019 compared to \$18,764,768 at April 30, 2018. Governmental activity debt totaled \$4,966,505. Business-type activity debt (associated with the City's enterprise funds) totaled \$8,855,448.

Debt reductions during the year totaled \$6,004,518. Additions to long-term debt during the year totaled \$1,061,703. The majority of the reduction (\$5,006,557) and addition (\$1,000,000) is attributable to the payoff of the Washington 223 loan with one bank and issuance of an additional loan with another due to a more favorable interest rate.

As a home-rule unit, no legal limit exists on the amount of outstanding debt. Additional information on the City's long-term debt can be found in Note 4 of this report.

### **Economic Factors and Next Year's Budget**

The national economy has improved and the City economic trends mirrored those this past year. Unemployment rates continue to decrease with growth in medical, agri-business and research and development sectors within the region.

Legislative action in an attempt to ease the state's budgetary problems has been enacted including increases to the state Motor Fuel Tax and changes to the Sales Tax collection process. The exact impact to the City will not be immediately known, however, the changes will be positive for the annual MFT collection and potentially the total sales taxes collected. Because both taxes are unstable and tied to the local economy, it is difficult to project long-term impact. The state legislature is expected to consider additional changes to the local sales tax collection by including the local option sales taxes to the required collection by remote retailers. This change could have a positive effect on future years with the continued growth of online shopping. The City's population increase of 1,432 to 16,566 as a result of a 2017 Special Census has resulted in additional revenue approximating \$145 to \$150 per capita for the years prior to the 2020 Census. In addition, an ordinance was approved to increase the Home Rule Sales Tax to 1.75% to a total of 8.5% effective July 1, 2018. This additional revenue will be targeted for street infrastructure improvements. In early 2019, the City Council adopted a Utility Rate Study which provided for a graduated increase in the Sewer and Water Rates. These increased funds are also targeted to allow utility replacements along with the street improvements.

Capital spending is projected to decrease in the coming year due to the completion of Sewer Treatment Plant #2 – Phase 2A; however, anticipated to increase in subsequent years in conjunction with the development of a long-range capital investment strategy. City Council will be conducting a work session in early November which will include goal setting and top priorities for future years which could include designating future budgets to specific initiatives. This could include Washington 223, Business Rte. 24 and other key economic development initiatives.

Personnel costs account for about one-third of total budgeted expenditures. These expenses present steady upward pressure on the City's budget from year to year. In addition to continuing focus on wellness initiatives, the City joined a municipal pool for health insurance in 2017 in an effort to contain costs. As a result, the first-year renewal with the new cooperative resulted in a decrease of 2.7% in premium costs and a second-year reduction of 8%. While this type of reduction may not continue due to the ongoing increases in healthcare costs, the change to the pool has provided stability. Pension costs continue to have an impact on the City's long-term obligations. Police pension costs continue to increase as changes to the actuarial and market returns are not keeping pace with the long-term obligations. The State Legislature is focused on changes to the Police and Fire pensions statewide and it is anticipated that a change could be made which may have a local impact. It is yet to be seen whether this would be a positive or negative impact.

The City's near-term financial well-being remains directly dependent on the sustained growth of the City's key sources of revenue: sales tax, income tax, and water and sewer user fees. Development of Washington 223 and continued commercial growth is essential to the City's long-term financial well-being. Income tax revenue is largely dependent on the overall health of the state and national economy and the preservation of the current state distribution formula to municipalities. Although property taxes account for a comparatively small portion of total City revenue, growth in the City's assessed valuation is still important to meet future fire protection/ambulance, pension and liability insurance expenses as these costs are largely funded through property taxes. Sustained building activity is essential to the growth of the local property tax base. The City has seen increased investment with new residential, industrial and commercial construction, however, overall the Equalized Assessed Value (EAV) has remained relatively flat. Several new projects have been announced which should continue to improve or preserve the EAV.

## Request for Information

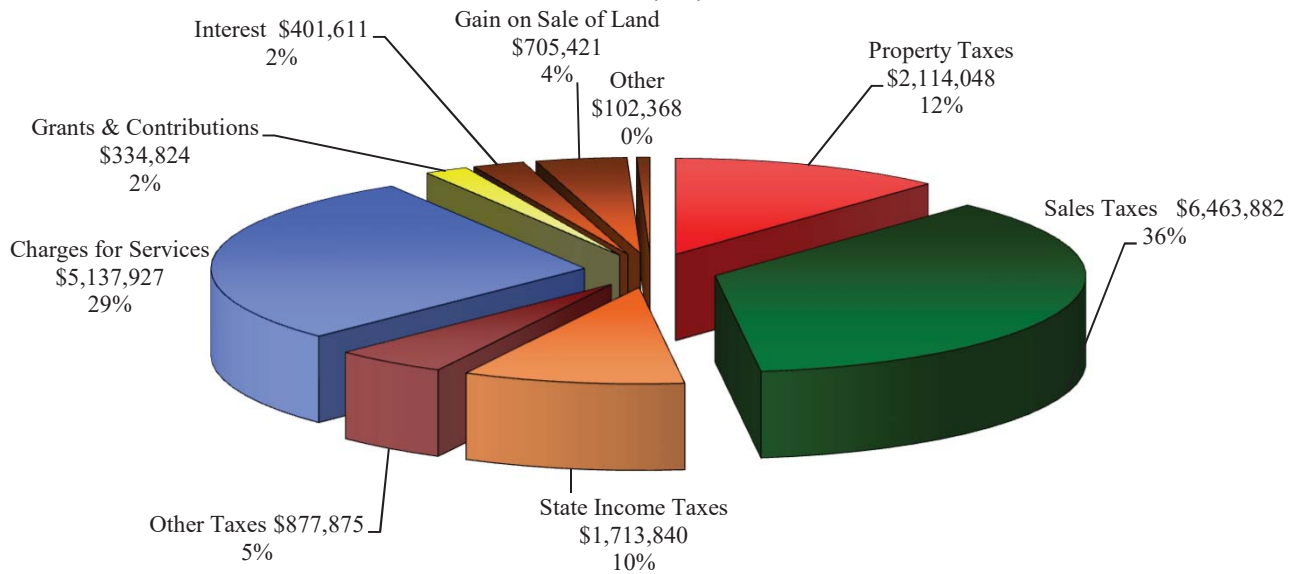
This financial report is designed to provide a general overview of the City of Washington's finances. Questions concerning the information provided in this report or requests for additional financial information should be directed to City Hall at 301 Walnut Street, Washington, IL 61571, (309) 444-3196 to the attention of Mr. Ray Forsythe, Washington City Administrator ([rforsythe@ci.washington.il.us](mailto:rforsythe@ci.washington.il.us)) or Mrs. Joanie Baxter, Washington City Controller ([jbaxter@ci.washington.il.us](mailto:jbaxter@ci.washington.il.us)).

### Government Wide Five Year Analysis – Other Data

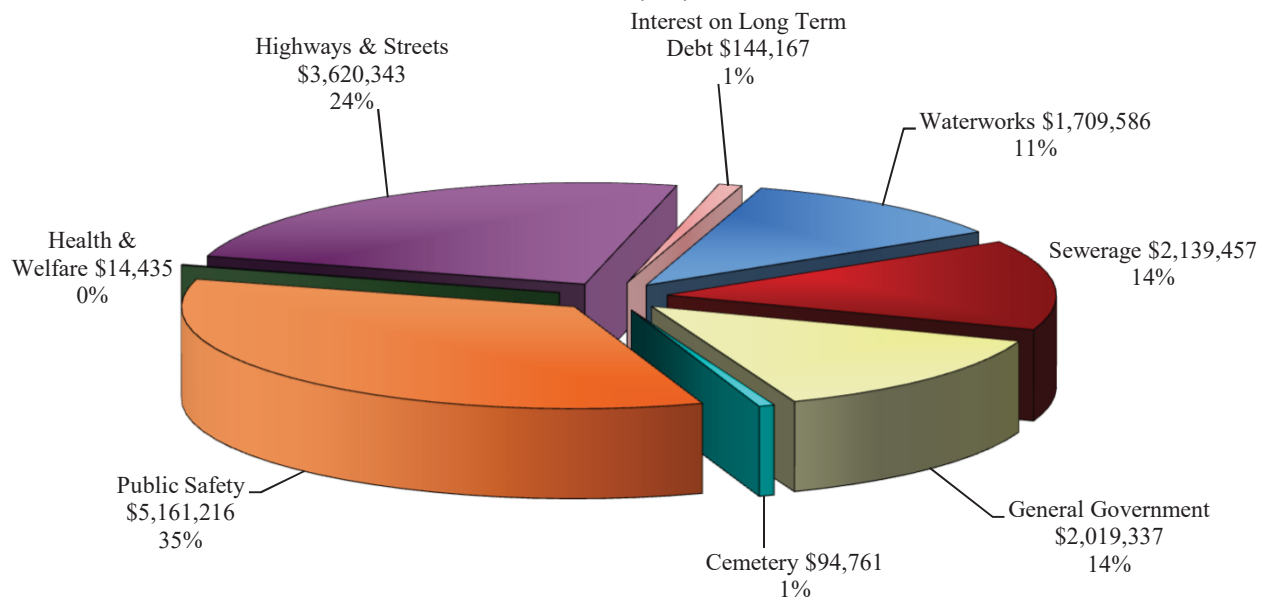
	2019	2018	2017	2016	2015
Unrestricted cash and investments	\$ 29,497,055	\$ 29,712,857	\$ 29,167,777	\$ 28,518,424	\$ 26,152,053
Capital assets	68,030,248	70,195,160	66,618,461	61,258,553	55,748,898
Long-term debt	13,821,953	18,764,768	16,139,991	18,776,907	19,680,545
Total Payroll	4,448,058	4,647,959	4,371,933	4,025,720	3,832,658
Annual Pension Costs					
IMRF	357,653	385,941	395,121	343,295	247,411
Police Pension	551,778	514,605	373,617	320,283	304,017
Pension liabilities					
IMRF	3,067,197	1,563,945	3,173,101	3,230,891	N/A
Police Pension	5,078,148	5,373,589	5,286,674	4,129,447	N/A
Total OPEB liability	3,148,559	3,313,497	N/A	N/A	N/A
Assessed Valuation	348,418,651	348,171,597	343,361,222	331,654,600	292,078,141
Property tax rates	0.4730	0.4402	0.4211	0.4253	0.4195

# **CITY OF WASHINGTON, ILLINOIS**

**Revenues**  
**(Government Wide Basis)**  
**Year Ended April 30, 2019**  
**Total \$17,851,796**

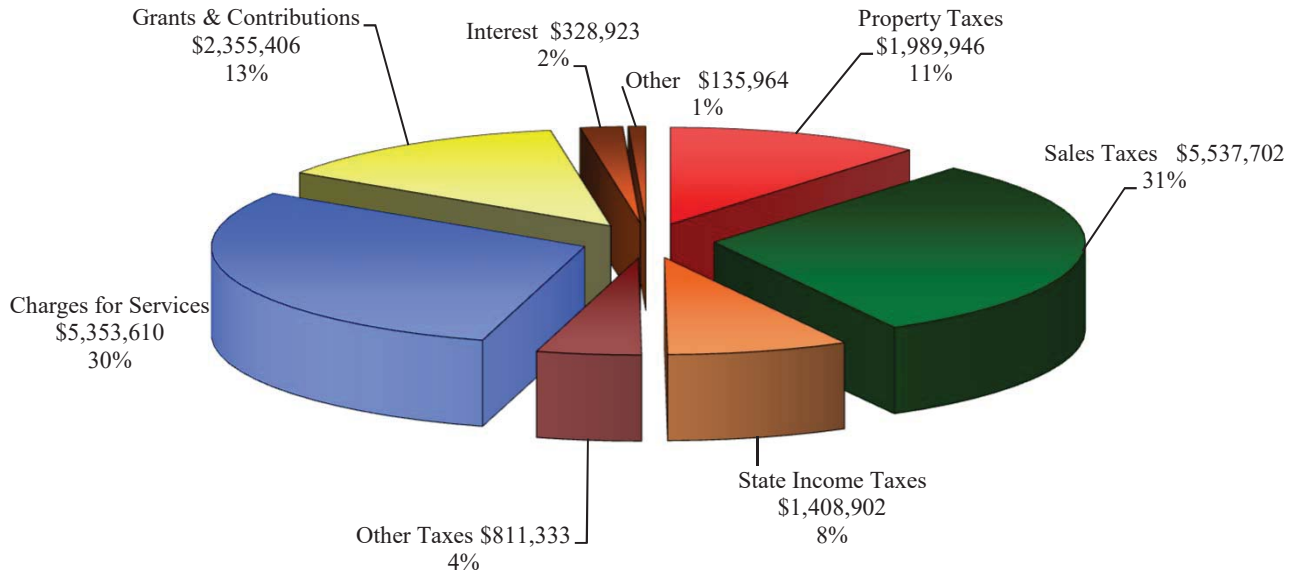


**Expenses**  
**(Government Wide Basis)**  
**Year Ended April 30, 2019**  
**Total \$14,903,302**

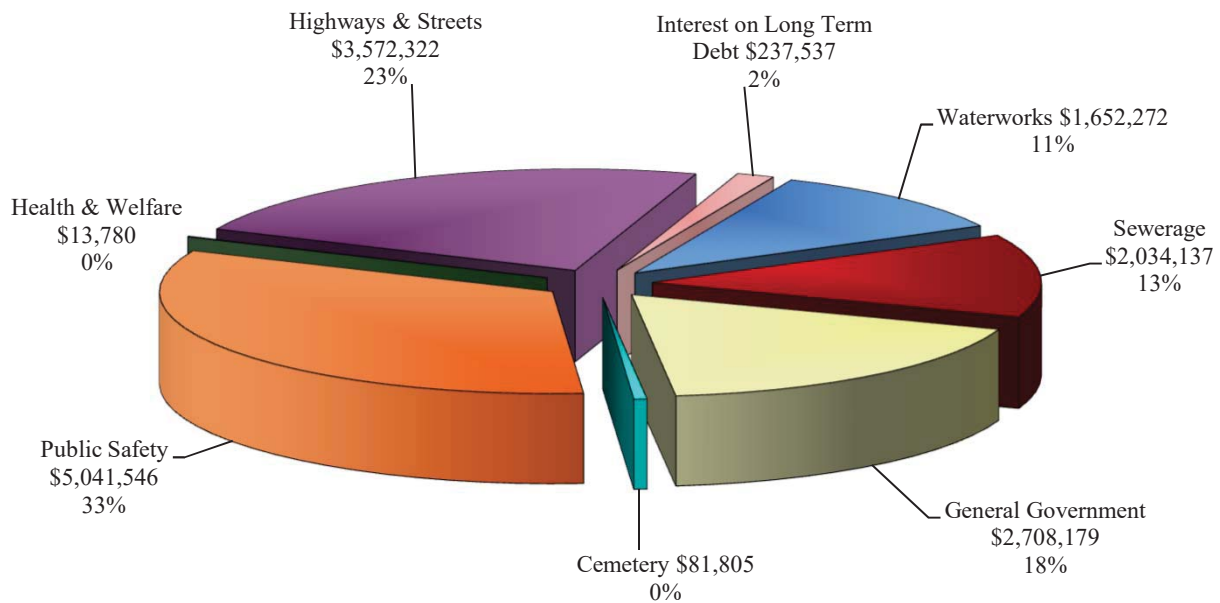


# **CITY OF WASHINGTON, ILLINOIS**

**Revenues**  
**(Government Wide Basis)**  
**Year Ended April 30, 2018**  
**Total \$17,921,786**



**Expenses**  
**(Government Wide Basis)**  
**Year Ended April 30, 2018**  
**Total \$15,341,578**



**CITY OF WASHINGTON, ILLINOIS**  
**COMPARISON OF REVENUES AND EXPENDITURES**  
**GOVERNMENTAL FUNDS**  
**YEARS ENDED APRIL 30, 2015 THROUGH 2019**

	2019	2018	2017	2016	2015
<b>REVENUES</b>					
Property taxes	\$ 2,008,850	\$ 1,915,478	\$ 1,855,766	\$ 1,659,582	\$ 1,734,335
Licenses and permits	490,734	503,354	560,096	464,359	509,996
Intergovernmental					
Sales tax	3,100,887	3,010,442	3,316,444	3,177,895	3,204,719
Home rule sales tax	2,850,491	2,115,169	2,131,365	2,034,939	2,144,257
Income tax	1,713,840	1,408,902	1,426,953	1,548,008	1,524,686
Other	1,390,379	1,223,424	900,291	934,121	1,055,405
Grant proceeds	312,991	349,186	1,461,919	5,771,780	778,749
Charges for services	175,305	195,287	189,286	176,255	156,002
Fines and forfeitures	186,397	169,653	141,474	154,714	161,622
Interest	232,778	201,732	158,147	112,791	129,969
Other	249,796	338,596	157,341	208,695	253,159
	12,712,448	11,431,223	12,299,082	16,243,139	11,652,899
<b>EXPENDITURES</b>					
Current					
General government	1,967,246	2,524,430	2,196,861	1,839,534	1,857,878
Public safety	4,983,218	4,911,006	4,631,948	4,204,179	3,951,009
Highways and streets	1,698,887	1,735,326	1,711,363	1,375,028	1,372,813
Health and welfare	14,435	13,780	14,526	14,933	14,377
Cemetery	90,647	80,449	83,756	75,218	80,782
Debt service					
Principal	5,320,557	432,215	214,423	745,766	334,280
Interest	211,144	242,614	347,567	433,822	385,519
	14,286,134	9,939,820	9,200,444	8,688,480	7,996,658
Excess (deficiency) of revenues over expenditures before capital outlay and debt refinancing	(1,573,686)	1,491,403	3,098,638	7,554,659	3,656,241
Capital outlay	1,385,407	3,121,429	2,074,582	7,021,019	455,789
Debt refinancing	-	-	3,910,000	-	-
Excess (deficiency) of revenues over expenditures	\$ (2,959,093)	\$ (1,630,026)	\$ (2,885,944)	\$ 533,640	\$ 3,200,452

**CITY OF WASHINGTON, ILLINOIS**  
**COMPARISION OF OPERATING REVENUES AND EXPENSES**  
**WATERWORKS AND SEWERAGE FUNDS**  
**YEARS ENDED APRIL 30, 2015 THROUGH 2019**

**WATERWORKS**

	2019	2018	2017	2016	2015
<b>OPERATING REVENUES</b>	\$ 1,689,125	\$ 1,717,901	\$ 1,641,456	\$ 1,317,572	\$ 1,326,780
<b>OPERATING EXPENSES</b>					
Personal services	590,966	599,171	618,908	533,036	516,291
Heat, light, and power	119,084	120,318	112,931	106,172	100,106
Materials and supplies	169,555	170,108	166,206	167,375	138,712
Other services and charges	313,159	307,460	326,446	272,205	130,682
	<u>1,192,764</u>	<u>1,197,057</u>	<u>1,224,491</u>	<u>1,078,788</u>	<u>885,791</u>
Cash Generated from Operations	496,361	520,844	416,965	238,784	440,989
Depreciation	<u>(543,075)</u>	<u>(504,550)</u>	<u>(390,106)</u>	<u>(382,510)</u>	<u>(398,924)</u>
Operating income (loss)	<u>\$ (46,714)</u>	<u>\$ 16,294</u>	<u>\$ 26,859</u>	<u>\$ (143,726)</u>	<u>\$ 42,065</u>

**SEWERAGE**

	2019	2019	2018	2017	2016
<b>OPERATING REVENUES</b>	\$ 2,453,699	\$ 2,503,888	\$ 2,609,140	\$ 2,551,512	\$ 2,637,576
<b>OPERATING EXPENSES</b>					
Personal services	702,794	723,379	735,807	649,301	623,740
Heat, light, and power	176,021	171,699	163,910	150,421	137,792
Materials and supplies	56,233	65,268	45,576	30,499	31,522
Other services and charges	455,780	428,190	343,317	312,041	159,624
	<u>1,390,828</u>	<u>1,388,536</u>	<u>1,288,610</u>	<u>1,142,262</u>	<u>952,678</u>
Cash Generated from Operations	1,062,871	1,115,352	1,320,530	1,409,250	1,684,898
Depreciation	<u>(759,170)</u>	<u>(733,433)</u>	<u>(687,679)</u>	<u>(681,366)</u>	<u>(676,849)</u>
Operating income	<u>\$ 303,701</u>	<u>\$ 381,919</u>	<u>\$ 632,851</u>	<u>\$ 727,884</u>	<u>\$ 1,008,049</u>

## BASIC FINANCIAL STATEMENTS



**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2019**

	<b>GOVERNMENTAL</b>		<b>BUSINESS-TYPE</b>	<b>2018</b>	
	<b>ACTIVITIES</b>		<b>ACTIVITIES</b>	<b>(Memorandum Only)</b>	
	<b>TOTAL</b>				
<b>ASSETS</b>					
Cash and cash equivalents	\$	11,366,144	\$	5,709,506	\$ 17,075,650 \$ 14,679,612
Investments		6,467,185		5,954,220	12,421,405 15,033,255
Receivables (net of allowance for uncollectibles)					
Property taxes		2,096,098	-	2,096,098	1,971,047
Other taxes		1,963,827	-	1,963,827	1,615,563
Special assessments		47,024	-	47,024	90,000
Accounts - customers		1,505	57,111	58,616	34,966
Estimated unbilled usage		-	380,526	380,526	375,869
Interest		557	6,476	7,033	7,042
Other		951,670	2,802	954,472	1,005,183
Internal balances		(1,180,902)	1,180,902	-	-
Inventory		25,238	-	25,238	12,524
Due from fiduciary funds		-	-	-	45,377
Prepaid items		50,114	6,892	57,006	85,816
Restricted assets					
Cash and cash equivalents		269,757	771,363	1,041,120	1,066,530
Capital assets not being depreciated		5,879,649	635,846	6,515,495	6,671,776
Capital assets, net of accumulated depreciation		28,367,071	33,147,682	61,514,753	63,523,384
Total assets		56,304,937	47,853,326	104,158,263	106,217,944
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension items - IMRF		601,330	-	601,330	-
Pension items - Police Pension		856,121	-	856,121	1,317,189
Total deferred outflows of resources		1,457,451	-	1,457,451	1,317,189
Total assets and deferred outflows of resources	\$	57,762,388	\$ 47,853,326	\$ 105,615,714	\$ 107,535,133

See accompanying notes.

	GOVERNMENTAL	BUSINESS-TYPE		2018
	ACTIVITIES	ACTIVITIES	TOTAL	(Memorandum Only)
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 598,282	\$ 246,392	\$ 844,674	\$ 817,213
Construction retainage payable	1,500	-	1,500	108,045
Escrow and customer deposits	-	366,230	366,230	356,755
Deferred revenue	51,916	-	51,916	44,967
Long-term liabilities:				
Due within one year	428,335	707,671	1,136,006	1,028,314
Due in more than one year	4,538,170	8,147,777	12,685,947	17,736,454
Net pension liability - IMRF	3,067,197	-	3,067,197	1,563,945
Net pension liability - Police Pension	5,078,148	-	5,078,148	5,373,589
Total OPEB liability - Retiree Health	3,148,559	-	3,148,559	3,313,497
Total liabilities	16,912,107	9,468,070	26,380,177	30,342,779
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension items - IMRF	-	-	-	905,311
Total liabilities and deferred inflows of resources	16,912,107	9,468,070	26,380,177	31,248,090
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	29,801,558	24,987,716	54,789,274	51,957,811
Restricted for:				
Debt service	-	771,363	771,363	800,295
Other purposes	3,055,283	-	3,055,283	2,628,587
Unrestricted	7,993,440	12,626,177	20,619,617	20,900,350
Total net position	40,850,281	38,385,256	79,235,537	76,287,043
	\$ 57,762,388	\$ 47,853,326	\$ 105,615,714	\$ 107,535,133

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2019**

FUNCTION/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>Governmental activities:</b>				
General government	\$ 2,019,337	\$ 752,361	\$ 2,100	\$ 287,428
Public safety	5,161,216	192,719	20,456	-
Highways and streets	3,620,343	14,300	17,669	5,723
Health and welfare	14,435	-	-	-
Cemetery	94,761	69,800	-	-
Interest on long term debt	144,167	-	-	-
Total governmental activities	11,054,259	1,029,180	40,225	293,151
<b>Business-type activities:</b>				
Waterworks	1,709,586	1,660,085	724	-
Sewerage	2,139,457	2,448,662	724	-
Total business-type activities	3,849,043	4,108,747	1,448	-
<b>TOTAL</b>	<b>\$ 14,903,302</b>	<b>\$ 5,137,927</b>	<b>\$ 41,673</b>	<b>\$ 293,151</b>

See accompanying notes.

**NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS -TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>2018 (Memorandum Only)</b>
	\$ (977,448)	\$ -	\$ (977,448)	\$ (1,639,054)
	(4,948,041)	-	(4,948,041)	(4,771,129)
	(3,582,651)	-	(3,582,651)	(2,197,194)
	(14,435)	-	(14,435)	(13,780)
	(24,961)	-	(24,961)	(22,255)
	(144,167)	-	(144,167)	(237,537)
	(9,691,703)	-	(9,691,703)	(8,880,949)
	-	(48,777)	(48,777)	400,435
	-	309,929	309,929	847,952
	-	261,152	261,152	1,248,387
	(9,691,703)	261,152	(9,430,551)	(7,632,562)
<b>General Revenues</b>				
Taxes:				
Property	2,114,048	-	2,114,048	1,989,946
Replacement	54,973	-	54,973	45,869
Sales	6,463,882	-	6,463,882	5,537,702
State income	1,713,840	-	1,713,840	1,408,902
Other local	376,414	-	376,414	351,645
Motor fuel	446,488	-	446,488	413,819
Interest on investment:	228,780	172,831	401,611	328,923
Other	36,679	65,689	102,368	135,964
Gain on sale of capital asset	705,421	-	705,421	-
<b>Transfers</b>	142,036	(142,036)	-	-
Total general revenues and transfers	12,282,561	96,484	12,379,045	10,212,770
Change in net position	2,590,858	357,636	2,948,494	2,580,208
<b>NET POSITION - BEGINNING</b>	38,259,423	38,027,620	76,287,043	77,020,332
<b>Prior period adjustment (see notes to financial statements)</b>	-	-	-	(3,313,497)
<b>NET POSITION - ENDING</b>	\$ 40,850,281	\$ 38,385,256	\$ 79,235,537	\$ 76,287,043

**CITY OF WASHINGTON, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**APRIL 30, 2019**

	Washington 223				2018 (Memorandum Only)
	General	Debt Service	Nonmajor	Total	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,121,304	\$ -	\$ 2,931,027	\$ 9,052,331	\$ 7,068,398
Investments	3,866,051	-	1,038,639	4,904,690	7,620,147
Receivables ( net of allowance for uncollectibles)					
Property taxes	1,089,157	-	1,006,941	2,096,098	1,971,047
Other taxes	1,957,071	-	6,756	1,963,827	1,615,563
Special assessments	-	-	47,024	47,024	47,158
Accounts-customers	-	-	1,505	1,505	1,250
Other	176,868	19,915	715,556	912,339	921,895
Due from other funds	33,584	-	144	33,728	252,256
Due from other governments	-	-	36,668	36,668	37,924
Prepaid items	28,702	-	15,559	44,261	74,251
Inventory	25,238	-	-	25,238	12,524
Restricted assets					
Cash and cash equivalents	212,384	-	5,668	218,052	266,235
Total assets	\$ 13,510,359	\$ 19,915	\$ 5,805,487	\$ 19,335,761	\$ 19,888,648

See accompanying notes.

	Washington 223			2018 (Memorandum Only)	
	General	Debt Service	Nonmajor	Total	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 464,020	\$ -	\$ 64,300	\$ 528,320	\$ 465,043
Construction retainage payable	1,500	-	-	1,500	4,200
Due to other funds	32,331	-	16,824	49,155	192,875
Unearned revenue	51,916	-	-	51,916	44,967
Total liabilities	549,767	-	81,124	630,891	707,085
<b>Deferred inflows of resources</b>					
Unavailable revenue					
Property taxes	1,089,157	-	1,006,941	2,096,098	1,971,047
Special assessments	-	-	47,024	47,024	47,158
Other receivables	-	-	599,571	599,571	619,424
Total deferred inflows of resources	1,089,157	-	1,653,536	2,742,693	2,637,629
<b>Fund balances</b>					
Nonspendable					
Prepays	28,702	-	15,559	44,261	74,251
Inventory	25,238	-	-	25,238	12,524
Restricted for:					
Special Police Funds	118,973	-	-	118,973	261,457
Audit	-	-	42,248	42,248	38,887
Motor Fuel Tax	-	-	1,345,214	1,345,214	883,623
Incremental Tax	-	-	1,129,193	1,129,193	1,093,770
Liability Insurance	-	-	199,562	199,562	183,595
Illinois Municipal Retirement	-	-	48,239	48,239	-
RBDG	-	-	171,854	171,854	167,255
Assigned for:					
Special Police Funds	93,411	-	-	93,411	-
Capital Projects	1,512,256	-	-	1,512,256	1,500,080
Cemetery	-	-	287,735	287,735	304,089
Civil Defense	-	-	63,090	63,090	54,252
Storm Water Management	-	-	247,111	247,111	230,321
Illinois Municipal Retirement	-	-	248,548	248,548	189,026
Social Security	-	-	283,141	283,141	232,458
Debt Service	-	19,915	-	19,915	4,979
Unassigned	10,092,855	-	(10,667)	10,082,188	11,313,367
Total fund balances	11,871,435	19,915	4,070,827	15,962,177	16,543,934
	\$ 13,510,359	\$ 19,915	\$ 5,805,487	\$19,335,761	\$ 19,888,648

**CITY OF WASHINGTON, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2019**

**RECONCILIATION TO STATEMENT OF NET POSITION**

Total fund balances - governmental funds	\$ 15,962,177
Capital assets used in governmental activities of \$53,483,967, net of accumulated depreciation of \$21,198,301 are not financial resources and, therefore, are not reported in the governmental funds.	32,285,666
Property taxes and long term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,742,693
Internal service funds are used to account for the financing of goods or services by one department to other departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	4,692,263
Long term liabilities, accrued interest and compensation are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(16,289,969)
Differences between expected and actual experiences, assumption changes, net differences between projected and actual earnings for IMRF and the Police Pension Trust Fund are recognized as deferred outflows or deferred inflows of resources on the statement of net position	<u>1,457,451</u>
Net position of governmental activities.	<u><u>\$ 40,850,281</u></u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2019**

	Washington 223				2018 (Memorandum Only)
	General	Debt Service	Nonmajor	Total	
<b>REVENUES</b>					
Property taxes	\$ 943,979	\$ -	\$ 1,064,871	\$ 2,008,850	\$ 1,915,478
Licenses and permits	490,734	-	-	490,734	503,354
Intergovernmental	8,584,195	-	471,402	9,055,597	7,757,937
Grant proceeds	312,991	-	-	312,991	349,186
Charges for services	105,505	-	69,800	175,305	195,287
Fines and forfeitures	186,397	-	-	186,397	169,653
Interest	143,688	-	89,090	232,778	201,732
Rental	-	59,744	64,752	124,496	133,333
Other	103,318	-	21,982	125,300	205,263
	10,870,807	59,744	1,781,897	12,712,448	11,431,223
<b>EXPENDITURES</b>					
Current					
General government	1,050,936	-	916,310	1,967,246	2,524,430
Public safety	4,954,925	-	28,293	4,983,218	4,911,006
Highways and streets	1,698,887	-	-	1,698,887	1,735,326
Health and welfare	14,435	-	-	14,435	13,780
Cemetery	-	-	90,647	90,647	80,449
Capital outlay	1,253,051	-	132,356	1,385,407	3,121,429
Debt service					
Principal	-	5,006,557	314,000	5,320,557	432,215
Interest	-	117,600	93,544	211,144	242,614
	8,972,234	5,124,157	1,575,150	15,671,541	13,061,249
Excess (deficiency) of revenues over expenditures	1,898,573	(5,064,413)	206,747	(2,959,093)	(1,630,026)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,612,874	4,079,349	471,059	6,163,282	955,155
Transfers out	(4,795,374)	-	(1,225,872)	(6,021,246)	(836,545)
Proceeds from sale of capital asset	-	-	1,235,300	1,235,300	-
Debt issuance	-	1,000,000	-	1,000,000	-
Total other financing sources (uses)	(3,182,500)	5,079,349	480,487	2,377,336	118,610
Net change in fund balances	(1,283,927)	14,936	687,234	(581,757)	(1,511,416)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	13,155,362	4,979	3,383,593	16,543,934	18,055,350
<b>FUND BALANCES, END OF YEAR</b>	\$ 11,871,435	\$ 19,915	\$ 4,070,827	\$ 15,962,177	\$ 16,543,934

See accompanying notes.



**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2019**

**RECONCILIATION TO STATEMENT OF ACTIVITIES**

Net change in fund balances - governmental funds	\$ (581,757)
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities	
Capital asset purchases	1,356,031
Depreciation expense	(2,328,153)
	<u>(972,122)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations, and disposals)	(529,879)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	
Principal payments on debt	5,323,841
Issuance of debt is revenue in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.	(1,000,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	62,222
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.	(784)
Internal service funds are used to account for the financing of goods or services by one department to other departments of the City. The net revenue of certain activities of internal service funds is reported with governmental activities in the Statement of Activities.	285,877
The change in net pension liability for the Police Trust Fund and Illinois Municipal Retirement Fund is only reported in the Statement of Activities.	(1,207,811)
The change in deferred outflows of resources and deferred inflows of resources related to the Police Pension Trust Fund and Illinois Municipal Retirement Fund is only reported in the Statement of Activities.	1,045,573
The change in the net OPEB liability is only reported in the Statement of Activities.	<u>165,698</u>
	<u>3,172,615</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 2,590,858</u></u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2018 (Memorandum Only)</b>
<b>ASSETS</b>	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>Current assets</b>					
Cash and cash equivalents	\$ 1,600,067	\$ 4,109,439	\$ 5,709,506	\$ 2,308,145	\$ 7,611,214
Investments	1,556,911	4,397,309	5,954,220	1,562,495	7,413,108
Receivables (net of allowance for uncollectibles)					
Accounts - customers	32,773	24,338	57,111	-	33,716
Estimated unbilled usage	150,162	230,364	380,526	-	375,869
Interest	1,333	5,143	6,476	557	7,042
Other	-	2,802	2,802	2,663	45,364
Due from other funds	89,956	-	89,956	32,187	38,316
Prepaid items	2,903	3,989	6,892	5,853	11,565
Restricted assets					
Cash and cash equivalents	-	771,363	771,363	57,373	800,295
Total current assets	3,434,105	9,544,747	12,978,852	3,969,273	16,336,489
Capital assets, net of accumulated depreciation	11,295,981	22,487,547	33,783,528	1,961,054	36,407,493
Total assets	\$ 14,730,086	\$ 32,032,294	\$ 46,762,380	\$ 5,930,327	\$ 52,743,982

See accompanying notes.

	Business-Type Activities -			Governmental	2018 (Memorandum Only)
	Enterprise Funds			Activities - Internal Service Funds	
	Waterworks	Sewerage	Total		
<b>LIABILITIES AND NET POSITION</b>					
<b>Current liabilities</b>					
Current maturities of long term debt	\$ 237,125	\$ 461,804	\$ 698,929	\$ -	\$ 671,009
Accounts payable and accrued liabilities	136,684	109,708	246,392	29,574	250,412
Accrued compensated absences	3,989	4,753	8,742	204	13,667
Retainage payable	-	-	-	-	103,845
Due to other funds	7,900	98,816	106,716	-	52,320
Customer deposits	366,230	-	366,230	-	356,755
Total current liabilities	751,928	675,081	1,427,009	29,778	1,448,008
<b>Noncurrent liabilities</b>					
Accrued compensated absences	20,770	30,124	50,894	10,624	65,391
Loans payable, net of current maturities	1,509,113	6,587,770	8,096,883	-	8,796,577
Total noncurrent liabilities	1,529,883	6,617,894	8,147,777	10,624	8,861,968
Total liabilities	2,281,811	7,292,975	9,574,786	40,402	10,309,976
<b>Net position</b>					
Invested in capital assets, net of related debt	9,549,743	15,437,973	24,987,716	1,961,054	26,939,907
Restricted for:					
IEPA loan debt service	-	771,363	771,363	-	800,295
Unrestricted	2,898,532	8,529,983	11,428,515	3,928,871	14,693,804
Total net position	12,448,275	24,739,319	37,187,594	5,889,925	42,434,006
	<u>\$ 14,730,086</u>	<u>\$ 32,032,294</u>		<u>\$ 5,930,327</u>	<u>\$ 52,743,982</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					
			<u>1,197,662</u>		
Net position of business-type activities			<u>\$ 38,385,256</u>		

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2018 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>OPERATING REVENUES</b>					
Metered sales	\$ 1,320,433	\$ 2,182,254	\$ 3,502,687	\$ -	\$ 3,602,388
Charges for services	339,652	266,408	606,060	2,359,399	3,221,700
Employee contributions	-	-	-	168,157	167,362
Grant proceeds	724	724	1,448	-	-
Other	28,316	4,313	32,629	84,103	46,964
	<u>1,689,125</u>	<u>2,453,699</u>	<u>4,142,824</u>	<u>2,611,659</u>	<u>7,038,414</u>
<b>OPERATING EXPENSES</b>					
General and administrative	-	-	-	435	10,232
Personnel services	590,966	702,794	1,293,760	1,622,261	3,042,993
Heat, light, and power	119,084	176,021	295,105	-	292,017
Materials and supplies	169,555	56,233	225,788	150,529	371,781
Other services and charges	313,159	455,780	768,939	178,884	871,697
Depreciation	543,075	759,170	1,302,245	325,385	1,533,836
	<u>1,735,839</u>	<u>2,149,998</u>	<u>3,885,837</u>	<u>2,277,494</u>	<u>6,122,556</u>
Operating income (loss)	<u>(46,714)</u>	<u>303,701</u>	<u>256,987</u>	<u>334,165</u>	<u>915,858</u>
<b>NONOPERATING (REVENUES) EXPENSES</b>					
Interest income	(53,396)	(119,435)	(172,831)	(45,877)	(171,171)
Rental income	(33,060)	-	(33,060)	-	(32,097)
Interest and fiscal agent fee expense	45,500	66,837	112,337	-	87,492
(Gain) loss on sale of equipment	-	-	-	(54,966)	(110,122)
	<u>(40,956)</u>	<u>(52,598)</u>	<u>(93,554)</u>	<u>(100,843)</u>	<u>(225,898)</u>
Net income (loss) before capital contributions and transfers	<u>(5,758)</u>	<u>356,299</u>	<u>350,541</u>	<u>435,008</u>	<u>1,141,756</u>
<b>CAPITAL CONTRIBUTIONS FROM DEVELOPERS</b>	-	-	-	-	722,385
<b>TRANSFERS IN (OUT), NET</b>	<u>(69,534)</u>	<u>(72,502)</u>	<u>(142,036)</u>	<u>-</u>	<u>(118,610)</u>
Change in net position	<u>(75,292)</u>	<u>283,797</u>	<u>208,505</u>	<u>435,008</u>	<u>1,745,531</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>12,523,567</u>	<u>24,455,522</u>		<u>5,454,917</u>	<u>40,688,475</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 12,448,275</u>	<u>\$ 24,739,319</u>		<u>\$ 5,889,925</u>	<u>\$ 42,434,006</u>
<b>RECONCILIATION TO STATEMENT OF ACTIVITIES:</b>					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>149,131</u>		
Change in net position of business-type activities			<u>\$ 357,636</u>		

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2018 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,660,962	\$ 2,453,953	\$ 4,114,915	\$ 1,574,401	\$ 5,777,619
Receipts from interfund services provided	-	-	-	1,077,014	1,178,607
Payments to suppliers	(557,871)	(811,853)	(1,369,724)	(1,851,449)	(4,518,309)
Payments to employees	(592,752)	(702,643)	(1,295,395)	(107,212)	(1,427,128)
Receipt of utility customer deposits	9,475	-	9,475	-	5,080
Net cash provided by operating activities	519,814	939,457	1,459,271	692,754	1,015,869
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Advances from (repayments to) other funds	(46,515)	60,075	13,560	(42,991)	(5,043)
Transfers to other funds	(69,534)	(72,502)	(142,036)	-	(118,610)
Net cash used in noncapital and related financing activities	(116,049)	(12,427)	(128,476)	(42,991)	(123,653)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(218,306)	(226,675)	(444,981)	(543,247)	(2,244,835)
Proceeds from sale of equipment	-	-	-	78,475	200,312
Loan proceeds	-	-	-	-	3,873,958
Principal paid on capital leases	-	-	-	-	(5,581)
Principal paid on bond and loan maturities	(213,772)	(458,002)	(671,774)	-	(852,874)
Interest paid on bonds, loans and capital leases	(47,542)	(64,781)	(112,323)	-	(84,793)
Net cash provided by (used in) capital and related financing activities	(479,620)	(749,458)	(1,229,078)	(464,772)	886,187
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	53,244	119,603	172,847	45,870	166,797
Rental income received	33,060	-	33,060	-	32,097
Proceeds from sale/maturity of investments	-	244,009	244,009	-	1,715,588
Purchase of investments	(20,587)	(305,335)	(325,922)	(21,694)	(1,439,317)
Net cash provided by investing activities	65,717	58,277	123,994	24,176	475,165
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(10,138)	235,849	225,711	209,167	2,253,568
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,610,205	4,644,953	6,255,158	2,156,351	6,157,941
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,600,067</u>	<u>\$ 4,880,802</u>	<u>\$ 6,480,869</u>	<u>\$ 2,365,518</u>	<u>\$ 8,411,509</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2019**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2018 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ (46,714)	\$ 303,701	\$ 256,987	\$ 334,165	\$ 915,858
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	543,075	759,170	1,302,245	325,385	1,533,836
(Increase) decrease in usage receivable	(28,163)	111	(28,052)	-	(55,952)
(Increase) decrease in other receivables	-	143	143	39,756	(23,608)
(Increase) decrease in prepaid items	(404)	(283)	(687)	(493)	747
Increase (decrease) in accounts payable and accrued liabilities	47,172	(16,024)	31,148	(5,608)	(1,137,127)
Increase (decrease) in accrued compensated absences	(4,627)	(3,516)	(8,143)	(451)	3,918
Increase (decrease) in unearned revenue	-	-	-	-	(2,628)
Decrease in retainage payable	-	(103,845)	(103,845)	-	(224,255)
Increase in customer deposits	9,475	-	9,475	-	5,080
Net cash provided by operating activities	\$ 519,814	\$ 939,457	\$ 1,459,271	\$ 692,754	\$ 1,015,869

**PRESENTATION OF CASH AND CASH EQUIVALENTS ON THE  
STATEMENT OF NET POSITION PROPRIETARY FUNDS**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>	
Cash and cash equivalents	\$ 1,600,067	\$ 4,109,439	\$ 5,709,506	\$ 2,308,145
Restricted cash and cash equivalents	-	771,363	771,363	57,373
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,600,067</b>	<b>\$ 4,880,802</b>	<b>\$ 6,480,869</b>	<b>\$ 2,365,518</b>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**TRUST AND AGENCY FUNDS**  
**APRIL 30, 2019**

	<b>Pension Trust</b>			<b>2018</b>
	<b>Police Pension</b>	<b>Agency</b>	<b>Total</b>	<b>(Memorandum Only)</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 506,890	\$ 317	\$ 507,207	\$ 426,352
Investments	7,012,919	-	7,012,919	6,713,635
Receivables (net of allowance for uncollectibles)				
Employer contribution	540,961	-	540,961	539,747
Interest	17,182	-	17,182	13,122
Other	70	2,470	2,540	2,614
Due from other funds	-	-	-	3,939
Total assets	<u>\$ 8,078,022</u>	<u>\$ 2,787</u>	<u>\$ 8,080,809</u>	<u>\$ 7,699,409</u>
<b>LIABILITIES AND NET POSITION</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ 2,268	\$ -	\$ 2,268	\$ -
Due to other governmental entities	-	317	317	168
Due to other funds	-	2,470	2,470	51,786
Total liabilities	<u>2,268</u>	<u>2,787</u>	<u>5,055</u>	<u>51,954</u>
Net Position				
Reserved for police pension benefits	<u>8,075,754</u>	<u>-</u>	<u>8,075,754</u>	<u>7,647,455</u>
Total net position	<u>8,075,754</u>	<u>-</u>	<u>8,075,754</u>	<u>7,647,455</u>
	<u>\$ 8,078,022</u>	<u>\$ 2,787</u>	<u>\$ 8,080,809</u>	<u>\$ 7,699,409</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**TRUST FUND**  
**YEAR ENDED APRIL 30, 2019**

	<u>Pension Trust</u>		<u>2018</u>
	<u>Police</u>		<u>(Memorandum</u>
	<u>Pension</u>		<u>Only)</u>
<b>Additions</b>			
Contributions			
Plan members' contributions	\$ 147,472	\$	135,723
Employer contributions	553,041		551,778
Other	-		1,527
Investment earnings			
Investment income	251,027		185,306
Net gain in fair value of investments	113,347		244,645
	<u>1,064,887</u>		<u>1,118,979</u>
<b>Deductions</b>			
Benefits paid	606,049		581,986
Refund of contributions	-		57,222
Administrative expenses	30,539		37,583
	<u>636,588</u>		<u>676,791</u>
Change in net position	428,299		442,188
<b>Net position</b>			
Beginning of year	7,647,455		7,205,267
End of year	<u>\$ 8,075,754</u>	<u>\$</u>	<u>7,647,455</u>

See accompanying notes.



**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED APRIL 30, 2019**

	Balance April 30, 2018	Additions	Deductions	Balance April 30, 2019
<b>SPECIAL ASSESSMENT COLLECTION FUND</b>				
<b>ASSETS</b>				
Due from property owners	\$ 2,470	\$ -	\$ -	\$ 2,470
<b>LIABILITIES</b>				
Due to other funds	\$ 2,470	\$ -	\$ -	\$ 2,470
<b>POLICE BOND REMITTANCE FUND</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 5,270	\$ 5,270	\$ -
<b>LIABILITIES</b>				
Due to other governmental entities	\$ -	\$ 5,270	\$ 5,270	\$ -
<b>EMERGENCY ASSISTANCE FUND</b>				
<b>ASSETS</b>				
Cash	\$ 168	\$ 400	\$ 251	\$ 317
<b>LIABILITIES</b>				
Due to other governmental entities	\$ 168	\$ 400	\$ 251	\$ 317
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 168	\$ 5,670	\$ 5,521	\$ 317
Due from property owners	2,470	-	-	2,470
	\$ 2,638	\$ 5,670	\$ 5,521	\$ 2,787
<b>LIABILITIES</b>				
Due to other funds	\$ 2,470	\$ -	\$ -	\$ 2,470
Due to other governmental entities	168	5,670	5,521	317
	\$ 2,638	\$ 5,670	\$ 5,521	\$ 2,787

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Washington, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant policies. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

**A. Nature of Operations**

The City of Washington, located in Central Illinois, provides a broad range of services to citizens, including general government, public safety, streets, and the water and sewer utilities. Revenues are substantially generated as a result of taxes assessed and allocated to the City (examples would be property, sales, income, and motor fuel taxes), charges for services performed, and governmental grants. Revenues are therefore dependent on the economy within the territorial boundaries of the City and nearby surrounding area and the appropriations of grant entitlements at the federal/state government level. Taxable industry within the area is primarily retail. The surrounding area has a substantial agricultural base.

**B. Financial Reporting Entity**

Generally accepted accounting principles require the financial reporting entity to include the primary government and other organizations for which the primary government is financially accountable (component units). Financial accountability includes the primary government's ability to appoint a voting majority of the organization's governing body, the ability to impose will on an organization, and if an organization is fiscally dependent on the primary government. Based on this guidance, management has determined there are no component units required to be included in the City's basic financial statements.

**C. Basis of Presentation**

*Management's Discussion and Analysis* – Provides introductory information on basic financial statements and an analytical overview of the City's financial activities.

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

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

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

*Fund financial statements* – Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the City or if it meets the following criteria:

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

*Required supplementary information* – A budgetary comparison schedule is presented. The original budget for revenues and expenditures is presented in comparison with the actual final budgetary revenues and expenditures.

The funds of the financial reporting entity are described below:

### **Governmental Funds**

**General Fund** – The General Fund is the general operating fund of the City and always classified as a major fund. It is used to account for all financial resources and expenditures not required by law or contractual agreement to be accounted for in another fund. The General Fund expenditures include corporate, city hall, street, police, tourism and economic development, zoning operations, and fire and rescue subsidies.

**Special Revenue Funds** – Special revenue funds are used to account for the proceeds of specific revenue sources used to finance specified activities, as required by law or administrative regulation. The City maintains the following special revenue funds:

Cemetery Fund - Accounts for the operations of the municipal cemetery. Revenue is derived principally from sale of lots and interment fees.

ESDA Fund – Accounts for the operations of the City’s program in connection with the “Illinois Emergency Services and Disaster Agency Act of 1975.” Financing is provided through property taxes with the purpose to pay those costs which may be necessary or proper to prevent, minimize, repair and alleviate injury, loss of life, or property damage resulting from disasters caused by flood, earthquake, extended periods of severe and inclement weather, etc.

Audit Fund – Accounts for the cost of the annual audit of the City’s financial statements.

Motor Fuel Tax Fund – Accounts for the state motor fuel tax revenue collected by the City and used in connection with the highway construction and maintenance projects of the City as authorized by the Illinois Department of Transportation.

Incremental Tax Fund – Accounts for the revenue and expenditures related to tax increment designated areas within the City.

Liability Insurance Fund – Accounts for the cost of insurance premiums and tort judgments or settlements of the City.

Storm Water Management Fund - Accounts for the revenue and expenditures in connection with storm water management.

Illinois Municipal Retirement Fund – Accounts for the expenditures related to the City’s participation in the Illinois Municipal Retirement Fund system.

Social Security/Medicare Fund – Accounts for the expenditures related to the City’s portion of Social Security and Medicare for eligible employees.

Rural Business Development Grant (RBDG) Fund - Accounts for grant revenues legally restricted for making economic development loans to businesses and other organizations.

**Capital Projects Fund** – Capital projects funds are used to account for general construction or renovation projects being carried out by the City which are not financed by proprietary or trust funds. The City maintains the following capital projects fund:

Nofsinger Realignment Fund – Accounts for the improvement of Nofsinger Road and related Dallas Road Phase 2 improvement.

**Debt Service Funds** – Debt service funds are used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest, and related costs. The City maintains the following debt service funds:

Mallard Crossing Fund - Accounts for the accumulation of resources for and the payment of general obligation bond principal, interest, and related costs for projects in the Mallard Crossing area.

Washington 223 Fund – Accounts for the financial transactions related to the repayment of debt associated with the Washington 223 property. The Washington 223 fund is reported as a major fund.

Washington Area Community Center (WACC) Fund – Accounts for the accumulation of resources for and the payment of general obligation bond principal, interest, and related costs for the Washington Area Community Center project.

## **Proprietary Funds**

**Enterprise Funds** – Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains the following enterprise funds, which are reported as major funds:

Waterworks Fund – To account for the water service to the residents of the City. Revenue is provided through user charges which are designed to pay operating expenses (including depreciation of the Fund's fixed assets) and provide for a net income to finance the continued operations of the system.

Sewerage Fund – To account for the sewer services to the residents of the City. Revenue is provided through user charges which are designed to pay operating expenses (including depreciation of the Fund's fixed assets) and provide for a net income to finance the continued operations of the system.

**Internal Service Funds** – Internal service funds are used to account for the financing of goods or services by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City maintains the following internal service funds:

Employees' Benefit Fund – Accounts for the City's health plan. The purpose of the Fund is to pay the premiums for health insurance of the City's employees and retirees and their covered dependents.

Motor Equipment Replacement Fund – Provides for the maintenance and repair of motorized equipment and vehicles used in the operations of City services. Revenue is from rental charges to user departments. Expenses include cost of labor, material, supplies, and services.

Capital Replacement Fund – Provides funding for non-motorized capital equipment in excess of \$5,000. Revenue is from rental charges to user departments. Expenses include cost for depreciation.

## **Fiduciary Funds**

Pension Trust Fund – The Police Pension Fund accounts for the accumulation of resources to be used for the payment of retirement benefits to the City police.

Agency Funds – Agency funds are used to account for assets held by the City in a custodial capacity (i.e., assets equal liabilities). Agency funds do not involve the measurement of results of operations. The City maintains the following agency funds:

Special Assessment Collection Fund – To account for the assets and liabilities related to certain special assessment projects.

Police Bond Remittance Fund – To account for bond monies collected by the police department and remitted to the Circuit Clerk.

Emergency Assistance Fund – To account for emergency assistance provided to those in need.

#### **D. 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 Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus and the accrual basis of accounting, as defined in Basis of Accounting below.

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

1. Governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
2. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

##### *Basis of Accounting*

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 government considers revenues to be available if they are collected within 75 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.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

#### **E. Budgets and Budgetary Accounting**

The budget for all governmental fund types is prepared on the modified accrual basis of accounting, which is the same basis that is used in the fund financial reporting. This allows for comparability between budget and actual amounts. The budget was passed on April 16, 2018. The budget was amended on April 15, 2019.

For each fund, total fund expenditures may not legally exceed the budgeted expenditures. Unexpended budgeted amounts lapse at the end of each fiscal year. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at the line item level. Encumbrances accounting is not employed.

The City adopts its annual budget in accordance with Chapter 65, Paragraph 5/8-2-9.4 of the Illinois Compiled Statutes, as follows:

- (1) The budget officer submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) Prior to May 1, the budget is legally adopted through passage of an ordinance.



- (4) Budgeted amounts may be transferred between object classes within a fund at any time. The annual budget may be revised by a vote of two-thirds of the City Council by deleting, adding to, or changing budgeted items. No revision of the budget can be made increasing the budget in the event funds are not available.

The City also adopts an informal operating budget for proprietary funds containing estimated revenues and expenditures, which is used as a management control device.

#### **F. Cash and Cash Equivalents**

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short term investments with an original maturity of three months or less.

#### **G. Investments**

Investments classified in the financial statements consist of certificates of deposit and Police Pension Trust Fund investments, including federal agency notes, mutual funds, certificates of deposit, treasury inflation protected securities and corporate bonds. Investments are stated at fair value.

The City's investment policy is to invest in allowable investments under the Illinois Compiled Statutes. These include (a) interest-bearing savings accounts and certificates of deposit and (b) bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America. In addition to the investments listed above, the City's police pension trust fund may also invest in various money market mutual funds, short-term corporate obligations, and diversified portfolios managed by life insurance companies or registered investment companies within the guidelines established under Section 1-113 of Article 5 of the Illinois Pension Code.

#### **H. Real Estate Taxes**

Real estate taxes are a lien on individual properties from January 1 in the year in which the taxes are levied. The levy must be filed with the County Clerk by the last Tuesday in December each year. The tax levy for amounts received in the fiscal year ended April 30, 2019 was passed December 18, 2017. Due dates, by statute, are June 1 and September 1 of the following year. Generally, collections of tax monies are made within 30 to 60 days of the due dates.

#### **I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **J. Restricted Assets**

Cash and investments have been restricted for the various purposes for which equity has been reserved in the respective funds of the City.

#### **K. Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.



## Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Contributed or donated assets are carried at their estimated market value as of the date received. Prior to May 1, 2004 governmental funds infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004 are recorded at cost.

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

### Capitalization

	<u>Useful Life</u>	<u>Threshold</u>
Buildings	20-50 years	\$10,000
Land improvements	20 years	\$10,000
Water and sewer systems	10-60 years	\$10,000
Equipment	3-50 years	\$1,000
Infrastructure	20-50 years	\$10,000

## Fund Financial Statements

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

### L. Compensated Absences

The City's sick leave policy allows for twelve sick days per year. Employees with unused sick leave accumulated prior to January 1, 1992, may carry forward up to 30 days and will be paid for unused hours remaining upon an employee's retirement or separation from City service at the employee's hourly rate of pay in effect on December 31, 1991. Sick leave accumulated since December 31, 1991 and not covered by the terms of the police officer's collective bargaining agreement does not vest. For employees covered by the police officer's collective bargaining agreement, sick leave accumulates at their current hourly rate.

The City's vacation policy allows each regular full-time employee assigned as a sergeant or to a position classification of a range lower than 98 within the City's position classification system, and not otherwise covered by the terms of a collective bargaining agreement, to earn two weeks of vacation after one year of service and one additional day for each year of service in excess of six years, up to a maximum vacation time of five weeks. Each regular full-time employee with a position classification of a range 98 or above earns two weeks of vacation after one year of service and up to five years of service, three weeks of vacation from five to ten years of service, four weeks of vacation from eleven to fifteen years of service, and five weeks of vacation for sixteen and more years of service. For employees with up to 15 years of service, up to one week of vacation may be carried over to the following year. Employees with 15 or more years of service may carry two weeks of vacation over to the following year. Upon termination, an employee is entitled to be paid for any vested vacation from the prior year and a prorated share of the current year's vacation.

The City Council passed an ordinance to amend the personnel manual to provide for non-union part-time employee leave. The employee must have worked 1,000 hours in the prior year to qualify. The employee will receive up to 80 hours of paid leave based on the ratio of total hours worked by the employee to 2,080 hours.

#### **M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

#### **N. Long Term Obligations**

In the government-wide statements, and proprietary fund types in the fund financial statements, long term debt and other long term obligations are reported as liabilities in the applicable governmental activities, business type activities, or proprietary fund type statement of net position.

In the fund financial statements, the face amount of debt issued is reported as an other financing source. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

#### **O. Equity Classification**

##### **Government-Wide Statements**

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

- (1) Invested in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- (2) Restricted net position - Net position with constraints placed on their use by external groups or by law through constitutional provisions or enabling legislation.
- (3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The governmental activities column of the government wide statement of net position reports \$3,148,694 of restricted net position for other purposes. Of this amount, the following are restricted by enabling legislation related to the audit fund of \$42,248, motor fuel tax of \$1,345,214, incremental tax of \$1,129,193, liability insurance of \$199,562, Illinois Municipal Retirement of \$48,239 and RBDG of \$171,854. In addition, \$118,973 is restricted for drug and alcohol enforcement, police fundraising, education, vehicle seizures and miscellaneous other police purposes.

##### **Fund Financial Statements**

Governmental fund equity is classified as fund balance. The components of fund balance are:

- Non-spendable – consists of resources that cannot be spent because of their form.
- Restricted – consists of resources which have limitations imposed by enabling legislation and limitations imposed by creditors, grantors, or contributors.
- Committed – consists of resources which have limitations imposed by the governing board through formal action.
- Assigned – consists of resources which have limitations resulting from management's intended use.

- Unassigned – consists of the residual net resources of a fund.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. If different levels of unrestricted funds are available for spending, the City considers committed funds to be expended first followed by assigned and, lastly unassigned funds.

Reserves for bond debt service in the Enterprise Funds have been established to provide for certain restricted accounts as required by bond ordinances. These restrictions are described at Note 4.

## **P. Program Revenues**

In the Statement of Activities, 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 revenues in each activity:

General Government – Licenses, permits, fees, fines and grants.

Public Safety - Fine revenue, reimbursement for school resource officer services and specific donations.

Highways and Streets – Fees and grants.

Cemetery – Grave sites, interment fees and footings.

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

## **R. Operating Revenue and Expenses**

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

## **S. Interfund Balances and Activities**

Short-term amounts owed between funds are classified as "due to/from other funds", representing expenditures paid by one fund on behalf of the other. Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers-internal activities.

## **T. Deferred Inflows and Outflows of Resources**

**Deferred outflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has defined benefit pension plan items and a defined benefit OPEB plan item that qualify for this treatment. These outflows are described at Note 5.

**Deferred inflows of resources:** In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from several sources: property taxes, special assessments, and other receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The government wide statement of net position reports the City's defined benefit pension plan items that qualify for this treatment. These inflows are described at Note 5.

## **U. Subsequent Events**

The City has evaluated subsequent events through October 16, 2019, the date which the financial statements were available to be issued.

## **V. Implementation of New Accounting Principle**

In the fiscal year ended April 30, 2019, the City implemented the provisions of the following GASB Statements: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. The revised requirements under Statement No. 75 establish new financial reporting requirements for state and local governments who provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, Statement No 75 allows for the City's plan to utilize the Alternative Measurement Method which allows the City to use a modified approach to calculate its total OPEB liability. The City has reported the cumulative effect of applying GASB 75 as a restatement of net position as of May 1, 2018. This restatement decreased previously reported net position for governmental activities by \$3,313,497.

## **NOTE 2. CASH AND INVESTMENTS**

Investment risks include credit risk (custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. Deposit risks include custodial credit risk and foreign currency risk.

### **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 deposit policy provides that all deposits be guaranteed by the U.S. government, insured by the Federal Deposit Insurance Corporation (FDIC), or fully collateralized with securities held by the City or its agent in the City's name or by its counterparty's trust department or agent in the City's name.

The City's cash and cash equivalents at April 30, 2019 consisted of deposits with financial institutions.

Monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

As of April 30, 2019, \$29,516,747 of the City's bank balances, including checking, savings and money market accounts and certificates of deposits, were over the FDIC insurance limit but was covered by collateral held by the pledging bank.

At April 30, 2019, all the City's deposits, excluding \$900 in cash on hand, were covered by federal depository insurance or by collateral held by the financial institution's trust department or agent in the City's name.

The following is a reconciliation of cash and cash equivalents at April 30, 2019:

	<b><u>Carrying Amount</u></b>
Money market funds	\$ 17,424,993
Checking and savings	1,198,084
Cash on hand	900
<b>Total cash and cash equivalents</b>	<b><u>\$ 18,623,977</u></b>

The deposits are reflected on the financial statements at April 30, 2019 as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 17,075,650
Restricted assets – cash and cash equivalents	1,041,120
Statement of fiduciary net position:	
Cash and cash equivalents	507,207
	<b><u>\$ 18,623,977</u></b>

## Investments

As of April 30, 2019, the City had the following investments:

<b><u>Type of Investment</u></b>	<b><u>Fair Value/ Carrying Amount</u></b>	<b><u>Average Credit Quality/ Ratings (1)</u></b>	<b><u>Weighted Average Years to Maturity (2)</u></b>
Primary Government			
Certificates of deposit	\$ 12,421,405	N/A	0.46
Fiduciary Fund			
Certificates of deposit	1,533,476	N/A	1.60
Mutual funds-equities	3,301,584	N/A	N/A
Money market	8,837	N/A	N/A
Treasury Inflation Protected Securities	343,612	N/A	3.10
Corporate bonds	1,825,410	A	3.15
Total Fiduciary Fund Investments	<u>7,012,919</u>		
Total Investments	<b><u>\$ 19,434,324</u></b>		

(1) Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk.

(2) Interest rate risk is estimated using the weighted average years to maturity method.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investing for the Fiduciary Fund is performed in accordance with investment policies adopted by the Board of Trustees complying with Illinois Compiled Statutes. Funds shall be invested as per Illinois Pension Code Section 3-135 and by the Public Funds Investment Act (20 ILCS 235/01).

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 Fund's policy provides that 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 while the Fund maintains sufficient liquidity. Investment guidelines have been established for monies invested to meet approximate market rates of return on its investments, consistent with constraints established by its safety objectives, cash flow considerations, and Illinois State laws that restrict the placement of public funds.

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. The City's policy provides that investments be diversified or collateralized to avoid incurring unreasonable risks regarding specific security types and/or financial institutions.

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Investments representing 5% or more of total investments at April 30, 2019 are as follows:

Certificates of Deposit – Morton Community Bank	\$ 7,683,637
Certificates of Deposit – IPAVA State Bank	1,022,607

### NOTE 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended April 30, 2019 was as follows:

	<b><u>Balance</u></b> <b><u>May 1, 2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Reclassify</u></b>	<b><u>Balance</u></b> <b><u>April 30, 2019</u></b>
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 5,710,515	\$ -	\$ 529,879	\$ 142,195	\$ 5,322,831
Construction in process	404,255	192,463	39,900	-	556,818
	<hr/>				
Total capital assets not being depreciated	6,114,770	192,463	569,779	142,195	5,879,649
	<hr/>				
Other capital assets:					
Land improvements	688,881	-	-	126,574	815,455
Buildings	4,849,270	14,838	-	3,381	4,867,489
Infrastructure	39,577,074	1,106,888	-	(268,769)	40,415,193
Equipment and vehicles	4,674,941	624,988	339,943	(3,381)	4,956,605
	<hr/>				
Total other capital assets	49,790,166	1,746,714	339,943	(142,195)	51,054,742
	<hr/>				
Less accumulated depreciation for:					
Land improvements	230,621	17,721	-	-	248,342
Buildings	1,374,634	104,806	-	-	1,479,440
Infrastructure	16,479,998	2,106,413	-	-	18,586,411
Equipment and vehicles	2,265,315	424,598	316,435	-	2,373,478
	<hr/>				
Total accumulated depreciation	20,350,568	2,653,538	316,435	-	22,687,671
	<hr/>				
Other capital assets, net	29,439,598	(906,824)	23,508	(142,195)	28,367,071
	<hr/>				
Governmental activities, net	\$ 35,554,368	\$ (714,361)	\$ 593,287	-	\$ 34,246,720
	<hr/>				

	<b><u>Balance May 1, 2018</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance April 30, 2019</u></b>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 242,176	\$ -	\$ -	\$ 242,176
Construction in process	314,830	78,840	-	393,670
Total capital assets not being depreciated	557,006	78,840	-	635,846
Other capital assets:				
Water system	15,797,618	164,718	-	15,962,336
Sewer system	35,960,593	178,447	-	36,139,040
Equipment	2,965,613	22,976	-	2,988,589
Total other capital assets	54,723,824	366,141	-	55,089,965
Less accumulated depreciation for:				
Water system	6,173,574	506,078	-	6,679,652
Sewer system	13,467,999	743,052	-	14,211,051
Equipment	998,465	53,115	-	1,051,580
Total accumulated depreciation	20,640,038	1,302,245	-	21,942,283
Other capital assets, net	34,083,786	(936,104)	-	33,147,682
Business- type activities, net	\$ 34,640,792	\$ (857,264)	\$ -	\$ 33,783,528

Depreciation expense was charged as follows in the Statement of Activities:

**Governmental Activities:**

General government	\$ 167,455
Public safety	126,675
Highways and streets	2,027,311
Cemetery	6,712
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	325,385

Total depreciation expense for governmental activities	<u>\$ 2,653,538</u>
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**Business-Type Activities:**

Water	\$ 543,075
Sewer	759,170

Total depreciation expense for business-type activities	<u>\$ 1,302,245</u>
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#### NOTE 4. LONG-TERM DEBT

The City's long term debt is segregated between amounts to be paid from governmental activities and amounts repaid from business type activities. The changes in the City's long-term debt for the year ended April 30, 2019 are as follows:

	<b><u>Balance</u></b> <b><u>May 1, 2018</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Balance</u></b> <b><u>April 30, 2019</u></b>	<b><u>Amount</u></b> <b><u>Due In</u></b> <b><u>One Year</u></b>
<b>Governmental Activities:</b>					
General obligation bonds:					
Special Service Area Bond,					
Mallard Crossing	\$ 90,000	\$ -	\$ 44,000	\$ 46,000	\$ 46,000
Refunding Promissory Note					
WACC	3,705,000	-	270,000	3,435,000	275,000
Promissory Notes					
Washington 223	4,965,801	1,000,000	5,006,557	959,244	83,378
Capitalized equipment					
leases	8,962	-	3,284	5,678	3,515
Other postemployment					
retirement benefits	760	-	760	-	-
Vested compensated					
absences	458,880	61,703	-	520,583	20,442
	<hr/>				
Total Governmental					
Activities	<u>\$ 9,229,403</u>	<u>\$ 1,061,703</u>	<u>\$ 5,324,601</u>	<u>\$ 4,966,505</u>	<u>\$ 428,335</u>
<hr/>					
<b>Business-Type Activities:</b>					
2009 Illinois Environmental					
Protection Agency Loan	\$ 3,762,795	\$ -	\$ 289,445	\$ 3,473,350	\$ 289,446
2017 Illinois Environmental					
Protection Agency Loan,					
Phase 2A	3,744,781	-	168,557	3,576,224	172,358
Promissory Note					
AMR – Meter					
Replacement	1,960,010	-	213,772	1,746,238	237,125
Vested compensated					
absences	67,779	-	8,143	59,636	8,742
	<hr/>				
Total Business-Type					
Activities	<u>\$ 9,535,365</u>	<u>\$ -</u>	<u>\$ 679,917</u>	<u>\$ 8,855,448</u>	<u>\$ 707,671</u>
	<hr/>				

*Governmental Activities*

**Special Service Area**

**Mallard Crossing**

In fiscal year 2005, the City issued Special Service Area Number One (Mallard Crossing) Unlimited Ad Valorem Tax Bonds, Series 2005 in the amount of \$500,000. These bonds are limited obligations of the City, payable solely from the collection of the special service area taxes. The special service area taxes are irrevocably pledged for the payment of principal and interest on the bonds. The bonds are secured by the full faith and credit of and levy of general property taxes on property within the special service area. The debt service requirements on these bonds are as follows:

<b><u>Years Ending</u></b> <b><u>April 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 46,000	4.75%	\$ 2,185	\$ 48,185

Principal paying date: December 1

Interest paying dates: June 1 and December 1

The bond ordinance requires monies to be segregated and restricted in special restricted accounts as described below:

<b><u>Account</u></b>	<b><u>Amount</u></b>	<b><u>Nature of Authorized Expenditures</u></b>
Principal and interest	Amount that results from deposit of property tax levy receipts less payment of principal and interest on the bonds as they become due. As of April 30, 2019, \$5,668 has been required to be accumulated.	Paying principal and interest.
Administration	Amount not to exceed \$1,000 to be deposited each year from receipts of special service area taxes. For the year ended April 30, 2019, no amounts were transferred to the General Fund for administration of the Fund.	Paying costs and expenses related to the administration of the Special Services Fund.

The following amounts are reported as restricted cash as follows:

Debt Service Fund	<u>\$ 5,668</u>
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### Refunding Promissory Note

In fiscal year 2015, the City entered into a promissory note agreement with South Side Bank and Trust (now known as Busey Bank) for the purpose of refinancing the 2006 WACC bonds. The loan carries a fixed interest rate of 2.50 percent for a term of 15 years. Payments are due annually, including interest, thereafter, with final payment due May 15, 2029.

<b>Years Ending April 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 275,000	\$ 82,438	\$ 357,438
2021	280,000	75,500	355,500
2022	290,000	68,375	358,375
2023	295,000	61,063	356,063
2024	305,000	53,563	358,563
2025-2029	1,640,000	147,876	1,787,876
2030	350,000	4,375	354,375
<b>Total</b>	<b>\$ 3,435,000</b>	<b>\$ 493,190</b>	<b>\$ 3,928,190</b>

### Promissory Notes

The City purchased 223 acres of land within the City limits for \$4,965,000. The City financed the purchase with a promissory note due to Morton Community Bank. The maximum outstanding balance allowed on the promissory note was \$5,750,000. The promissory note was due September 17, 2020 with required annual interest payments at 2.75% interest. The City paid this promissory note off early on June 4, 2018.

In 2019, the City desired to pay off the remaining balance of \$4,965,000 using cash on hand along with the \$1,000,000 proceeds of a new promissory note from Busey Bank. The maximum outstanding balance allowed on the promissory note is \$1,000,000. The promissory note is due June 4, 2028 with required annual interest payments at 4.35%. The City paid this promissory note off early on July 3, 2019. The debt service requirements on this note are as follows:

<b>Years Ending April 30,</b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2020	\$ 83,378	\$ 41,393	\$ 124,771
2021	86,987	37,784	124,771
2022	90,974	33,797	124,771
2023	95,031	29,740	124,771
2024	99,269	25,502	124,771
2025-2029	503,605	57,134	560,739
<b>Total</b>	<b>\$ 959,244</b>	<b>\$ 225,350</b>	<b>\$ 1,184,594</b>

## Capital Leases

The City entered into capital lease agreement for the purchase of a copier. The lease has a term of five years, monthly payments of \$316 with an imputed interest rate of 6.785%.

The future minimum lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 3,515	\$ 277	\$ 3,792
2021	2,163	50	2,213
	<u>\$ 5,678</u>	<u>\$ 327</u>	<u>\$ 6,005</u>

## Business-Type Activities

### 2009 IEPA Loan Payable

In fiscal year 2010, the City entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) for the purpose of paying a part of the cost of constructing, improving, and extending the City's sewerage system facilities. The loan carries zero percent interest rate for a term of twenty years. The debt service requirements on this loan are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 289,446	\$ -	\$ 289,446
2021	289,446	-	289,446
2022	289,446	-	289,446
2023	289,446	-	289,446
2024	289,446	-	289,446
2025-2029	1,447,229	-	1,447,229
2030-2031	578,891	-	578,891
<b>Total</b>	<u>\$ 3,473,350</u>	<u>\$ -</u>	<u>\$ 3,473,350</u>

The sewer loan ordinance for the IEPA loan requires monies held in the Sewerage Enterprise Fund to be segregated and restricted in separate special restricted accounts in the priority indicated by the order of the following:

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
(a) Operation and maintenance	Amount sufficient, when added to amount then on deposit, to establish a balance equal to an amount not less than the amount necessary to pay operation and maintenance expenses for two months. The City ensures each month that the operating accounts of the Sewerage Enterprise Fund have adequate funds to meet this covenant. A separate account has not been established.	Expenses of operating, maintaining, and repairing the system.

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
(b) Bond, interest, and principal	Amount that results from the monthly accumulation of not less than a pro-rata of the interest becoming due on the next succeeding interest payment date and not less than a pro-rata of the principal becoming due on the next succeeding principal payment date. As of April 30, 2019, \$134,582 has been required to be accumulated.	Paying current principal and interest on bonds.
(c) Bond reserve	1/24 of maximum annual debt service per month, until the account accumulates the total sum of \$289,446 (maximum annual debt service). As of April 30, 2019, \$289,446 has been accumulated.	Paying principal and interest on bonds in the event that the bond and interest account has insufficient funds.
(d) Depreciation	1/120 of 10% of the total outstanding debt, until 10% of the total outstanding balance is accumulated. As of April 30, 2019, \$347,335 has been accumulated.	Paying principal and interest on bonds or extraordinary maintenance and repair costs in the event that no other funds are available for these purposes.
(e) Surplus	The amount remaining after payment into the above accounts. This is accounted for as the remainder of the unrestricted funds of the Sewerage Enterprise Fund.	Constructing or acquiring repairs, improvements or extensions to the system, calling or redeeming bonds or any other lawful purpose of the system.

The following amounts are reported as restricted cash as follows:

Sewerage Fund	\$ 771,363
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#### **2017 IEPA Loan Payable**

In fiscal year 2017, the City entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) for the purpose of paying a part of the cost of constructing, improving, and extending the City's sewerage system facilities. The loan carries a 1.75 percent interest rate for a term of twenty years. The debt service requirements on this loan are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 172,358	\$ 62,457	\$ 234,815
2021	177,147	60,035	237,182
2022	180,261	56,921	237,182
2023	183,431	53,751	237,182
2024	186,654	50,528	237,182
2025-2029	983,650	202,260	1,185,910
2030-2034	1,073,188	112,722	1,185,910
2035-2037	619,535	21,295	640,830
<b>Total</b>	<b>\$ 3,576,224</b>	<b>\$ 619,969</b>	<b>\$ 4,196,193</b>

### **Promissory Note**

In fiscal year 2016, the City entered into a promissory note agreement with Morton Community Bank for the purpose of financing the purchase and installation of a system of remote read water meters. The loan carries a fixed interest rate of 2.46 percent. Payments are due in semi-annual amounts of \$130,657.40, including interest, thereafter, with final payment due June 2, 2026.

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 237,125	\$ 24,190	\$ 261,315
2021	224,970	36,345	261,315
2022	230,720	30,595	261,315
2023	236,511	24,804	261,315
2024	242,447	18,868	261,315
2025-2027	574,465	20,256	594,721
	<b>\$ 1,746,238</b>	<b>\$ 155,058</b>	<b>\$ 1,901,296</b>

### **Debt Covenants**

The various bond indentures contain limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various funds. The City is in compliance with all financial limitations and restrictions. The City is a home-rule municipality and, accordingly, is not subject to any constitutional debt limit.

## NOTE 5. RETIREMENT PLANS AND OTHER POST EMPLOYMENT BENEFITS

### Illinois Municipal Retirement Fund

*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. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

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

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

As of December 31, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	34
Inactive Plan Members entitled to but not yet receiving benefits	27
Active Plan Members	<u>39</u>
<b>Total</b>	<u><u>100</u></u>

### *Contributions*

As set by statute, the City's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual contribution rate for calendar year 2018 was 14.48%. For the fiscal year ended April 30, 2018, the City contributed \$325,579 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

### *Net Pension Liability*

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

### *Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at December 31, 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 from years 2014 to 2016.
- For non-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 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 as of December 31, 2018:



<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>1%</u>	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:

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

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.71%, and the resulting single discount rate is 7.25%.

#### *Changes in the Net Pension Liability*

	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
<b>Balances at December 31, 2017</b>	\$14,836,144	\$ 13,272,199	\$ 1,563,945
Changes for the year:			
Service Cost	264,423	-	264,423
Interest on the Total Pension Liability	1,092,031	-	1,092,031
Differences Between Expected and Actual Experience of the Total Pension Liability	(453,590)	-	(453,590)
Changes of Assumptions	441,510	-	441,510
Contributions - Employer	-	357,653	(357,653)
Contributions - Employees	-	116,026	(116,026)
Net Investment Income	-	(774,914)	774,914
Benefit Payments, including Refunds of Employee Contributions	(815,897)	(815,897)	-
Other (Net Transfer)	-	142,357	(142,357)
Net Changes	528,477	(974,775)	1,503,252
<b>Balances at December 31, 2018</b>	<u>\$ 15,364,621</u>	<u>\$ 12,297,424</u>	<u>\$ 3,067,197</u>

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower (6.25%)	Current (7.25%)	1% Higher (8.25%)
Net Pension Liability	\$ 5,061,287	\$ 3,067,197	\$ 1,417,673

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

For the year ended April 30, 2019, the City recognized pension income of \$3,389 resulting from a change in actuarial estimates. At April 30, 2019, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 114,545	\$ 480,058
Changes of assumptions	345,144	294,506
Net difference between projected and actual earnings on pension plan investments	1,586,698	755,919
Total deferred amounts to be recognized in pension expense in future periods	2,046,387	1,530,483
<i>Employer Pension Contributions made subsequent to the Measurement Date</i>	85,426	-
Total deferred amounts related to IMRF pension	\$ 2,131,813	\$ 1,530,483

The City reported \$85,426 as deferred outflows or resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2020. 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 Ending December 31	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2019	\$ 210,393	\$ -
2020	17,585	-
2021	-	25,422
2022	313,348	-
Total	\$ 541,326	\$ 25,422

## **Police Pension**

*Plan Description.* The City of Washington Police Pension Trust Fund was created and is administered as prescribed by “Article 3. Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code (Illinois Compiled Statutes, 1992, Chapter 40). Provisions of the plan can only be modified by State legislation. The Police Pension Trust Fund is a single-employer defined benefit pension plan, which covers the police-sworn personnel of the City. The Police Pension Trust Fund, which is administered by the City, provides retirement, death, and disability benefits to plan members and their beneficiaries.

### *Benefits Provided.*

The Plan provides retirement, termination, disability and death benefits.

#### Normal Retirement:

Date Tier 1: Age 50 and 20 years of Credited Service.

Date Tier 2: Age 55 with 10 years of Credited Service.

Benefit Tier 1: 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month.

Benefit Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service, up to a maximum of 75% of average salary. The minimum monthly benefit is \$1,000 per month.

#### Disability:

Eligibility: Total and permanent as determined by the Board of Trustees.

Benefit Amount: A maximum of:

- a.) 65% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately.

For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

#### Cost-of-Living Adjustments:

Tier 1: Retirees - An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Tier 1: Disabled Retirees - An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Pre-Retirement Death Benefit:

Service Incurred: 100% of salary attached to rank held by Member on last day of service.

Non-Service Incurred: A maximum of:

- a.) 50% of salary attached to the rank held by Member on last day of service, and;
- b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50

For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Vesting (Termination):

Vesting Service Requirement: Tier 1: 8 years.

Vesting Service Requirement: Tier 2: 10 years.

Non-Vested Benefit: Refund of Member Contributions.

Vested Benefit: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination (8-year final average salary for Tier 2) times creditable service.

*Employees Covered by Benefit Terms*

As of April 30, 2018, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	12
Inactive Plan Members entitled to but not yet receiving benefits	3
Active Plan Members	<u>20</u>
<b>Total</b>	<u><u>35</u></u>

*Contributions*

Qualifying employees are required to contribute 9.91 percent of their base salary to the Police Pension Trust Fund. The City is required to contribute the remaining amounts necessary to finance the plan at an actuarially determined rate. For the fiscal year ended April 30, 2019, the City contributed \$553,041 to the plan.

*Investment Policy*

Illinois Compiled Statutes (ILCS) limit the Police Pension Fund's (the Fund) investments to those allowable by ILCS and require the Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Fund's investment policy authorizes the Fund to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market, mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, investment grade corporate bonds and Illinois Funds. The Fund may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, obligations of the State of Illinois and its political subdivisions, Illinois insurance company general and separate accounts, mutual funds and corporate equity securities and real estate investment trusts. During the year, no changes were made to the investment policy.

ILCS limit the Fund's investments in equities, mutual funds and variable annuities to 45%. Securities in any one company should not exceed 5% of the total fund.

#### *Net Pension Liability*

The City's net pension liability was measured as of April 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The components of the net pension liability of the Police Pension Plan as of April 30, 2018 were as follows:

Total pension liability	\$ 12,725,495
Plan fiduciary net position	7,647,347
City's net pension liability	5,078,148
Plan fiduciary net position as a percentage of the total pension liability	60.09%

#### *Actuarial Assumptions*

The following are the methods and assumptions used to determine total pension liability at April 30, 2018:

- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be service based.
- The Investment Rate of Return was assumed to be 6.75%.
- Projected Retirement Age was based on studies of the fund and the Department of Insurance.
- The rates for Mortality (for non-disabled retirees) were developed from the RP-2000 Combined Healthy Mortality with a blue-collar adjustment, projected to the valuation date with Scale BB.
- The rates for Mortality (for disabled retirees) were developed from the RP-2000 Disabled Retiree Mortality projected to the valuation date with Scale BB.
- The long-term expected rate of return on pension plan investments can be 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 expenses 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 by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of April 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	5.00%	0.50%
Corporate investment grade	20.00%	0.75%
Domestic equities	33.75%	6.60%
International developed	11.25%	6.00%
Cash and equivalents	30.00%	0.00%
Total	100.00%	

### *Discount Rate*

The Discount Rate used to measure the Total Pension Liability was 6.75 percent. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that City's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. For purpose of this valuation, the expected rate of return on pension plan investments is 6.75 percent; the municipal bond rate is 3.97 percent (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the The Bond Buyer); and the resulting single discount rate is 6.75 percent.

### *Changes in the Net Pension Liability*

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
<b>Balances at April 30, 2017</b>	\$ 12,578,857	\$ 7,205,268	\$ 5,373,589
Changes for the year:			
Service Cost	342,439	-	342,439
Interest	850,614	-	850,614
Differences Between Expected and Experience	(299,557)	-	(299,557)
Changes of Assumptions	(107,650)	-	(107,650)
Contributions - Employer	-	551,778	(551,778)
Contributions - Employees	-	135,723	(135,723)
Net Investment Income (Loss)	-	403,054	(403,054)
Benefit Payments, including Refunds of Employee Contributions	(639,208)	(639,208)	-
Administrative expense	-	(9,268)	9,268
Net Changes	146,638	442,079	(295,441)
<b>Balances at April 30, 2018</b>	<u>\$ 12,725,495</u>	<u>\$ 7,647,347</u>	<u>\$ 5,078,148</u>

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

The following presents the plan's net pension liability, calculated using a discount rate of 6.75%, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher:

	1% Lower (5.75%)	Current (6.75%)	1% Higher (7.75%)
Net Pension Liability	\$ 6,928,202	\$ 5,078,148	\$ 3,572,959

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

For the year ended April 30, 2019, the City recognized pension expense of \$165,627. At April 30, 2019, the City reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i>		
Differences between expected and actual experience	\$ 74,274	\$ 320,197
Changes of assumptions	400,687	94,192
Net difference between projected and actual earnings on pension plan investments	242,508	-
Total deferred amounts to be recognized in pension expense in future periods	717,469	414,389
<i>Pension Contributions made subsequent to the Measurement Date</i>	553,041	-
Total deferred amounts related to the Police Pension	<u>\$ 1,270,510</u>	<u>\$ 414,389</u>

The City reported \$553,041 as deferred outflows or resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended April 30, 2020. 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:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
2019	\$ 139,743	\$ -
2020	139,743	-
2021	36,093	-
2022	46,924	-
2023	30,000	-
Thereafter	-	89,423
Total	<u>\$ 392,503</u>	<u>\$ 89,423</u>

## **Postemployment Benefits Other Than Pensions (OPEB)**

### ***General Information about the OPEB plan***

#### ***Plan Description***

The City of Washington's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the City's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.



### *Employees covered by benefit terms*

At April 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	-
Active plan members	<u>60</u>
	<u>70</u>

### *Benefits provided*

Eligible retirees participating in the group insurance plans offered by the City and are required to contribute a portion of the active premiums. At April 30, 2018, the retiree's portion of coverage was \$170/month for family and \$81/month for single after a wellness incentive premium reduction of \$50/month. Additionally, the City pays 100% of the retiree premium for dental insurance coverage for eligible retirees. Retirees ineligible for this benefit must pay 100% of the active premium for medical and/or dental insurance to remain covered by the plan. To be eligible for the Plan, retirees need to be at least 55 years old, have combined age and years of service of at least 80, and have been hired by the City before August 1, 1998 to receive the retiree health and dental insurance benefits or meet retirement eligibility under one of the pension plans offered by the City.

### ***Total OPEB Liability***

The City's total OPEB liability of \$3,148,559 was measured as of April 30, 2018, and was determined by an actuarial valuation as of that date.

### *Actuarial Assumptions*

The total OPEB liability in the April 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs"

Inflation	2.50%
Salary increases	2.50%
Discount rate	3.97%
Initial trend rate	8.50%
Ultimate trend rate	4.00%
Years to ultimate	55

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

### *Discount Rate*

Given the City's decision not to fund the program through a trust, all future benefit payments were discounted using a high-quality municipal bond rate of 3.97%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. 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.



	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ended April 30, 2018	\$ 3,314,257
Changes for the year:	
Service Cost	56,444
Interest	122,834
Changes of Assumptions	(30,009)
Benefit Payments	(314,967)
Net Changes	(165,698)
Reporting Period Ended April 30, 2019	\$ 3,148,559

Changes of assumptions reflect a change in the discount rate from 3.82% for the fiscal year ended April 30, 2018 to 3.97% for the fiscal year ended April 30, 2019.

*Sensitivity of the Total OPEB Liability to changes in the Discount Rate*

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 2.97%	Current 3.97%	1% Increase 4.97%
Total OPEB Liability	\$ 3,360,842	\$ 3,148,559	\$ 2,960,107

*Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates*

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rates that is one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% - 7.50%	Current 4.00% - 8.50%	1% Increase 5.00%-9.50%
Total OPEB Liability	\$ 2,967,084	\$ 3,148,559	\$ 3,353,211

### **Retirement Health Savings Plan**

In August 2007, the City initiated four retirement health savings plans which cover the unionized telecommunicators, the unionized police and public services employees and non-union employees hired after July 31, 1998. On June 30, 2018, the telecommunications health savings plan was terminated and plan funds were transferred to the non-union employees plan. The City will contribute 1.75% of an eligible participant's base wage plus longevity, with the exception of police officers who receive 1.5% of base plus longevity on an annual basis. The funds will be available to any participant upon separation from service. The City's contribution to the plan for the year ended April 30, 2019 was approximately \$46,000.

**NOTE 6. INTERFUND BALANCES**

Interfund receivable and payable balances as of April 30, 2019 are as follows:

	<u><b>Due from Other Funds</b></u>	<u><b>Due to Other Funds</b></u>
General Fund	\$ 33,584	\$ 32,331
Special Revenue Funds		
Motor Fuel Tax Fund	-	489
Illinois Municipal Retirement Fund	144	-
Debt Service Fund		
Mallard Crossing Special Assessment Fund	-	16,335
Enterprise Funds		
Waterworks Fund	89,956	7,900
Sewerage Fund	-	98,816
Internal Service Funds		
Employees' Benefit Fund	187	-
Motor Equipment Replacement Fund	32,000	-
	<hr/>	<hr/>
<b>Total interfund receivables and payables</b>	<b>\$ 155,871</b>	<b>\$ 155,871</b>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. Balances are to be collected in the subsequent year.

**NOTE 7. INTERFUND TRANSFERS**

Transfers between funds for the year ended April 30, 2019, were as follows:

	<u><b>Transfer In</b></u>	<u><b>Transfer Out</b></u>
General Fund	\$ 1,612,874	\$ 4,795,374
Special Revenue Funds		
ESDA Fund	33,000	-
Storm Water Management Fund	-	1,225,872
Illinois Municipal Retirement Fund	40,500	-
Social Security Fund	79,500	-
Capital Project Fund		
Nofsigner Realignment Fund	8,790	-
Debt Service Funds		
Washington 223 Fund	4,079,349	-
Washington Area Community Center Fund	309,269	-
Enterprise Funds		
Waterworks Fund	8,284	77,818
Sewerage Fund	-	72,502
	<hr/>	<hr/>
<b>Total interfund transfers</b>	<b>\$ 6,171,566</b>	<b>\$ 6,171,566</b>

Transfers are used to (1) move revenues from the fund collecting them to the fund that statute or budget reflects to expend them, (2) move receipts restricted to debt service from the funds collecting them to the Bond and Interest Fund as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### **NOTE 8. INSURANCE**

The City is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The City purchases commercial insurance for these risks of loss.

For its health insurance coverages, the City began participating in a sub-pool in the Intergovernmental Personnel Benefit Cooperative (IPBC) in July 2017. IPBC is a public entity risk pool established in 1979 by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi-governmental, and nonprofit public service entities. Management consists of a Board of Directors comprised of one appointed representative from each member. The officers of IPBC are chosen by the Board of Directors from among their membership. The City does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors of the sub-pool. To obtain IPBC's financial statements, contact the administrative offices of IPBC, 1220 Oak Brook Road, Oak Brook, Illinois 60107.

#### **NOTE 9. COMMITMENTS**

The City has a contract for the expansion of the Sewer Treatment Plant #2 phase 2B – Farm Creek Trunk Sewer. As of April 30, 2019, the total estimated City obligation was \$541,700. A total of \$334,569 has been paid or is included in payables as of the year-end.

The City has a contract for the expansion of the Water Treatment Plant #1 – Pressure Vessel/Filter Rehab. As of April 30, 2019, the total estimated City obligation was \$79,000. A total of \$28,714 has been paid or is included in payables as of the year-end.

The City has an agreement with the Washington Volunteer Fire Department and Rescue Squad to provide fire protection services and ambulance and emergency medical services to the City through October 31, 2020. The City has agreed to pay the Washington Volunteer Fire Department and Rescue Squad \$973,996 for the services and equipment funding to be provided over the next 18 months.

The City has private redevelopment agreements with several companies in the TIF district. As of April 30, 2019, the total City obligation for these agreements was \$465,141. A total of \$158,034 has been paid as of the year-end.

#### **NOTE 10. DEFICIT FUND BALANCES**

The following City funds have a deficit fund/equity balance as of April 30, 2019:

Mallard Crossing – Debt Service Fund	\$ 10,667
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## **NOTE 11. FAIR VALUE MEASUREMENTS**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of April 30, 2019:

- Mutual fund securities of \$3,301,584 are valued using quoted market prices (Level 1 inputs)
- Treasury Inflation Protected securities of \$343,612 are valued using quoted market prices (Level 1 inputs)
- Money market securities of \$8,837 are valued using quoted market prices (Level 1 inputs)
- Corporate bonds of \$1,825,410 are valued using a matrix pricing model (Level 2 inputs)

## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WASHINGTON, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Property taxes	\$ 951,279	\$ 951,279	\$ 943,979	\$ (7,300)
Licenses and permits	507,000	507,000	490,734	(16,266)
Intergovernmental	8,183,000	8,183,000	8,584,195	401,195
Grant proceeds	300,900	300,900	312,991	12,091
Charges for services	96,600	96,600	105,505	8,905
Fines and forfeitures	143,000	143,000	186,397	43,397
Interest	65,200	65,200	143,688	78,488
Other	61,000	61,000	103,318	42,318
	<u>10,307,979</u>	<u>10,307,979</u>	<u>10,870,807</u>	<u>562,828</u>
<b>EXPENDITURES</b>				
Current				
General government	1,323,593	1,323,593	1,050,936	272,657
Public safety	5,273,219	5,310,415	4,954,925	355,490
Highways and streets	1,847,201	1,847,201	1,698,887	148,314
Health and welfare	15,000	15,000	14,435	565
Capital outlay	1,779,000	1,827,000	1,253,051	573,949
	<u>10,238,013</u>	<u>10,323,209</u>	<u>8,972,234</u>	<u>1,350,975</u>
Excess (deficiency) of revenue over expenditures	<u>69,966</u>	<u>(15,230)</u>	<u>1,898,573</u>	<u>1,913,803</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,414,852	2,414,852	1,612,874	(801,978)
Transfers out	(1,614,439)	(6,678,597)	(4,795,374)	1,883,223
Total other financing sources (uses)	<u>800,413</u>	<u>(4,263,745)</u>	<u>(3,182,500)</u>	<u>1,081,245</u>
Net change in fund balances	<u>\$ 870,379</u>	<u>\$ (4,278,975)</u>	<u>\$ (1,283,927)</u>	<u>\$ 2,995,048</u>

**CITY OF WASHINGTON, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**WASHINGTON 223 DEBT SERVICE FUND**  
**YEAR ENDED APRIL 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Rental	\$ 30,000	\$ 30,000	\$ 59,744	\$ 29,744
<b>EXPENDITURES</b>				
Debt service				
Principal	182,400	5,006,558	5,006,557	1
Interest	117,600	117,600	117,600	-
	300,000	5,124,158	5,124,157	1
Deficiency of revenue under expenditures	(270,000)	(5,094,158)	(5,064,413)	29,745
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	270,000	5,064,158	4,079,349	(984,809)
Debt issuance	-	-	1,000,000	1,000,000
Total other financing sources	270,000	5,064,158	5,079,349	15,191
Net change in fund balances	\$ -	\$ (30,000)	\$ 14,936	\$ 44,936

**CITY OF WASHINGTON, ILLINOIS**  
**MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**  
**LAST 10 CALENDAR YEARS**  
(schedule to be built prospectively from 2015)

Calendar year ending December 31,	2018	2017	2016	2015
Total pension liability:				
Service cost	\$ 264,423	\$ 289,151	\$ 270,831	\$ 263,773
Interest on the total pension liability	1,092,031	1,094,710	1,049,524	981,553
Difference between expected and actual experience	(453,590)	(201,115)	1,984	419,869
Assumption changes	441,510	(430,251)	(57,997)	-
Benefit payments and refunds	(815,897)	(735,824)	(718,617)	(798,996)
Net change in total pension liability	528,477	16,671	545,725	866,199
Total pension liability - beginning	14,836,144	14,819,473	14,273,748	13,407,549
Total pension liability - ending (a)	15,364,621	14,836,144	14,819,473	14,273,748
Plan fiduciary net position:				
Contributions - employer	357,653	385,941	395,121	343,295
Contributions - employee	116,026	117,905	130,400	142,475
Net investment income (loss)	(774,914)	2,114,999	764,487	53,662
Benefit payments and refunds	(815,897)	(735,824)	(718,617)	(798,996)
Other	142,357	(257,194)	32,124	413,324
Net change in plan fiduciary net position	(974,775)	1,625,827	603,515	153,760
Plan fiduciary net position - beginning	13,272,199	11,646,372	11,042,857	10,889,097
Plan fiduciary net position - ending (b)	12,297,424	13,272,199	11,646,372	11,042,857
City's net pension liability - ending (a) - (b)	\$ 3,067,197	\$ 1,563,945	\$ 3,173,101	\$ 3,230,891
Plan fiduciary net position as a percentage of the total pension liability	80.04%	89.46%	78.59%	77.36%
Covered - employee payroll	\$ 2,469,975	\$ 2,620,105	\$ 2,580,806	\$ 2,409,094
City's net position liability as a percentage of covered-employee payroll	124.18%	59.69%	122.95%	134.11%



**CITY OF WASHINGTON, ILLINOIS**  
**MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**POLICE PENSION TRUST FUND**  
**LAST 10 YEARS**

(schedule to be built prospectively from 2015)

Fiscal year ending April 30,	2018	2017	2016	2015
Total pension liability:				
Service cost	\$ 342,439	\$ 324,331	\$ 290,520	\$ 284,738
Interest	850,614	807,141	759,768	681,523
Difference between expected and actual experience	(299,557)	99,029	(92,933)	(293,629)
Changes of assumptions	(107,650)	-	641,098	662,460
Benefit payments and refunds	(639,208)	(569,929)	(486,957)	(528,697)
Net change in total pension liability	146,638	660,572	1,111,496	806,395
Total pension liability - beginning	12,578,857	11,918,285	10,806,789	10,000,394
Total pension liability - ending (a)	12,725,495	12,578,857	11,918,285	10,806,789
Plan fiduciary net position:				
Contributions - employer	551,778	514,605	373,617	320,283
Contributions - employee	135,723	130,676	124,594	115,109
Net investment income	403,054	504,132	(50,667)	283,752
Benefit payments and refunds	(639,208)	(569,929)	(486,957)	(528,697)
Administrative expense	(9,268)	(5,827)	(6,318)	(4,357)
Net change in plan fiduciary net position	442,079	573,657	(45,731)	186,090
Plan fiduciary net position - beginning	7,205,268	6,631,611	6,677,342	6,491,252
Plan fiduciary net position - ending (b)	7,647,347	7,205,268	6,631,611	6,677,342
City's net pension liability - ending (a) - (b)	\$ 5,078,148	\$ 5,373,589	\$ 5,286,674	\$ 4,129,447
Plan fiduciary net position as a percentage of the total pension liability	60.09%	57.28%	55.64%	61.79%
Covered - employee payroll	\$ 1,369,110	\$ 1,336,695	\$ 1,268,296	\$ 1,179,945
Net pension liability as a percentage of coverage employee payroll	370.91%	402.01%	416.83%	349.97%

**CITY OF WASHINGTON, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
LAST 10 YEARS**

<b>Actuarial Valuation Date</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
<b>IMRF</b>					
12/31/2018	\$ 357,652	\$ 357,653	\$ (1)	\$ 2,469,975	14.48%
12/31/2017	385,941	385,941	-	2,620,105	14.73%
12/31/2016	395,121	395,121	-	2,580,806	15.31%
12/31/2015	343,296	343,295	1	2,409,094	14.25%

\*Estimated based on contribution rate of 14.48% and covered valuation payroll of \$2,469,975.

Schedule to be built prospectively as the City implemented GASB Statement No. 68 in the fiscal year ending 04/30/2016.

**CITY OF WASHINGTON, ILLINOIS**  
**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**ILLINOIS MUNICIPAL RETIREMENT FUND**

**Notes to Schedule:**

***Summary of Actuarial Methods and Assumptions Used in the  
Calculation of the 2018 Contribution Rate\****

***Valuation Date:***

Notes	Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.
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**Methods and Assumptions Used to Determine 2018 Contribution Rates:**

<i>Actuarial Cost Method:</i>	Aggregate entry age Normal
<i>Amortization Method:</i>	Level percentage of payroll, closed
<i>Remaining Amortization Period:</i>	25-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.50%
<i>Price Inflation:</i>	2.75%
<i>Salary Increases:</i>	3.75% to 14.50%, including inflation
<i>Investment Rate of Return:</i>	7.50%
<i>Retirement Age:</i>	Experience-based table of rates that are specific to the valuation pursuant type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

<i>Mortality:</i>	For non-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 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.
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***Other Information:***

<i>Notes:</i>	There were no benefit changes during the year.
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\* Based on Valuation Assumptions used in the December 31, 2016 actuarial valuation.

**CITY OF WASHINGTON, ILLINOIS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION TRUST FUND  
LAST 10 YEARS**

<b>Actuarial Valuation Date</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
<b>Police Pension Trust Fund</b>					
4/30/2018	\$ 513,651	\$ 551,778	\$ (38,127)	\$ 1,369,110	40.30 %
4/30/2017	378,061	514,605	(136,544)	1,336,695	38.50
4/30/2016	320,912	373,617	(52,705)	1,268,296	29.46
4/30/2015	304,709	320,283	(15,574)	1,179,945	27.14

Schedule to be built prospectively as the City implemented GASB Statement No. 68 in the fiscal year ending 04/30/2016.

**CITY OF WASHINGTON, ILLINOIS  
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS  
POLICE PENSION TRUST FUND**

**Notes to Schedule:**

**Valuation Date:** 5/1/2016

Actuarially determined contribution is calculated as of May 1, two years prior year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

<i>Mortality Rate:</i>	RP-2000 Combined Healthy Mortality with a blue collar adjustment projected to the valuation date using Scale BB.
<i>Disabled Mortality Rate:</i>	RP-2000 Disabled Retiree Mortality projected to the valuation date using Scale BB.
<i>Interest Rate:</i>	6.75% per year compounded annually, net of investment related expenses.
<i>Retirement Age:</i>	See table below. This is based on an experience study performed in 2012.
<i>Disability Rate:</i>	RP-2000 Disabled Retiree Mortality projected to the valuation date using Scale BB.
<i>Termination Rate:</i>	See table below. This is based on an experience study
<i>Salary Increases:</i>	Graded scheduled based on service. This is based on an an experience study performed in 2012.

Service	Increase	Service	Increase
0	11.00%	6	6.00%
1	10.00%	7	5.50%
2	9.00%	8-14	5.00%
3	8.00%	15-29	4.50%
4	8.00%	30	4.00%
5	7.00%		

*Payroll Growth:* 4.00% per year.

# POLICE PENSION TRUST FUND

*Cost-of-Living Adjustment:* Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.  
Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.

*Marital Status:* 80% of Members are assumed to be married.

*Spouse's Age:* Males are assumed to be three years older than females.

*Funding Method:* Entry Age Normal Cost Method

*Actuarial Asset Method:* Investment gains and losses are smoothed over a 5-year period.

*Amortization Method:* 100% of the UAAL is amortized according to a Level Percentage of Payroll method over a period ending in 2041.

## Decrement Tables:

% Terminating During the Year		% Becoming Disabled During the Year	
Age	Rate	Age	Rate
15-24	10.00%	20	0.05%
25	7.50%	25	0.05%
26-27	6.25%	30	0.22%
28-31	5.00%	35	0.26%
32-34	4.00%	40	0.40%
35-37	3.00%	45	0.65%
38-49	2.00%	50	0.95%
>=50	3.50%	55	1.30%
		60	1.65%
		65	2.00%
% Retiring During the Year			
<=49	0%		
50-54	20%		
55-59	25%		
60-62	33%		
63-69	50%		
>=70	100%		

**CITY OF WASHINGTON, ILLINOIS  
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN  
ON PENSION PLAN INVESTMENTS  
POLICE PENSION TRUST FUND  
LAST 10 YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted return rate of return, net of investment expense	4.88%	3.81%	6.97%	-0.32%	3.58%

Schedule to be built prospectively as the City implemented GASB Statement No. 67 in the fiscal year ending 04/30/2015.

**CITY OF WASHINGTON, ILLINOIS**  
**SCHEDULE OF CHANGES IN THE CITY'S**  
**TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**LAST 10 YEARS**  
(schedule to be built prospectively from 2019)

Fiscal year ending April 30,	<u>2019</u>
Service cost	\$ 56,444
Interest	122,834
Changes of assumptions	(30,009)
Benefit payments and refunds	<u>(314,967)</u>
Net change in total OPEB liability	(165,698)
Total OPEB liability - beginning	<u>3,314,257</u>
Total OPEB liability- ending	<u><u>\$ 3,148,559</u></u>
Covered - employee payroll	\$ 3,778,813
Total OPEB liability as a percentage of covered employee payroll	83.32%

*Notes to Schedule:*

*Changes of assumptions:*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

Fiscal Year Ended April 30:	
2019	3.97%
2018	3.82%



## OTHER SUPPLEMENTARY INFORMATION

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2019**

	<b>General Corporate</b>	<b>City Hall</b>	<b>Street</b>
<b>REVENUES</b>			
Property taxes	\$ 194,566	\$ -	\$ 216,522
Licenses and permits	490,734	-	-
Intergovernmental	8,529,393	-	9,488
Grant proceeds	287,428	-	23,392
Charges for services	17,978	-	2,538
Fines and forfeitures	115,155	-	-
Interest	143,438	-	-
Other	20,422	-	26,807
	<u>9,799,114</u>	<u>-</u>	<u>278,747</u>
<b>EXPENDITURES</b>			
General government			
Personal services	455,293	48,120	-
Supplies	13,408	2,168	-
Other services and charges	134,947	37,919	-
Total general government	<u>603,648</u>	<u>88,207</u>	<u>-</u>
Public safety			
Personal services	-	-	-
Supplies	-	-	-
Special projects	-	-	-
Other services and charges	-	-	-
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>
Highways and streets			
Personal services	-	-	835,006
Supplies	-	-	14,949
Other services and charges	-	-	848,932
Total highways and streets	<u>-</u>	<u>-</u>	<u>1,698,887</u>
Health and welfare			
Other services and charges	13,360	1,075	-
Capital outlay	5,110	10,269	1,162,528
	<u>622,118</u>	<u>99,551</u>	<u>2,861,415</u>
Excess (deficiency) of revenue over expenditures	9,176,996	(99,551)	(2,582,668)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,334,516	19,904	-
Transfers out	(4,680,072)	-	(106,512)
Total other financing sources (uses)	<u>(3,345,556)</u>	<u>19,904</u>	<u>(106,512)</u>
Net change in fund balance	<u>\$ 5,831,440</u>	<u>\$ (79,647)</u>	<u>\$ (2,689,180)</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>			
<b>FUND BALANCE, END OF YEAR</b>			

<b>Police</b>	<b>Tourism and Economic Development</b>	<b>Zoning</b>	<b>Fire and Rescue</b>	<b>Total</b>	<b>2018 (Memorandum Only)</b>
\$ 532,891	\$ -	\$ -	\$ -	\$ 943,979	\$ 904,622
-	-	-	-	490,734	503,354
20,571	-	-	24,743	8,584,195	7,320,806
2,171	-	-	-	312,991	263,666
84,989	-	-	-	105,505	135,737
71,242	-	-	-	186,397	169,653
250	-	-	-	143,688	131,405
55,792	-	297	-	103,318	182,680
767,906	-	297	24,743	10,870,807	9,611,923
-	36,069	161,818	-	701,300	792,157
-	-	1,885	-	17,461	7,878
-	72,427	86,882	-	332,175	486,367
-	108,496	250,585	-	1,050,936	1,286,402
3,440,511	-	-	-	3,440,511	3,697,965
17,093	-	-	-	17,093	18,655
85,052	-	-	-	85,052	43,986
721,170	-	-	691,099	1,412,269	1,114,003
4,263,826	-	-	691,099	4,954,925	4,874,609
-	-	-	-	835,006	809,785
-	-	-	-	14,949	19,395
-	-	-	-	848,932	906,146
-	-	-	-	1,698,887	1,735,326
-	-	-	-	14,435	13,780
71,956	-	-	3,188	1,253,051	2,636,869
4,335,782	108,496	250,585	694,287	8,972,234	10,546,986
(3,567,876)	(108,496)	(250,288)	(669,544)	1,898,573	(935,063)
217,101	-	-	41,353	1,612,874	253,839
-	(8,790)	-	-	(4,795,374)	(822,994)
217,101	(8,790)	-	41,353	(3,182,500)	(569,155)
\$ (3,350,775)	\$ (117,286)	\$ (250,288)	\$ (628,191)	(1,283,927)	(1,504,218)
				13,155,362	14,659,580
				\$ 11,871,435	\$ 13,155,362

**CITY OF WASHINGTON, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2019**

	<b>Cemetery</b>	<b>ESDA</b>	<b>Audit</b>	<b>Motor Fuel Tax</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 288,271	\$ 63,090	\$ 42,248	\$ 1,305,189
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Property taxes	-	3,310	29,023	-
Special assessments	-	-	-	-
Accounts - customers	1,505	-	-	-
Other	-	-	-	3,846
Due from other funds	-	-	-	-
Due from other governments	-	-	-	36,668
Prepaid items	313	84	-	-
Restricted assets				
Cash and cash equivalents	-	-	-	-
	<u>\$ 290,089</u>	<u>\$ 66,484</u>	<u>\$ 71,271</u>	<u>\$ 1,345,703</u>

**LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES AND FUND BALANCES**

**Liabilities**

Accounts payable and accrued liabilities	\$ 2,041	\$ -	\$ -	\$ -
Due to other funds	-	-	-	489
Unearned revenue	-	-	-	-
Total liabilities	<u>2,041</u>	<u>-</u>	<u>-</u>	<u>489</u>

**Deferred inflows of resources**

Unavailable revenue				
Property taxes	-	3,310	29,023	-
Special assessments	-	-	-	-
Other receivables	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>3,310</u>	<u>29,023</u>	<u>-</u>

**Fund balances**

Nonspendable	313	84	-	-
Restricted	-	-	42,248	1,345,214
Assigned	287,735	63,090	-	-
Unassigned	-	-	-	-
Total fund balances	<u>288,048</u>	<u>63,174</u>	<u>42,248</u>	<u>1,345,214</u>
	<u>\$ 290,089</u>	<u>\$ 66,484</u>	<u>\$ 71,271</u>	<u>\$ 1,345,703</u>

Special Revenue						
Incremental Tax	Liability Insurance	Storm Water Management	Illinois Municipal Retirement	Social Security/ Medicare	RBDG Fund	Total
\$ 95,934 1,038,639	\$ 199,562 -	\$ 262,100 -	\$ 314,344 -	\$ 299,476 -	\$ 60,813 -	\$ 2,931,027 1,038,639
230,595	104,003	-	345,004	295,006	-	1,006,941
-	-	-	-	-	-	-
-	-	-	-	-	-	1,505
185	-	913	3,642	3,114	111,041	122,741
-	-	-	144	-	-	144
-	-	-	-	-	-	36,668
-	15,162	-	-	-	-	15,559
-	-	-	-	-	-	-
\$ 1,365,353	\$ 318,727	\$ 263,013	\$ 663,134	\$ 597,596	\$ 171,854	\$ 5,153,224

\$ 5,565	\$ -	\$ 15,902	\$ 21,343	\$ 19,449	\$ -	\$ 64,300
-	-	-	-	-	-	489
-	-	-	-	-	-	-
5,565	-	15,902	21,343	19,449	-	64,789
230,595	104,003	-	345,004	295,006	-	1,006,941
-	-	-	-	-	-	-
-	-	-	-	-	-	-
230,595	104,003	-	345,004	295,006	-	1,006,941
-	15,162	-	-	-	-	15,559
1,129,193	199,562	-	48,239	-	171,854	2,936,310
-	-	247,111	248,548	283,141	-	1,129,625
-	-	-	-	-	-	-
1,129,193	214,724	247,111	296,787	283,141	171,854	4,081,494
\$ 1,365,353	\$ 318,727	\$ 263,013	\$ 663,134	\$ 597,596	\$ 171,854	\$ 5,153,224

**CITY OF WASHINGTON, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2019**

	<b>Debt Service</b>		
	<b>Mallard Crossing</b>	<b>WACC</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance for uncollectibles)			
Property taxes	-	-	-
Special assessments	47,024	-	47,024
Accounts - customers	-	-	-
Other	-	599,571	599,571
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Restricted assets			
Cash and cash equivalents	5,668	-	5,668
	<u>\$ 52,692</u>	<u>\$ 599,571</u>	<u>\$ 652,263</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to other funds	16,335	-	16,335
Unearned revenue	-	-	-
Total liabilities	<u>16,335</u>	<u>-</u>	<u>16,335</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue			
Property taxes	-	-	-
Special assessments	47,024	-	47,024
Other receivables	-	599,571	599,571
Total deferred inflows	<u>47,024</u>	<u>599,571</u>	<u>646,595</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	(10,667)	-	(10,667)
	<u>(10,667)</u>	<u>-</u>	<u>(10,667)</u>
	<u>\$ 52,692</u>	<u>\$ 599,571</u>	<u>\$ 652,263</u>

<b>Total Nonmajor Governmental</b>		<b>2018 (Memorandum Only)</b>	
\$	2,931,027	\$	2,218,369
	1,038,639		1,025,231
	1,006,941		1,022,105
	47,024		47,158
	1,505		1,250
	722,312		756,698
	144		88,183
	36,668		37,924
	15,559		15,736
	5,668		4,778
\$	5,805,487	\$	5,217,432

\$	64,300	\$	55,865
	16,824		88,914
	-		373
	81,124		145,152

	1,006,941		1,022,105
	47,024		47,158
	599,571		619,424

	1,653,536		1,688,687
--	-----------	--	-----------

	15,559		15,736
	2,936,310		2,367,130
	1,129,625		1,010,146
	(10,667)		(9,419)
	4,070,827		3,383,593
\$	5,805,487	\$	5,217,432

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2019**

	Special Revenue				
	Cemetery	ESDA	Audit	Motor Fuel Tax	Incremental Tax
<b>REVENUES</b>					
Property taxes	\$ -	\$ 3,290	\$ 28,848	\$ -	\$ 220,717
Intergovernmental	-	-	-	446,488	-
Grant proceeds	-	-	-	-	-
Charges for services	69,800	-	-	-	-
Interest	4,424	843	726	15,103	15,884
Rental	-	-	-	-	-
Other	30	-	-	-	2,100
	74,254	4,133	29,574	461,591	238,701
<b>EXPENDITURES</b>					
Current					
General government	-	-	26,213	-	93,205
Public safety	-	28,293	-	-	-
Cemetery	90,647	-	-	-	-
Capital outlay	-	-	-	-	110,073
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	90,647	28,293	26,213	-	203,278
Excess (deficiency) of revenues over expenditures	(16,393)	(24,160)	3,361	461,591	35,423
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	33,000	-	-	-
Transfers out	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-
Total other financing sources (uses)	-	33,000	-	-	-
Net change in fund balances	(16,393)	8,840	3,361	461,591	35,423
<b>FUND BALANCES, BEGINNING OF YEAR</b>	304,441	54,334	38,887	883,623	1,093,770
<b>FUND BALANCES, END OF YEAR</b>	\$ 288,048	\$ 63,174	\$ 42,248	\$ 1,345,214	\$ 1,129,193



<b>Liability Insurance</b>	<b>Storm Water Management</b>	<b>Illinois Municipal Retirement</b>	<b>Social Security/ Medicare</b>	<b>RBDG Fund</b>	<b>Total</b>
\$ 103,482	\$ -	\$ 373,027	\$ 288,489	\$ -	\$ 1,017,853
-	-	13,645	11,269	-	471,402
-	-	-	-	-	-
-	-	-	-	-	69,800
3,232	3,646	5,377	5,099	4,599	58,933
-	64,752	-	-	-	64,752
-	-	-	-	-	2,130
106,714	68,398	392,049	304,857	4,599	1,684,870
90,887	38,753	324,788	333,674	-	907,520
-	-	-	-	-	28,293
-	-	-	-	-	90,647
-	22,283	-	-	-	132,356
-	-	-	-	-	-
-	-	-	-	-	-
90,887	61,036	324,788	333,674	-	1,158,816
15,827	7,362	67,261	(28,817)	4,599	526,054
-	-	40,500	79,500	-	153,000
-	(1,225,872)	-	-	-	(1,225,872)
-	1,235,300	-	-	-	1,235,300
-	9,428	40,500	79,500	-	162,428
15,827	16,790	107,761	50,683	4,599	688,482
198,897	230,321	189,026	232,458	167,255	3,393,012
\$ 214,724	\$ 247,111	\$ 296,787	\$ 283,141	\$ 171,854	\$ 4,081,494

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2019**

	Debt Service			Capital Project	Total	2018
	Mallard Crossing	WACC	Total	Nofsinger Realignment	Nonmajor Governmental	(Memorandum Only)
<b>REVENUES</b>						
Property taxes	\$ 47,018	\$ -	\$ 47,018	\$ -	\$ 1,064,871	\$ 1,010,856
Intergovernmental	-	-	-	-	471,402	437,131
Grant proceeds	-	-	-	-	-	85,520
Charges for services	-	-	-	-	69,800	59,550
Interest	9	30,148	30,157	-	89,090	70,327
Rental	-	-	-	-	64,752	53,674
Other	-	19,852	19,852	-	21,982	22,583
	47,027	50,000	97,027	-	1,781,897	1,739,641
<b>EXPENDITURES</b>						
Current						
General government	-	-	-	8,790	916,310	1,238,028
Public safety	-	-	-	-	28,293	36,397
Cemetery	-	-	-	-	90,647	80,449
Capital outlay	-	-	-	-	132,356	484,560
Debt service						
Principal	44,000	270,000	314,000	-	314,000	432,215
Interest	4,275	89,269	93,544	-	93,544	104,158
	48,275	359,269	407,544	8,790	1,575,150	2,375,807
Excess (deficiency) of revenues over expenditures	(1,248)	(309,269)	(310,517)	(8,790)	206,747	(636,166)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	309,269	309,269	8,790	471,059	637,540
Transfers out	-	-	-	-	(1,225,872)	(13,551)
Proceeds from sale of capital asset	-	-	-	-	1,235,300	-
Total other financing sources (uses)	-	309,269	309,269	8,790	480,487	623,989
Net change in fund balances	(1,248)	-	(1,248)	-	687,234	(12,177)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	(9,419)	-	(9,419)	-	3,383,593	3,395,770
<b>FUND BALANCES, END OF YEAR</b>	\$ (10,667)	\$ -	\$ (10,667)	\$ -	\$ 4,070,827	\$ 3,383,593

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
APRIL 30, 2019**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Capital Replacement Fund</b>	<b>Total</b>	<b>2018 (Memorandum Only)</b>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 938,078	\$ 957,180	\$ 412,887	\$ 2,308,145	\$ 2,156,351
Investments	523,856	1,038,639	-	1,562,495	1,540,801
Receivables (net of allowance for uncollectibles)					
Interest	-	557	-	557	550
Other	1,334	1,329	-	2,663	42,419
Due from other funds	187	32,000	-	32,187	1,850
Prepaid items	-	5,853	-	5,853	5,360
Restricted cash	57,373	-	-	57,373	-
Total current assets	1,520,828	2,035,558	412,887	3,969,273	3,747,331
<b>Noncurrent assets</b>					
Capital assets, net of accumulated depreciation	-	1,940,115	20,939	1,961,054	1,766,701
	<u>\$ 1,520,828</u>	<u>\$ 3,975,673</u>	<u>\$ 433,826</u>	<u>\$ 5,930,327</u>	<u>\$ 5,514,032</u>
<b>LIABILITIES AND NET POSITION</b>					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 4,699	\$ 24,875	\$ -	\$ 29,574	\$ 35,182
Accrued compensated absences	-	204	-	204	666
Due to other funds	-	-	-	-	12,654
Total current liabilities	4,699	25,079	-	29,778	48,502
<b>Noncurrent liabilities</b>					
Accrued compensated absences	-	10,624	-	10,624	10,613
Total liabilities	4,699	35,703	-	40,402	59,115
<b>Net position</b>					
Invested in capital assets	-	1,940,115	20,939	1,961,054	1,766,701
Unrestricted	1,516,129	1,999,855	412,887	3,928,871	3,688,216
Total net position	1,516,129	3,939,970	433,826	5,889,925	5,454,917
	<u>\$ 1,520,828</u>	<u>\$ 3,975,673</u>	<u>\$ 433,826</u>	<u>\$ 5,930,327</u>	<u>\$ 5,514,032</u>

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED APRIL 30, 2019**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Capital Replacement Fund</b>	<b>Total</b>	<b>2018 (Memorandum Only)</b>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,282,385	\$ 913,696	\$ 163,318	\$ 2,359,399	\$ 2,611,677
Employee contributions	168,157	-	-	168,157	167,362
Other	57,373	26,730	-	84,103	37,586
	<u>1,507,915</u>	<u>940,426</u>	<u>163,318</u>	<u>2,611,659</u>	<u>2,816,625</u>
<b>OPERATING EXPENSES</b>					
General and administrative	435	-	-	435	10,232
Personal services	1,515,020	107,241	-	1,622,261	1,720,443
Materials and supplies	-	150,529	-	150,529	136,405
Other services and charges	-	178,884	-	178,884	136,047
Depreciation	-	322,356	3,029	325,385	295,853
	<u>1,515,455</u>	<u>759,010</u>	<u>3,029</u>	<u>2,277,494</u>	<u>2,298,980</u>
Operating income (loss)	<u>(7,540)</u>	<u>181,416</u>	<u>160,289</u>	<u>334,165</u>	<u>517,645</u>
<b>NONOPERATING REVENUES</b>					
Interest income	(17,085)	(24,404)	(4,388)	(45,877)	(41,592)
Interest expense	-	-	-	-	37
Gain on sale of equipment	-	(54,966)	-	(54,966)	(110,122)
	<u>(17,085)</u>	<u>(79,370)</u>	<u>(4,388)</u>	<u>(100,843)</u>	<u>(151,677)</u>
Change in net position	9,545	260,786	164,677	435,008	669,322
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>1,506,584</u>	<u>3,679,184</u>	<u>269,149</u>	<u>5,454,917</u>	<u>4,785,595</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 1,516,129</u>	<u>\$ 3,939,970</u>	<u>\$ 433,826</u>	<u>\$ 5,889,925</u>	<u>\$ 5,454,917</u>

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED APRIL 30, 2019**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Capital Replacement Fund</b>	<b>Total</b>	<b>2018 (Memorandum Only)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,546,624	\$ 27,777	\$ -	\$ 1,574,401	\$ 1,614,622
Receipts from interfund services provided	-	913,696	163,318	1,077,014	1,178,607
Payments to suppliers	(1,515,264)	(336,185)	-	(1,851,449)	(1,933,915)
Payments to employees	-	(107,212)	-	(107,212)	(109,244)
Net cash provided by operating activities	31,360	498,076	163,318	692,754	750,070
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Advances from (to) other funds	(938)	(42,053)	-	(42,991)	617
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	-	(524,904)	(18,343)	(543,247)	(802,523)
Proceeds from sale of equipment	-	78,475	-	78,475	200,312
Principal payments on lease	-	-	-	-	(5,581)
Interest paid	-	-	-	-	(37)
Net cash used in capital and related financing activities	-	(446,429)	(18,343)	(464,772)	(607,829)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	17,085	24,397	4,388	45,870	41,706
Purchase of investments	(8,286)	(13,408)	-	(21,694)	(21,413)
Net cash provided by investing activities	8,799	10,989	4,388	24,176	20,293
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	39,221	20,583	149,363	209,167	163,151
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	956,230	936,597	263,524	2,156,351	1,993,200
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 995,451	\$ 957,180	\$ 412,887	\$ 2,365,518	\$ 2,156,351
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (7,540)	\$ 181,416	\$ 160,289	\$ 334,165	\$ 517,645
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	-	322,356	3,029	325,385	295,853
(Increase) decrease in receivables	38,709	1,047	-	39,756	(23,396)
Decrease in prepaid items	-	(493)	-	(493)	(120)
Increase (decrease) in accounts payable and accrued liabilities	191	(5,799)	-	(5,608)	(41,416)
Increase (decrease) in accrued comp. absence	-	(451)	-	(451)	1,504
Net cash provided by operating activities	\$ 31,360	\$ 498,076	\$ 163,318	\$ 692,754	\$ 750,070

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED APRIL 30, 2019**

**PRESENTATION OF CASH AND CASH EQUIVALENTS ON THE  
COMBINING STATEMENT OF NET POSITION**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Capital Replacement Fund</b>	<b>Total</b>
Cash and cash equivalents	\$ 938,078	\$ 957,180	\$ 412,887	\$ 2,308,145
Restricted cash	57,373	-	-	57,373
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 995,451</b>	<b>\$ 957,180</b>	<b>\$ 412,887</b>	<b>\$ 2,365,518</b>

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING SCHEDULE OF OPERATING EXPENSES, OTHER THAN DEPRECIATION**  
**ENTERPRISE FUNDS**  
**YEAR ENDED APRIL 30, 2019**

				2018 (Memorandum Only)
	Waterworks	Sewerage	Total	
<b>Personal services</b>				
Wages and salaries	\$ 430,244	\$ 528,267	\$ 958,511	\$ 936,091
Payroll taxes	6,758	8,076	14,834	24,906
Group insurance	151,569	163,477	315,046	356,868
Uniforms	2,395	2,974	5,369	4,685
Total personal services	590,966	702,794	1,293,760	1,322,550
<b>Heat, lights, and power</b>				
Electricity	114,295	171,766	286,061	281,424
Heating	4,789	4,255	9,044	10,593
Total heat, lights, and power	119,084	176,021	295,105	292,017
<b>Materials and supplies</b>				
Chemicals and supplies	141,169	29,608	170,777	179,694
Operating supplies	15,880	15,206	31,086	31,207
Perishable tools	12,506	11,419	23,925	24,475
Total materials and supplies	169,555	56,233	225,788	235,376
<b>Other services and charges</b>				
Training and recruitment	718	949	1,667	4,232
Insurance	5,667	12,493	18,160	15,036
Printing fees	1,314	1,314	2,628	3,947
Legal fees	10,516	9,032	19,548	23,100
Consulting fees	47,783	49,907	97,690	43,228
Rent	1,898	3,479	5,377	5,716
Repairs and maintenance:				
Building	16,339	20,970	37,309	30,161
Equipment	10,219	12,282	22,501	23,290
System	89,850	104,929	194,779	148,200
Motor equipment replacement	78,000	139,000	217,000	300,000
Capital replacement	30,712	53,508	84,220	75,507
Telephone	12,457	13,138	25,595	21,054
Miscellaneous	7,686	34,779	42,465	42,179
Total other services and charges	313,159	455,780	768,939	735,650
	\$ 1,192,764	\$ 1,390,828	\$ 2,583,592	\$ 2,585,593

**CITY OF WASHINGTON, ILLINOIS**  
**SCHEDULE OF PROPERTY TAX LEVIES, RATES, COLLECTIONS,**  
**AND ASSESSED VALUATION**  
**2016 THROUGH 2018**

	2018 Levy				2017 Levy			2016 Levy				
	Amounts			Levy	Rate	Collections	Levy	Rate	Collections			
	Levy	Rate	Extended									
GENERAL FUND												
General Corporate	\$	336,075	0.0965	\$ 336,085	\$	195,579	0.0561	\$ 194,566	\$	195,550	0.0570	\$ 194,529
Police Pension		535,300	0.1536	535,310		535,700	0.1539	532,891		500,000	0.1456	497,316
SPECIAL REVENUE FUNDS												
Civil Defense		3,300	0.0010	3,310		3,300	0.0010	3,290		3,300	0.0010	3,312
Audit		29,000	0.0083	29,023		29,000	0.0083	28,848		32,000	0.0093	31,829
Illinois Municipal Retirement		345,000	0.0990	345,004		375,000	0.1077	373,027		355,000	0.1034	353,094
Social Security		295,000	0.0847	295,006		290,000	0.0833	288,489		270,000	0.0786	268,568
INTERNAL SERVICE FUND												
Liability Insurance		104,000	0.0299	104,003		104,000	0.0299	103,482		90,000	0.0262	89,546
TOTAL	\$	1,647,675	0.4730	\$ 1,647,741	\$	1,532,579	0.4402	\$ 1,524,593	\$	1,445,850	0.4211	\$ 1,438,194
CITY SHARE OF TOWNSHIP												
ROAD AND BRIDGE				\$ 217,762				\$ 216,522				\$ 212,777
INCREMENTAL TAX DISTRICT				\$ 230,595				\$ 220,717				\$ 217,437
ASSESSED VALUATIONS	\$	348,418,651			\$	348,171,597			\$	343,361,222		



**CITY OF WASHINGTON, ILLINOIS  
INFORMATION REGARDING WASTEWATER  
USER-CHARGE SYSTEM  
YEAR ENDED APRIL 30, 2019**

(Unaudited)

The City adopted Ordinance Number 1229 establishing a user-charge system for wastewater system for wastewater treatment on November 7, 1977.

Information required to be disclosed by Section 52.110 of the Ordinance is as follows:

Replacement cost of wastewater facility	Not Available
Total gallons received at the wastewater plant for the year	982,000,000
Total gallons of wastewater billed based on the user-charge system for the year	247,839,334
Number of metered users connected to the system at April 30, 2019	5,436
Number of non metered users at April 30, 2019	1



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

Board of Directors  
City of Washington, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Washington, Illinois basic financial statements and have issued our report thereon dated October 16, 2019.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Phillips, Salmi & Associates, LLC*

Washington, Illinois  
October 16, 2019