

CITY OF WASHINGTON, ILLINOIS

FINANCIAL STATEMENTS

YEAR ENDED APRIL 30, 2007

TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	3
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	12
Statement of Activities	14
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Statement of Net Assets – Proprietary Funds	21
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Net Assets – Trust and Agency Funds	26
Statement of Changes in Fiduciary Net Assets – Trust Fund	27
Statement of Changes in Assets and Liabilities – All Agency Funds	28
Notes to the Basic Financial Statements	29
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – General and Major Special Revenue Funds	60
Schedule of Funding Progress – Illinois Municipal Retirement Fund (Unaudited)	62
Schedule of Funding Progress-- Police Pension Trust Fund (Unaudited)	63

OTHER SUPPLEMENTARY INFORMATION

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – All Governmental Fund Types	64
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund	66
Combining Balance Sheet – Incremental Tax Fund by Accounts	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Incremental Tax Fund by Accounts	69
Combining Balance Sheet - Nonmajor Governmental Funds	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	72
Combining Statement of Net Assets – Internal Service Funds	76
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds	77
Combining Statement of Cash Flows – Internal Service Funds	78
Combining Schedule of Operating Expenses, Other than Depreciation – Enterprise Funds	79
Schedule of Property Tax Levies, Rates, Collections, and Assessed Valuation	80
Information Regarding Waste Water User-Charge System (Unaudited)	81



INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To the City Council
City of Washington, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Washington, Illinois**, as of and for the year ended April 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general and major special revenue funds, schedule of funding progress – Illinois Municipal Retirement Fund (unaudited) and schedule of funding progress – police pension trust fund (unaudited) on pages 3-11 and 60 - 63, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, schedule of funding progress – Illinois Municipal Retirement Fund (unaudited) and schedule of funding progress – police pension trust fund (unaudited), which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. In our opinion, the schedule of revenues, expenditures and changes in fund balance – budget and actual – general and major special revenue funds is fairly stated, in all material respects, in relation to the basic financial statements from which it has been derived.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Washington, Illinois' basic financial statements. The other supplementary information, as listed in the accompanying table of contents, is presented for additional analysis and is not a required part of the basic financial statements. Such information, on pages 64-80, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information included on page 81 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 on it.

Heindl - Banwait, Ltd.

September 25, 2007

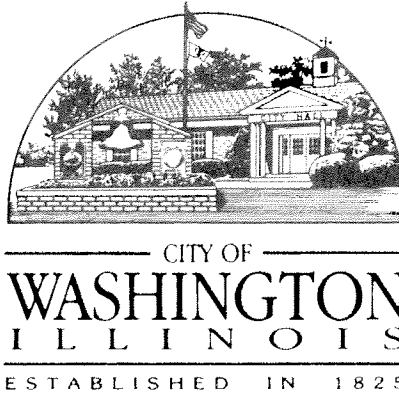
CITY OFFICIALS

Gary W. Manier, *Mayor*

Carol K. Moss, *City Clerk*

Robert E. Gordon, *City Treasurer*

Robert A. Morris, *City Administrator*



ALDERMEN

Bob Brucks, *Ward I*

James A. Newman, *Ward I*

Donald Brubaker, *Ward II*

Todd Clanin, *Ward II*

Alan Howerter, *Ward III*

David Dingleline, *Ward III*

James L. Gee, *Ward IV*

Amanda Shipp, *Ward IV*

MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDING APRIL 30, 2007

The following narrative overview and analysis is provided by the management and staff of the City of Washington, IL to serve as an introduction to and aid in the understanding of the more detailed financial statements which follow. Comparative information for the prior fiscal year 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 Mayor/Council form of government. Other elected positions include a City Clerk and City Treasurer. 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 provides or makes provisions for the delivery of direct services to its residents including, but not limited to, the following: police; fire; water; wastewater; streets; solid waste disposal; 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, accounts payable/receivable and engineering.

The format and content of the financial statements for the fiscal year ending April 30, 2007 reflect modifications first implemented in fiscal year ending April 30, 2005 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 assets of the City of Washington exceeded liabilities at April 30, 2007 by \$40,108,353. Of this amount, \$7,691,615 is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. In the prior year, assets exceeded liabilities by \$36,399,635, of which \$10,606,879 was unrestricted.

- The City's net assets increased by \$3,708,718 or 10 percent during the year. This increase is due to a variety of factors, including but not limited to: an increase in sales tax resulting from an additional .25% home rule sales tax that was effective July 1, 2006, an increase in interest on investments, and additional contributions from developers.
- At April 30, 2007, the governmental funds reported combined fund balances of \$8,853,361, of which \$7,129,808 was unreserved and is available for spending at the City's discretion. In the prior year, the governmental funds combined fund balance was \$6,105,809, of which \$5,702,347 was unreserved.
- The City strives to maintain at least 25% or 3 months operating revenues for cash flow purposes. Additional funds are maintained for unanticipated needs that may occur at any time and in anticipation of major capital projects planned for future years as well.
- Governmental fund balances increased by \$2,747,552 (45.0%) during the year.
- The City's long-term debt totaled \$11,070,583 at fiscal year end. Increases in long-term debt included increases in vested compensated absences and an increase resulting from the General Obligation Bonds, Series 2006 issued for the Washington Area Community Center (WACC). The City continues to meet its debt obligations in a full and timely manner. Total long-term debt as of April 30, 2006 was \$6,130,966.

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 nineteen 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, Illinois Municipal Retirement Fund, and Incremental Tax Fund (TIF) Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report.

The City of Washington adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided.

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) and for fleet and equipment maintenance and replacement (Motor Equipment 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 can be found on pages 29-59 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 assets may serve over time as a useful indicator of a government's financial position. The largest part of the City of Washington's net assets 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 is able to report increased positive balances in all categories of net assets, both for the government as a whole (\$40,108,353 for FYE April 2007 compared to \$36,399,635 for FYE April 2006, a 10% increase), as well as for governmental activities (\$17,325,799 compared to \$17,095,623, a 1.3% increase) and business-type activities (\$22,782,554 compared to \$19,304,012, an 18% 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 of Washington'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 \$8,853,361, an increase of \$2,747,552. The sum of \$7,129,808 is unrestricted.

The general fund is the primary operating fund of the City. Total unreserved fund balances at fiscal year end was \$6,333,322. During the year, expenditures exceeded revenues in the general fund by \$1,732,068. This was due mainly to the expenditures associated with the Washington Area Community Center project. After planned transfers to various other funds, and the bond proceeds and premium, the net increase in fund balances was \$2,618,239.

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 assets in the Waterworks Fund total \$10,584,513 with \$1,965,187 being unrestricted. Net assets increased by \$1,458,208, with \$553,453 attributed to capital contributions from developers during the year ending April 30, 2007. Sewerage Fund net assets total \$12,143,487; \$2,787,369 are unrestricted. Net assets in this fund grew by \$1,985,934, with \$819,975 attributable to capital contributions from developers.

Internal Service Funds include the Employee Benefits Fund (Health Insurance) with net assets of \$213,384 and the Motor Equipment Replacement Fund with net assets of \$1,454,220.

Financial Analysis: Trust and Agency Funds

Total fund balances in Trust and Agency Funds are \$4,869,175 which represents the fund balance of the Police Pension Fund (Pension Trust). These monies are restricted for the payment of pension benefits to sworn officers of the Washington Police Department. As of April 30, 2007, the funding ratio of the Police Pension Fund was 85.0%, a slight increase from the 83.5% funding ratio at FYE April 2006.

Budgetary Highlights

Each of the City's three primary operating funds (General, Water and Sewerage) realized improvements in their respective fund balances for the year ending April 30, 2007. The General Fund balance improved by \$2,618,239; the Water and Sewerage Funds realized increases in net assets of \$1,458,208 and the \$1,985,934, respectively.

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, 2007 was \$34,292,119 (net of accumulated depreciation) compared to \$30,060,441 in the prior year. See Note 3 for further details.

Long-Term Debt

The city's long-term debt totaled \$11,070,583 at April 30, 2007 compared to \$6,130,966 at April 30, 2006. Of this total, \$10,612,583 is backed by the full faith and credit of the City of Washington. Governmental activity debt totaled \$8,194,881. Business-type activity debt (associated with the City's enterprise funds) totaled \$2,875,702.

Debt reductions during the year totaled \$538,237. Additions to long-term debt during the year totaled \$5,477,854 which represents the increase in the vested compensated absences at year end and the additional debt issued in conjunction with the WACC bonds.

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 city is heavily reliant on the following specific sources of revenue: sales tax, income tax and water and sewer user fees. Further diversification of the city's income sources would be highly desirable.

The city's long-term financial health is largely dependent on a growing commercial base offering a wide variety of products and services that both attract economic activity from customers outside of the city limits and reduce the leakage of sales to other Peoria area commercial shopping centers. Sales taxes are influenced by the number, type and variety of retail and service establishments located within the city. The recent expansion of a major retailer has resulted in meaningful growth in sales taxes during the past year. A second major retailer is currently under development as well.

Income taxes are reliant on the health of the economy, statewide. The robust residential development of the city and associated population growth results in increased income tax distributions as well. Unfortunately, these benefits are only realized after official census counts are taken.

The growth of water and sewer user fee revenues also benefit from a growing customer base. The City Council has previously approved automatic annual increases in water and sewer rates of 2.5% or the rate of inflation, whichever is greater, to keep pace with inflation.

While the city's strong residential development generates added income, it also taxes the city's infrastructure and increases demands for other city services. The city's water and sewerage systems have been dramatically affected by such growth. This has caused the City Council to recently implement increased connection and subdivision development fees to defray a portion of the cost of system improvements. Regrettably, residential development, in and of itself, does not typically pay for the resulting cost of services and infrastructure improvements. Expanded commercial activities, particularly those generating sales taxes, are essential to the long-term financial well-being of the city.

Despite an expanding tax base resulting primarily from new residential development, property tax revenue growth is relatively minor. This is the result of the city's extremely low property tax rate that resulted when residents passed the Home Rule referendum. At that time, the city enacted a Home Rule Sales Tax of 1% and cut the property tax rate in half, to \$0.40 per \$100 of assessed valuation.

Lastly, it should be noted that the City enacted a 0.25% home rule sales tax increase during this past fiscal year. This added source of revenue is currently expected to generate \$340,000 annually. All of these monies are earmarked for the repayment of debt associated with the issuance of bonds for the Washington Area Community Center.

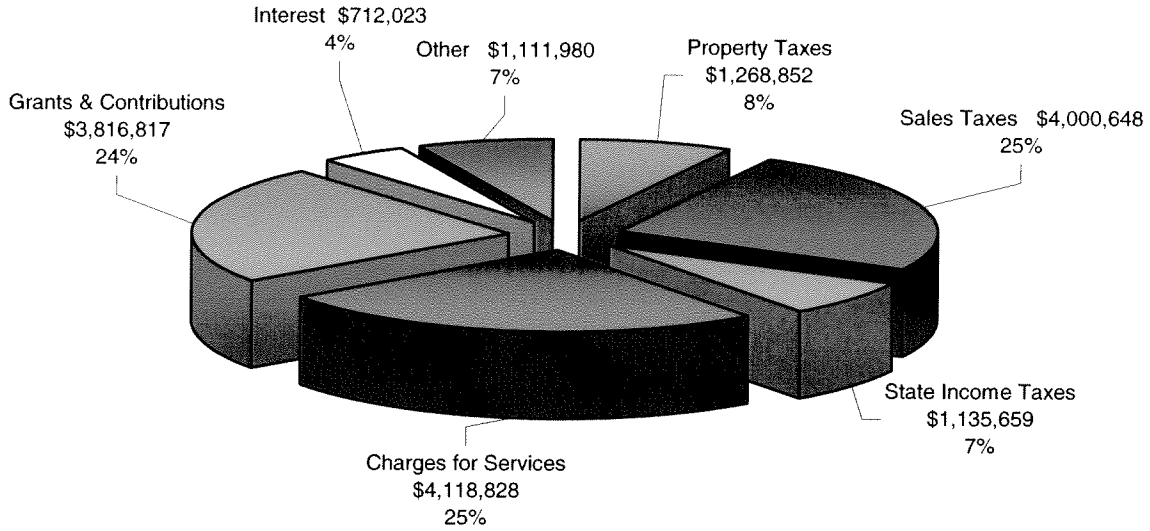
Request for Information

This financial report is designed to provide a general overview of the City of Washington's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Ms. Joanie Baxter, Washington City Controller at City Hall, 115 W. Jefferson Street, Washington, IL, 61571, 309-444-1124, jbaxter@ci.washington.il.us.

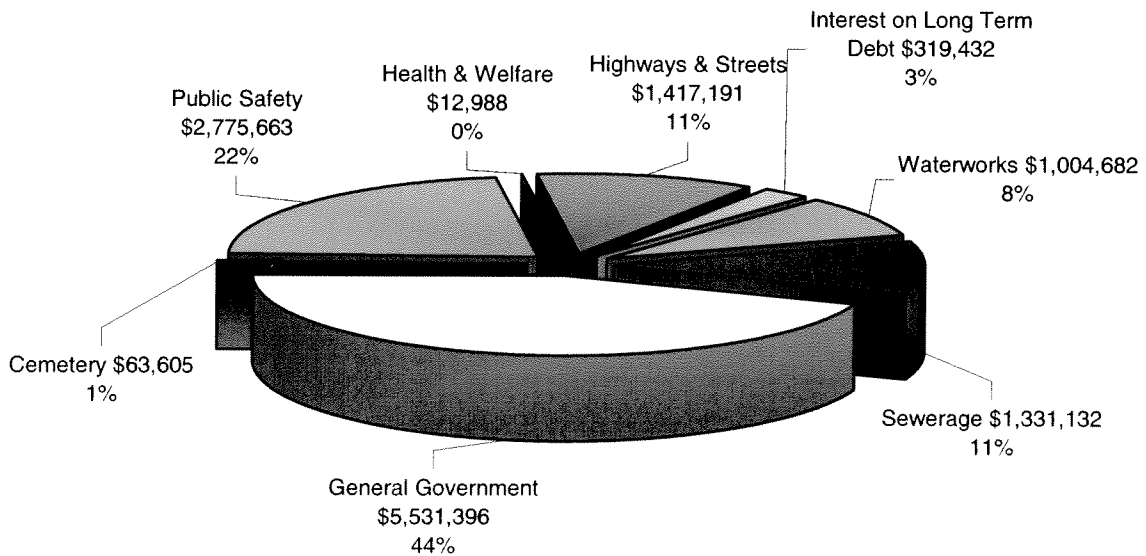
Changes in Net Assets
Year Ended April 30, 2007

	Governmental Activities	Business-Type Activities	Total Reporting Entity
Revenues			
Program Revenues:			
Charges for Services	\$ 484,040	\$ 3,634,788	\$ 4,118,828
Operating Grants and Contributions	231,414	-	231,414
Capital Grant and Contributions	2,196,183	1,389,220	3,585,403
General Revenues:			
Taxes			
Property	1,268,852	-	1,268,852
Replacement	55,446	-	55,446
Sales	4,000,648	-	4,000,648
State income	1,135,659	-	1,135,659
Other local	359,147	-	359,147
Motor fuel	392,554	-	392,554
Interest on investments	506,186	205,837	712,023
Gain on sale of capital assets	7,500	-	7,500
Other	266,549	30,784	297,333
Transfers	(553,727)	553,727	-
Total Revenues	\$ 10,350,451	\$ 5,814,356	\$ 16,164,807
Expenses			
General government	\$ 5,531,396	\$ -	\$ 5,531,396
Public safety	2,775,663	-	2,775,663
Highway and streets	1,417,191	-	1,417,191
Health and welfare	12,988	-	12,988
Cemetery	63,605	-	63,605
Interest on long-term debt	319,432	-	319,432
Waterworks	-	1,004,682	1,004,682
Sewerage	-	1,331,132	1,331,132
Total Expenses	\$ 10,120,275	\$ 2,335,814	\$ 12,456,089
Change in net assets	\$ 230,176	\$ 3,478,542	\$ 3,708,718

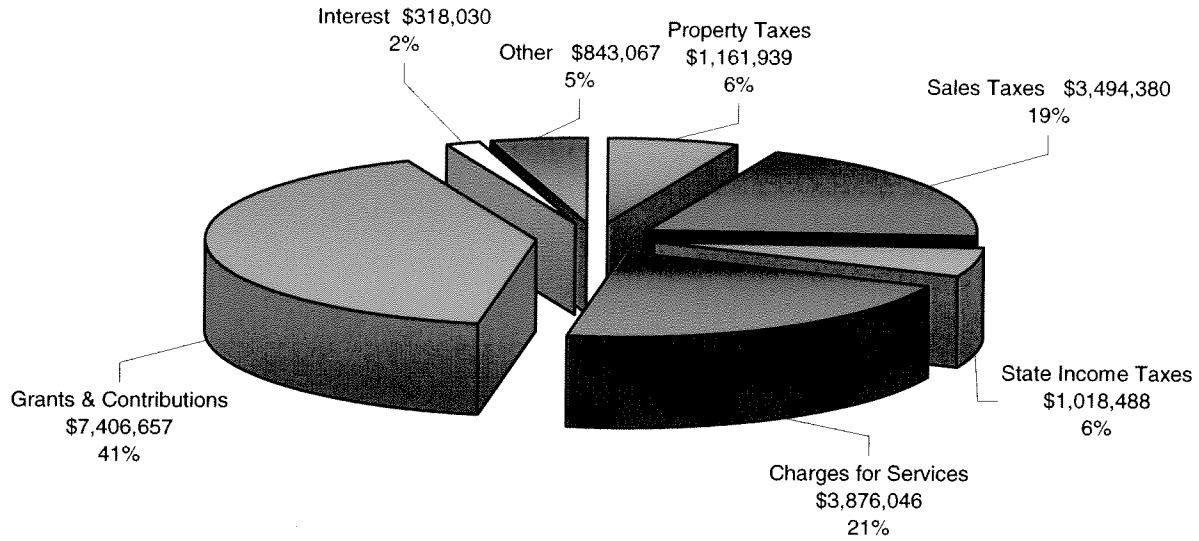
CITY OF WASHINGTON, ILLINOIS
Revenues
(All Activities)
Year Ended April 30, 2007
Total \$16,164,807



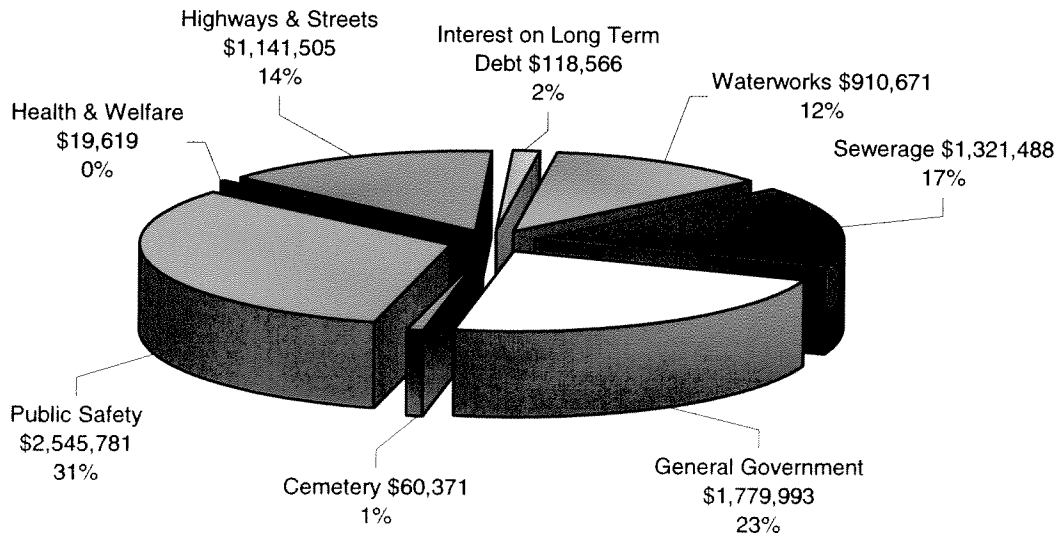
Expenses
(All Activities)
Year Ended April 30, 2007
Total \$12,456,089



CITY OF WASHINGTON, ILLINOIS
Revenues
(All Activities)
Year Ended April 30, 2006
Total \$18,118,607



Expenses
(All Activities)
Year Ended April 30, 2006
Total \$7,897,994



CITY OF WASHINGTON, ILLINOIS
STATEMENT OF NET ASSETS
APRIL 30, 2007

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	2006 (Memorandum Only)
Cash and cash equivalents	\$ 7,597,460	\$ 3,809,727	\$ 11,407,187	\$ 8,786,543
Investments	-	628,921	628,921	493,763
Receivables (net of allowance for uncollectibles)				
Property taxes	1,266,850	-	1,266,850	1,164,298
Other taxes	1,341,697	-	1,341,697	1,169,161
Special assessments	409,154	-	409,154	457,503
Accounts - customers	6,950	23,135	30,085	24,562
Estimated unbilled usage	-	626,727	626,727	578,032
Interest	-	2,618	2,618	4,853
Other	61,162	15,792	76,954	187,154
Internal balances	(108,753)	108,753	-	-
Due from fiduciary funds	-	2,348	2,348	2,275
Prepaid items	103,438	32,000	135,438	116,210
Restricted assets				
Cash and cash equivalents	2,266,476	728,692	2,995,168	867,351
Investments	-	-	-	241,599
Bond costs, net of accumulated amortization	107,378	-	107,378	-
Capital assets not being depreciated	871,979	1,273,045	2,145,024	1,178,075
Capital assets, net of accumulated depreciation	13,356,765	18,790,330	32,147,095	28,882,366
	<u>\$ 27,280,556</u>	<u>\$ 26,042,088</u>	<u>\$ 53,322,644</u>	<u>\$ 44,153,745</u>

See accompanying notes.

LIABILITIES AND NET ASSETS	GOVERNMENTAL BUSINESS-TYPE		TOTAL	2006
	ACTIVITIES	ACTIVITIES		(Memorandum Only)
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,187,119	\$ 153,807	\$ 1,340,926	\$ 1,343,669
Construction retainage payable	541,187	5,250	546,437	56,050
Escrow and customer deposits	-	224,775	224,775	203,325
Deferred revenue	31,570	-	31,570	20,100
Long-term liabilities:				
Due within one year	339,966	256,297	596,263	506,086
Due in more than one year	7,854,915	2,619,405	10,474,320	5,624,880
Total liabilities	9,954,757	3,259,534	13,214,291	7,754,110
NET ASSETS				
Invested in capital assets, net of related debt	12,174,818	17,246,752	29,421,570	24,683,806
Restricted for:				
Debt service	646,619	444,776	1,091,395	576,123
Other purposes	1,619,857	283,916	1,903,773	532,827
Unrestricted	2,884,505	4,807,110	7,691,615	10,606,879
Total net assets	17,325,799	22,782,554	40,108,353	36,399,635
	\$ 27,280,556	\$ 26,042,088	\$ 53,322,644	\$ 44,153,745

**CITY OF WASHINGTON, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2007**

FUNCTION/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	PROGRAM REVENUES	
			OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
General government	\$ 5,531,396	\$ 282,334	\$ 165,416	\$ -
Public safety	2,775,663	124,298	44,121	-
Highways and streets	1,417,191	1,458	21,877	2,196,183
Health and welfare	12,988	-	-	-
Cemetery	63,605	75,950	-	-
Interest on long term debt	319,432	-	-	-
Total governmental activities	10,120,275	484,040	231,414	2,196,183
Business-type activities:				
Waterworks	1,004,682	1,227,619	-	553,453
Sewerage	1,331,132	2,407,169	-	835,767
Total business-type activities	2,335,814	3,634,788	-	1,389,220
TOTAL	\$ 12,456,089	\$ 4,118,828	\$ 231,414	\$ 3,585,403

See accompanying notes.

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

	GOVERNMENTAL	BUSINESS -TYPE		2006
	ACTIVITIES	ACTIVITIES	TOTAL	(Memorandum Only)
\$	(5,083,646)	\$ -	\$ (5,083,646)	\$ (1,258,440)
	(2,607,244)	-	(2,607,244)	(2,350,353)
	802,327	-	802,327	3,229,045
	(12,988)	-	(12,988)	(19,619)
	12,345	-	12,345	28,429
	(319,432)	-	(319,432)	(118,566)
	(7,208,638)	-	(7,208,638)	(489,504)
	-	776,390	776,390	1,336,017
	-	1,911,804	1,911,804	2,538,196
	-	2,688,194	2,688,194	3,874,213
	(7,208,638)	2,688,194	(4,520,444)	3,384,709
General Revenues				
Taxes:				
Property	1,268,852	-	1,268,852	1,161,939
Replacement	55,446	-	55,446	50,027
Sales	4,000,648	-	4,000,648	3,494,380
State income	1,135,659	-	1,135,659	1,018,488
Other local	359,147	-	359,147	115,581
Motor fuel	392,554	-	392,554	390,577
Interest on investments	506,186	205,837	712,023	318,030
Gain on sale of capital assets	7,500	-	7,500	26,883
Other	266,549	30,784	297,333	259,999
Transfers	(553,727)	553,727	-	-
Total general revenues and transfers	7,438,814	790,348	8,229,162	6,835,904
Change in net assets	230,176	3,478,542	3,708,718	10,220,613
NET ASSETS - BEGINNING	17,095,623	19,304,012	36,399,635	26,179,022
NET ASSETS - ENDING	\$ 17,325,799	\$ 22,782,554	\$ 40,108,353	\$ 36,399,635

**CITY OF WASHINGTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2007**

	General	Illinois Municipal Retirement	Incremental Tax	Cruger Road Improvement	Other	Total	2006 (Memorandum Only)
ASSETS							
Cash and cash equivalents	\$ 4,153,325	\$ 240,422	\$ 1,383,918	\$ -	\$ 726,021	\$ 6,503,686	\$ 5,295,021
Receivables (net of allowance for uncollectibles)							
Property taxes	444,439	353,364	373,061	-	95,986	1,266,850	1,164,298
Other taxes	1,341,697	-	-	-	-	1,341,697	1,169,161
Special assessments	-	-	-	-	53,982	53,982	54,192
Accounts-customers	-	-	-	-	6,950	6,950	3,800
Other	20,226	-	-	-	-	20,226	148,374
Due from other funds	51,182	-	-	-	201	51,383	46,338
Due from other governments	-	-	-	-	31,286	31,286	30,172
Prepaid items	56,590	-	-	-	43,532	100,122	91,248
Restricted assets							
Cash and cash equivalents	1,723,553	-	-	-	542,923	2,266,476	303,462
Investments	-	-	-	-	-	-	100,000
	<u>\$ 7,791,012</u>	<u>\$ 593,786</u>	<u>\$ 1,756,979</u>	<u>\$ -</u>	<u>\$ 1,500,881</u>	<u>\$ 11,642,658</u>	<u>\$ 8,406,066</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2007**

	General	Illinois Municipal Retirement	Incremental Tax	Other	Total	2006 (Memorandum Only)
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 494,964	\$ 21,835	\$ 279,069	\$ 4,762	\$ 800,630	\$ 965,361
Construction retainage payable	482,516	-	58,671	-	541,187	53,300
Due to other funds	4,201	95,132	1,588	-	100,921	38,329
Deferred revenue	476,009	353,364	373,061	144,125	1,346,559	1,243,267
Total liabilities	1,457,690	470,331	712,389	148,887	2,789,297	2,300,257
Fund balances						
Reserved for drug enforcement	2,224	-	-	-	2,224	600
Reserved for alcohol enforcement	6,962	-	-	-	6,962	3,512
Reserved for police fundraiser	82	-	-	-	82	1,902
Reserved for police DARE	5,724	-	-	-	5,724	11,508
Reserved for road improvement	123,371	-	-	-	123,371	105,445
Reserved for economic development	-	-	-	-	-	100,000
Reserved for police vehicle seizure	33,687	-	-	-	33,687	11,560
Reserved for police vehicle seizure forfeiture	33,985	-	-	-	33,985	48,381
Reserved for automatic external defibrillator	-	-	-	-	-	512
Reserved for bond debt service	103,696	-	-	-	103,696	120,042
Reserved for other	1,413,822	-	-	-	1,413,822	-
Unreserved	4,609,769	123,455	1,044,590	1,351,994	7,129,808	5,702,347
Total fund balances	6,333,322	123,455	1,044,590	1,351,994	8,853,361	6,105,809
	<u>\$ 7,791,012</u>	<u>\$ 593,786</u>	<u>\$ 1,756,979</u>	<u>\$ 1,500,881</u>	<u>\$ 11,642,658</u>	<u>\$ 8,406,066</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2007**

RECONCILIATION TO STATEMENT OF NET ASSETS

Total fund balances - governmental funds	\$ 8,853,361
Capital assets used in governmental activities of \$15,070,280, net of accumulated depreciation of \$1,531,906 are not financial resources and, therefore, are not reported in the governmental funds.	13,538,374
Property taxes are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,314,989
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 Assets.	1,613,050
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(8,456,525)
Special assessment capital debt obligations are recorded as capital debt proceeds in the governmental funds, but the proceeds create current and long-term receivables and long-term liabilities in the Statement of Net Assets.	355,172
Bond costs of \$112,259, net of accumulated amortization of \$4,881 are recorded as expenditures in the governmental funds, but the cost creates a capitalizable asset which must be expensed over the life of the bond.	<u>107,378</u>
Net assets of governmental activities.	<u><u>\$ 17,325,799</u></u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2007

	General	Illinois Municipal Retirement	Incremental Tax	Other	Total	2006 (Memorandum Only)
REVENUES						
Property taxes	\$ 384,823	\$ 326,480	\$ 360,070	\$ 143,066	\$ 1,214,439	\$ 1,148,663
Licenses and permits	288,304	-	-	-	288,304	299,215
Intergovernmental	5,535,595	15,305	-	392,554	5,943,454	5,358,913
Grant proceeds	201,974	-	-	-	201,974	234,584
Charges for services	59,947	-	-	75,950	135,897	104,277
Fines and forfeitures	150,832	-	-	-	150,832	126,963
Special projects	105,769	-	-	-	105,769	115,313
Interest	346,626	9,775	75,635	46,374	478,410	192,010
Special assessments	-	-	-	5,843	5,843	7,471
Other	64,089	-	-	28,212	92,301	97,539
	7,137,959	351,560	435,705	691,999	8,617,223	7,684,948
EXPENDITURES						
Current						
General government	5,025,682	390,948	114,684	95,092	5,626,406	1,828,224
Public safety	2,759,585	-	-	9,380	2,768,965	2,535,813
Highways and streets	962,970	-	-	20,601	983,571	866,509
Health and welfare	12,988	-	-	-	12,988	19,619
Cemetery	-	-	-	57,525	57,525	53,788
Capital outlay	108,802	-	-	790,559	899,361	972,414
Debt service						
Principal	-	-	-	285,172	285,172	270,580
Interest	-	-	-	110,121	110,121	117,970
	8,870,027	390,948	114,684	1,368,450	10,744,109	6,664,917
Excess (deficiency) of revenues over expenditures	(1,732,068)	(39,388)	321,021	(676,451)	(2,126,886)	1,020,031
OTHER FINANCING SOURCES (USES)						
Transfers in	19,096	67,000	-	1,190,041	1,276,137	536,247
Transfers out	(1,096,954)	-	(606,036)	(126,874)	(1,829,864)	(511,412)
Bond issuance	5,000,000	-	-	-	5,000,000	-
Bond premium	428,165	-	-	-	428,165	-
Total other financing sources (uses)	4,350,307	67,000	(606,036)	1,063,167	4,874,438	24,835
Net change in fund balances	2,618,239	27,612	(285,015)	386,716	2,747,552	1,044,866
FUND BALANCES, BEGINNING OF YEAR, RESTATED	3,715,083	95,843	1,329,605	965,278	6,105,809	5,060,943
FUND BALANCES, END OF YEAR	\$ 6,333,322	\$ 123,455	\$ 1,044,590	\$ 1,351,994	\$ 8,853,361	\$ 6,105,809

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2007

RECONCILIATION TO STATEMENT OF ACTIVITIES

Net change in fund balances - governmental funds	\$ 2,747,552
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities	
Capital asset purchases capitalized	899,361
Depreciation expense	<u>(543,772)</u>
	355,589
Capital contributions made to the City that are not recorded as proceeds in the governmental fund, but are reported in the Statement of Activities.	2,190,550
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Capital debt obligation principal payments	285,172
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	43,681
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.	(260,320)
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.	156,588
Bond costs of \$112,259, net of accumulated amortization of \$4,881 are recorded as expenditures in the governmental funds, but the costs create a capitalizable asset which must be expensed over the life of the bond.	107,378
Issuance of capital debt obligation is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Assets	
Capital debt proceeds	(5,000,000)
Capital debt premium	<u>(396,014)</u>
	<u>(2,517,376)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 230,176</u></u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
APRIL 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2006 (Memorandum Only)
ASSETS	Waterworks	Sewerage	Total		
Current assets					
Cash and cash equivalents	\$ 1,691,773	\$ 2,117,954	\$ 3,809,727	\$ 1,093,774	\$ 3,491,522
Investments	243,236	385,685	628,921	-	493,763
Receivables (net of allowance for uncollectibles)					
Accounts - customers	4,607	18,528	23,135	-	20,762
Estimated unbilled usage	232,685	394,042	626,727	-	578,032
Interest	691	1,927	2,618	-	4,853
Other	-	15,792	15,792	9,650	8,608
Due from other funds	55,015	39,348	94,363	-	32,082
Prepaid items	13,926	18,074	32,000	3,316	24,962
Restricted assets					
Cash and cash equivalents	8,494	720,198	728,692	-	563,889
Investments	-	-	-	-	141,599
Total current assets	2,250,427	3,711,548	5,961,975	1,106,740	5,360,072
Capital assets, net of accumulated depreciation	8,693,537	11,369,838	20,063,375	690,370	19,068,206
Total assets	\$ 10,943,964	\$ 15,081,386	\$ 26,025,350	\$ 1,797,110	\$ 24,428,278

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
APRIL 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2006 (Memorandum Only)
	Waterworks	Sewerage	Total		
LIABILITIES AND NET ASSETS					
Current liabilities					
Current maturities of long term debt	\$ 7,480	\$ 219,075	\$ 226,555	\$ -	\$ 220,915
Accounts payable and accrued liabilities	17,508	136,299	153,807	122,070	329,775
Accrued compensated absences	9,648	20,094	29,742	1,504	39,285
Retainage payable	5,250	-	5,250	-	2,750
Due to other funds	-	37,816	37,816	4,661	37,816
Customer deposits	224,775	-	224,775	-	203,325
Total current liabilities	264,661	413,284	677,945	128,235	833,866
Noncurrent liabilities					
Accrued compensated absences	19,565	9,772	29,337	1,271	17,315
IEPA loan payable, net of current maturities	-	1,744,468	1,744,468	-	1,892,943
Bonds payable, net of current maturities	75,225	770,375	845,600	-	923,680
Total noncurrent liabilities	94,790	2,524,615	2,619,405	1,271	2,833,938
Total liabilities	359,451	2,937,899	3,297,350	129,506	3,667,804
Net assets					
Invested in capital assets, net of related debt	8,610,832	8,635,920	17,246,752	690,370	16,030,668
Restricted for:					
IEPA loan debt service	-	379,802	379,802	-	345,190
Bond debt service	8,494	56,480	64,974	-	110,891
Other	-	283,916	283,916	-	249,407
Unrestricted	1,965,187	2,787,369	4,752,556	977,234	4,024,318
Total net assets	10,584,513	12,143,487	22,728,000	1,667,604	20,760,474
	<u>\$ 10,943,964</u>	<u>\$ 15,081,386</u>		<u>\$ 1,797,110</u>	<u>\$ 24,428,278</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>54,554</u>		
Net assets of business-type activities			<u>\$ 22,782,554</u>		

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2006 (Memorandum Only)
	Waterworks	Sewerage	Total		
OPERATING REVENUES					
Metered sales	\$ 950,557	\$ 1,393,283	\$ 2,343,840	\$ -	\$ 2,188,205
Charges for services	277,062	1,013,886	1,290,948	1,165,663	2,179,082
Employee contributions	-	-	-	60,313	54,927
Other	9,387	1,849	11,236	19,912	17,003
	<u>1,237,006</u>	<u>2,409,018</u>	<u>3,646,024</u>	<u>1,245,888</u>	<u>4,439,217</u>
OPERATING EXPENSES					
General and administrative	-	-	-	21,677	12,156
Personal services	381,161	437,674	818,835	743,772	1,455,890
Heat, light, and power	111,449	166,858	278,307	-	239,314
Materials and supplies	98,653	15,535	114,188	113,958	214,146
Other services and charges	145,740	200,490	346,230	66,768	392,425
Depreciation	279,620	430,368	709,988	144,003	810,427
	<u>1,016,623</u>	<u>1,250,925</u>	<u>2,267,548</u>	<u>1,090,178</u>	<u>3,124,358</u>
Operating income	<u>220,383</u>	<u>1,158,093</u>	<u>1,378,476</u>	<u>155,710</u>	<u>1,314,859</u>
NONOPERATING (REVENUES) EXPENSES					
Interest income	(75,140)	(130,697)	(205,837)	(27,778)	(126,023)
Rental income	(19,548)	-	(19,548)	-	-
Interest and fiscal agent fee expense	3,958	98,708	102,666	-	110,379
Grant proceeds	-	(15,792)	(15,792)	-	-
Gain on sale of equipment	-	-	-	(7,500)	(26,883)
	<u>(90,730)</u>	<u>(47,781)</u>	<u>(138,511)</u>	<u>(35,278)</u>	<u>(42,527)</u>
Net income before capital contributions and transfers	311,113	1,205,874	1,516,987	190,988	1,357,386
CAPITAL CONTRIBUTIONS FROM DEVELOPERS	553,453	819,975	1,373,428	-	2,774,800
TRANSFERS IN (OUT), NET	593,642	(39,915)	553,727	-	(24,835)
Change in net assets	1,458,208	1,985,934	3,444,142	190,988	4,107,351
TOTAL NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>9,126,305</u>	<u>10,157,553</u>		<u>1,476,616</u>	<u>16,653,123</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 10,584,513</u>	<u>\$ 12,143,487</u>		<u>\$ 1,667,604</u>	<u>\$ 20,760,474</u>
RECONCILIATION TO STATEMENT OF ACTIVITIES:					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>34,400</u>		
Change in net assets of business-type activities			<u>\$ 3,478,542</u>		

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2007**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2006 (Memorandum Only)
	Waterworks	Sewerage	Total		
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 1,219,264	\$ 2,375,692	\$ 3,594,956	\$ 750,446	\$ 4,091,373
Receipts from interfund services provided	-	-	-	494,400	373,195
Payments to suppliers	(640,642)	(385,427)	(1,026,069)	(811,734)	(1,385,077)
Payments to employees	(378,105)	(433,238)	(811,343)	(66,238)	(850,477)
Receipt of utility customer deposits	33,226	-	33,226	-	65,800
Refunds of utility customer deposits	(11,776)	-	(11,776)	-	(35,075)
Net cash provided by operating activities	221,967	1,557,027	1,778,994	366,874	2,259,739
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Advances to other funds	(30,610)	(37,073)	(67,683)	10,063	(955)
Transfers from (to) other funds	593,642	(39,915)	553,727	-	(24,835)
Net cash provided by (used in) noncapital and related financing activities	563,032	(76,988)	486,044	10,063	(25,790)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(481,258)	(362,531)	(843,789)	(164,941)	(856,233)
Proceeds from sale of equipment	-	-	-	7,500	39,354
Principal paid on bond and loan maturities	(7,480)	(213,435)	(220,915)	-	(215,874)
Interest paid on bonds and loans	(4,106)	(100,771)	(104,877)	-	(112,552)
Net cash used in capital and related financing activities	(492,844)	(676,737)	(1,169,581)	(157,441)	(1,145,305)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	75,804	132,268	208,072	27,778	121,742
Rental income received	19,548	-	19,548	-	-
Proceeds from sale/maturity of investments	200,000	102,329	302,329	-	337,740
Purchase of investments	(202,291)	(93,607)	(295,898)	-	(346,874)
Net cash provided by investing activities	93,061	140,990	234,051	27,778	112,608
NET CHANGE IN CASH AND CASH EQUIVALENTS	385,216	944,292	1,329,508	247,274	1,201,252
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,315,051	1,893,860	3,208,911	846,500	2,854,159
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,700,267</u>	<u>\$ 2,838,152</u>	<u>\$ 4,538,419</u>	<u>\$ 1,093,774</u>	<u>\$ 4,055,411</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED APRIL 30, 2007**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2006 (Memorandum Only)
	Waterworks	Sewerage	Total		
Reconciliation of operating income to net cash provided by operating activities:					
Operating income	\$ 220,383	\$ 1,158,093	\$ 1,378,476	\$ 155,710	\$ 1,314,859
Adjustments to reconcile operating income to net cash provided by operating activities					
Depreciation	279,620	430,368	709,988	144,003	810,427
Increase in usage receivable	(18,524)	(30,171)	(48,695)	-	(7,728)
(Increase) decrease in other receivables	782	(3,155)	(2,373)	(1,042)	33,079
(Increase) decrease in prepaid items	(4,168)	(5,336)	(9,504)	(850)	403
Increase (decrease) in accounts payable and accrued liabilities	(281,801)	4,145	(277,656)	69,878	75,052
Increase (decrease) in accrued compensated absences	1,725	3,083	4,808	(825)	5,172
Increase (decrease) in retainage payable	2,500	-	2,500	-	(2,250)
Increase in customer deposits	21,450	-	21,450	-	30,725
 Net cash provided by operating activities	 \$ 221,967	 \$ 1,557,027	 \$ 1,778,994	 \$ 366,874	 \$ 2,259,739

SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED ACTIVITIES

In fiscal year 2007 , the Waterworks fund and the Sewerage fund received contributed property and equipment from developers of \$553,453 and \$819,975, respectively.

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Waterworks	Sewerage	Total	
Cash and cash equivalents	\$ 1,691,773	\$ 2,117,954	\$ 3,809,727	\$ 1,093,774
Restricted cash and cash equivalents	8,494	720,198	728,692	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,700,267	\$ 2,838,152	\$ 4,538,419	\$ 1,093,774

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
APRIL 30, 2007**

	<u>Pension Trust</u>	<u>Agency</u>				<u>2006</u>
	<u>Police</u>	<u>Escrow</u>	<u>Special</u>	<u>Emergency</u>	<u>Total</u>	<u>(Memorandum</u>
	<u>Pension</u>		<u>Assessment</u>	<u>Assistance</u>		<u>Only)</u>
			<u>Collection</u>	<u>Fund</u>		
ASSETS						
Cash and cash equivalents	\$ 158,449	\$ 4,526	\$ -	\$ 398	\$ 163,373	\$ 234,535
Investments	4,583,339	-	-	-	4,583,339	4,213,771
Receivables (net of allowance for uncollectibles)						
Employer contribution	116,077	-	-	-	116,077	117,790
Interest	11,362	-	-	-	11,362	9,331
Other	-	-	2,348	-	2,348	2,275
	<u>\$ 4,869,227</u>	<u>\$ 4,526</u>	<u>\$ 2,348</u>	<u>\$ 398</u>	<u>4,876,499</u>	<u>\$ 4,577,702</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 52	\$ -	\$ -	\$ -	\$ 52	\$ 1,893
Escrow deposits	-	4,526	-	-	4,526	4,526
Due to other associations	-	-	-	398	398	-
Due to other funds	-	-	2,348	-	2,348	2,275
Total liabilities	<u>52</u>	<u>4,526</u>	<u>2,348</u>	<u>398</u>	<u>7,324</u>	<u>8,694</u>
Fund balances						
Reserved for police pension benefits	4,869,175	-	-	-	4,869,175	4,569,008
Total fund balances	<u>4,869,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,869,175</u>	<u>4,569,008</u>
	<u>\$ 4,869,227</u>	<u>\$ 4,526</u>	<u>\$ 2,348</u>	<u>\$ 398</u>	<u>\$ 4,876,499</u>	<u>\$ 4,577,702</u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
TRUST FUND
YEAR ENDED APRIL 30, 2007

	<u>Pension Trust</u>		<u>2006</u> (Memorandum Only)
	<u>Police Pension</u>		
Additions			
Contributions			
Plan members' contributions	\$ 79,531	\$	79,791
Employer contributions	121,431		122,100
Transfer of creditable service	-		31,309
Investment earnings			
Investment income	167,112		144,457
Net gain in fair value of investments	186,233		325,412
	<u>554,307</u>		<u>703,069</u>
Deductions			
Benefits paid	194,277		192,067
Administrative expenses	59,863		46,336
	<u>254,140</u>		<u>238,403</u>
Change in net assets	300,167		464,666
Net assets			
Beginning of year, restated	4,569,008		4,104,342
End of year	<u>\$ 4,869,175</u>	\$	<u>4,569,008</u>

See accompanying notes.

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED APRIL 30, 2007

	Balance			Balance		
	April 30, 2006	Additions	Deductions	April 30, 2007		
ESCROW FUND						
ASSETS						
Cash	\$ 4,526	\$ 27	\$ 27	\$ 4,526		
LIABILITIES						
Escrow deposits	\$ 4,526	\$ 27	\$ 27	\$ 4,526		
SPECIAL ASSESSMENT COLLECTION FUND						
ASSETS						
Cash	\$ -	\$ 459	\$ 459	\$ -		
Due from property owners	2,275	532	459	2,348		
	\$ 2,275	\$ 991	\$ 918	\$ 2,348		
LIABILITIES						
Due to other funds	\$ 2,275	\$ 532	\$ 459	\$ 2,348		
POLICE BOND REMITTANCE FUND						
ASSETS						
Cash	\$ -	\$ 26,830	\$ 26,830	\$ -		
LIABILITIES						
Due to other governmental entities	\$ -	\$ 26,830	\$ 26,830	\$ -		
EMERGENCY ASSISTANCE FUND						
ASSETS						
Cash	\$ -	\$ 500	\$ 102	\$ 398		
LIABILITIES						
Due to Washington Ministerial Association	\$ -	\$ 500	\$ 102	\$ 398		
TOTAL - ALL AGENCY FUNDS						
ASSETS						
Cash	\$ 4,526	\$ 27,816	\$ 27,418	\$ 4,924		
Due from property owners	2,275	532	459	2,348		
	\$ 6,801	\$ 28,348	\$ 27,877	\$ 7,272		
LIABILITIES						
Due to other funds	\$ 2,275	\$ 532	\$ 459	\$ 2,348		
Due to other governmental entities	-	26,830	26,830	-		
Due to Washington Ministerial Association	-	500	102	398		
Escrow deposits	4,526	27	27	4,526		
	\$ 6,801	\$ 27,889	\$ 27,418	\$ 7,272		

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

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The statement established a new reporting model for governments that is substantially different from prior reporting standards. The new reporting model includes the following segments:

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 Assets 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 – Budgetary comparison schedules are 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:

Automated External Defibrillator Fund – Accounts for donations used to purchase and maintain automated external defibrillators for use in the police department.

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

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

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

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

Illinois Municipal Retirement Fund – Accounts for the expenditures related to the City’s participation in the Illinois Municipal Retirement Fund system. The Illinois Municipal Retirement Fund is reported as a major fund.

Incremental Tax Fund – Accounts for the revenue and expenditures related to tax increment designated areas within the City. The Incremental Tax Fund is reported as a major fund.

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

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

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:

South Wood Street Fund – Accounts for the accumulation of resources for and the payment of general obligation bond principal, interest, and related costs for projects in the South Wood Street area.

Kern Road Fund – Accounts for the accumulation of resources for and the payment of general obligation bond principal, interest, and related costs for projects in the Kern Road area.

Cruger Road Fund – Accounts for the accumulation of resources for and the payment of general obligation bond principal, interest, and related costs for projects in the Cruger Road area.

South Cummings Lane Fund – Accounts for the accumulation of resources for and the payment of general obligation bond principal, interest, and related costs for projects in the South Cummings Lane area.

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

Washington 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.

Capital Projects Funds – 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 funds:

Cruger Road Improvement Fund – To account for the reconstruction of Cruger Road.

South Cummings Lane Improvement Fund – To account for the reconstruction of South Cummings Lane.

Mallard Crossing Improvement Fund – To account for the improvements of Mallard Crossing Special Service Area.

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 self-insured health plan. The purpose of the Fund is to pay medical claims of the City's employees and their covered dependents and to minimize the total cost of the annual insurance to the City.

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.

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:

Escrow Fund – To account for the assets and liabilities related to potential real estate development.

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 assets and liabilities related to aid for transient individuals.

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 Assets 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 assets (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 assets.

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 17, 2006. An amended budget was passed on April 16, 2007.

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 deposits or short term investments with an original maturity of three months or less.

The Illinois Funds Money Market Fund is a money market fund created in 1975 by the Illinois General Assembly. The Fund is administered by the Illinois State Treasurer. The City maintains a separate investment account representing a proportionate share of the Fund assets and its respective collateral; therefore, no collateral is identified with the City's account. The Fund's audit report is available through the Illinois State Treasurer's office.

G. Investments

Investments classified in the financial statements consist of certificates of deposit whose original maturity exceeds three months and Police Pension Trust Fund investments, including federal agency notes, mutual funds, certificates of deposit and annuities. 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, 2007 was passed December 19, 2005. Due dates, by statute, are June 1 and September 1 of the following year. Generally, collections of tax monies are made within 30 to 60 days of the due dates.

I. Prepaid Items

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

J. Restricted Assets

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

K. Capital Assets

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

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Assets. 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 Assets. 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:

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

Fund Financial Statements

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

L. Compensated Absences

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

The City's vacation policy allows each regular full-time employee assigned to a position classification of a range lower than 90 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 assigned to a position classification of a range 90 or above earns two weeks of vacation after one year of service and up to five years of service, three weeks of vacation from five to ten years of service, four weeks of vacation from eleven to fifteen years of service, and five weeks of vacation for sixteen and more years of service. For employees with up to 15 years of service, up to one week of vacation may be carried over to the following year. Employees with 15 or more years of service may carry two weeks of vacation over to the following year. Upon termination, an employee is entitled to be paid for any vested vacation from the prior year and a prorated share of the current year's vacation.

As of April 30, 2007, the liability for vested employee sick leave and vacation compensation for City employees totals \$383,557.

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 Debt

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 assets.

Long term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

O. Equity Classification

Government-Wide Statements

Equity is classified as net assets 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 assets - Net assets with constraints placed on their use by external groups or by law through constitutional provisions or enabling legislation.
- (3) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Restricted net assets for the governmental activities include the fund balance reservations mentioned below.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund equity in the General Fund in the amount of \$82,664 is reserved for drug and alcohol enforcement, police fundraising, education, vehicle seizures and miscellaneous purposes. Fund equity in the amount of \$123,371 is reserved for roadway improvements. Fund equity in the amount of \$1,413,822 is reserved for construction projects. Fund equity in the Enterprise Funds in the amount of \$238,916 is reserved for sewer system construction.

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

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

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 a grant from Illinois Department of Commerce and Economic Opportunity

Public Safety - Fine revenue, reimbursement for school activities, specific donations, and grants from the U.S Departments of Justice and Transportation and the Illinois Liquor Control Commission

Highways and Streets - Reimbursements and grants received from the Illinois Department of Transportation

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 Assets, 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. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2. CASH AND INVESTMENTS

Governmental Accounting Standards Board Statement No. 40 “*Deposit and Investment Risk Disclosures*” established and modified disclosure requirements related to investment and deposit risks effective for the City as of April 30, 2006. 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. The disclosure as required under GASB 40 for April 30, 2007 is presented as follows.

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, 2007 consisted of deposits with financial institutions and the Illinois Funds Money Market Fund. The Illinois Funds have a credit rating of AAAM, by an independent rating agency, indicating a strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and liquidity risks. The Illinois Funds Money Market Funds have weighted average days to maturity of 2 days.

The monies invested in the Illinois Funds by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. In addition, 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.

At April 30, 2007, all the City's deposits, excluding \$500 in cash on hand, were covered by federal depository insurance, by collateral held by the financial institution's trust department or agent in the City's name, or invested in Illinois Funds Money Market Fund.

The following is a reconciliation of cash and cash equivalents at April 30, 2007:

	<u>Carrying Amount</u>
Illinois Funds	\$ 12,840,180
Money market funds	1,311,960
Checking and savings	413,088
Cash on hand	<u>500</u>
Total cash and cash equivalents	<u>\$ 14,565,728</u>

The deposits are reflected on the financial statements at April 30, 2007 as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 11,407,187
Restricted assets – cash and cash equivalents	2,995,168
Statement of fiduciary net assets:	
Cash and cash equivalents	<u>163,373</u>
	<u>\$ 14,565,728</u>

Investments

As of April 30, 2007, 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	\$ 628,921	N/A	0.58
Fiduciary Fund			
Certificates of deposit	\$ 2,220,872	N/A	3.12
Federal agency notes	242,446	AAA	6.19
Mutual funds-equities	787,295	N/A	N/A
Mutual funds-diversified	175,235	AA	10.17
Annuities-equities	867,925	N/A	N/A
Annuities-diversified	289,566	AA	8.01
Total Fiduciary Fund investments	4,583,339		
Total Investments	\$ 5,212,260		

(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. Investments are insured by FDIC insurance or collateralized with securities held by the City or its agent in the City's name.

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, 2007 are as follows:

Heartland Bank Certificate of Deposit	\$ 283,916
Morton Community Bank Certificate of Deposit	319,286
Morton Community Bank Certificate of Deposit	270,000

NOTE 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended April 30, 2007 was as follows:

	<u>Balance</u> <u>May 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2007</u>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 745,515	\$ -	\$ -	\$ 745,515
Construction in process	82,273	49,706	5,515	126,464
Total capital assets not being depreciated	827,788	49,706	5,515	871,979
Other capital assets:				
Land improvements	136,779	-	-	136,779
Buildings	1,571,206	7,049	-	1,578,255
Infrastructure	9,071,673	2,939,109	-	12,010,782
Equipment and vehicles	1,954,267	264,503	34,767	2,184,003
Total other capital assets	12,733,925	3,210,661	34,767	15,909,819
Less accumulated depreciation for:				
Land improvements	61,778	5,385	-	67,163
Buildings	528,833	31,312	-	560,145
Infrastructure	295,426	471,857	-	767,283
Equipment and vehicles	1,014,009	179,221	34,767	1,158,463
Total accumulated depreciation	1,900,046	687,775	34,767	2,553,054
Other capital assets, net	10,833,879	2,522,886	-	13,356,765
Governmental activities, net	\$ 11,661,667	\$ 2,572,592	\$ 5,515	\$ 14,228,744

	<u>Balance May 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2007</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 204,676	\$ -	\$ -	\$ 204,676
Construction in process	145,611	970,456	47,698	1,068,369
Total capital assets not being depreciated	350,287	970,456	47,698	1,273,045
Other capital assets:				
Water system	9,522,873	734,693	-	10,257,566
Sewer system	16,553,754	970,435	258,147	17,266,042
Equipment	570,332	4,850	-	575,182
Total other capital assets	26,646,959	1,709,978	258,147	28,098,790
Less accumulated depreciation for:				
Water system	2,114,233	248,715	-	2,362,948
Sewer system	6,153,237	418,248	-	6,571,485
Equipment	331,002	43,025	-	374,027
Total accumulated depreciation	8,598,472	709,988	-	9,308,460
Other capital assets, net	18,048,487	999,990	258,147	18,790,330
Business- type activities, net	<u>\$ 18,398,774</u>	<u>\$1,970,446</u>	<u>\$ 305,845</u>	<u>\$ 20,063,375</u>

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

Governmental Activities:

General government	\$ 14,453
Public safety	40,885
Highways and streets	478,486
Health and welfare	3,182
Cemetery	6,766
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>144,003</u>

Total depreciation expense for governmental activities	<u>\$ 687,775</u>
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Business-Type Activities:

Water	\$ 279,620
Sewer	<u>430,368</u>

Total depreciation expense for business-type activities	<u>\$ 709,988</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, 2007 are as follows:

	<u>Balance</u> <u>May 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2007</u>	<u>Amount</u> <u>Due In</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds:					
Special Assessment Bonds,					
Series 1997	\$ 25,370	\$ -	\$ 25,370	\$ -	\$ -
Special Assessment Bonds,					
Series 2005	483,000	-	25,000	458,000	26,000
Alternate Revenue Source,					
Series 1998	385,047	-	122,441	262,606	128,257
Alternate Revenue Source,					
Series 2002**	721,480	-	59,840	661,640	59,840
Alternate Revenue Source,					
Series 2002B**	724,200	-	52,520	671,680	54,080
General Obligation Bonds,					
Series 2006	-	5,428,165	32,151	5,396,014	-
Vested compensated					
absences	284,291	40,187	-	324,478	71,789
Unfunded pension					
contribution	415,769	4,694	-	420,463	-
Total Governmental					
Activities	\$ 3,039,157	\$ 5,473,046	\$ 317,322	\$ 8,194,881	\$ 339,966
Business-Type Activities:					
General obligation bonds:					
Alternate Revenue Source,					
Series 2002**	\$ 339,520	\$ -	\$ 28,160	\$ 311,360	\$ 28,160
Alternate Revenue Source,					
Series 2002B**	660,800	-	48,480	612,320	49,920
Illinois Environmental					
Protection Agency Loan	2,037,218	-	144,275	1,892,943	148,475
Vested compensated					
absences	54,271	4,808	-	59,079	29,742
Total Business-Type					
Activities	\$ 3,091,809	\$ 4,808	\$ 220,915	\$ 2,875,702	\$ 256,297

** These bonds were issued as Alternate Revenue Source bonds by the City, payable from various tax revenues; however, portions of the projects include improvements to the water and sewer systems. The portion of the debt related to water and sewer activities has been recorded in the Enterprise Funds.

Governmental Activities

Special Assessment Bonds

South Wood Street

The special assessment bonds of the City consist of the South Wood Street Road Improvement Project #95-A Special Assessment Bonds – Series 1997. These bonds were repaid during the year.

Mallard Crossing

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

Years Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 26,000	4.75%	\$ 21,755	\$ 47,755
2009	27,000	4.75	20,520	47,520
2010	29,000	4.75	19,238	48,238
2011	30,000	4.75	17,860	47,860
2012	32,000	4.75	16,435	48,435
2013 to 2017	182,000	4.75	58,093	240,093
2018 to 2020	<u>132,000</u>	4.75	<u>12,730</u>	<u>144,730</u>
Total	<u>\$ 458,000</u>		<u>\$ 166,631</u>	<u>\$ 624,631</u>

Principal paying date: December 1
Interest paying dates: June 1 and December 1

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

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Principal and interest	Amount that results from deposit of property tax levy receipts less payment of principal and interest on the bonds as they become due. As of April 30, 2007, \$14,821 has been required to be accumulated.	Paying principal and interest.
Administration	Amount not to exceed \$1,000 to be deposited each year from receipts of special service area taxes. As of April 30, 2007, \$1,000 has been accumulated and transferred to the General Fund for administration of the Fund.	Paying costs and expenses related to the administration of the Special Services Fund.

The above amounts are reported as restricted cash as follows:

Debt Service Fund	<u>\$ 14,821</u>
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General Obligation Bonds – Alternate Revenue Source

In fiscal year 1999, the City issued General Obligation Bonds – Sales Taxes and Revenue Sharing Receipts, Alternate Revenue Source, Series 1998. These bonds are general obligations of the City and contain a pledge of its full faith and credit for the payment of principal and interest. The City, however, expects these bonds to be paid by sales and income taxes. The debt service requirements on these bonds are as follows:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 128,257	4.75%	\$ 12,474	\$ 140,731
2009	<u>134,349</u>	4.75	<u>6,381</u>	<u>140,730</u>
Total	<u>\$ 262,606</u>		<u>\$ 18,855</u>	<u>\$ 281,461</u>

Principal paying date: December 1

Interest paying dates: June 1 and December 1

In fiscal year 2003, the City issued Alternate Revenue Bonds, Series 2002. These bonds are general obligations of the City and contain a pledge of its full faith and credit for the payment of principal and interest. The City, however, expects these bonds to be paid by sales and income taxes and charges for services. Portions of the project relate to improvements to the water and sewer systems and, therefore, the portion of the debt related to these projects has been recorded in the Enterprise Funds.

The debt service requirements on these bonds are as follows:

Years Ending April 30,	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 88,000	4.75%	\$ 44,128	\$ 132,128
2009	88,000	4.75	39,948	127,948
2010	88,000	4.75	35,768	123,768
2011	88,000	4.75	31,588	119,588
2012	88,000	4.75	27,408	115,408
2013 to 2017	440,000	4.75	74,340	514,340
2018	93,000	4.75	2,204	95,204
Total	<u>\$ 973,000</u>		<u>\$ 255,384</u>	<u>\$ 1,228,384</u>

Payable from:

Governmental Funds	\$ 661,640
Enterprise Funds	<u>311,360</u>
	<u>\$ 973,000</u>

Principal paying date: June 1

Interest paying dates: June 1 and December 1

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

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2007, all proceeds have been used.	Costs associated with the project.
Principal and interest	Amount necessary to make the amount credited to the account equal to any principal and interest due and unpaid plus the amount of principal and interest deemed to accrue monthly on the outstanding bonds. As of April 30, 2007, \$99,924 has been required to be accumulated.	Paying current principal and interest.

The above amounts are reported as restricted cash as follows:

General Fund	\$ 67,948
Waterworks Fund	8,494
Sewerage Fund	<u>23,482</u>
	<u>\$ 99,924</u>

In fiscal year 2003, the City issued Alternate Revenue Bonds, Series 2002B. These bonds are general obligations of the City and contain a pledge of its full faith and credit for the payment of taxes and charges for services. A portion of the project relates to improvements to the sewer system and, therefore, the portion of the debt related to the sewer project has been recorded in the Enterprise Funds. The debt service requirements on these bonds are as follows:

Years Ending April 30,	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 104,000	4.75%	\$ 60,990	\$ 164,990
2009	106,000	4.75	56,050	162,050
2010	109,000	4.75	51,015	160,015
2011	111,000	4.75	45,838	156,838
2012	114,000	4.75	40,565	154,565
2013 to 2017	610,000	4.75	119,225	729,225
2018	130,000	4.75	6,173	136,173
Total	<u>\$ 1,284,000</u>		<u>\$ 379,856</u>	<u>\$ 1,663,856</u>

Payable from:

Governmental Funds	\$ 671,680
Enterprise Funds	<u>612,320</u>
	<u>\$ 1,284,000</u>

Principal paying date: December 1

Interest paying dates: June 1 and December 1

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

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2007, \$283,916 remains in this account.	Costs associated with the project.
Principal and interest	Amount necessary to make the amount credited to the account equal to any principal and interest due and unpaid plus the amount of principal and interest deemed to accrue monthly on the outstanding bonds. As of April 30, 2007, \$68,746 has been required to be accumulated.	Paying current principal and interest.

The above amounts are reported as restricted cash as follows:

General Fund	\$ 35,748
Sewerage Fund	<u>316,914</u>
	<u>\$ 352,662</u>

General Obligation Bonds

In fiscal year 2007, the City issued General Obligation Bonds, Series 2006. The proceeds of these bonds are being used to construct a community center complex within the City. The Bonds constitute valid and legally binding full faith and credit general obligations of the City, payable from ad valorem taxes levied on all taxable property in the City, without limitation as to rate or amount. The City, however, expects these bonds to be paid by sales and income taxes. The debt service requirements on these bonds are as follows:

Years Ending April 30,	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
2008	\$ -		\$ 393,266	\$ 393,266
2009	-		269,668	269,668
2010	125,000	7.00%	265,294	390,294
2011	135,000	7.00	256,194	391,194
2012	145,000	7.00	246,394	391,394
2013 to 2017	885,000	7.00	1,059,769	1,944,769
2018	215,000	4.00	175,069	390,069
2019-2020	455,000	4.125	322,872	777,872
2021-2025	1,335,000	5.00	599,875	1,934,875
2026 to 2030	<u>1,705,000</u>	5.00	<u>221,125</u>	<u>1,926,125</u>
Total	\$ 5,000,000		<u>\$ 3,809,526</u>	<u>\$ 8,809,526</u>
Bond premium	428,165			
Accumulated amortization	<u>(32,151)</u>			
	<u>\$ 5,396,014</u>			

These General Obligation Bonds were issued at a premium of \$428,165. This premium is amortized over the life of the bonds using the interest method. Amortization on the premium was \$32,151 for the year ended April 30, 2007. The City incurred \$112,259 of bond issuance costs to issue these bonds. Bond issuance costs are carried net of accumulated amortization, which is calculated using the straight line method over the life of the bonds, which approximates interest method. Amortization expense and accumulated amortization was \$4,881 for the year ended April 30, 2007.

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2007, \$1,413,822 remains in this account.	Costs associated with the project.
Principal and interest	Amount necessary to make the amount credited to the account equal to any principal and interest due and unpaid plus the amount of principal and interest deemed to accrue monthly on the outstanding bonds. As of April 30, 2007, \$528,102 has been required to be accumulated.	Paying current principal and interest.

The above amounts are reported as restricted cash as follows:

General Fund	\$ 1,413,822
Debt Service Fund	528,102
	<u>\$ 1,941,924</u>

Business-Type Activities

IEPA Loan Payable

In fiscal year 1997, 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 fixed interest rate of 2.89 percent for a term of twenty years. Payments are due in semiannual amounts of \$101,058, including interest, thereafter, with final payment due March 1, 2018. 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>
2008	\$ 148,475	\$ 53,641	\$ 202,116
2009	152,797	49,319	202,116
2010	157,245	44,871	202,116
2011	161,822	40,294	202,116
2012	166,532	35,584	202,116
2013 to 2017	908,260	102,320	1,010,580
2018	197,812	4,299	202,111
Total	<u>\$ 1,892,943</u>	<u>\$ 330,328</u>	<u>\$ 2,223,271</u>

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

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
(a) Operation and maintenance	Amount sufficient, when added to amount then on deposit, to establish a balance equal to an amount not less than the amount necessary to pay operation and maintenance expenses for two months. The City ensures each month that the operating accounts of the Sewerage Enterprise Fund have adequate funds to meet this covenant. A separate account has not been established.	Expenses of operating, maintaining, and repairing the system.
(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, 2007, \$33,686 has been required to be accumulated.	Paying current principal and interest on bonds.
(c) Bond reserve	1/120 of maximum annual debt service per month, commencing May 1, 1997, until the account accumulates the total sum of \$202,116 (maximum annual debt service). As of April 30, 2007, \$202,116 has been accumulated.	Paying principal and interest on bonds in the event that the bond and interest account has insufficient funds.
(d) Depreciation	\$1,200 per month, commencing May 1, 1997, until the account accumulates the total sum of \$145,000. As of April 30, 2007, \$144,000 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 City is a home-rule municipality and, accordingly, is not subject to any constitutional debt limit.

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.

NOTE 5. RETIREMENT PLANS AND OTHER POST EMPLOYMENT BENEFITS

Illinois Municipal Retirement Fund

Plan Description

The City's defined benefit pension plan, Illinois Municipal Retirement (IMRF) provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Funding Policy

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The City is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was 10.29 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on the open basis). The amortization period at December 31, 2006 was 26 years.

For December 31, 2006, the City's annual pension cost of \$175,066 was equal to the City's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study. The principal changes were:

- The 1994 group annuity mortality implemented.
- For regular members, fewer normal and more early retirements are expected to occur.

Three Year Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/06	\$ 175,066	100%	\$-
12/31/05	147,752	100%	-
12/31/04	136,071	100%	-

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. Qualifying employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5 percent of final salary for each year of service up to 30 years, to a maximum of 75 percent of such salary. Employees with at least 8 years, but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5 percent of final salary for each year of service.

Surviving spouses receive 100 percent of final salary for fatalities resulting from an act of duty or, otherwise, the greater of 50 percent of final salary or the employee's retirement benefit.

Employees disabled in the line of duty receive 65 percent of final salary.

The monthly pension of a covered employee who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3 percent of the originally granted pension. Beginning with increases granted on or after July 1, 1993, the second and subsequent automatic annual increases shall be calculated as 3 percent of the amount of the pension payable at the time of the increase.

Membership of the plan consisted of the following at May 1, 2006, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	17
Total	<u>24</u>
Number of participating employers	<u>1</u>

Financial information for the Police Pension Trust Fund is recorded only in the City's fund financial statements.

Funding Policy

Qualifying employees are required to contribute 9.91 percent of their base salary to the Police Pension Trust Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan at an actuarially determined rate; the current rate is 15.62 percent of annual covered payroll.

Recognition of Contributions and Benefits Paid

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Police Pension Trust Fund for May 1, 2006 (the date of the latest actuarial valuation) were as follows:

Annual Required Contribution (ARC)	\$ 122,165
Interest on net pension obligation	(1,286)
Adjustment to ARC	846
	<hr/>
Annual pension cost	121,725
	<hr/>
Contributions made	122,296
	<hr/>
Decrease in net pension obligation	(571)
	<hr/>
Net pension obligation, beginning of year	(17,146)
	<hr/>
Net pension obligation, end of year	\$ (17,717)

The required contribution was determined as part of the May 1, 2006 actuarial valuation using the entry age level percentage of payroll method over a 27 year closed period. The actuarial assumptions included (a) 7.50 percent investment rate of return which included a 3.00 percent increase for inflation (b) projected salary increases of 5.00 percent which included a 3.00 percent increase for inflation and (c) 3.00 percent per year cost of living adjustment. The actuarial value of Police Pension Plan's assets was determined using market value method. There were no changes with respect to plan provisions, actuarial methods or actuarial assumptions from the prior year.

Three Year Trend Information

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
5/1/06	\$ 121,725	100.5%	\$-
5/1/05	112,542	101.4%	-
5/1/04	109,656	101.5%	-

Post-Employment Health Insurance

The City provides for extended health care coverage for retirees and their dependents. To be eligible for coverage a retiree needs to be at least 55 years old and have combined age and years of service of at least 80. The City is funding this benefit on a pay as you go basis. At April 30, 2007, the retirees portion of coverage is \$50/month for family and \$25/month for single. During 2007, the City had three retirees receiving benefits. Total extended health care coverage expense for the year ended April 30, 2007 was \$22,651.

NOTE 6. INTERFUND BALANCES

Interfund receivable and payable balances as of April 30, 2007 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 51,182	\$ 4,201
Special Revenue Funds		
Illinois Municipal Retirement Fund	-	95,132
Incremental Tax Fund	-	1,588
Civil Defense Fund	1	-
Liability Insurance Fund	200	-
Enterprise Funds		
Waterworks Fund	55,015	-
Sewerage Fund	39,348	37,816
Internal Service Fund		
Motor Equipment Replacement Fund	-	4,661
Trust and Agency Fund		
Special Assessment Collection Fund	-	2,348
Total interfund receivables and payables	<u>\$ 145,746</u>	<u>\$ 145,746</u>

NOTE 7. INTERFUND TRANSFERS

Transfers between funds for the year ended April 30, 2007, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 19,096	\$ 1,096,954
Special Revenue Funds		
Automated External Defibrillator Fund	-	512
Illinois Municipal Retirement Fund	67,000	-
Incremental Tax Fund	-	606,036
Civil Defense Fund	53,500	-
Motor Fuel Tax Fund	-	104,566
Storm Water Management Fund	100,000	-
Capital Projects Funds		
Mallard Crossing Improvement Fund	-	14,772
Cruger Road Improvement Fund	135,712	-
South Cummings Improvement Fund	16,620	-
Debt Service Funds		
South Wood Street Fund	27,020	6,024
South Cummings Lane Fund	92,689	-
Kern Road Fund	140,731	-
Cruger Road Fund	86,730	-
Mallard Crossing Fund	14,772	1,000
Five Points Community Center Fund	522,267	-
Enterprise Funds		
Waterworks Fund	629,422	35,780
Sewerage Fund	144,275	184,190
Total interfund transfers	<u>\$ 2,049,834</u>	<u>\$ 2,049,834</u>

NOTE 8. DEFICIT FUND BALANCE

Cruger Road Improvement Fund had a deficit fund balance of \$1,381 at April 30, 2007.

NOTE 9. SELF 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.

The City uses an internal service fund, the Employees' Benefit Fund, to account for and finance its uninsured risks of loss associated with medical and dental claims of its employees and their dependents. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimated payables for claims and losses for medical and hospital claims include an amount for claims incurred but not reported based upon actuarial estimates and prior experience. The City has specific excess insurance that provides coverage when medical and hospital claims in a given year exceed \$35,000 individually and \$599,827 in the aggregate for claims paid over an annual liability period.

Various funds of the City participate and make payments to the internal service fund based on historical cost information. Based on the requirements of *Governmental Accounting Standards Board Statement No. 10*, which requires that a liability for claims be reported if information prior to the issuance of financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated, unpaid claims of \$110,498 at April 30, 2007 have been included in the financial statements as a payable.

Changes in the claims liability in fiscal year 2007 were:

Balance at April 30, 2006	\$ 40,000
Current year claims and changes in estimates	589,575
Claims paid	<u>(519,077)</u>
Balance at April 30, 2007	<u>\$ 110,498</u>

NOTE 10. LITIGATION

The City is the defendant in several claims and lawsuits. Based on information of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 11. PRIOR PERIOD ADJUSTMENTS

The storm water management fund and liability insurance fund were reported as a fiduciary fund and an internal service fund, respectively, in prior financial statements. However, the City has determined the proper classification for the funds are as special revenue funds.

The reclassification had the following effect in the governmental fund statements during the current year:

Net assets at beginning of year, as previously reported	\$ 5,741,978
Prior period adjustments	
Reclassification of storm water management fund from a fiduciary fund-type to a governmental fund-type	264,111
Reclassification of liability insurance fund from an internal service fund-type to a governmental fund-type	<u>99,720</u>
Net Assets at beginning of year, as restated	<u>\$ 6,105,809</u>

The reclassification had the following effect in the fiduciary fund statements during the current year:

Net assets at beginning of year, as previously reported	\$ 4,833,119
Prior period adjustment	
Reclassification of storm water management fund from a fiduciary fund-type to a governmental fund-type	<u>(264,111)</u>
Net Assets at beginning of year, as restated	<u>\$ 4,569,008</u>

The reclassification had the following effect in the internal service fund statements during the current year:

Net assets at beginning of year, as previously reported	\$ 1,576,336
Prior period adjustment	
Reclassification of liability insurance fund from an internal service fund-type to a governmental fund-type	<u>(99,720)</u>
Net Assets at beginning of year, as restated	<u>\$ 1,476,616</u>

NOTE 12. COMMITMENTS

The City is under contract for work to be completed on Phase 3 of Cruger Road. As of April 30, 2007, the total amount of all contracts was \$1,917,000. Construction has not started as of April 30, 2007. Seventy percent of the construction costs will be funded through grant proceeds not to exceed \$1,240,000. The City is obligated to pay the remainder of the costs under the contract as the work is completed.

The City is under contract for work to be completed as part of the 2007 Street Maintenance Program. As of April 30, 2007, the total amount of all contracts was \$376,565. No payments have been made through year-end. Outstanding obligations total \$376,565. The City is obligated to pay the remainder of the costs under the contract as the work is completed.

The City is under contract for work to be completed on School Street Sanitation Sewer. As of April 30, 2007, the total amount of all contracts was \$39,000. Of this amount, \$23,516 has been paid through year-end, which represents approximately 60 percent completion. Outstanding obligations total \$15,485. The City is obligated to pay the remainder of the costs under the contract as the work is completed.

The City is under contract for work to be completed on water treatment plant #2. As of April 30, 2007, the total amount of all contracts was \$802,900. Of this amount, \$606,037 has been paid through year-end, which represents approximately 75 percent completion. Outstanding obligations total \$196,863. The City is obligated to pay the remainder of the costs under the contract as the work is completed.

The City is under contract for work to be completed on Muller Road. As of April 30, 2007, the total amount of all contracts was \$40,000. Of this amount, \$16,620 has been paid through year-end, which represents approximately 42 percent completion. Outstanding obligations total \$23,380. The City is obligated to pay the remainder of the costs under the contract as the work is completed.

The City is under various contracts for private redevelopment within the Incremental Tax Districts. As of April 30, 2007, the remaining total outstanding obligation of all contracts was approximately \$134,000.

The City has entered into an intergovernmental agreement with the Washington Area Community Center, Inc., Washington District Library, Washington Community High School District 308, and the Washington Park District for the construction, operation, maintenance, repair, and reconstruction of a Community Center. As part of this agreement, the City has agreed to contribute \$100,000 cash and \$400,000 in state grants to fund the project along with issuing \$5,000,000 bonds to provide additional financing for the construction of the Community Center. The City has also entered into a Use Agreement with the Community Center. As of April 30, 2007, the City has contributed \$4,854,000 to the project. Outstanding obligations total \$646,000. The City is obligated to pay the remainder of the costs under the contract as the work is completed.

NOTE 13. CONDUIT DEBT AGREEMENTS

In October 2006, the City issued Industrial Project Revenue Bonds to provide financial assistance to a private-sector entity for the construction of commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities will transfer to the private-sector entity. As of April 30, 2007, the outstanding Industrial Project Revenue Bonds had an aggregate principal amount outstanding of \$6,240,000.

The City is not obligated in any manner for repayment of the above bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WASHINGTON, ILLINOIS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED APRIL 30, 2007

	General Fund			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 372,700	\$ 372,700	\$ 384,823	\$ 12,123
Licenses and permits	222,050	222,050	288,304	66,254
Intergovernmental	5,039,500	5,039,500	5,535,595	496,095
Grant proceeds	431,780	431,780	201,974	(229,806)
Charges for services	55,700	55,700	59,947	4,247
Fines and forfeitures	125,000	125,000	150,832	25,832
Special projects	121,000	121,000	105,769	(15,231)
Interest	202,000	202,000	346,626	144,626
Other	34,100	34,100	64,089	29,989
Total revenues	6,603,830	6,603,830	7,137,959	534,129
EXPENDITURES				
Current				
General government	6,575,085	6,575,085	5,025,682	1,549,403
Public safety	2,910,700	2,914,700	2,759,585	155,115
Highways and streets	1,111,650	1,111,650	962,970	148,680
Health and welfare	13,400	13,400	12,988	412
Capital outlay	228,600	228,600	108,802	119,798
Total expenditures	10,839,435	10,843,435	8,870,027	1,973,408
Excess (deficiency) of revenue over expenditures	(4,235,605)	(4,239,605)	(1,732,068)	2,507,537
OTHER FINANCING SOURCES (USES)				
Transfers in	29,734	29,734	19,096	(10,638)
Transfers out	(1,089,569)	(1,089,569)	(1,096,954)	(7,385)
Bond issuance	5,000,000	5,000,000	5,000,000	-
Bond premium	-	-	428,165	428,165
Total other financing sources (uses)	3,940,165	3,940,165	4,350,307	410,142
Net change in fund balances	\$ (295,440)	\$ (299,440)	\$ 2,618,239	\$ 2,917,679

Illinois Municipal Retirement Fund			Incremental Tax Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 325,500	\$ 326,480	\$ 980	\$ 351,000	\$ 360,070	\$ 9,070
-	-	-	-	-	-
14,500	15,305	805	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,500	9,775	7,275	27,000	75,635	48,635
-	-	-	-	-	-
342,500	351,560	9,060	378,000	435,705	57,705
410,000	390,948	19,052	215,174	114,684	100,490
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,272,000	-	1,272,000
410,000	390,948	19,052	1,487,174	114,684	1,372,490
(67,500)	(39,388)	28,112	(1,109,174)	321,021	1,430,195
67,000	67,000	-	-	-	-
-	-	-	-	(606,036)	(606,036)
-	-	-	-	-	-
-	-	-	-	-	-
67,000	67,000	-	-	(606,036)	(606,036)
\$ (500)	\$ 27,612	\$ 28,112	\$ (1,109,174)	\$ (285,015)	\$ 824,159

**CITY OF WASHINGTON, ILLINOIS
ILLINOIS MUNICIPAL RETIREMENT FUND**

(Unaudited - See Accompanying Independent Auditors' Report)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2006	\$ 5,298,880	\$ 5,719,343	\$ 420,463	92.65 %	\$ 1,701,326	24.71 %
12/31/2005	4,661,686	5,077,455	415,769	91.81	1,639,863	25.35
12/31/2004	4,629,792	5,105,495	475,703	90.68	1,625,700	29.26
12/31/2003	4,284,063	4,380,762	96,699	97.79	1,527,831	6.33
12/31/2002	4,053,965	3,918,529	(135,436)	103.46	1,481,396	-

**CITY OF WASHINGTON, ILLINOIS
POLICE PENSION TRUST FUND**

(Unaudited - See Accompanying Independent Auditors' Report)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date (Year beginning May 1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
2006	\$ 4,569,010	\$ 5,372,514	\$ 803,504	85.0 %	\$ 782,981	102.6 %
2005	4,104,343	4,912,945	808,602	83.5	744,642	108.6
2004	3,709,548	4,356,574	647,026	85.1	715,453	90.4
2003	3,317,338	3,996,868	679,530	83.0	665,989	102.0
2002	3,367,778	3,827,036	459,258	88.0	692,576	66.3

OTHER SUPPLEMENTARY INFORMATION

**CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED APRIL 30, 2007**

	General			
	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Property taxes	\$ 372,700	\$ 372,700	\$ 384,823	\$ 12,123
Licenses and permits	222,050	222,050	288,304	66,254
Intergovernmental	5,039,500	5,039,500	5,535,595	496,095
Grant proceeds	431,780	431,780	201,974	(229,806)
Charges for services	55,700	55,700	59,947	4,247
Fines and forfeitures	125,000	125,000	150,832	25,832
Special projects	121,000	121,000	105,769	(15,231)
Interest	202,000	202,000	346,626	144,626
Special assessments	-	-	-	-
Other	34,100	34,100	64,089	29,989
Total revenues	6,603,830	6,603,830	7,137,959	534,129
EXPENDITURES				
Current				
General government	6,575,085	6,575,085	5,025,682	1,549,403
Public safety	2,910,700	2,914,700	2,759,585	155,115
Highways and streets	1,111,650	1,111,650	962,970	148,680
Health and welfare	13,400	13,400	12,988	412
Cemetery	-	-	-	-
Capital outlay	228,600	228,600	108,802	119,798
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	10,839,435	10,843,435	8,870,027	1,973,408
Excess (deficiency) of revenue over expenditures	(4,235,605)	(4,239,605)	(1,732,068)	2,507,537
OTHER FINANCING SOURCES (USES)				
Transfers in	29,734	29,734	19,096	(10,638)
Transfers out	(1,089,569)	(1,089,569)	(1,096,954)	(7,385)
Bond issuance	5,000,000	5,000,000	5,000,000	-
Bond premium	-	-	428,165	428,165
Total other financing sources (uses)	3,940,165	3,940,165	4,350,307	410,142
Net change in fund balances	\$ (295,440)	\$ (299,440)	\$ 2,618,239	\$ 2,917,679

Special Revenue				Capital Projects				Debt Service		
Budgeted Amounts		Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
Original	Final									
\$ 770,700	\$ 770,700	\$ 781,270	\$ 10,570	\$ -	\$ -	\$ -	\$ 48,349	\$ 48,346	\$ (3)	
-	-	-	-	-	-	-	-	-	-	
389,500	389,500	407,859	18,359	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
71,500	71,500	75,950	4,450	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
46,700	46,700	119,667	72,967	-	-	-	300	12,117	11,817	
-	-	-	-	-	-	-	5,800	5,843	43	
32,000	32,000	28,212	(3,788)	-	-	-	-	-	-	
1,310,400	1,310,400	1,412,958	102,558	-	-	-	54,449	66,306	11,857	
726,974	726,974	600,724	126,250	-	-	-	-	-	-	
26,870	26,870	9,380	17,490	-	-	-	-	-	-	
-	-	19,701	(19,701)	-	900	(900)	-	-	-	
-	-	-	-	-	-	-	-	-	-	
76,720	76,720	57,525	19,195	-	-	-	-	-	-	
1,966,500	2,061,500	726,914	1,334,586	135,000	63,645	71,355	-	-	-	
-	-	-	-	-	-	-	285,172	285,172	-	
-	-	-	-	-	-	-	109,941	110,121	(180)	
2,797,064	2,892,064	1,414,244	1,477,820	135,000	64,545	70,455	395,113	395,293	(180)	
(1,486,664)	(1,581,664)	(1,286)	1,580,378	(135,000)	(64,545)	70,455	(340,664)	(328,987)	11,677	
220,500	220,500	220,500	-	135,000	152,332	17,332	341,070	884,209	543,139	
-	(1,000)	(711,114)	(710,114)	-	(14,772)	(14,772)	(1,000)	(7,024)	(6,024)	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	
220,500	219,500	(490,614)	(710,114)	135,000	137,560	2,560	340,070	877,185	537,115	
\$ (1,266,164)	\$ (1,362,164)	\$ (491,900)	\$ 870,264	\$ -	\$ 73,015	\$ 73,015	\$ (594)	\$ 548,198	\$ 548,792	

CITY OF WASHINGTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED APRIL 30, 2007

	General Corporate	City Hall	Street
REVENUES			
Property taxes	\$ -	\$ -	\$ 116,182
Licenses and permits	288,304	-	-
Intergovernmental	5,514,610	-	6,967
Grant proceeds	165,416	-	32,397
Charges for services	-	-	1,458
Fines and forfeitures	150,832	-	-
Special projects	-	-	-
Interest	346,067	-	-
Other	9,835	-	26,556
	<u>6,475,064</u>	<u>-</u>	<u>183,560</u>
EXPENDITURES			
General government			
Personal services	316,067	16,248	-
Supplies	7,314	5,119	-
WACC grant	166,391	-	-
WACC	4,093,567	-	-
Other services and charges	182,210	30,202	-
Total general government	<u>4,765,549</u>	<u>51,569</u>	<u>-</u>
Public safety			
Personal services	-	-	-
Supplies	-	-	-
Special projects	-	-	-
Other services and charges	-	-	-
Total public safety	<u>-</u>	<u>-</u>	<u>-</u>
Highways and streets			
Personal services	-	-	534,173
Supplies	-	-	16,325
Other services and charges	-	-	412,472
Total highways and streets	<u>-</u>	<u>-</u>	<u>962,970</u>
Health and welfare			
Other services and charges	11,746	1,242	-
Capital outlay	3,132	1,864	79,025
	<u>4,780,427</u>	<u>54,675</u>	<u>1,041,995</u>
Excess (deficiency) of revenue over expenditures	<u>1,694,637</u>	<u>(54,675)</u>	<u>(858,435)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,626	10,934	6,024
Transfers out	(710,138)	-	(386,816)
Bond issuance	5,000,000	-	-
Bond premium	428,165	-	-
Total other financing sources (uses)	<u>4,719,653</u>	<u>10,934</u>	<u>(380,792)</u>
Net change in fund balance	<u>\$ 6,414,290</u>	<u>\$ (43,741)</u>	<u>\$ (1,239,227)</u>
FUND BALANCE, BEGINNING OF YEAR			
FUND BALANCE, END OF YEAR			

Police	Tourism and Economic Development	Zoning	Fire and Rescue	Total	2006 (Memorandum Only)
\$ 118,097	\$ -	\$ -	\$ 150,544	\$ 384,823	\$ 364,469
-	-	-	-	288,304	299,215
5,047	-	-	8,971	5,535,595	4,664,929
4,161	-	-	-	201,974	279,477
58,489	-	-	-	59,947	53,477
-	-	-	-	150,832	126,963
105,769	-	-	-	105,769	115,313
559	-	-	-	346,626	106,168
10,777	16,921	-	-	64,089	60,247
302,899	16,921	-	159,515	7,137,959	6,070,258
-	13,935	118,089	-	464,339	441,923
-	-	716	-	13,149	16,842
-	-	-	-	166,391	234,584
-	-	-	-	4,093,567	372,691
-	26,490	41,328	8,006	288,236	166,451
-	40,425	160,133	8,006	5,025,682	1,232,491
1,883,239	-	-	-	1,883,239	1,843,621
13,329	-	-	117	13,446	18,818
80,580	-	-	-	80,580	66,243
369,356	-	-	412,964	782,320	596,274
2,346,504	-	-	413,081	2,759,585	2,524,956
-	-	-	-	534,173	513,093
-	-	-	-	16,325	16,665
-	-	-	-	412,472	336,751
-	-	-	-	962,970	866,509
-	-	-	-	12,988	19,619
23,095	-	1,686	-	108,802	235,914
2,369,599	40,425	161,819	421,087	8,870,027	4,879,489
(2,066,700)	(23,504)	(161,819)	(261,572)	(1,732,068)	1,190,769
512	-	-	-	19,096	17,984
-	-	-	-	(1,096,954)	(438,254)
-	-	-	-	5,000,000	-
-	-	-	-	428,165	-
512	-	-	-	4,350,307	(420,270)
\$ (2,066,188)	\$ (23,504)	\$ (161,819)	\$ (261,572)	2,618,239	770,499
				3,715,083	2,944,584
				<u>\$ 6,333,322</u>	<u>\$ 3,715,083</u>

**CITY OF WASHINGTON, ILLINOIS
COMBINING BALANCE SHEET -
INCREMENTAL TAX FUND BY ACCOUNTS
APRIL 30, 2007**

	Downtown	Washington Road	Total	2006 (Memorandum Only)
ASSETS				
Cash and cash equivalents	\$ 589,115	\$ 794,803	\$ 1,383,918	\$ 1,338,872
Receivables (net of allowance for uncollectibles)				
Property taxes	148,168	224,893	373,061	360,070
	<u>\$ 737,283</u>	<u>\$ 1,019,696</u>	<u>\$ 1,756,979</u>	<u>\$ 1,698,942</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued liabilities	\$ 547	\$ 278,522	\$ 279,069	\$ 9,267
Construction retainage payable	-	58,671	58,671	-
Due to other funds	794	794	1,588	-
Deferred revenue	148,168	224,893	373,061	360,070
Total liabilities	<u>149,509</u>	<u>562,880</u>	<u>712,389</u>	<u>369,337</u>
Fund balances				
Unreserved	<u>587,774</u>	<u>456,816</u>	<u>1,044,590</u>	<u>1,329,605</u>
	<u>\$ 737,283</u>	<u>\$ 1,019,696</u>	<u>\$ 1,756,979</u>	<u>\$ 1,698,942</u>

**CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
INCREMENTAL TAX FUND BY ACCOUNTS
YEAR ENDED APRIL 30, 2007**

	Downtown	Washington Road	Total	2006 (Memorandum Only)
REVENUES				
Property taxes	\$ 138,071	\$ 221,999	\$ 360,070	\$ 341,963
Interest	28,169	47,466	75,635	49,284
	<u>166,240</u>	<u>269,465</u>	<u>435,705</u>	<u>391,247</u>
EXPENDITURES				
General government	<u>85,069</u>	<u>29,615</u>	<u>114,684</u>	<u>118,013</u>
Excess of revenues over expenditures	<u>81,171</u>	<u>239,850</u>	<u>321,021</u>	<u>273,234</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	92
Transfers out	-	(606,036)	(606,036)	(40,049)
Total other financing uses	<u>-</u>	<u>(606,036)</u>	<u>(606,036)</u>	<u>(39,957)</u>
Net change in fund balances	81,171	(366,186)	(285,015)	233,277
FUND BALANCES, BEGINNING OF YEAR	<u>506,603</u>	<u>823,002</u>	<u>1,329,605</u>	<u>1,096,328</u>
FUND BALANCES, END OF YEAR	<u>\$ 587,774</u>	<u>\$ 456,816</u>	<u>\$ 1,044,590</u>	<u>\$ 1,329,605</u>

**CITY OF WASHINGTON, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2007**

	Special Revenue						Total
	Cemetery	Civil Defense	Audit	Motor Fuel Tax	Liability Insurance	Storm Water Management	
ASSETS							
Cash and cash equivalents	\$ 137,650	\$ 24,083	\$ 11,389	\$ 396,449	\$ 59,531	\$ 91,644	\$720,746
Receivables (net of allowance for uncollectibles)							
Property taxes	-	3,348	17,635	-	75,003	-	95,986
Special assessments	-	-	-	-	-	-	-
Accounts - customers	6,950	-	-	-	-	-	6,950
Due from other funds	-	1	-	-	200	-	201
Due from other governments	-	-	-	31,286	-	-	31,286
Prepaid items	690	-	-	-	42,842	-	43,532
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	-	-
	<u>\$ 145,290</u>	<u>\$ 27,432</u>	<u>\$ 29,024</u>	<u>\$ 427,735</u>	<u>\$ 177,576</u>	<u>\$ 91,644</u>	<u>\$898,701</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 2,968	\$ 274	\$ -	\$ -	\$ -	\$ 139	\$ 3,381
Deferred revenue	-	3,348	17,635	-	75,003	-	95,986
Total liabilities	<u>2,968</u>	<u>3,622</u>	<u>17,635</u>	<u>-</u>	<u>75,003</u>	<u>139</u>	<u>99,367</u>
Fund balances							
Reserved for automated external defibrillator	-	-	-	-	-	-	-
Reserved for bond projects	-	-	-	-	-	-	-
Unreserved	<u>142,322</u>	<u>23,810</u>	<u>11,389</u>	<u>427,735</u>	<u>102,573</u>	<u>91,505</u>	<u>799,334</u>
Total fund balances	<u>142,322</u>	<u>23,810</u>	<u>11,389</u>	<u>427,735</u>	<u>102,573</u>	<u>91,505</u>	<u>799,334</u>
	<u>\$ 145,290</u>	<u>\$ 27,432</u>	<u>\$ 29,024</u>	<u>\$ 427,735</u>	<u>\$ 177,576</u>	<u>\$ 91,644</u>	<u>\$898,701</u>

Capital Projects	Debt Service				Total Nonmajor Governmental	2006 (Memorandum Only)
	Cruger Road Improvement	South Wood Street	Mallard Crossing	WACC	Total	
\$	-	\$ -	\$ -	\$ 5,275	\$ 5,275	\$ 726,021 \$ 926,699
-	-	-	-	-	-	95,986 94,473
-	-	5,843	48,139	-	53,982	53,982 54,192
-	-	-	-	-	-	6,950 3,800
-	-	-	-	-	-	201 24,933
-	-	-	-	-	-	31,286 30,172
-	-	-	-	-	-	43,532 52,565
-	-	-	-	-	-	-
-	-	-	14,821	528,102	542,923	542,923 15,284
\$	-	\$ 5,843	\$ 62,960	\$ 533,377	\$ 602,180	\$ 1,500,881 \$ 1,202,118
\$	1,381	\$ -	\$ -	\$ -	\$ -	\$ 4,762 \$ 94,018
-	-	-	48,139	-	48,139	144,125 142,822
1,381	-	-	48,139	-	48,139	148,887 236,840
-	-	-	-	-	-	- 512
-	-	-	-	-	-	- 14,772
(1,381)	5,843	14,821	533,377	554,041	1,351,994	949,994
(1,381)	5,843	14,821	533,377	554,041	1,351,994	965,278
\$	-	\$ 5,843	\$ 62,960	\$ 533,377	\$ 602,180	\$ 1,500,881 \$ 1,202,118

**CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2007**

	Special Revenue				
	Automated External Defibrillator	Cemetery	Civil Defense	Audit	Motor Fuel Tax
REVENUES					
Property taxes	\$ -	\$ -	\$ 3,225	\$ 16,122	\$ -
Intergovernmental	-	-	-	-	392,554
Charges for services	-	75,950	-	-	-
Interest	-	1,819	549	546	22,525
Special assessments	-	-	-	-	-
Other	-	653	-	-	-
	-	78,422	3,774	16,668	415,079
EXPENDITURES					
Current					
General government	-	-	-	14,195	-
Public safety	-	-	9,380	-	-
Highway and streets	-	-	-	-	19,701
Cemetery	-	57,525	-	-	-
Capital outlay	-	-	33,446	-	392,862
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	-	57,525	42,826	14,195	412,563
Excess (deficiency) of revenues over expenditures	-	20,897	(39,052)	2,473	2,516
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	53,500	-	-
Transfers out	(512)	-	-	-	(104,566)
Total other financing sources (uses)	(512)	-	53,500	-	(104,566)
Net change in fund balances	(512)	20,897	14,448	2,473	(102,050)
FUND BALANCES, BEGINNING OF YEAR, RESTATED	512	121,425	9,362	8,916	529,785
FUND BALANCES, END OF YEAR	\$ -	\$ 142,322	\$ 23,810	\$ 11,389	\$ 427,735

Liability Insurance	Capital Projects					
	Storm Water Management	Total	Mallard Crossing Improvement	Cruger Road Improvement	South Cummings Improvement	Total
\$ 75,373	\$ -	\$ 94,720	\$ -	\$ -	\$ -	\$ -
-	-	392,554	-	-	-	-
-	-	75,950	-	-	-	-
1,044	7,774	34,257	-	-	-	-
-	-	-	-	-	-	-
-	27,559	28,212	-	-	-	-
76,417	35,333	625,693	-	-	-	-
73,564	7,333	95,092	-	-	-	-
-	-	9,380	-	-	-	-
-	-	19,701	-	900	-	900
-	-	57,525	-	-	-	-
-	300,606	726,914	-	47,025	16,620	63,645
-	-	-	-	-	-	-
-	-	-	-	-	-	-
73,564	307,939	908,612	-	47,925	16,620	64,545
2,853	(272,606)	(282,919)	-	(47,925)	(16,620)	(64,545)
-	100,000	153,500	-	135,712	16,620	152,332
-	-	(105,078)	(14,772)	-	-	(14,772)
-	100,000	48,422	(14,772)	135,712	16,620	137,560
2,853	(172,606)	(234,497)	(14,772)	87,787	-	73,015
99,720	264,111	1,033,831	14,772	(89,168)	-	(74,396)
\$ 102,573	\$ 91,505	\$ 799,334	\$ -	\$ (1,381)	\$ -	\$ (1,381)

**CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2007**

	Debt Service				
	South Wood Street	Kern Road	Cruger Road	South Cummings Lane	Mallard Crossing
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 48,346
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	361	-	-	-	646
Special assessments	5,843	-	-	-	-
Other	-	-	-	-	-
	<u>6,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,992</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highway and streets	-	-	-	-	-
Cemetery	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	25,371	122,441	52,520	59,840	25,000
Interest	1,829	18,290	34,210	32,849	22,943
	<u>27,200</u>	<u>140,731</u>	<u>86,730</u>	<u>92,689</u>	<u>47,943</u>
Excess (deficiency) of revenues over expenditures	<u>(20,996)</u>	<u>(140,731)</u>	<u>(86,730)</u>	<u>(92,689)</u>	<u>1,049</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	27,020	140,731	86,730	92,689	14,772
Transfers out	(6,024)	-	-	-	(1,000)
Total other financing sources (uses)	<u>20,996</u>	<u>140,731</u>	<u>86,730</u>	<u>92,689</u>	<u>13,772</u>
Net change in fund balances	-	-	-	-	14,821
FUND BALANCES, BEGINNING OF YEAR, RESTATED	<u>5,843</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,843</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,821</u>

WACC	Total	Total Nonmajor Governmental	2006 (Memorandum Only)
\$ -	\$ 48,346	\$ 143,066	\$ 139,496
-	-	392,554	597,544
-	-	75,950	88,800
11,110	12,117	46,374	29,973
-	5,843	5,843	7,471
-	-	28,212	37,292
11,110	66,306	691,999	900,576
-	-	95,092	103,585
-	-	9,380	10,857
-	-	20,601	-
-	-	57,525	53,788
-	-	790,559	736,500
-	285,172	285,172	270,580
-	110,121	110,121	117,970
-	395,293	1,368,450	1,293,280
11,110	(328,987)	(676,451)	(392,704)
522,267	884,209	1,190,041	470,271
-	(7,024)	(126,874)	(33,109)
522,267	877,185	1,063,167	437,162
533,377	548,198	386,716	44,458
-	5,843	965,278	920,820
\$ 533,377	\$ 554,041	\$ 1,351,994	\$ 965,278

**CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
APRIL 30, 2007**

	Employees' Benefit Fund	Motor Equipment Replacement Fund	Total	2006 (Memorandum Only)
ASSETS				
Current assets				
Cash and cash equivalents	\$ 314,232	\$ 779,542	\$ 1,093,774	\$ 846,500
Receivables (net of allowance for uncollectibles)				
Other	9,650	-	9,650	8,608
Due from other funds	-	-	-	5,402
Prepaid items	-	3,316	3,316	2,466
Total current assets	323,882	782,858	1,106,740	862,976
Noncurrent assets				
Capital assets, net of accumulated depreciation	-	690,370	690,370	669,432
	\$ 323,882	\$ 1,473,228	\$ 1,797,110	\$ 1,532,408
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued liabilities	\$ 110,498	\$ 11,572	\$ 122,070	\$ 53,463
Accrued compensated absences	-	1,504	1,504	2,329
Due to other funds	-	4,661	4,661	-
Total current liabilities	110,498	17,737	128,235	55,792
Noncurrent liabilities				
Accrued compensated absences	-	1,271	1,271	-
Total liabilities	110,498	19,008	129,506	55,792
Net assets				
Invested in capital assets	-	690,370	690,370	669,432
Unrestricted	213,384	763,850	977,234	807,184
Total net assets	213,384	1,454,220	1,667,604	1,476,616
	\$ 323,882	\$ 1,473,228	\$ 1,797,110	\$ 1,532,408

CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
YEAR ENDED APRIL 30, 2007

	Employees' Benefit Fund	Motor Equipment Replacement Fund	Total	2006 (Memorandum Only)
OPERATING REVENUES				
Charges for services	\$ 671,263	\$ 494,400	\$ 1,165,663	\$ 1,035,715
Employee contributions	60,313	-	60,313	54,927
Other	2,466	17,446	19,912	10,512
	<u>734,042</u>	<u>511,846</u>	<u>1,245,888</u>	<u>1,101,154</u>
OPERATING EXPENSES				
General and administrative	21,677	-	21,677	12,156
Personal services	676,902	66,870	743,772	666,927
Materials and supplies	-	113,958	113,958	105,617
Other services and charges	-	66,768	66,768	48,255
Depreciation	-	144,003	144,003	141,163
	<u>698,579</u>	<u>391,599</u>	<u>1,090,178</u>	<u>974,118</u>
Operating income	<u>35,463</u>	<u>120,247</u>	<u>155,710</u>	<u>127,036</u>
NONOPERATING REVENUES				
Interest income	(1,571)	(26,207)	(27,778)	(21,696)
Gain on sale of equipment	-	(7,500)	(7,500)	(26,883)
	<u>(1,571)</u>	<u>(33,707)</u>	<u>(35,278)</u>	<u>(48,579)</u>
Change in net assets	<u>37,034</u>	<u>153,954</u>	<u>190,988</u>	<u>175,615</u>
TOTAL NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>176,350</u>	<u>1,300,266</u>	<u>1,476,616</u>	<u>1,301,001</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 213,384</u>	<u>\$ 1,454,220</u>	<u>\$ 1,667,604</u>	<u>\$ 1,476,616</u>

**CITY OF WASHINGTON, ILLINOIS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED APRIL 30, 2007**

	Employees' Benefit Fund	Motor Equipment Replacement Fund	Total	2006 (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 733,000	\$ 17,446	\$ 750,446	\$ 760,114
Receipts from interfund services provided	-	494,400	494,400	373,195
Payments to suppliers	(628,081)	(183,653)	(811,734)	(805,693)
Payments to employees	-	(66,238)	(66,238)	(64,649)
Net cash provided by operating activities	104,919	261,955	366,874	262,967
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Advances from (to) other funds	5,402	4,661	10,063	(902)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(164,941)	(164,941)	(292,692)
Proceeds from sale of equipment	-	7,500	7,500	39,354
Net cash used in capital and related financing activities	-	(157,441)	(157,441)	(253,338)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,571	26,207	27,778	21,696
NET CHANGE IN CASH AND CASH EQUIVALENTS	111,892	135,382	247,274	30,423
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	202,340	644,160	846,500	816,077
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 314,232</u>	<u>\$ 779,542</u>	<u>\$ 1,093,774</u>	<u>\$ 846,500</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 35,463	\$ 120,247	\$ 155,710	\$ 127,036
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	-	144,003	144,003	141,163
(Increase) decrease in receivables	(1,042)	-	(1,042)	32,155
Increase in prepaid items	-	(850)	(850)	(655)
Increase (decrease) in accounts payable and accrued liabilities	70,498	(620)	69,878	(39,100)
Increase (decrease) in accrued compensated absences	-	(825)	(825)	2,368
Net cash provided by operating activities	<u>\$ 104,919</u>	<u>\$ 261,955</u>	<u>\$ 366,874</u>	<u>\$ 262,967</u>

CITY OF WASHINGTON, ILLINOIS
COMBINING SCHEDULE OF OPERATING EXPENSES, OTHER THAN DEPRECIATION
ENTERPRISE FUNDS
YEAR ENDED APRIL 30, 2007

				2006 (Memorandum Only)
	Waterworks	Sewerage	Total	
Personal services				
Wages and salaries	\$ 285,901	\$ 328,878	\$ 614,779	\$ 602,883
Payroll taxes	11,459	14,403	25,862	20,819
Group insurance	81,410	91,397	172,807	158,883
Uniforms	2,391	2,996	5,387	6,378
Total personal services	381,161	437,674	818,835	788,963
Heat, lights, and power				
Electricity	108,407	156,577	264,984	226,892
Heating	3,042	10,281	13,323	12,422
Total heat, lights, and power	111,449	166,858	278,307	239,314
Materials and supplies				
Chemicals and supplies	90,121	7,508	97,629	93,457
Office supplies	3,539	3,328	6,867	7,587
Perishable tools	4,993	4,699	9,692	7,485
Total materials and supplies	98,653	15,535	114,188	108,529
Other services and charges				
Training and recruitment	234	274	508	898
Insurance	6,852	9,190	16,042	17,328
Printing fees	3,226	686	3,912	2,535
Legal fees	8,300	12,374	20,674	37,639
Consulting fees	8,289	3,240	11,529	11,775
Rent	1,029	2,140	3,169	3,092
Repairs and maintenance:				
Building	6,471	18,284	24,755	4,115
Equipment	2,035	1,428	3,463	3,133
System	42,217	45,028	87,245	109,173
Motor equipment replacement	56,000	66,000	122,000	99,895
Telephone	5,711	7,152	12,863	13,490
Miscellaneous	5,376	34,694	40,070	41,097
Total other services and charges	145,740	200,490	346,230	344,170
	\$ 737,003	\$ 820,557	\$ 1,557,560	\$ 1,480,976

CITY OF WASHINGTON, ILLINOIS
SCHEDULE OF PROPERTY TAX LEVIES, RATES, COLLECTIONS,
AND ASSESSED VALUATION
2004 THROUGH 2006

	2006 Levy			2005 Levy			2004 Levy		
	Levy	Rate	Amounts Extended	Levy	Rate	Collections	Levy	Rate	Collections
GENERAL FUND									
General Corporate	\$ 198,700	0.0891	\$ 198,893	\$ 150,000	0.0747	\$ 150,544	\$ 150,000	0.0849	\$ 149,692
Police Pension	115,900	0.0520	116,077	117,700	0.0586	118,097	109,500	0.0620	109,316
SPECIAL REVENUE FUNDS									
Civil Defense	3,200	0.0015	3,348	3,200	0.0016	3,225	3,000	0.0018	3,174
Audit	17,500	0.0079	17,635	16,000	0.0080	16,122	15,800	0.0091	16,045
Illinois Municipal Retirement	159,000	0.0713	159,159	325,500	0.1620	326,480	303,500	0.1717	302,735
Social Security	194,100	0.0870	194,205	-	0.0000	-	-	0.0000	-
INTERNAL SERVICE FUND									
Liability Insurance	75,000	0.0336	75,003	75,000	0.0374	75,373	72,000	0.0408	71,937
TOTAL	<u>\$ 763,400</u>	<u>0.3424</u>	<u>\$ 764,320</u>	<u>\$ 687,400</u>	<u>0.3423</u>	<u>\$ 689,841</u>	<u>\$ 653,800</u>	<u>0.3703</u>	<u>\$ 652,899</u>
CITY SHARE OF TOWNSHIP									
ROAD AND BRIDGE			<u>\$ 129,470</u>			<u>\$ 116,182</u>			<u>\$ 105,461</u>
ASSESSED VALUATIONS	<u>\$ 223,223,855</u>			<u>\$ 201,006,532</u>			<u>\$ 176,947,970</u>		

**CITY OF WASHINGTON, ILLINOIS
INFORMATION REGARDING WASTEWATER
USER-CHARGE SYSTEM
YEAR ENDED APRIL 30, 2007**

(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	608,100,000
Total gallons of wastewater billed based on the user-charge system for the year	249,817,180
Number of metered users connected to the system at April 30, 2007	4,335
Number of nonmetered users at April 30, 2007	11