



PHILLIPS, SALMI + ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF WASHINGTON, ILLINOIS

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2020

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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, 2020, 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, 2020.

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, 2020, 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 63-72, 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 2019 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 16, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2019, 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 73-89, 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 90 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 September 18, 2020, 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
September 18, 2020

CITY OFFICIALS

Gary W. Manier, *Mayor*

Patricia S. Brown, *City Clerk*

Ellen L. Dingleline, *City Treasurer*

Jim Culotta, *City Administrator*



ALDERMEN

Robert A. Brucks, *Ward I*
Michael J. Brownfield, *Ward I*
Carol K. Moss, *Ward II*
Brett M. Adams, *Ward II*
Brian H. Butler, *Ward III*
David Dingleline, *Ward III*
James L. Gee, *Ward IV*
Daniel A. Cobb, *Ward IV*

MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDING APRIL 30, 2020

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, 2019 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, 2020 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, 2020 by \$81,381,403, a \$2,145,866 or 2.71% increase over the prior year. Of the \$81 million, \$22,447,974 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, 2019 totaled \$20,619,617.
- At April 30, 2020, the governmental funds reported combined fund balances of \$18,280,325, of which \$10,968,949 were unassigned. In the prior year, the governmental funds combined fund balance was \$15,962,177 of which \$10,082,188 was unassigned.
- Unrestricted cash, cash equivalents and investments increased by \$1,140,619 in the General Fund, increased by \$244,605 in the Sewer Funds and increased by \$390,625 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 \$11,917,598 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, 2019 was \$13,821,953.

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 which is always considered a major fund. There were no other funds meeting the criteria of a major fund to be reported. 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 (\$81,381,403 for FYE April 2020 compared to \$79,235,537 for FYE April 2019, a 2.71% increase), as well as for governmental activities (\$42,207,764 compared to \$40,850,281, a 3.3% increase) and business-type activities (\$39,173,639 compared to \$38,385,256, a 2.1% 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 \$18,280,325, an increase of \$2,318,148. The sum of \$10,968,949 is unassigned.

The General Fund is the primary operating fund of the City. Unassigned fund balances at fiscal year-end totaled \$10,994,078. During the year, revenues exceeded expenditures in the General Fund by \$2,829,351. After planned transfers to various other funds, a net increase in the fund balance totaled \$1,600,098.

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 \$12,630,142 with \$3,267,555 being unrestricted. Net position decreased by \$181,867 during the year ending April 30, 2020. Sewerage Fund net position totals \$25,162,984; \$8,761,865 is unrestricted. Net position in this fund grew by \$423,665.

Internal Service Funds include the Employee Benefits Fund (Health Insurance) with net position of \$1,638,142, the Motor Equipment Replacement Fund with net position of \$4,184,127 and the Capital Replacement Fund with net position of \$595,964.

Financial Analysis: Trust and Agency Funds

Total fund balances in Trust and Agency Funds are \$8,247,379 which largely represents the fund balance of the Police Pension Fund (Pension Trust). The net position of the Pension Trust Fund increased by \$171,625 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, 2020 was \$65,033,766 (net of accumulated depreciation) compared to \$68,030,248 in the prior year. See Note 3 for further details.

Long-Term Debt

The City's long-term debt totaled \$11,917,598 at April 30, 2020 compared to \$13,821,953 at April 30, 2019. Governmental activity debt totaled \$3,673,935. Business-type activity debt (associated with the City's enterprise funds) totaled \$8,243,663.

Debt reductions during the year totaled \$1,904,355. There were no additions to long-term debt during the year. The majority of the reduction (\$959,244) is attributable to the payoff of the Washington 223 loan.

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 had continued to improve for most of the fiscal year and the City economic trends mirrored those from the past year until the COVID-19 pandemic. Similarly, unemployment rates continued to decrease with growth in medical, agri-business and research and development sectors within the region. On March 9, 2020, the Governor of Illinois declared a Disaster Proclamation, including a shelter in place order and other measures which when enacted, severely limited retail, restaurant and office functions. This in turn drastically impacted employment and retail sales and increased operational costs due to safety measures required to protect employees, elected officials and residents. All City employees were deemed essential and operations continued with safety protocols in place throughout the balance of the fiscal year. The biggest impact to the City revenue sources was Income Taxes, which because of the extension of the due date to July 15th resulted in payments shifting out of the fiscal year. Because our largest sales tax generators include big box home improvement, grocery and general retail stores, the City's sales tax collections for March and April were stable due to the increased demand for food, household supplies and home improvement projects. The State has suffered significant losses in retail sales, income tax revenue and increased costs in response to the COVID-19 response. It is unknown what the long-term impact to shared revenue and distributions to local municipalities will be.

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 annual MFT collection expanded because of the increase in the overall tax rate and additional revenue from the Build Illinois Bond Funds. 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 Home Rule Sales Taxes in 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 (pre-COVID) for the years prior to the 2020 Census. In addition, an ordinance was approved to increase the Home Rule Sales Tax to 1.75% for a total tax rate 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 anticipated to increase in future years in conjunction with the implementation of a long-range capital investment strategy. The City Council conducted a work session in November 2019 which included goal setting and top priorities for future years which included designating future budgets to specific initiatives. This includes 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. The change to the pool has provided stability and has resulted in an overall premium decrease of 7.4% over the last four years. 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 pension investments 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, the overall Equalized Assessed Value (EAV) has remained relatively flat. Several new projects have been announced which should continue to improve or preserve the EAV. Included among these is a gas station and convenience store development on Business Route 24 and the first phase of a mixed-use development near the intersection of N. Cummings Lane and Freedom Parkway.

Request for Information

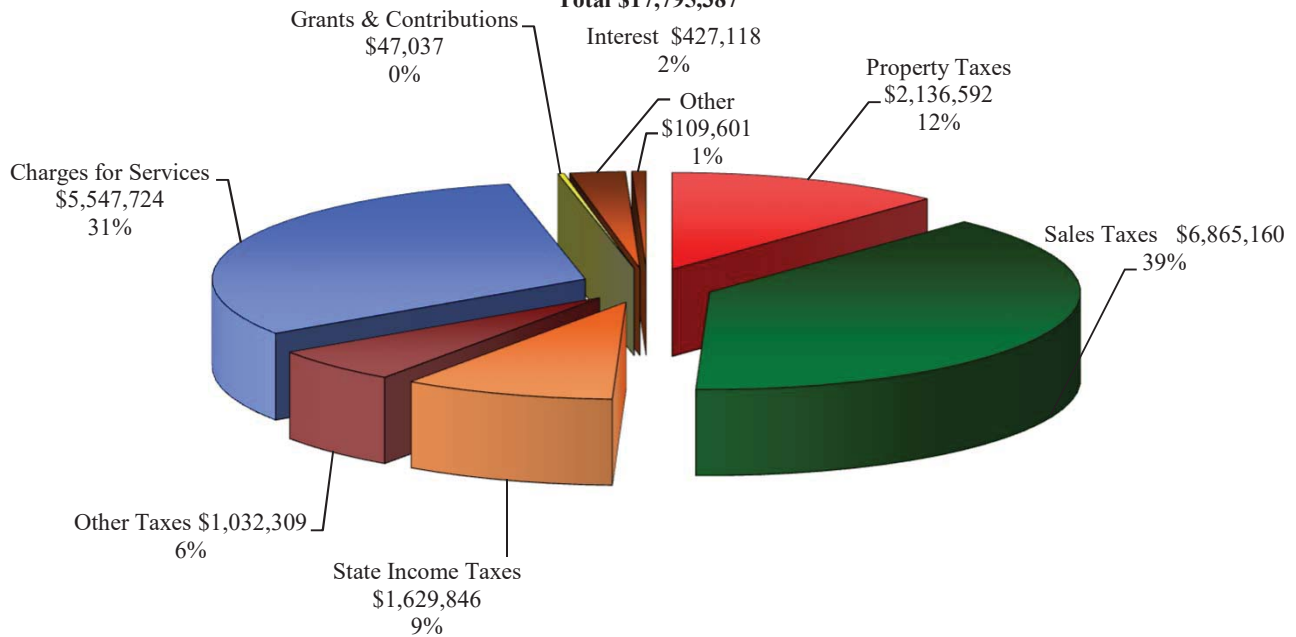
This financial report is designed to provide a general overview of the City of Washington's finances. Questions concerning the information provided in this report or requests for additional financial information should be directed to City Hall at 301 Walnut Street, Washington, IL 61571, (309) 444-3196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

Government Wide Five Year Analysis – Other Data

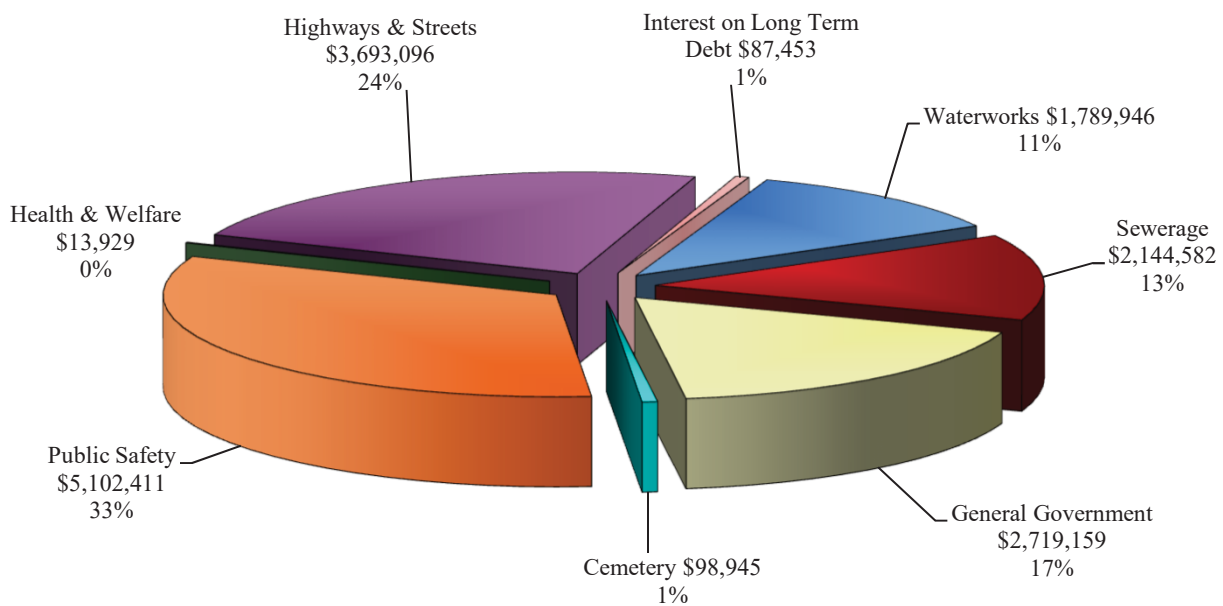
	2020	2019	2018	2017	2016
Unrestricted cash and investments	\$ 32,327,805	\$ 29,497,055	\$ 29,712,857	\$ 29,167,777	\$ 28,518,424
Capital assets	65,033,766	68,030,248	70,195,160	66,618,461	61,258,553
Long-term debt	11,917,598	13,821,953	18,764,768	16,139,991	18,776,907
Total Payroll	4,309,167	4,448,058	4,647,959	4,371,933	4,025,720
Annual Pension Costs					
IMRF	307,825	357,653	395,121	343,295	247,411
Police Pension	553,041	551,778	514,605	373,617	320,283
Pension liabilities					
IMRF	1,833,766	3,067,197	1,563,945	3,173,101	3,230,891
Police Pension	5,866,689	5,078,148	5,373,589	5,286,674	4,129,447
Total OPEB liability	3,131,949	3,148,559	3,313,497	N/A	N/A
Assessed Valuation	348,552,322	348,418,651	348,171,597	343,361,222	331,654,600
Property tax rates	0.4728	0.4730	0.4402	0.4211	0.4253

CITY OF WASHINGTON, ILLINOIS

Revenues
(Government Wide Basis)
Year Ended April 30, 2020
Total \$17,795,387



Expenses
(Government Wide Basis)
Year Ended April 30, 2020
Total \$15,649,521



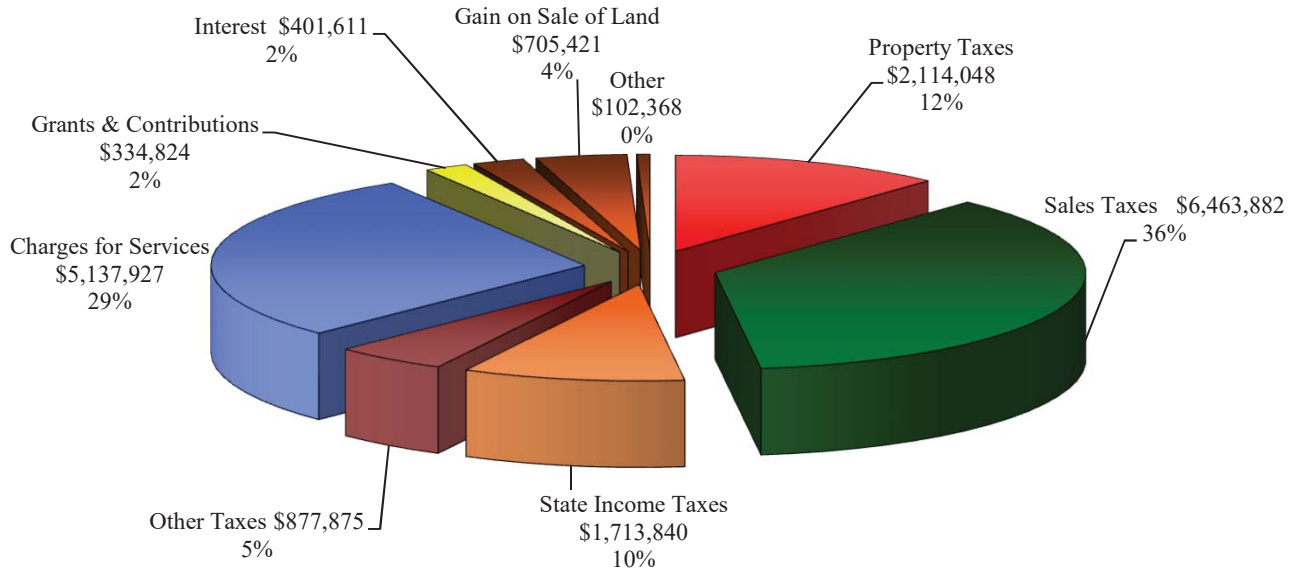
CITY OF WASHINGTON, ILLINOIS

Revenues

(Government Wide Basis)

Year Ended April 30, 2019

Total \$17,851,796

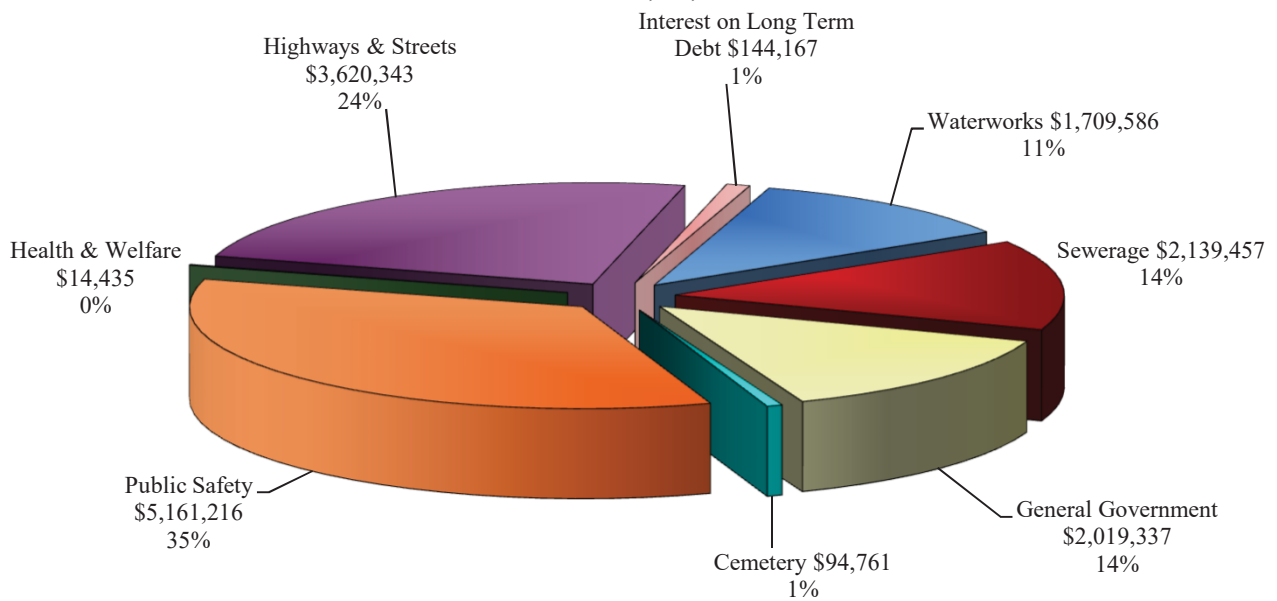


Expenses

(Government Wide Basis)

Year Ended April 30, 2019

Total \$14,903,302



CITY OF WASHINGTON, ILLINOIS
COMPARISON OF REVENUES AND EXPENDITURES
GOVERNMENTAL FUNDS
YEARS ENDED APRIL 30, 2016 THROUGH 2020

	2020	2019	2018	2017	2016
REVENUES					
Property taxes	\$ 2,130,431	\$ 2,008,850	\$ 1,915,478	\$ 1,855,766	\$ 1,659,582
Licenses and permits	536,644	490,734	503,354	560,096	464,359
Intergovernmental					
Sales tax	3,201,064	3,100,887	3,010,442	3,316,444	3,177,895
Home rule sales tax	3,068,507	2,850,491	2,115,169	2,131,365	2,034,939
Income tax	1,629,846	1,713,840	1,408,902	1,426,953	1,548,008
Motor fuel tax	617,769	446,488	413,819	405,325	408,822
Other	1,010,129	943,891	809,605	494,966	525,299
Grant proceeds	22,032	312,991	349,186	1,461,919	5,771,780
Charges for services	157,568	175,305	195,287	189,286	176,255
Fines and forfeitures	172,058	186,397	169,653	141,474	154,714
Interest	233,738	232,778	201,732	158,147	112,791
Other	276,273	249,796	338,596	157,341	208,695
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	13,056,059	12,712,448	11,431,223	12,299,082	16,243,139
EXPENDITURES					
Current					
General government	2,224,773	1,967,246	2,524,430	2,196,861	1,839,534
Public safety	5,006,740	4,983,218	4,911,006	4,631,948	4,204,179
Highways and streets	1,884,773	1,698,887	1,735,326	1,711,363	1,375,028
Health and welfare	13,929	14,435	13,780	14,526	14,933
Cemetery	94,038	90,647	80,449	83,756	75,218
Debt service					
Principal	1,280,244	5,320,557	432,215	214,423	745,766
Interest	109,181	211,144	242,614	347,567	433,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	10,613,678	14,286,134	9,939,820	9,200,444	8,688,480
Excess (deficiency) of revenues over expenditures before capital outlay and debt refinancing	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,442,381	(1,573,686)	1,491,403	3,098,638	7,554,659
Capital outlay	497,219	1,385,407	3,121,429	2,074,582	7,021,019
Debt refinancing	-	-	-	3,910,000	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	\$ 1,945,162	\$ (2,959,093)	\$ (1,630,026)	\$ (2,885,944)	\$ 533,640

CITY OF WASHINGTON, ILLINOIS
COMPARISION OF OPERATING REVENUES AND EXPENSES
WATERWORKS AND SEWERAGE FUNDS
YEARS ENDED APRIL 30, 2016 THROUGH 2020

WATERWORKS

	2020	2019	2018	2017	2016
OPERATING REVENUES	\$ 2,009,346	\$ 1,689,125	\$ 1,717,901	\$ 1,641,456	\$ 1,317,572
OPERATING EXPENSES					
Personnel services	626,275	590,966	599,171	618,908	533,036
Heat, light, and power	111,667	119,084	120,318	112,931	106,172
Materials and supplies	177,212	169,555	170,108	166,206	167,375
Other services and charges	378,865	313,159	307,460	326,446	272,205
	<u>1,294,019</u>	<u>1,192,764</u>	<u>1,197,057</u>	<u>1,224,491</u>	<u>1,078,788</u>
Cash Generated from Operations	715,327	496,361	520,844	416,965	238,784
Depreciation	<u>(530,488)</u>	<u>(543,075)</u>	<u>(504,550)</u>	<u>(390,106)</u>	<u>(382,510)</u>
Operating income (loss)	<u>\$ 184,839</u>	<u>\$ (46,714)</u>	<u>\$ 16,294</u>	<u>\$ 26,859</u>	<u>\$ (143,726)</u>

SEWERAGE

	2020	2019	2018	2017	2016
OPERATING REVENUES	\$ 2,641,434	\$ 2,453,699	\$ 2,503,888	\$ 2,609,140	\$ 2,551,512
OPERATING EXPENSES					
Personnel services	732,905	702,794	723,379	735,807	649,301
Heat, light, and power	178,589	176,021	171,699	163,910	150,421
Materials and supplies	63,466	56,233	65,268	45,576	30,499
Other services and charges	495,827	455,780	428,190	343,317	312,041
	<u>1,470,787</u>	<u>1,390,828</u>	<u>1,388,536</u>	<u>1,288,610</u>	<u>1,142,262</u>
Cash Generated from Operations	1,170,647	1,062,871	1,115,352	1,320,530	1,409,250
Depreciation	<u>(720,099)</u>	<u>(759,170)</u>	<u>(733,433)</u>	<u>(687,679)</u>	<u>(681,366)</u>
Operating income	<u>\$ 450,548</u>	<u>\$ 303,701</u>	<u>\$ 381,919</u>	<u>\$ 632,851</u>	<u>\$ 727,884</u>

BASIC FINANCIAL STATEMENTS

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2020

	GOVERNMENTAL	BUSINESS-TYPE		2019
	ACTIVITIES	ACTIVITIES	TOTAL	(Memorandum Only)
ASSETS				
Cash and cash equivalents	\$ 13,683,175	\$ 6,730,636	\$ 20,413,811	\$ 17,075,650
Investments	6,345,674	5,568,320	11,913,994	12,421,405
Receivables (net of allowance for uncollectibles)				
Property taxes	2,123,258	-	2,123,258	2,096,098
Other taxes	1,803,059	-	1,803,059	1,963,827
Special assessments	-	-	-	47,024
Accounts - customers	2,800	31,913	34,713	58,616
Estimated unbilled usage	-	465,095	465,095	380,526
Interest	52	1,344	1,396	7,033
Other	989,164	26,526	1,015,690	954,472
Internal balances	(1,371,653)	1,371,653	-	-
Inventory	42,880	-	42,880	25,238
Prepaid items	33,001	9,222	42,223	57,006
Restricted assets				
Cash and cash equivalents	1,019,795	739,502	1,759,297	1,041,120
Capital assets not being depreciated	5,638,885	998,410	6,637,295	6,515,495
Capital assets, net of accumulated depreciation	26,185,210	32,211,261	58,396,471	61,514,753
Total assets	56,495,300	48,153,882	104,649,182	104,158,263
DEFERRED OUTFLOWS OF RESOURCES				
Pension items - IMRF	-	-	-	601,330
Pension items - Police Pension	1,493,017	-	1,493,017	856,121
Total deferred outflows of resources	1,493,017	-	1,493,017	1,457,451
Total assets and deferred outflows of resources	\$ 57,988,317	\$ 48,153,882	\$ 106,142,199	\$ 105,615,714

See accompanying notes.

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	2019 (Memorandum Only)
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 648,744	\$ 355,210	\$ 1,003,954	\$ 844,674
Construction retainage payable	3,300	-	3,300	1,500
Escrow and customer deposits	-	381,370	381,370	366,230
Deferred revenue	54,926	-	54,926	51,916
Long-term liabilities:				
Due within one year	304,885	695,148	1,000,033	1,136,006
Due in more than one year	3,369,050	7,548,515	10,917,565	12,685,947
Net pension liability - IMRF	1,833,766	-	1,833,766	3,067,197
Net pension liability - Police Pension	5,866,689	-	5,866,689	5,078,148
Total OPEB liability - Retiree Health	3,131,949	-	3,131,949	3,148,559
Total liabilities	15,213,309	8,980,243	24,193,552	26,380,177
DEFERRED INFLOWS OF RESOURCES				
Pension items - IMRF	567,244	-	567,244	-
Total liabilities and deferred inflows of resources	15,780,553	8,980,243	24,760,796	26,380,177
NET POSITION				
Invested in capital assets, net of related debt	28,671,503	25,025,644	53,697,147	54,789,274
Restricted for:				
Debt service	-	739,502	739,502	771,363
Other purposes	4,496,780	-	4,496,780	3,055,283
Unrestricted	9,039,481	13,408,493	22,447,974	20,619,617
Total net position	42,207,764	39,173,639	81,381,403	79,235,537
	\$ 57,988,317	\$ 48,153,882	\$ 106,142,199	\$ 105,615,714

**CITY OF WASHINGTON, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2020**

FUNCTION/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
General government	\$ 2,719,159	\$ 715,176	\$ -	\$ -
Public safety	5,102,411	159,008	25,388	-
Highways and streets	3,693,096	11,532	20,500	383
Health and welfare	13,929	-	-	-
Cemetery	98,945	65,550	-	-
Interest on long term debt	87,453	-	-	-
Total governmental activities	11,714,993	951,266	45,888	383
Business-type activities:				
Waterworks	1,789,946	1,984,232	383	-
Sewerage	2,144,582	2,612,226	383	-
Total business-type activities	3,934,528	4,596,458	766	-
TOTAL	\$ 15,649,521	\$ 5,547,724	\$ 46,654	\$ 383

See accompanying notes.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES	BUSINESS -TYPE ACTIVITIES	TOTAL	2019 (Memorandum Only)
	\$ (2,003,983)	\$ -	\$ (2,003,983)	\$ (977,448)
	(4,918,015)	-	(4,918,015)	(4,948,041)
	(3,660,681)	-	(3,660,681)	(3,582,651)
	(13,929)	-	(13,929)	(14,435)
	(33,395)	-	(33,395)	(24,961)
	(87,453)	-	(87,453)	(144,167)
	(10,717,456)	-	(10,717,456)	(9,691,703)
	-	194,669	194,669	(48,777)
	-	468,027	468,027	309,929
	-	662,696	662,696	261,152
	(10,717,456)	662,696	(10,054,760)	(9,430,551)
General Revenues				
Taxes:				
Property	2,136,592	-	2,136,592	2,114,048
Replacement	56,328	-	56,328	54,973
Sales	6,865,160	-	6,865,160	6,463,882
State income	1,629,846	-	1,629,846	1,713,840
Other local	358,212	-	358,212	376,414
Motor fuel	617,769	-	617,769	446,488
Interest on investments	254,736	172,382	427,118	401,611
Other	49,893	87,608	137,501	102,368
Gain (loss) on sale of capital asset	(27,900)	-	(27,900)	705,421
Transfers	134,303	(134,303)	-	-
Total general revenues and transfers	12,074,939	125,687	12,200,626	12,379,045
Change in net position	1,357,483	788,383	2,145,866	2,948,494
NET POSITION - BEGINNING	40,850,281	38,385,256	79,235,537	76,287,043
NET POSITION - ENDING	\$ 42,207,764	\$ 39,173,639	\$ 81,381,403	\$ 79,235,537

CITY OF WASHINGTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2020

				2019 (Memorandum Only)
ASSETS	General	Nonmajor	Total	
Cash and cash equivalents	7,308,857	\$ 4,143,761	\$ 11,452,618	\$ 9,052,331
Investments	3,819,117	506,424	4,325,541	4,904,690
Receivables (net of allowance for uncollectibles)				
Property taxes	1,092,502	1,030,756	2,123,258	2,096,098
Other taxes	1,799,590	3,469	1,803,059	1,963,827
Special assessments	-	-	-	47,024
Accounts-customers	-	2,800	2,800	1,505
Other	187,164	738,448	925,612	912,339
Due from other funds	8,860	50,975	59,835	33,728
Due from other governments	-	49,133	49,133	36,668
Prepaid items	14,025	13,228	27,253	44,261
Inventory	42,880	-	42,880	25,238
Restricted assets				
Cash and cash equivalents	902,967	-	902,967	218,052
Total assets	\$ 15,175,962	\$ 6,538,994	\$ 21,714,956	\$ 19,335,761

See accompanying notes.

	2019 (Memorandum Only)			
	General	Nonmajor	Total	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 523,885	\$ 78,715	\$ 602,600	\$ 528,320
Construction retainage payable	3,300	-	3,300	1,500
Due to other funds	50,975	-	50,975	49,155
Unearned revenue	18,950	-	18,950	51,916
Total liabilities	597,110	78,715	675,825	630,891
Deferred inflows of resources				
Unavailable revenue				
Property taxes	1,107,319	1,009,256	2,116,575	2,096,098
Special assessments	-	-	-	47,024
Other receivables	-	642,231	642,231	599,571
Total deferred inflows of resources	1,107,319	1,651,487	2,758,806	2,742,693
Fund balances				
Nonspendable				
Prepays	14,025	13,228	27,253	44,261
Inventory	42,880	-	42,880	25,238
Restricted for:				
Special Police Funds	261,034	-	261,034	118,973
Audit	-	45,251	45,251	42,248
Motor Fuel Tax	-	1,964,503	1,964,503	1,345,214
Incremental Tax	-	1,117,826	1,117,826	1,129,193
Liability Insurance	-	228,289	228,289	199,562
Illinois Municipal Retirement	-	62,290	62,290	48,239
RBDG	-	175,654	175,654	171,854
Infrastructure	641,933	-	641,933	-
Assigned for:				
Special Police Funds	-	-	-	93,411
Capital Projects	1,517,583	-	1,517,583	1,512,256
Cemetery	-	232,089	232,089	287,735
Civil Defense	-	63,474	63,474	63,090
Storm Water Management	-	279,157	279,157	247,111
Illinois Municipal Retirement	-	305,967	305,967	248,548
Social Security	-	326,278	326,278	283,141
Debt Service	-	19,915	19,915	19,915
Unassigned	10,994,078	(25,129)	10,968,949	10,082,188
Total fund balances	13,471,533	4,808,792	18,280,325	15,962,177
	\$ 15,175,962	\$ 6,538,994	\$ 21,714,956	\$ 19,335,761

CITY OF WASHINGTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2020

RECONCILIATION TO STATEMENT OF NET POSITION

Total fund balances - governmental funds	\$ 18,280,325
Capital assets used in governmental activities of \$53,026,370, net of accumulated depreciation of \$23,275,407 are not financial resources and, therefore, are not reported in the governmental funds.	29,750,963
Property taxes and long term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,722,830
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.	5,037,720
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.	(14,509,847)
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>925,773</u>
Net position of governmental activities.	<u><u>\$ 42,207,764</u></u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020

	General	Nonmajor	Total	2019 (Memorandum Only)
REVENUES				
Property taxes	\$ 1,081,904	\$ 1,048,527	\$ 2,130,431	\$ 2,008,850
Licenses and permits	536,644	-	536,644	490,734
Intergovernmental	8,885,444	641,871	9,527,315	9,055,597
Grant proceeds	22,032	-	22,032	312,991
Charges for services	92,018	65,550	157,568	175,305
Fines and forfeitures	172,058	-	172,058	186,397
Interest	177,353	56,385	233,738	232,778
Rental	-	70,701	70,701	124,496
Other	204,942	630	205,572	125,300
	11,172,395	1,883,664	13,056,059	12,712,448
EXPENDITURES				
Current				
General government	1,162,155	1,062,618	2,224,773	1,967,246
Public safety	4,981,260	25,480	5,006,740	4,983,218
Highways and streets	1,864,907	19,866	1,884,773	1,698,887
Health and welfare	13,929	-	13,929	14,435
Cemetery	-	94,038	94,038	90,647
Capital outlay	320,793	176,426	497,219	1,385,407
Debt service				
Principal	-	1,280,244	1,280,244	5,320,557
Interest	-	109,181	109,181	211,144
	8,343,044	2,767,853	11,110,897	15,671,541
Excess (deficiency) of revenues over expenditures	2,829,351	(884,189)	1,945,162	(2,959,093)
OTHER FINANCING SOURCES (USES)				
Transfers in	603,893	1,593,789	2,197,682	6,163,282
Transfers out	(1,833,146)	(230,234)	(2,063,380)	(6,021,246)
Proceeds from sale of capital asset	-	238,684	238,684	1,235,300
Debt issuance	-	-	-	1,000,000
Total other financing sources (uses)	(1,229,253)	1,602,239	372,986	2,377,336
Net change in fund balances	1,600,098	718,050	2,318,148	(581,757)
FUND BALANCES, BEGINNING OF YEAR	11,871,435	4,090,742	15,962,177	16,543,934
FUND BALANCES, END OF YEAR	<u>\$ 13,471,533</u>	<u>\$ 4,808,792</u>	<u>\$ 18,280,325</u>	<u>\$ 15,962,177</u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020

RECONCILIATION TO STATEMENT OF ACTIVITIES

Net change in fund balances - governmental funds	\$ 2,318,148
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities	
Capital asset purchases	502,222
Depreciation expense	(2,077,110)
	<u>(1,574,888)</u>
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, donations, and disposals)	(959,815)
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	1,283,759
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(19,863)
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.	34,863
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.	345,457
The change in net pension liability for the Police Trust Fund and Illinois Municipal Retirement Fund is only reported in the Statement of Activities.	444,890
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.	(531,678)
The change in the net OPEB liability is only reported in the Statement of Activities.	<u>16,610</u>
	<u>(960,665)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,357,483</u></u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2019 (Memorandum Only)
	Waterworks	Sewerage	Total		
ASSETS					
Current assets					
Cash and cash equivalents	\$ 2,433,091	\$ 4,297,545	\$ 6,730,636	\$ 2,230,557	\$ 8,017,651
Investments	1,114,512	4,453,808	5,568,320	2,020,133	7,516,715
Receivables (net of allowance for uncollectibles)					
Accounts - customers	10,728	21,185	31,913	-	57,111
Estimated unbilled usage	204,524	260,571	465,095	-	380,526
Interest	115	1,229	1,344	52	7,033
Other	-	26,526	26,526	14,419	5,465
Due from other funds	28,956	-	28,956	-	122,143
Prepaid items	4,260	4,962	9,222	5,748	12,745
Restricted assets					
Cash and cash equivalents	-	739,502	739,502	116,828	828,736
Total current assets	3,796,186	9,805,328	13,601,514	4,387,737	16,948,125
Capital assets, net of accumulated depreciation	10,889,568	22,320,103	33,209,671	2,073,132	35,744,582
Total assets	<u>\$ 14,685,754</u>	<u>\$ 32,125,431</u>	<u>\$ 46,811,185</u>	<u>\$ 6,460,869</u>	<u>\$ 52,692,707</u>

See accompanying notes.

LIABILITIES AND NET POSITION	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2019 (Memorandum Only)
	Waterworks	Sewerage	Total		
Current liabilities					
Current maturities of long term debt	\$ 223,464	\$ 466,593	\$ 690,057	\$ -	\$ 698,929
Accounts payable and accrued liabilities	123,045	232,165	355,210	29,126	275,966
Accrued compensated absences	2,354	2,737	5,091	1,118	8,946
Due to other funds	-	37,816	37,816	-	106,716
Customer deposits	381,370	-	381,370	-	366,230
Total current liabilities	730,233	739,311	1,469,544	30,244	1,456,787
Noncurrent liabilities					
Accrued compensated absences	21,862	31,243	53,105	12,392	61,518
Loans payable, net of current maturities	1,303,517	6,191,893	7,495,410	-	8,096,883
Total noncurrent liabilities	1,325,379	6,223,136	7,548,515	12,392	8,158,401
Total liabilities	2,055,612	6,962,447	9,018,059	42,636	9,615,188
Net position					
Invested in capital assets, net of related debt	9,362,587	15,661,617	25,024,204	2,073,132	26,948,770
Restricted for:					
IEPA loan debt service	-	739,502	739,502	-	771,363
Unrestricted	3,267,555	8,761,865	12,029,420	4,345,101	15,357,386
Total net position	12,630,142	25,162,984	37,793,126	6,418,233	43,077,519
	<u>\$ 14,685,754</u>	<u>\$ 32,125,431</u>		<u>\$ 6,460,869</u>	<u>\$ 52,692,707</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>1,380,513</u>		
Net position of business-type activities			<u>\$ 39,173,639</u>		

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2019 (Memorandum Only)
	Waterworks	Sewerage	Total		
OPERATING REVENUES					
Metered sales	\$ 1,296,964	\$ 2,295,524	\$ 3,592,488	\$ -	\$ 3,502,687
Charges for services	687,268	316,702	1,003,970	2,158,873	2,965,459
Employee contributions	-	-	-	187,010	168,157
Grant proceeds	383	383	766	-	1,448
Other	24,731	28,825	53,556	239,430	116,732
	<u>2,009,346</u>	<u>2,641,434</u>	<u>4,650,780</u>	<u>2,585,313</u>	<u>6,754,483</u>
OPERATING EXPENSES					
General and administrative	-	-	-	-	435
Personnel services	626,275	732,905	1,359,180	1,456,883	2,916,021
Heat, light, and power	111,667	178,589	290,256	-	295,105
Materials and supplies	177,212	63,466	240,678	146,600	376,317
Other services and charges	378,865	495,827	874,692	173,064	947,823
Depreciation	530,488	720,099	1,250,587	358,717	1,627,630
	<u>1,824,507</u>	<u>2,190,886</u>	<u>4,015,393</u>	<u>2,135,264</u>	<u>6,163,331</u>
Operating income	<u>184,839</u>	<u>450,548</u>	<u>635,387</u>	<u>450,049</u>	<u>591,152</u>
NONOPERATING (REVENUES) EXPENSES					
Interest income	(49,603)	(122,778)	(172,381)	(57,003)	(218,708)
Rental income	(34,052)	-	(34,052)	-	(33,060)
Interest and fiscal agent fee expense	39,825	62,161	101,986	-	112,337
Gain on sale of equipment	-	-	-	(21,256)	(54,966)
	<u>(43,830)</u>	<u>(60,617)</u>	<u>(104,447)</u>	<u>(78,259)</u>	<u>(194,397)</u>
Net income before capital contributions and transfers	<u>228,669</u>	<u>511,165</u>	<u>739,834</u>	<u>528,308</u>	<u>785,549</u>
TRANSFERS IN (OUT), NET	<u>(46,802)</u>	<u>(87,500)</u>	<u>(134,302)</u>	<u>-</u>	<u>(142,036)</u>
Change in net position	<u>181,867</u>	<u>423,665</u>	<u>605,532</u>	<u>528,308</u>	<u>643,513</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>12,448,275</u>	<u>24,739,319</u>		<u>5,889,925</u>	<u>42,434,006</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 12,630,142</u>	<u>\$ 25,162,984</u>		<u>\$ 6,418,233</u>	<u>\$ 43,077,519</u>

RECONCILIATION TO STATEMENT OF ACTIVITIES:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>182,851</u>
Change in net position of business-type activities	<u>\$ 788,383</u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2019 (Memorandum Only)
	Waterworks	Sewerage	Total		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,977,029	\$ 2,614,656	\$ 4,591,685	\$ 1,612,439	\$ 5,689,316
Receipts from interfund services provided	-	-	-	961,118	1,077,014
Payments to suppliers	(686,571)	(622,028)	(1,308,599)	(1,667,501)	(3,221,173)
Payments to employees	(620,754)	(727,876)	(1,348,630)	(106,707)	(1,402,607)
Receipt of utility customer deposits	15,140	-	15,140	-	9,475
Net cash provided by operating activities	684,844	1,264,752	1,949,596	799,349	2,152,025
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Advances from (repayments to) other funds	53,100	(61,000)	(7,900)	32,187	(29,431)
Transfers to other funds	(46,802)	(87,500)	(134,302)	-	(142,036)
Net cash provided by (used in) noncapital and related financing activities	6,298	(148,500)	(142,202)	32,187	(171,467)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(124,075)	(576,655)	(700,730)	(782,506)	(988,228)
Proceeds from sale of equipment	-	-	-	332,967	78,475
Loan proceeds	-	70,716	70,716	-	-
Principal paid on bond and loan maturities	(219,257)	(461,804)	(681,061)	-	(671,774)
Interest paid on bonds, loans and capital leases	(42,058)	(62,457)	(104,515)	-	(112,323)
Net cash used in capital and related financing activities	(385,390)	(1,030,200)	(1,415,590)	(449,539)	(1,693,850)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	50,821	126,692	177,513	57,508	218,717
Rental income received	34,052	-	34,052	-	33,060
Proceeds from sale/maturity of investments	1,564,363	4,173,542	5,737,905	1,570,013	244,009
Purchase of investments	(1,121,964)	(4,230,041)	(5,352,005)	(2,027,651)	(347,616)
Net cash provided by (used in) investing activities	527,272	70,193	597,465	(400,130)	148,170
NET CHANGE IN CASH AND CASH EQUIVALENTS	833,024	156,245	989,269	(18,133)	434,878
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,600,067	4,880,802	6,480,869	2,365,518	8,411,509
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,433,091</u>	<u>\$ 5,037,047</u>	<u>\$ 7,470,138</u>	<u>\$ 2,347,385</u>	<u>\$ 8,846,387</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2020**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2019 (Memorandum Only)
	Waterworks	Sewerage	Total		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 184,839	\$ 450,548	\$ 635,387	\$ 450,049	\$ 591,152
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	530,488	720,099	1,250,587	358,717	1,627,630
Increase in usage receivable	(32,317)	(27,054)	(59,371)	-	(28,052)
(Increase) decrease in other receivables	-	276	276	(11,756)	39,899
(Increase) decrease in prepaid items	(1,357)	(973)	(2,330)	105	(1,180)
Increase (decrease) in accounts payable and accrued liabilities	(11,406)	122,753	111,347	(448)	25,540
Increase (decrease) in accrued compensated absences	(543)	(897)	(1,440)	2,682	(8,594)
Decrease in retainage payable	-	-	-	-	(103,845)
Increase in customer deposits	15,140	-	15,140	-	9,475
Net cash provided by operating activities	\$ 684,844	\$ 1,264,752	\$ 1,949,596	\$ 799,349	\$ 2,152,025

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Waterworks	Sewerage	Total	
Cash and cash equivalents	\$ 2,433,091	\$ 4,297,545	\$ 6,730,636	\$ 2,230,557
Restricted cash and cash equivalents	-	739,502	739,502	116,828
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 2,433,091	\$ 5,037,047	\$ 7,470,138	\$ 2,347,385

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
APRIL 30, 2020

	<u>Pension Trust</u>		2019 (Memorandum Only)	
	<u>Police Pension</u>	<u>Agency</u>	<u>Total</u>	
ASSETS				
Cash and cash equivalents	\$ 742,394	\$ -	\$ 742,394	\$ 507,207
Investments	6,871,705	-	6,871,705	7,012,919
Receivables (net of allowance for uncollectibles)				
Employer contribution	617,338	-	617,338	540,961
Interest	15,942	-	15,942	17,182
Other	-	2,470	2,470	2,540
Total assets	<u>\$ 8,247,379</u>	<u>\$ 2,470</u>	<u>\$ 8,249,849</u>	<u>\$ 8,080,809</u>
LIABILITIES AND NET POSITION				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 2,268
Due to other governmental entities	-	-	-	317
Due to other funds	-	2,470	2,470	2,470
Total liabilities	<u>-</u>	<u>2,470</u>	<u>2,470</u>	<u>5,055</u>
Net Position				
Reserved for police pension benefits	<u>8,247,379</u>	<u>-</u>	<u>8,247,379</u>	<u>8,075,754</u>
Total net position	<u>8,247,379</u>	<u>-</u>	<u>8,247,379</u>	<u>8,075,754</u>
	<u>\$ 8,247,379</u>	<u>\$ 2,470</u>	<u>\$ 8,249,849</u>	<u>\$ 8,080,809</u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
TRUST FUND
YEAR ENDED APRIL 30, 2020

	<u>Pension Trust</u>		<u>2019</u>
	<u>Police</u>		<u>(Memorandum</u>
	<u>Pension</u>		<u>Only)</u>
Additions			
Contributions			
Plan members' contributions	\$ 153,915	\$	147,472
Employer contributions	632,190		553,041
Other	258		-
Investment earnings			
Investment income	234,278		251,027
Net gain (loss) in fair value of investments	(194,150)		113,347
	<u>826,491</u>		<u>1,064,887</u>
Deductions			
Benefits paid	625,188		606,049
Administrative expenses	29,678		30,539
	<u>654,866</u>		<u>636,588</u>
Change in net position	171,625		428,299
Net position			
Beginning of year	<u>8,075,754</u>		<u>7,647,455</u>
End of year	<u>\$ 8,247,379</u>	\$	<u>8,075,754</u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED APRIL 30, 2020

	Balance April 30, 2019	Additions	Deductions	Balance April 30, 2020
SPECIAL ASSESSMENT COLLECTION FUND				
ASSETS				
Due from property owners	\$ 2,470	\$ -	\$ -	\$ 2,470
LIABILITIES				
Due to other funds	\$ 2,470	\$ -	\$ -	\$ 2,470
POLICE BOND REMITTANCE FUND				
ASSETS				
Cash	\$ -	\$ 5,650	\$ 5,650	\$ -
LIABILITIES				
Due to other governmental entities	\$ -	\$ 5,650	\$ 5,650	\$ -
EMERGENCY ASSISTANCE FUND				
ASSETS				
Cash	\$ 317	\$ -	\$ 317	\$ -
LIABILITIES				
Due to other governmental entities	\$ 317	\$ -	\$ 317	\$ -
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 317	\$ 5,650	\$ 5,967	\$ -
Due from property owners	2,470	-	-	2,470
	\$ 2,787	\$ 5,650	\$ 5,967	\$ 2,470
LIABILITIES				
Due to other funds	\$ 2,470	\$ -	\$ -	\$ 2,470
Due to other governmental entities	317	5,650	5,967	-
	\$ 2,787	\$ 5,650	\$ 5,967	\$ 2,470

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.

Emergency Management Agency Fund (EMA) – 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:

Freedom Parkway Fund – Accounts for the improvement of Freedom Parkway for road and stormwater improvements.

Lakeshore Drive Fund - Accounts for the improvement of Lakeshore Drive for road and stormwater improvements.

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

North Lawndale Special Service Area – Accounts for the improvement of North Lawndale Road for road, stormwater, water and sewer improvements.

West Holland Special Service Area – Accounts for the improvement of West Holland Road for road, stormwater, water and sewer improvements.

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. The debt in this fund was paid off during the current fiscal year.

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.

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. The debt in this fund was paid off during the current fiscal year.

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 15, 2019. The budget was amended on August 5, 2019 and again on April 20, 2020.

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, 2020 was passed December 17, 2018. 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. 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.

K. 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, or a Department position classification without a contract, 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 \$4,496,780 of restricted net position for other purposes. Of this amount, the following are restricted by enabling legislation related to the audit fund of \$45,251, motor fuel tax of \$1,964,503, incremental tax of \$1,117,826, liability insurance of \$228,289, Illinois Municipal Retirement of \$62,290 and RBDG of \$175,654. In addition, \$261,034 is restricted for drug and alcohol enforcement, police fundraising, education, vehicle seizures and miscellaneous other police purposes, and \$641,933 is restricted for use in infrastructure projects resulting from the home rule sales tax ordinance.

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.

Q. 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.

R. 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.

S. 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.

T. Subsequent Events

The City has evaluated subsequent events through September 18, 2020September 18, 2020, the date which the financial statements were available to be issued.

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, 2020 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, 2020, \$33,699,522 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, 2020, all the City's deposits, excluding \$2,050 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, 2020:

	<u>Carrying Amount</u>
Money market funds	\$ 22,049,151
Checking and savings	864,301
Cash on hand	<u>2,050</u>
Total cash and cash equivalents	<u>\$ 22,915,502</u>

The deposits are reflected on the financial statements at April 30, 2020 as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 20,413,811
Restricted assets – cash and cash equivalents	1,759,297
Statement of fiduciary net position:	
Cash and cash equivalents	<u>742,394</u>
	<u>\$ 22,915,502</u>

Investments

As of April 30, 2020, the City had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Primary Government			
Certificates of deposit	\$ 11,913,994	N/A	0.70
Fiduciary Fund			
Certificates of deposit	1,424,657	N/A	1.99
Mutual funds-equities	2,860,158	N/A	N/A
Money market	354,010	N/A	N/A
Treasury Inflation Protected Securities	387,969	N/A	2.77
Corporate bonds	1,844,911	A	2.67
Total Fiduciary Fund Investments	<u>6,871,705</u>		
Total Investments	<u>\$ 18,785,699</u>		

(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, 2020 are as follows:

Certificates of Deposit – Morton Community Bank	\$ 9,869,608
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NOTE 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended April 30, 2020 was as follows:

	<u>Balance</u> <u>May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassify</u>	<u>Balance</u> <u>April 30, 2020</u>
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$ 5,322,831	\$ -	\$ -	\$ -	\$ 5,322,831
Construction in process	556,818	171,334	412,098	-	316,054
Total capital assets not being depreciated	5,879,649	171,334	412,098	-	5,638,885
Other capital assets:					
Land improvements	815,455	79,481	357,830	-	537,106
Buildings	4,867,489	120,480	-	-	4,987,969
Infrastructure	40,415,193	36,403	-	-	40,451,596
Equipment and vehicles	4,956,605	877,029	738,140	-	5,095,494
Total other capital assets	51,054,742	1,113,393	1,095,970	-	51,072,165
Less accumulated depreciation for:					
Land improvements	248,342	19,132	-	-	267,474
Buildings	1,479,440	104,691	-	-	1,584,131
Infrastructure	18,586,411	2,045,403	-	-	20,631,814
Equipment and vehicles	2,373,478	456,487	426,429	-	2,403,536
Total accumulated depreciation	22,687,671	2,625,713	426,429	-	24,886,955
Other capital assets, net	28,367,071	(1,512,320)	669,541	-	26,185,210
Governmental activities, net	\$ 34,246,720	\$ (1,340,986)	\$ 1,081,639	-	\$ 31,824,095

	<u>Balance May 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2020</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 242,176	\$ -	\$ -	\$ 242,176
Construction in process	393,670	390,180	27,616	756,234
Total capital assets not being depreciated	635,846	390,180	27,616	998,410
Other capital assets:				
Water system	15,962,336	31,303	-	15,993,639
Sewer system	36,139,040	233,031	-	36,372,071
Equipment	2,988,589	49,832	29,468	3,008,953
Total other capital assets	55,089,965	314,166	29,468	55,374,663
Less accumulated depreciation for:				
Water system	6,679,652	490,510	-	7,170,162
Sewer system	14,211,051	702,948	-	14,913,999
Equipment	1,051,580	57,129	29,468	1,079,241
Total accumulated depreciation	21,942,283	1,250,587	29,468	23,163,402
Other capital assets, net	33,147,682	(936,421)	-	32,211,261
Business- type activities, net	\$ 33,783,528	\$ (546,241)	\$ 27,616	\$ 33,209,671

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

Governmental Activities:

General government	\$ 168,514
Public safety	128,060
Highways and streets	1,962,298
Cemetery	8,123
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	358,718

Total depreciation expense for governmental activities	<u>\$ 2,625,713</u>
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Business-Type Activities:

Water	\$ 530,488
Sewer	720,099

Total depreciation expense for business-type activities	<u>\$ 1,250,587</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, 2020 are as follows:

	<u>Balance</u> <u>May 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2020</u>	<u>Amount</u> <u>Due In</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds:					
Special Service Area Bond,					
Mallard Crossing	\$ 46,000	\$ -	\$ 46,000	\$ -	\$ -
Refunding Promissory Note					
WACC	3,435,000	-	275,000	3,160,000	280,000
Promissory Notes					
Washington 223	959,244	-	959,244	-	-
Capitalized equipment					
leases	5,678	-	3,515	2,163	2,163
Vested compensated					
absences	520,583	-	8,811	511,772	22,722
Total Governmental					
Activities	<u>\$ 4,966,505</u>	<u>\$ -</u>	<u>\$ 1,292,570</u>	<u>\$ 3,673,935</u>	<u>\$ 304,885</u>
Business-Type Activities:					
2009 Illinois Environmental					
Protection Agency Loan	\$ 3,473,350	\$ -	\$ 289,446	\$ 3,183,904	\$ 289,446
2017 Illinois Environmental					
Protection Agency Loan,					
Phase 2A	3,576,224	-	101,642	3,474,582	177,147
Promissory Note					
AMR – Meter					
Replacement	1,746,238	-	219,257	1,526,981	223,464
Vested compensated					
absences	59,636	-	1,440	58,196	5,091
Total Business-Type					
Activities	<u>\$ 8,855,448</u>	<u>\$ -</u>	<u>\$ 611,785</u>	<u>\$ 8,243,663</u>	<u>\$ 695,148</u>

Governmental Activities

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.

Years Ending April 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
Total	\$ 3,160,000	\$ 410,752	\$ 3,570,752

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
2021	\$ 2,163	\$ 50	\$ 2,213

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>
2021	\$ 289,446	\$ -	\$ 289,446
2022	289,446	-	289,446
2023	289,446	-	289,446
2024	289,446	-	289,446
2025	289,446	-	289,446
2026-2030	1,447,229	-	1,447,229
2031	289,445	-	289,445
Total	\$ 3,183,904	\$ -	\$ 3,183,904

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.
(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, 2020, \$131,666 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, 2020, \$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, 2020, \$318,390 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	\$ 739,502
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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>
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	189,935	47,247	237,182
2026-2030	1,000,939	184,971	1,185,910
2031-2035	1,092,051	93,859	1,185,910
2036-2037	464,164	10,200	474,364
Total	\$ 3,474,582	\$ 557,512	\$ 4,032,094

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, 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>
2021	\$ 223,464	\$ 37,851	\$ 261,315
2022	230,234	31,081	261,315
2023	236,012	25,303	261,315
2024	241,936	19,379	261,315
2025	247,966	13,349	261,315
2026-2027	347,369	8,242	355,611
	<u>\$ 1,526,981</u>	<u>\$ 135,205</u>	<u>\$ 1,662,186</u>

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.

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, 2019, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	36
Inactive Plan Members entitled to but not yet receiving benefits	26
Active Plan Members	<u>38</u>
Total	<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 2019 was 12.54%. For the fiscal year ended April 30, 2020, the City contributed \$328,599 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, 2019. 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, 2019:

- 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 3.35% 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, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	<u>1%</u>	1.85%
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 2.75%, 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>
Balances at December 31, 2018	\$15,364,621	\$ 12,297,424	\$ 3,067,197
Changes for the year:			
Service Cost	248,219	-	248,219
Interest on the Total Pension Liability	1,095,502	-	1,095,502
Differences Between Expected and Actual Experience of the Total Pension Liability	258,156	-	258,156
Changes of Assumptions	-	-	-
Contributions - Employer	-	307,825	(307,825)
Contributions - Employees	-	110,464	(110,464)
Net Investment Income	-	2,351,809	(2,351,809)
Benefit Payments, including Refunds of Employee Contributions	(756,719)	(756,719)	-
Other (Net Transfer)	-	65,210	(65,210)
Net Changes	845,158	2,078,589	(1,233,431)
Balances at December 31, 2019	<u>\$ 16,209,779</u>	<u>\$ 14,376,013</u>	<u>\$ 1,833,766</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	\$ 3,933,725	\$ 1,833,766	\$ 96,441

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

For the year ended April 30, 2020, the City recognized pension benefit of \$64,857 resulting from a change in actuarial estimates. At April 30, 2020, 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	\$ 230,344	\$ 343,233
Changes of assumptions	248,778	202,954
Net difference between projected and actual earnings on pension plan investments	1,069,239	1,680,066
Total deferred amounts to be recognized in pension expense in future periods	1,548,361	2,226,253
<i>Employer Pension Contributions made subsequent to the Measurement Date</i>	110,648	-
Total deferred amounts related to IMRF pension	\$ 1,659,009	\$ 2,226,253

The City reported \$110,648 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
2020	\$ -	\$ 211,006
2021	-	254,013
2022	81,157	-
2023	-	294,030
Total	\$ 81,157	\$ 759,049

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, 2019, 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>21</u>
Total	<u><u>36</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, 2020, the City contributed \$632,190 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, 2019. 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, 2019 were as follows:

Total pension liability	\$	13,942,444
Plan fiduciary net position		8,075,755
City's net pension liability		5,866,689
Plan fiduciary net position as a percentage of the total pension liability		57.92%

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at April 30, 2019:

- 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, 2019 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 3.21 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)
Balances at April 30, 2018	\$ 12,725,495	\$ 7,647,347	\$ 5,078,148
Changes for the year:			
Service Cost	322,692	-	322,692
Interest	860,298	-	860,298
Differences Between Expected and Experience	167,797	-	167,797
Changes of Assumptions	467,158	-	467,158
Contributions - Employer	-	553,041	(553,041)
Contributions - Employees	-	142,419	(142,419)
Contributions - Buy Back	5,053	5,053	-
Net Investment Income (Loss)	-	341,748	(341,748)
Benefit Payments, including Refunds of Employee Contributions	(606,049)	(606,049)	-
Administrative expense	-	(7,804)	7,804
Net Changes	1,216,949	428,408	788,541
Balances at April 30, 2019	<u>\$ 13,942,444</u>	<u>\$ 8,075,755</u>	<u>\$ 5,866,689</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	\$ 7,939,695	\$ 5,866,689	\$ 4,184,961

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

For the year ended April 30, 2020, the City recognized pension expense of \$788,541. At April 30, 2020, 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	\$ 208,720	\$ 271,135
Changes of assumptions	729,315	80,736
Net difference between projected and actual earnings on pension plan investments	274,663	-
Total deferred amounts to be recognized in pension expense in future periods	1,212,698	351,871
<i>Pension Contributions made subsequent to the Measurement Date</i>	632,190	-
Total deferred amounts related to the Police Pension	\$ 1,844,888	\$ 351,871

The City reported \$632,190 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, 2021. 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>
2020	\$ 254,588
2021	150,938
2022	161,769
2023	144,845
2024	40,848
Thereafter	107,839
Total	\$ 860,827

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 define 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 \$3,131,949 was measured as of April 30, 2019, 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	3.21%
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 3.21%. 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, 2019	\$ 3,148,559
Changes for the year:	
Service Cost	56,394
Interest	120,504
Changes of Assumptions	149,019
Benefit Payments	(342,527)
Net Changes	(16,610)
Reporting Period Ended April 30, 2020	\$ 3,131,949

Changes of assumptions reflect a change in the discount rate from 3.97% for the fiscal year ended April 30, 2019 to 3.21% for the fiscal year ended April 30, 2020.

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 2.21%	Current 3.21%	1% Increase 4.21%
Total OPEB Liability	\$ 3,350,974	\$ 3,131,949	\$ 2,938,617

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	\$ 2,918,545	\$ 3,131,949	\$ 3,374,491

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, 2020 was approximately \$48,000.

NOTE 6. INTERFUND BALANCES

Interfund receivable and payable balances as of April 30, 2020 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 8,860	\$ 50,975
Special Revenue Funds		
Motor Fuel Tax Fund	50,975	-
Enterprise Funds		
Waterworks Fund	28,956	37,816
Total interfund receivables and payables	<u>\$ 88,791</u>	<u>\$ 88,791</u>

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, 2020, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 603,893	\$ 1,833,146
Special Revenue Funds		
EMA Fund	22,000	-
Storm Water Management Fund	100,000	230,234
MFT Fund	46	-
Illinois Municipal Retirement Fund	39,000	-
Social Security Fund	81,000	-
Capital Project Fund		
Nofsinger Realignment Fund	4,500	-
Nofsinger Realignment Fund	14,728	-
North Lawndale Fund	30,957	-
West Holland Fund	8,369	-
Debt Service Funds		
Washington 223 Fund	924,057	-
Washington Area Community Center Fund	357,438	-
Mallard Crossing Fund	11,694	-
Enterprise Funds		
Waterworks Fund	-	46,802
Sewerage Fund	-	87,500
Total interfund transfers	<u>\$ 2,197,682</u>	<u>\$ 2,197,682</u>

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, 2020, the total estimated City obligation was \$541,700. A total of \$462,562 has been paid or is included in payables as of the year-end.

The City has a contract for the reconstruction of N. Lawndale. As of April 30, 2020, the total estimated City obligation was \$1,813,517. A total of \$57,835 has been paid as of the year-end.

The City has a contract for the painting of the Water Tower #1. As of April 30, 2020, the total estimated City obligation was \$553,900. The project was not started as of year-end.

The City has a contract for the Stratford Dr. Bridge reconstruction. As of April 30, 2020, the total estimated City obligation was \$572,950. A total of \$45,579 has been paid as of the year-end.

The City has a contract for the MFT contract. As of April 30, 2020, the total estimated City obligation was \$799,246. A total of \$14,686 has been paid 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 \$327,818 for the services and equipment funding to be provided over the next 6 months.

The City has private redevelopment agreements with several companies in the TIF district. As of April 30, 2020, the total City obligation remaining for these agreements was \$192,307.

NOTE 10. DEFICIT FUND BALANCES

The following City funds have a deficit fund/equity balance as of April 30, 2020:

North Lawndale – Capital Project Fund	\$ 9,044
West Holland – Capital Project Fund	1,140
Freedom Parkway – Capital Project Fund	14,945

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 Police Pension Fund has the following recurring fair value measurements as of April 30, 2020:

- Mutual fund securities of \$2,860,158 are valued using quoted market prices (Level 1 inputs)
- Treasury Inflation Protected securities of \$387,969 are valued using quoted market prices (Level 1 inputs)
- Money market securities of \$271,806 are valued using quoted market prices (Level 1 inputs)
- Corporate bonds of \$1,844,911 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, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 1,091,375	\$ 1,091,375	\$ 1,081,904	\$ (9,471)
Licenses and permits	489,000	489,000	536,644	47,644
Intergovernmental	9,477,000	9,477,000	8,885,444	(591,556)
Grant proceeds	679,990	679,990	22,032	(657,958)
Charges for services	110,161	110,161	92,018	(18,143)
Fines and forfeitures	158,000	158,000	172,058	14,058
Interest	73,200	73,200	177,353	104,153
Other	65,000	65,000	204,942	139,942
	12,143,726	12,143,726	11,172,395	(971,331)
EXPENDITURES				
Current				
General government	1,502,478	1,502,478	1,162,155	340,323
Public safety	5,225,368	5,225,368	4,981,260	244,108
Highways and streets	1,957,501	1,957,501	1,864,907	92,594
Health and welfare	15,400	15,400	13,929	1,471
Capital outlay	3,348,153	3,348,153	320,793	3,027,360
	12,048,900	12,048,900	8,343,044	3,705,856
Excess of revenue over expenditures	94,826	94,826	2,829,351	2,734,525
OTHER FINANCING SOURCES (USES)				
Transfers in	269,786	271,513	603,893	332,380
Transfers out	(2,968,637)	(3,827,668)	(1,833,146)	1,994,522
Total other financing sources (uses)	(2,698,851)	(3,556,155)	(1,229,253)	2,326,902
Net change in fund balances	\$ (2,604,025)	\$ (3,461,329)	\$ 1,600,098	\$ 5,061,427

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)

	2019	2018	2017	2016	2015
Calendar year ending December 31,					
Total pension liability:					
Service cost	\$ 248,219	\$ 264,423	\$ 289,151	\$ 270,831	\$ 263,773
Interest on the total pension liability	1,095,502	1,092,031	1,094,710	1,049,524	981,553
Difference between expected and actual experience	258,156	(453,590)	(201,115)	1,984	419,869
Assumption changes	-	441,510	(430,251)	(57,997)	-
Benefit payments and refunds	(756,719)	(815,897)	(735,824)	(718,617)	(798,996)
Net change in total pension liability	845,158	528,477	16,671	545,725	866,199
Total pension liability - beginning	15,364,621	14,836,144	14,819,473	14,273,748	13,407,549
Total pension liability - ending (a)	16,209,779	15,364,621	14,836,144	14,819,473	14,273,748
Plan fiduciary net position:					
Contributions - employer	307,825	357,653	385,941	395,121	343,295
Contributions - employee	110,464	116,026	117,905	130,400	142,475
Net investment income (loss)	2,351,809	(774,914)	2,114,999	764,487	53,662
Benefit payments and refunds	(756,719)	(815,897)	(735,824)	(718,617)	(798,996)
Other	65,210	142,357	(257,194)	32,124	413,324
Net change in plan fiduciary net position	2,078,589	(974,775)	1,625,827	603,515	153,760
Plan fiduciary net position - beginning	12,297,424	13,272,199	11,646,372	11,042,857	10,889,097
Plan fiduciary net position - ending (b)	14,376,013	12,297,424	13,272,199	11,646,372	11,042,857
City's net pension liability - ending (a) - (b)	\$ 1,833,766	\$ 3,067,197	\$ 1,563,945	\$ 3,173,101	\$ 3,230,891
Plan fiduciary net position as a percentage of the total pension liability	88.69%	80.04%	89.46%	78.59%	77.36%
Covered - employee payroll	\$ 2,454,749	\$ 2,469,975	\$ 2,620,105	\$ 2,580,806	\$ 2,409,094
City's net position liability as a percentage of covered-employee payroll	74.70%	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,	2019	2018	2017	2016	2015
Total pension liability:					
Service cost	\$ 322,692	\$ 342,439	\$ 324,331	\$ 290,520	\$ 284,738
Interest	860,298	850,614	807,141	759,768	681,523
Difference between expected and actual experience	167,797	(299,557)	99,029	(92,933)	(293,629)
Changes of assumptions	467,158	(107,650)	-	641,098	662,460
Contributions - Buy Back	5,053	-	-	-	-
Benefit payments and refunds	(606,049)	(639,208)	(569,929)	(486,957)	(528,697)
Net change in total pension liability	1,216,949	146,638	660,572	1,111,496	806,395
Total pension liability - beginning	12,725,495	12,578,857	11,918,285	10,806,789	10,000,394
Total pension liability - ending (a)	13,942,444	12,725,495	12,578,857	11,918,285	10,806,789
Plan fiduciary net position:					
Contributions - employer	553,041	551,778	514,605	373,617	320,283
Contributions - employee	142,419	135,723	130,676	124,594	115,109
Contributions - Buy Back	5,053	-	-	-	-
Net investment income	341,748	403,054	504,132	(50,667)	283,752
Benefit payments and refunds	(606,049)	(639,208)	(569,929)	(486,957)	(528,697)
Administrative expense	(7,804)	(9,268)	(5,827)	(6,318)	(4,357)
Net change in plan fiduciary net position	428,408	442,079	573,657	(45,731)	186,090
Plan fiduciary net position - beginning	7,647,347	7,205,268	6,631,611	6,677,342	6,491,252
Plan fiduciary net position - ending (b)	8,075,755	7,647,347	7,205,268	6,631,611	6,677,342
City's net pension liability - ending (a) - (b)	\$ 5,866,689	\$ 5,078,148	\$ 5,373,589	\$ 5,286,674	\$ 4,129,447
Plan fiduciary net position as a percentage of the total pension liability	57.92%	60.09%	57.28%	55.64%	61.79%
Covered - employee payroll	\$ 1,473,074	\$ 1,369,110	\$ 1,336,695	\$ 1,268,296	\$ 1,179,945
Net pension liability as a percentage of coverage employee payroll	398.26%	370.91%	402.01%	416.83%	349.97%

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

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
IMRF					
12/31/2019	\$ 307,826	\$ 307,825	\$ 1	\$ 2,454,749	12.54%
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 12.54% and covered valuation payroll of \$2,454,749.

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 2019 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 2019 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>	24-year closed period
<i>Asset Valuation Method:</i>	5-year smoothed market; 20% corridor
<i>Wage Growth:</i>	3.25%
<i>Price Inflation:</i>	2.50%
<i>Salary Increases:</i>	3.35% to 14.25%, 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 2017 valuation pursuant to an experience study of the period 2014-2016.

<i>Mortality:</i>	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 adjustment 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 2012). The IMRF specific rates were developed from the RP-2015 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, 2017 actuarial valuation.

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

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
Police Pension Trust Fund					
4/30/2019	\$ 550,691	\$ 553,041	\$ (2,350)	\$ 1,473,074	37.54 %
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: 5/1/2017

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:

Mortality Rate: PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2018.

Disabled Mortality Rate: PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2018.

Interest Rate: 6.75% per year compounded annually, net of investment related expenses.

Retirement Age: See table below. This is based on an experience study performed in 2017.

Disability Rate: See table below. This is based on an experience study performed in 2017.

Termination Rate: See table below. This is based on an experience study performed in 2017.

Salary Increases: Graded scheduled based on service. This is based on an experience study performed in 2017.

Service	Increase	Service	Increase
0	11.00%	6	5.25%
1	10.75%	7	4.25%
2	8.75%	8-16	4.00%
3	8.50%	17-32	3.75%
4	7.00%	32+	3.50%
5	6.25%		

Payroll Growth: 3.50% per year.

CITY OF WASHINGTON, ILLINOIS
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)
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 2040.

Decrement Tables:

% Terminating During the Year		% Becoming Disabled During the Year	
Age	Rate	Age	Rate
20	14.00%	20	0.00%
25	10.40%	25	0.03%
30	5.60%	30	0.14%
35	3.10%	35	0.26%
40	1.90%	40	0.42%
45	1.50%	45	0.59%
50	1.50%	50	0.71%
56+	0.00%	55	0.90%
		60	1.15%

% Retiring During the Year (Tier 1)		% Retiring During the Year (Tier 2)	
50-51	15%	50-54	5%
52-54	20%	55	40%
55-64	25%	56-64	25%
65-69	40%	65-69	40%
70+	100%	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>2020</u>	<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	5.82%	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>2020</u>	<u>2019</u>
Service cost	\$ 56,394	\$ 56,444
Interest	120,504	122,834
Changes of assumptions	149,019	(30,009)
Benefit payments and refunds	<u>(342,527)</u>	<u>(314,967)</u>
Net change in total OPEB liability	(16,610)	(165,698)
Total OPEB liability - beginning	<u>3,148,559</u>	<u>3,314,257</u>
Total OPEB liability- ending	<u><u>\$ 3,131,949</u></u>	<u><u>\$ 3,148,559</u></u>
Covered - employee payroll	\$ 3,873,283	\$ 3,778,813
Total OPEB liability as a percentage of covered employee payroll	80.86%	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:

2020	3.21%
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, 2020

	General Corporate	City Hall	Street
REVENUES			
Property taxes	\$ 333,791	\$ -	\$ 216,457
Licenses and permits	536,644	-	-
Intergovernmental	8,826,715	-	6,539
Grant proceeds	-	-	20,883
Charges for services	3,155	-	963
Fines and forfeitures	104,676	-	-
Interest	177,127	-	-
Other	111,072	-	21,161
	<hr/> 10,093,180	<hr/> -	<hr/> 266,003
EXPENDITURES			
General government			
Personal services	571,161	6,199	-
Supplies	7,327	2,019	-
Other services and charges	163,311	42,426	-
Total general government	<hr/> 741,799	<hr/> 50,644	<hr/> -
Public safety			
Personal services	-	-	-
Supplies	-	-	-
Special projects	-	-	-
Other services and charges	-	-	-
Total public safety	<hr/> -	<hr/> -	<hr/> -
Highways and streets			
Personal services	-	-	784,267
Supplies	-	-	14,684
Other services and charges	-	-	1,065,956
Total highways and streets	<hr/> -	<hr/> -	<hr/> 1,864,907
Health and welfare			
Other services and charges	13,360	569	-
Capital outlay	6,190	12,530	141,929
	<hr/> 761,349	<hr/> 63,743	<hr/> 2,006,836
Excess (deficiency) of revenue over expenditures	9,331,831	(63,743)	(1,740,833)
OTHER FINANCING SOURCES (USES)			
Transfers in	361,777	13,064	-
Transfers out	(1,700,929)	-	(130,305)
Total other financing sources (uses)	<hr/> (1,339,152)	<hr/> 13,064	<hr/> (130,305)
Net change in fund balance	<hr/> \$ 7,992,679	<hr/> \$ (50,679)	<hr/> \$ (1,871,138)
FUND BALANCE, BEGINNING OF YEAR			
FUND BALANCE, END OF YEAR			

Police		Tourism and Economic Development	Zoning	Fire and Rescue	Total	2019 (Memorandum Only)
\$	531,656	\$ -	\$ -	\$ -	\$ 1,081,904	\$ 943,979
	-	-	-	-	536,644	490,734
	25,326	-	-	26,864	8,885,444	8,584,195
	1,149	-	-	-	22,032	312,991
	87,900	-	-	-	92,018	105,505
	67,382	-	-	-	172,058	186,397
	226	-	-	-	177,353	143,688
	72,537	-	172	-	204,942	103,318
	786,176	-	172	26,864	11,172,395	10,870,807
	-	41,436	172,497	-	791,293	701,300
	-	-	1,235	-	10,581	17,461
	-	67,390	87,154	-	360,281	332,175
	-	108,826	260,886	-	1,162,155	1,050,936
	3,479,840	-	-	-	3,479,840	3,440,511
	36,132	-	-	-	36,132	17,093
	39,595	-	-	-	39,595	85,052
	652,111	-	-	773,582	1,425,693	1,412,269
	4,207,678	-	-	773,582	4,981,260	4,954,925
	-	-	-	-	784,267	835,006
	-	-	-	-	14,684	14,949
	-	-	-	-	1,065,956	848,932
	-	-	-	-	1,864,907	1,698,887
	-	-	-	-	13,929	14,435
	56,363	-	1,281	102,500	320,793	1,253,051
	4,264,041	108,826	262,167	876,082	8,343,044	8,972,234
	(3,477,865)	(108,826)	(261,995)	(849,218)	2,829,351	1,898,573
	192,165	-	-	36,887	603,893	1,612,874
	(1,912)	-	-	-	(1,833,146)	(4,795,374)
	190,253	-	-	36,887	(1,229,253)	(3,182,500)
\$	(3,287,612)	\$ (108,826)	\$ (261,995)	\$ (812,331)	1,600,098	(1,283,927)
					11,871,435	13,155,362
					\$ 13,471,533	\$ 11,871,435

**CITY OF WASHINGTON, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2020**

	Special Revenue				Motor Fuel Tax
	Cemetery	EMA	Audit		
ASSETS					
Cash and cash equivalents	\$ 230,522	\$ 63,474	\$ 45,251	\$	1,866,696
Investments	-	-	-		-
Receivables (net of allowance for uncollectibles)					
Property taxes	-	4,148	29,034		-
Special assessments	-	-	-		-
Accounts - customers	2,800	-	-		-
Other	-	-	-		-
Due from other funds	-	-	-		50,975
Due from other governments	-	-	-		49,133
Prepaid items	266	160	-		-
Restricted assets					
Cash and cash equivalents	-	-	-		-
	<u>\$ 233,588</u>	<u>\$ 67,782</u>	<u>\$ 74,285</u>	<u>\$</u>	<u>1,966,804</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued liabilities	\$ 1,233	\$ -	\$ -	\$	2,301
Due to other funds	-	-	-		-
Total liabilities	<u>1,233</u>	<u>-</u>	<u>-</u>		<u>2,301</u>
Deferred inflows of resources					
Unavailable revenue					
Property taxes	-	4,148	29,034		-
Special assessments	-	-	-		-
Other receivables	-	-	-		-
Total deferred inflows of resources	<u>-</u>	<u>4,148</u>	<u>29,034</u>		<u>-</u>
Fund balances					
Nonspendable	266	160	-		-
Restricted	-	-	45,251		1,964,503
Assigned	232,089	63,474	-		-
Unassigned	-	-	-		-
Total fund balances	<u>232,355</u>	<u>63,634</u>	<u>45,251</u>		<u>1,964,503</u>
	<u>\$ 233,588</u>	<u>\$ 67,782</u>	<u>\$ 74,285</u>	<u>\$</u>	<u>1,966,804</u>

Special Revenue (cont'd)						
Incremental Tax	Liability Insurance	Storm Water Management	Illinois Municipal Retirement	Social Security/ Medicare	RBDG Fund	Total
\$ 613,471	\$ 228,289	\$ 278,244	\$ 392,580	\$ 345,969	\$ 79,265	\$ 4,143,761
506,424	-	-	-	-	-	506,424
236,492	100,035	-	345,032	295,015	-	1,009,756
-	-	-	-	-	-	-
-	-	-	-	-	-	2,800
21,660	-	913	1,870	1,599	96,389	122,431
-	-	-	-	-	-	50,975
-	-	-	-	-	-	49,133
-	11,552	1,250	-	-	-	13,228
-	-	-	-	-	-	-
\$ 1,378,047	\$ 339,876	\$ 280,407	\$ 739,482	\$ 642,583	\$ 175,654	\$ 5,898,508
\$ 2,569	\$ -	\$ -	\$ 26,193	\$ 21,290	\$ -	\$ 53,586
-	-	-	-	-	-	-
2,569	-	-	26,193	21,290	-	53,586
235,992	100,035	-	345,032	295,015	-	1,009,256
-	-	-	-	-	-	-
21,660	-	-	-	-	-	21,660
257,652	100,035	-	345,032	295,015	-	1,030,916
-	11,552	1,250	-	-	-	13,228
1,117,826	228,289	-	62,290	-	175,654	3,593,813
-	-	279,157	305,967	326,278	-	1,206,965
-	-	-	-	-	-	-
1,117,826	239,841	280,407	368,257	326,278	175,654	4,814,006
\$ 1,378,047	\$ 339,876	\$ 280,407	\$ 739,482	\$ 642,583	\$ 175,654	\$ 5,898,508

**CITY OF WASHINGTON, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONT'D)
APRIL 30, 2020**

	Debt Service		
	WACC	Washington 223	Total
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables (net of allowance for uncollectibles)			
Property taxes	-	-	-
Special assessments	-	-	-
Accounts - customers	-	-	-
Other	599,571	19,915	619,486
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Restricted assets			
Cash and cash equivalents	-	-	-
	<u>\$ 599,571</u>	<u>\$ 19,915</u>	<u>\$ 619,486</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources			
Unavailable revenue			
Property taxes	-	-	-
Special assessments	-	-	-
Other receivables	599,571	-	599,571
Total deferred inflows	<u>599,571</u>	<u>-</u>	<u>599,571</u>
Fund balances			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	19,915	19,915
Unassigned	-	-	-
	<u>-</u>	<u>19,915</u>	<u>19,915</u>
	<u>\$ 599,571</u>	<u>\$ 19,915</u>	<u>\$ 619,486</u>

Capital Project					
Freedom Parkway	North Lawndale	West Holland	Total	Total Nonmajor Governmental	2019 (Memorandum Only)
\$ -	\$ -	\$ -	\$ -	\$ 4,143,761	\$ 2,931,027
-	-	-	-	506,424	1,038,639
-	16,500	4,500	21,000	1,030,756	1,006,941
-	-	-	-	-	47,024
-	-	-	-	2,800	1,505
-	-	-	-	741,917	742,227
-	-	-	-	50,975	144
-	-	-	-	49,133	36,668
-	-	-	-	13,228	15,559
-	-	-	-	-	5,668
\$ -	\$ 16,500	\$ 4,500	\$ 21,000	\$ 6,538,994	\$ 5,825,402
\$ 14,945	\$ 9,044	\$ 1,140	\$ 25,129	\$ 78,715	\$ 64,300
-	-	-	-	-	16,824
14,945	9,044	1,140	25,129	78,715	81,124
-	-	-	-	1,009,256	1,006,941
-	-	-	-	-	47,024
-	16,500	4,500	21,000	642,231	599,571
-	16,500	4,500	21,000	1,651,487	1,653,536
-	-	-	-	13,228	15,559
-	-	-	-	3,593,813	2,936,310
-	-	-	-	1,226,880	1,149,540
(14,945)	(9,044)	(1,140)	(25,129)	(25,129)	(10,667)
(14,945)	(9,044)	(1,140)	(25,129)	4,808,792	4,090,742
\$ -	\$ 16,500	\$ 4,500	\$ 21,000	\$ 6,538,994	\$ 5,825,402

CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020

	Special Revenue					
	Cemetery	EMA	Audit	Motor Fuel Tax	Incremental Tax	Liability Insurance
REVENUES						
Property taxes	\$ -	\$ 3,288	\$ 28,825	\$ -	\$ 230,595	\$ 103,292
Intergovernmental	-	-	-	617,769	-	-
Charges for services	65,550	-	-	-	-	-
Interest	2,946	652	556	16,160	17,291	2,580
Rental	-	-	-	-	-	-
Other	630	-	-	-	-	-
	69,126	3,940	29,381	633,929	247,886	105,872
EXPENDITURES						
Current						
General government	-	-	26,378	-	208,783	80,755
Public safety	-	25,480	-	-	-	-
Highway and streets	-	-	-	-	-	-
Cemetery	94,038	-	-	-	-	-
Capital outlay	30,781	-	-	14,686	50,470	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
	124,819	25,480	26,378	14,686	259,253	80,755
Excess (deficiency) of revenues over expenditures	(55,693)	(21,540)	3,003	619,243	(11,367)	25,117
OTHER FINANCING SOURCES (USES)						
Transfers in	-	22,000	-	46	-	-
Transfers out	-	-	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-	-	-
Debt Issuance	-	-	-	-	-	-
Total other financing sources (uses)	-	22,000	-	46	-	-
Net change in fund balances	(55,693)	460	3,003	619,289	(11,367)	25,117
FUND BALANCES, BEGINNING OF YEAR	288,048	63,174	42,248	1,345,214	1,129,193	214,724
FUND BALANCES, END OF YEAR	\$ 232,355	\$ 63,634	\$ 45,251	\$ 1,964,503	\$ 1,117,826	\$ 239,841

Special Revenue (cont'd)				
Storm Water Management	Illinois Municipal Retirement	Social Security/ Medicare	RBDG Fund	Total
\$ -	\$ 342,649	\$ 292,993	\$ -	\$ 1,001,642
-	12,993	11,109	-	641,871
-	-	-	-	65,550
1,968	5,426	4,733	3,800	56,112
10,956	-	-	-	10,956
-	-	-	-	630
12,924	361,068	308,835	3,800	1,776,761
56,678	328,598	346,698	-	1,047,890
-	-	-	-	25,480
-	-	-	-	-
-	-	-	-	94,038
31,400	-	-	-	127,337
-	-	-	-	-
-	-	-	-	-
88,078	328,598	346,698	-	1,294,745
(75,154)	32,470	(37,863)	3,800	482,016
100,000	39,000	81,000	-	242,046
(230,234)	-	-	-	(230,234)
238,684	-	-	-	238,684
-	-	-	-	-
108,450	39,000	81,000	-	250,496
33,296	71,470	43,137	3,800	732,512
247,111	296,787	283,141	171,854	4,081,494
\$ 280,407	\$ 368,257	\$ 326,278	\$ 175,654	\$ 4,814,006

**CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONT'D)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2020**

	Debt Service			
	Mallard Crossing	WACC	Washington 223	Total
REVENUES				
Property taxes	\$ 46,885	\$ -	\$ -	\$ 46,885
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	273	-	-	273
Rental	-	-	59,745	59,745
Other	-	-	-	-
	47,158	-	59,745	106,903
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Highway and streets	-	-	-	-
Cemetery	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	46,000	275,000	959,244	1,280,244
Interest	2,185	82,438	24,558	109,181
	48,185	357,438	983,802	1,389,425
Excess (deficiency) of revenues over expenditures	(1,027)	(357,438)	(924,057)	(1,282,522)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,694	357,438	924,057	1,293,189
Transfers out	-	-	-	-
Proceeds from sale of capital asset	-	-	-	-
Debt Issuance	-	-	-	-
Total other financing sources (uses)	11,694	357,438	924,057	1,293,189
Net change in fund balances	10,667	-	-	10,667
FUND BALANCES, BEGINNING OF YEAR	(10,667)	-	19,915	9,248
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 19,915	\$ 19,915

Capital Project						Total Nonmajor Governmental	2019 (Memo Only)
Freedom Parkway	Lakeshore Drive	Nofsinger Realignment	North Lawndale	West Holland	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,048,527	\$ 1,064,871
-	-	-	-	-	-	641,871	471,402
-	-	-	-	-	-	65,550	69,800
-	-	-	-	-	-	56,385	89,090
-	-	-	-	-	-	70,701	124,496
-	-	-	-	-	-	630	21,982
-	-	-	-	-	-	1,883,664	1,841,641
-	-	14,728	-	-	14,728	1,062,618	916,310
-	-	-	-	-	-	25,480	28,293
14,945	4,500	-	421	-	19,866	19,866	-
-	-	-	-	-	-	94,038	90,647
-	-	-	39,580	9,509	49,089	176,426	132,356
-	-	-	-	-	-	1,280,244	5,320,557
-	-	-	-	-	-	109,181	211,144
14,945	4,500	14,728	40,001	9,509	83,683	2,767,853	6,699,307
(14,945)	(4,500)	(14,728)	(40,001)	(9,509)	(83,683)	(884,189)	(4,857,666)
-	4,500	14,728	30,957	8,369	58,554	1,593,789	4,550,408
-	-	-	-	-	-	(230,234)	(1,225,872)
-	-	-	-	-	-	238,684	1,235,300
-	-	-	-	-	-	-	1,000,000
-	4,500	14,728	30,957	8,369	58,554	1,602,239	5,559,836
(14,945)	-	-	(9,044)	(1,140)	(25,129)	718,050	702,170
-	-	-	-	-	-	4,090,742	3,388,572
\$ (14,945)	\$ -	\$ -	\$ (9,044)	\$ (1,140)	\$ (25,129)	\$ 4,808,792	\$ 4,090,742

CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
APRIL 30, 2020

	Employees'	Motor	Capital		2019
	Benefit	Equipment	Replacement		(Memorandum
	Fund	Replacement	Fund	Total	Only)
ASSETS					
Current assets					
Cash and cash equivalents	\$ 503,553	\$ 1,145,894	\$ 581,110	\$ 2,230,557	\$ 2,308,145
Investments	1,006,740	1,013,393	-	2,020,133	1,562,495
Receivables (net of allowance for uncollectibles)					
Interest	-	52	-	52	557
Other	12,695	1,724	-	14,419	2,663
Due from other funds	-	-	-	-	32,187
Prepaid items	-	5,748	-	5,748	5,853
Restricted cash	116,828	-	-	116,828	57,373
Total current assets	1,639,816	2,166,811	581,110	4,387,737	3,969,273
Noncurrent assets					
Capital assets, net of accumulated depreciation	-	2,058,278	14,854	2,073,132	1,961,054
	<u>\$ 1,639,816</u>	<u>\$ 4,225,089</u>	<u>\$ 595,964</u>	<u>\$ 6,460,869</u>	<u>\$ 5,930,327</u>
LIABILITIES AND NET POSITION					
Liabilities					
Accounts payable and accrued liabilities	\$ 1,674	\$ 27,452	\$ -	\$ 29,126	\$ 29,574
Accrued compensated absences	-	1,118	-	1,118	204
Total current liabilities	1,674	28,570	-	30,244	29,778
Noncurrent liabilities					
Accrued compensated absences	-	12,392	-	12,392	10,624
Total liabilities	1,674	40,962	-	42,636	40,402
Net position					
Invested in capital assets	-	2,058,278	14,854	2,073,132	1,961,054
Unrestricted	1,638,142	2,125,849	581,110	4,345,101	3,928,871
Total net position	1,638,142	4,184,127	595,964	6,418,233	5,889,925
	<u>\$ 1,639,816</u>	<u>\$ 4,225,089</u>	<u>\$ 595,964</u>	<u>\$ 6,460,869</u>	<u>\$ 5,930,327</u>

CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED APRIL 30, 2020

	Employees'	Motor	Capital		2019
	Benefit	Equipment	Replacement		(Memorandum
	Fund	Replacement	Fund	Total	Only)
OPERATING REVENUES					
Charges for services	\$ 1,197,755	\$ 797,800	\$ 163,318	\$ 2,158,873	\$ 2,359,399
Employee contributions	187,010	-	-	187,010	168,157
Other	59,455	179,975	-	239,430	84,103
	1,444,220	977,775	163,318	2,585,313	2,611,659
OPERATING EXPENSES					
General and administrative	-	-	-	-	435
Personal services	1,346,526	110,357	-	1,456,883	1,622,261
Materials and supplies	-	146,600	-	146,600	150,529
Other services and charges	-	173,064	-	173,064	178,884
Depreciation	-	352,632	6,085	358,717	325,385
	1,346,526	782,653	6,085	2,135,264	2,277,494
Operating income	97,694	195,122	157,233	450,049	334,165
NONOPERATING REVENUES					
Interest income	(24,319)	(27,779)	(4,905)	(57,003)	(45,877)
Gain on sale of equipment	-	(21,256)	-	(21,256)	(54,966)
	(24,319)	(49,035)	(4,905)	(78,259)	(100,843)
Change in net position	122,013	244,157	162,138	528,308	435,008
TOTAL NET POSITION, BEGINNING OF YEAR	1,516,129	3,939,970	433,826	5,889,925	5,454,917
TOTAL NET POSITION, END OF YEAR	\$ 1,638,142	\$ 4,184,127	\$ 595,964	\$ 6,418,233	\$ 5,889,925

CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED APRIL 30, 2020

	Employees' Benefit Fund	Motor Equipment Replacement Fund	Capital Replacement Fund	Total	2019 (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,432,859	\$ 179,580	\$ -	\$ 1,612,439	\$ 1,574,401
Receipts from interfund services provided	-	797,800	163,318	961,118	1,077,014
Payments to suppliers	(1,349,551)	(317,950)	-	(1,667,501)	(1,851,449)
Payments to employees	-	(106,707)	-	(106,707)	(107,212)
Net cash provided by operating activities	83,308	552,723	163,318	799,349	692,754
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Advances from (to) other funds	187	32,000	-	32,187	(42,991)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	(782,506)	-	(782,506)	(543,247)
Proceeds from sale of equipment	-	332,967	-	332,967	78,475
Net cash used in capital and related financing activities	-	(449,539)	-	(449,539)	(464,772)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	24,319	28,284	4,905	57,508	45,870
Purchase of investments	(1,009,611)	(1,018,040)	-	(2,027,651)	(21,694)
Proceeds from sale/maturity of investments	526,727	1,043,286	-	1,570,013	-
Net cash provided by (used in) investing activities	(458,565)	53,530	4,905	(400,130)	24,176
NET CHANGE IN CASH AND CASH EQUIVALENTS	(375,070)	188,714	168,223	(18,133)	209,167
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	995,451	957,180	412,887	2,365,518	2,156,351
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 620,381</u>	<u>\$ 1,145,894</u>	<u>\$ 581,110</u>	<u>\$ 2,347,385</u>	<u>\$ 2,365,518</u>
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 97,694	\$ 195,122	\$ 157,233	\$ 450,049	\$ 334,165
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	-	352,632	6,085	358,717	325,385
(Increase) decrease in receivables	(11,361)	(395)	-	(11,756)	39,756
(Increase) decrease in prepaid items	-	105	-	105	(493)
Increase (decrease) in accounts payable and accrued liabilities	(3,025)	2,577	-	(448)	(5,608)
Increase (decrease) in accrued comp. absences	-	2,682	-	2,682	(451)
Net cash provided by operating activities	<u>\$ 83,308</u>	<u>\$ 552,723</u>	<u>\$ 163,318</u>	<u>\$ 799,349</u>	<u>\$ 692,754</u>

**CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED APRIL 30, 2020**

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

	Employees' Benefit Fund	Motor Equipment Replacement Fund	Capital Replacement Fund	Total
Cash and cash equivalents	\$ 503,553	\$ 1,145,894	\$ 581,110	\$ 2,230,557
Restricted cash	116,828	-	-	116,828
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 620,381	\$ 1,145,894	\$ 581,110	\$ 2,347,385

CITY OF WASHINGTON, ILLINOIS
COMBINING SCHEDULE OF OPERATING EXPENSES, OTHER THAN DEPRECIATION
ENTERPRISE FUNDS
YEAR ENDED APRIL 30, 2020

				2019 (Memorandum Only)
	Waterworks	Sewerage	Total	
Personal services				
Wages and salaries	\$ 459,813	\$ 546,997	\$ 1,006,810	\$ 958,511
Payroll taxes	7,486	10,019	17,505	14,834
Group insurance	156,709	173,250	329,959	315,046
Uniforms	2,267	2,639	4,906	5,369
Total personal services	626,275	732,905	1,359,180	1,293,760
Heat, lights, and power				
Electricity	107,532	175,330	282,862	286,061
Heating	4,135	3,259	7,394	9,044
Total heat, lights, and power	111,667	178,589	290,256	295,105
Materials and supplies				
Chemicals and supplies	146,824	28,769	175,593	170,777
Operating supplies	24,117	21,772	45,889	31,086
Perishable tools	6,271	12,925	19,196	23,925
Total materials and supplies	177,212	63,466	240,678	225,788
Other services and charges				
Training and recruitment	1,304	912	2,216	1,667
Insurance	8,773	9,344	18,117	18,160
Printing fees	1,779	1,457	3,236	2,628
Legal fees	2,981	5,771	8,752	19,548
Consulting fees	49,176	43,694	92,870	97,690
Rent	3,380	3,725	7,105	5,377
Repairs and maintenance:				
Building	4,165	10,718	14,883	37,309
Equipment	9,210	10,643	19,853	22,501
System	54,686	145,095	199,781	194,779
Motor equipment replacement	95,000	130,000	225,000	217,000
Capital replacement	30,712	53,508	84,220	84,220
Telephone	14,666	16,488	31,154	25,595
Engineering fees	70,266	33,245	103,511	-
Miscellaneous	32,767	31,227	63,994	42,465
Total other services and charges	378,865	495,827	874,692	768,939
	\$ 1,294,019	\$ 1,470,787	\$ 2,764,806	\$ 2,583,592

CITY OF WASHINGTON, ILLINOIS
SCHEDULE OF PROPERTY TAX LEVIES, RATES, COLLECTIONS,
AND ASSESSED VALUATION
2017 THROUGH 2019

		2019 Levy			2018 Levy			2017 Levy		
		Amounts								
	Levy	Rate	Extended	Levy	Rate	Collections	Levy	Rate	Collections	
GENERAL FUND										
General Corporate	\$ -	-	\$ -	\$ 336,075	0.0965	\$ 336,085	\$ 195,579	0.0561	\$ 194,566	
Police Pension	614,000	0.1762	614,010	535,300	0.1536	535,310	535,700	0.1539	532,891	
Ambulance	174,601	0.0501	174,625	-	-	-	-	-	-	
Fire Protection	85,998	0.0247	86,022	-	-	-	-	-	-	
SPECIAL REVENUE FUNDS										
Civil Defense	4,142	0.0012	4,148	3,300	0.0010	3,310	3,300	0.0010	3,290	
Audit	29,000	0.0083	29,034	29,000	0.0083	29,023	29,000	0.0083	28,848	
Illinois Municipal Retirement	345,000	0.0990	345,032	345,000	0.0990	345,004	375,000	0.1077	373,027	
Social Security	295,000	0.0846	295,015	295,000	0.0847	295,006	290,000	0.0833	288,489	
INTERNAL SERVICE FUND										
Liability Insurance	100,000	0.0287	100,035	104,000	0.0299	104,003	104,000	0.0299	103,482	
TOTAL	\$ 1,647,741	0.4728	\$ 1,647,921	\$ 1,647,675	0.4730	\$ 1,647,741	\$ 1,532,579	0.4402	\$ 1,524,593	
CITY SHARE OF TOWNSHIP ROAD AND BRIDGE			\$ 217,845			\$ 217,762			\$ 216,522	
INCREMENTAL TAX DISTRICT			\$ 236,492			\$ 230,595			\$ 220,717	
ASSESSED VALUATIONS	\$ 348,552,322			\$ 348,418,651			\$ 348,171,597			

**CITY OF WASHINGTON, ILLINOIS
INFORMATION REGARDING WASTEWATER
USER-CHARGE SYSTEM
YEAR ENDED APRIL 30, 2020**

(Unaudited)

The City adopted Ordinance Number 1299 establishing a user-charge system for wastewater system for wastewater treatment on November 7, 1977.

Information required to be disclosed by Section 53.026 of the Ordinance is as follows:

Replacement cost of wastewater facility	Not Available
Total gallons received at the wastewater plant for the year	1,081,530,000
Total gallons of wastewater billed based on the user-charge system for the year	247,820,816
Number of metered users connected to the system at April 30, 2020	5,446
Number of non metered users at April 30, 2020	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*

City Council
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, 2020, 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 September 18, 2020.

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
September 18, 2020