



Phillips, Salmi & Associates, LLC  
Certified Public Accountants

**CITY OF WASHINGTON, ILLINOIS**

**FINANCIAL STATEMENTS**

**YEAR ENDED APRIL 30, 2010**

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Phillips, Salmi & Associates, LLC

Certified Public Accountants

## 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, 2010, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2010, on our consideration of the City of Washington's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 61-65, 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 66-83, 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 84 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.

*Phillips Selvin & Associates LLC*

October 11, 2010

#### CITY OFFICIALS

Gary W. Manier, *Mayor*

Patricia S. Brown, *City Clerk*

Ellen L. Dingleline, *City Treasurer*

Robert A. Morris, *City Administrator*



#### ALDERMEN

Robert A. Brucks, *Ward I*

James A. Newman, *Ward I*

Donald R. Brubaker, *Ward II*

Todd A. Clanin, *Ward II*

Alan L. Howerter, *Ward III*

David Dingleline, *Ward III*

James L. Gee, *Ward IV*

Richard E. Schneider, *Ward IV*

## MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDING APRIL 30, 2010

The following narrative overview and analysis is provided by the management of the City of Washington, IL to serve as an introduction to and to aid in the understanding of the more detailed financial statements which follow. Comparative information for the prior fiscal year ending April 30, 2009 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 officials 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 directly provides or makes provision for the delivery of services to its residents including, but not limited to, the following: police; fire; ambulance and rescue; water; wastewater; streets; solid waste disposal and recycling; storm water management; and planning, zoning and code enforcement. It also performs a variety of functions related to these services and other general administrative responsibilities including: budgeting and financial management, human resources administration, accounts payable/receivable and engineering.

The format and content of the financial statements for the fiscal year ending April 30, 2010 are in accordance with the GASB 34 reporting model. Among other things, GASB 34 requires the city to account for the depreciation of fixed assets (city-owned streets, buildings, land, etc.) within governmental activities.

### FINANCIAL HIGHLIGHTS

- The assets of the City of Washington exceeded liabilities at April 30, 2010 by \$58,511,455, a \$3,881,138 or 7.1% increase over the prior year. Of the \$58.51 million, \$11,378,448 is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. Unrestricted net assets for the year ending April 30, 2009 totaled \$11,874,615.

- Of the \$3,881,138 increase in net assets, about \$2.85 million is due to capitalizing the new public building and infrastructure improvements (streets, storm sewers, water and sewer mains, City Hall, etc.).
- At April 30, 2010, the governmental funds reported combined fund balances of \$8,443,684, of which \$8,251,197 were unreserved. In the prior year, the governmental funds combined fund balance was \$10,032,955 of which \$9,743,159 was unreserved.
- The city strives to maintain cash reserves equal to at least three months annual 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.
- Governmental fund balances decreased by \$1,589,271 (15.8%) during the year. This is primarily attributable to the City Hall project.
- The City's long-term debt totaled \$10,528,867 at fiscal year end. This total includes not only bonded indebtedness, but also vested employee compensated absences. The City continues to meet its debt obligations in a full and timely manner. Total long-term debt as of April 30, 2009 was \$9,628,898. The increase during 2010 is primarily attributable to the IEPA loan for the expansion of Sewage Treatment Plant No. 2.

## OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net 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 fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, 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 budget for all of the governmental funds pursuant to Illinois statutes. A budgetary comparison statement for these funds has been provided in the Required Supplementary Information section.

*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 begin on page 29 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 (\$58,511,455 for FYE April 2010 compared to \$54,630,317 for FYE April 2009, a 7.1% increase), as well as for governmental activities (\$28,461,630 compared to \$26,859,030, a 6.0% increase) and business-type activities (\$30,049,825 compared to \$27,771,287, an 8.2% increase).

### **Financial Analysis: Government Funds**

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

The City of Washington's governmental funds reported combined ending fund balances of \$8,443,684, a decrease of \$1,589,271. The sum of \$8,251,197 is unrestricted.

The General Fund is the primary operating fund of the City. Unreserved fund balances at fiscal year-end totaled \$5,662,616. During the year, expenditures exceeded revenues in the general fund by \$844,029. After planned transfers to various other funds, the net decrease in fund balances totaled \$1,375,020.

### **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 \$11,959,844 with \$2,364,403 being unrestricted. Net assets increased by \$74,050 during the year ending April 30, 2010. Sewerage Fund net assets total \$17,882,916; \$4,801,949 are unrestricted. Net assets in this fund grew by \$2,132,670.

Internal Service Funds include the Employee Benefits Fund (Health Insurance) with net assets of \$513,603 and the Motor Equipment Replacement Fund with net assets of \$1,901,026.

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

Total fund balances in Trust and Agency Funds are \$5,253,912 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.

## **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, 2010 was \$49,290,281 (net of accumulated depreciation) compared to \$43,266,915 in the prior year. See Note 3 for further details.

## **Long-Term Debt**

The city's long-term debt totaled \$10,528,867 at April 30, 2010 compared to \$9,628,898 at April 30, 2009. Governmental activity debt totaled \$6,903,917. Business-type activity debt (associated with the City's enterprise funds) totaled \$3,624,950.

Debt reductions during the year totaled \$587,717. Additions to long-term debt during the year totaled \$1,487,685. The sum of \$1,427,576 is attributable to the IEPA loan for the expansion of Sewer Treatment Plant No. 2, \$8,460 is related to increases in vested employee compensated absences and \$51,649 is attributable to the increase in postemployment retirement benefits liability.

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's financial outlook for the fiscal year beginning May 1, 2010 is fraught with the uncertainties associated with the nation's economic recession. Barring a substantial worsening of the economy, management does not presently anticipate serious difficulties in maintaining current service levels. Nevertheless, staff will remain vigilant in maintaining tight control over spending, in aggressively bidding services and supplies, in deferring purchases and delaying the filling of vacancies, where appropriate. Budgeting funds for new major capital projects will be very problematic for the foreseeable future.

Fall-out from the State of Illinois' fiscal crisis is of growing concern. As a stop-gap measure, the state has delayed the payment of income tax distributions to local governmental bodies. Of graver long-term concern is potential state legislative action that could permanently reduce state distributions to local government.

The city is heavily reliant on the following 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 sector 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 and Bloomington area commercial shopping centers. Sales taxes are influenced, in part, by the number, type and variety of retail and service establishments located within the city.

Income taxes are reliant on the health of the economy, statewide. The city's sustained residential development and the associated population growth results in increased income tax distributions as well. Unfortunately, these benefits are only realized after official census counts are taken. As noted above, state legislative changes to the distribution formula could materially reduce this major source of revenue.

The growth of water and sewer user 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 embark on utility service expansion projects and to implement increased connection and subdivision development fees to defray a portion of the associated costs. 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 property tax base resulting primarily from new residential development, property taxes generate a comparatively lesser portion of total city revenues. 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. The city's actual tax rate for 2009 property taxes paid in 2010 was \$0.39056.

### **Request for Information**

This financial report is designed to provide a general overview of the City of Washington's finances. Questions concerning the information provided in this report or requests for additional financial information should be directed to Ms. Joanie Baxter, Washington City Controller at City Hall, 301 Walnut Street, Washington, IL, 61571, 309-444-1124, [jbaxter@ci.washington.il.us](mailto:jbaxter@ci.washington.il.us).

**Changes in Net Assets**  
**Year Ended April 30, 2010**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Reporting Entity</b>
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$ 802,422	\$ 3,249,264	\$ 4,051,686
Operating Grants and Contributions	189,449	-	189,449
Capital Grant and Contributions	-	1,618,724	1,618,724
General Revenues:			
Taxes			
Property	1,516,835	-	1,516,835
Replacement	44,813	-	44,813
Sales	4,672,798	-	4,672,798
State income	1,015,528	-	1,015,528
Other local	413,968	-	413,968
Motor fuel	341,652	-	341,652
Interest on investments	34,776	49,297	84,073
Gain on sale of capital assets	-	7,063	7,063
Other	97,343	18,029	115,372
Transfers	(57,000)	57,000	-
<b>Total Revenues</b>	<b>\$ 9,072,584</b>	<b>\$ 4,999,377</b>	<b>\$ 14,071,961</b>
<b>Expenditures</b>			
General government	\$ 1,696,713	\$ -	\$ 1,696,713
Public safety	3,252,158	-	3,252,158
Highway and streets	2,139,750	-	2,139,750
Health and welfare	15,015	-	15,015
Cemetery	72,521	-	72,521
Interest on long-term debt	293,827	-	293,827
Waterworks	-	1,232,131	1,232,131
Sewerage	-	1,488,708	1,488,708
<b>Total Expenditures</b>	<b>\$ 7,469,984</b>	<b>\$ 2,720,839</b>	<b>\$ 10,190,823</b>
<b>Change in net assets</b>	<b>\$ 1,602,600</b>	<b>\$ 2,278,538</b>	<b>\$ 3,881,138</b>

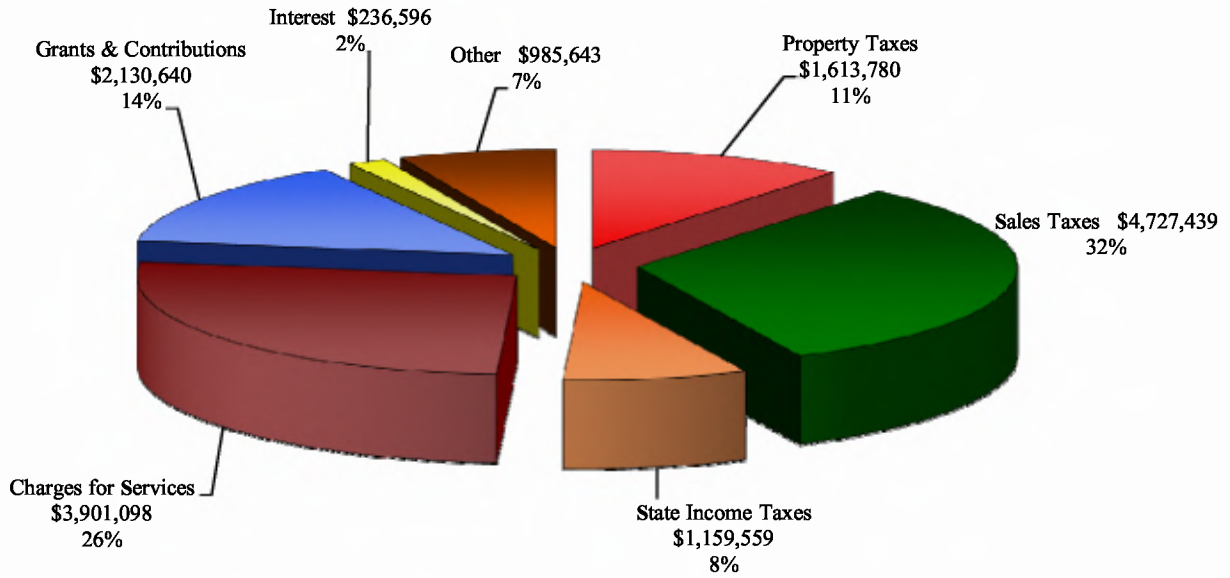
**CITY OF WASHINGTON, ILLINOIS**

**Revenues**

**(All Activities)**

**Year Ended April 30, 2009**

**Total \$14,754,755**

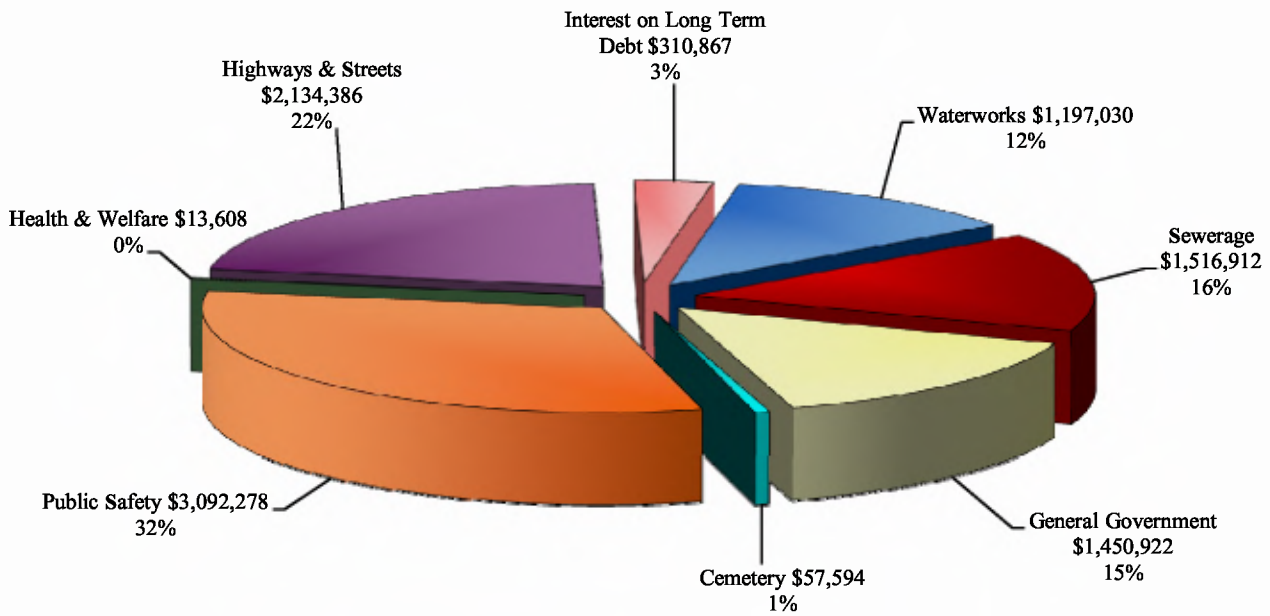


**Expenses**

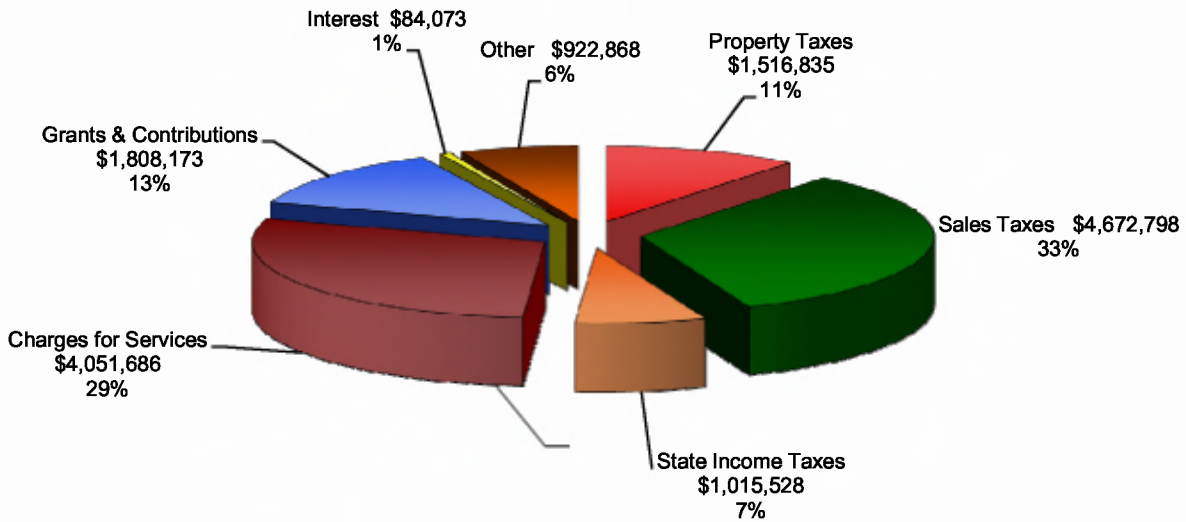
**(All Activities)**

**Year Ended April 30, 2009**

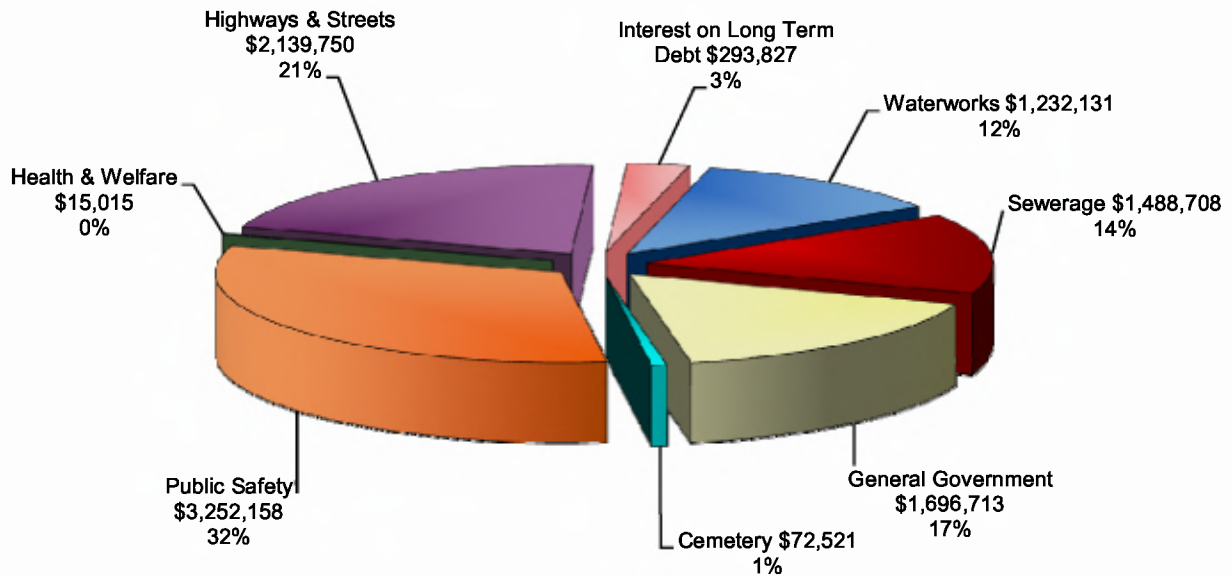
**Total \$9,773,597**



**CITY OF WASHINGTON, ILLINOIS**  
**Revenues**  
**(All Activities)**  
**Year Ended April 30, 2010**  
**Total \$14,071,961**



**Expenses**  
**(All Activities)**  
**Year Ended April 30, 2010**  
**Total \$10,190,823**



## **BASIC FINANCIAL STATEMENTS**

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**APRIL 30, 2010**

	<b>GOVERNMENTAL</b>	<b>BUSINESS-TYPE</b>		<b>2009</b>
	<b>ACTIVITIES</b>	<b>ACTIVITIES</b>	<b>TOTAL</b>	<b>(Memorandum Only)</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,032,955	\$ 6,289,603	\$ 14,322,558	\$ 15,937,596
Investments	-	346,884	346,884	660,250
Receivables (net of allowance for uncollectibles)				
Property taxes	1,476,246	-	1,476,246	1,531,565
Other taxes	1,680,631	-	1,680,631	1,474,915
Special assessments	376,000	-	376,000	405,000
Accounts - customers	5,615	15,264	20,879	36,392
Estimated unbilled usage	-	681,059	681,059	682,635
Interest	-	168	168	1,435
Other	130,211	1,397,404	1,527,615	396,572
Internal balances	(195,170)	195,170	-	-
Due from fiduciary funds	-	2,464	2,464	2,449
Prepaid items	151,253	33,279	184,532	168,914
Restricted assets				
Cash and cash equivalents	597,596	495,609	1,093,205	1,437,593
Bond costs, net of accumulated amortization	92,735	-	92,735	97,616
Capital assets not being depreciated	1,122,936	3,694,638	4,817,574	2,475,509
Capital assets, net of accumulated depreciation	22,438,462	22,034,245	44,472,707	40,791,406
	<u>\$ 35,909,470</u>	<u>\$ 35,185,787</u>	<u>\$ 71,095,257</u>	<u>\$ 66,099,847</u>

See accompanying notes.



	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>2009 (Memorandum Only)</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 450,648	\$ 966,992	\$ 1,417,640	\$ 1,483,087
Construction retainage payable	34,923	301,700	336,623	44,128
Escrow and customer deposits	-	242,320	242,320	235,175
Deferred revenue	58,352	-	58,352	78,242
Long-term liabilities:				
Due within one year	330,137	397,329	727,466	653,443
Due in more than one year	6,573,780	3,227,621	9,801,401	8,975,455
Total liabilities	7,447,840	5,135,962	12,583,802	11,469,530
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	22,197,478	22,180,799	44,378,277	39,399,244
Restricted for:				
Debt service	504,175	495,609	999,784	953,050
Other purposes	1,754,946	-	1,754,946	2,403,408
Unrestricted	4,005,031	7,373,417	11,378,448	11,874,615
Total net assets	28,461,630	30,049,825	58,511,455	54,630,317
	\$ 35,909,470	\$ 35,185,787	\$ 71,095,257	\$ 66,099,847

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2010**

FUNCTION/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
<b>Governmental activities:</b>				
General government	\$ 1,696,713	\$ 426,411	\$ -	\$ -
Public safety	3,252,158	120,364	5,556	-
Highways and streets	2,139,750	169,747	183,893	-
Health and welfare	15,015	-	-	-
Cemetery	72,521	85,900	-	-
Interest on long term debt	293,827	-	-	-
Total governmental activities	7,469,984	802,422	189,449	-
<b>Business-type activities:</b>				
Waterworks	1,232,131	1,127,988	-	19,952
Sewerage	1,488,708	2,121,276	-	1,598,772
Total business-type activities	2,720,839	3,249,264	-	1,618,724
<b>TOTAL</b>	<b>\$ 10,190,823</b>	<b>\$ 4,051,686</b>	<b>\$ 189,449</b>	<b>\$ 1,618,724</b>

See accompanying notes.

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

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS -TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>2009 (Memorandum Only)</b>
	\$	\$	\$	\$
	(1,270,302)	-	(1,270,302)	(1,007,297)
	(3,126,238)	-	(3,126,238)	(2,916,934)
	(1,786,110)	-	(1,786,110)	(837,223)
	(15,015)	-	(15,015)	(13,608)
	13,379	-	13,379	42,401
	(293,827)	-	(293,827)	(310,867)
	(6,478,113)	-	(6,478,113)	(5,043,528)
	-	(84,191)	(84,191)	132,986
	-	2,231,340	2,231,340	1,168,683
	-	2,147,149	2,147,149	1,301,669
	(6,478,113)	2,147,149	(4,330,964)	(3,741,859)
<b>General Revenues</b>				
Taxes:				
Property	1,516,835	-	1,516,835	1,613,780
Replacement	44,813	-	44,813	54,697
Sales	4,672,798	-	4,672,798	4,727,439
State income	1,015,528	-	1,015,528	1,159,559
Other local	413,968	-	413,968	404,852
Motor fuel	341,652	-	341,652	353,441
Interest on investments	34,776	49,297	84,073	236,596
Gain on sale of capital assets	5,109	7,063	12,172	30,000
Other	92,234	18,029	110,263	142,653
<b>Transfers</b>	(57,000)	57,000	-	-
Total general revenues and transfers	8,080,713	131,389	8,212,102	8,723,017
Change in net assets	1,602,600	2,278,538	3,881,138	4,981,158
<b>NET ASSETS - BEGINNING</b>	26,859,030	27,771,287	54,630,317	49,649,159
<b>NET ASSETS - ENDING</b>	\$ 28,461,630	\$ 30,049,825	\$ 58,511,455	\$ 54,630,317

**CITY OF WASHINGTON, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2010**

	<b>General</b>	<b>Illinois Municipal Retirement</b>	<b>Incremental Tax</b>	<b>Nonmajor</b>	<b>Total</b>	<b>2009 (Memorandum Only)</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,132,894	\$ 248,112	\$ 1,012,850	\$ 889,210	\$ 6,283,066	\$ 8,455,122
Receivables ( net of allowance for uncollectibles)						
Property taxes	748,519	420,047	178,448	129,232	1,476,246	1,531,565
Other taxes	1,677,232	3,399	-	-	1,680,631	1,474,915
Special assessments	-	-	-	47,081	47,081	47,733
Accounts-customers	-	-	-	5,615	5,615	1,100
Other	91,063	-	-	-	91,063	47,053
Due from other funds	12,801	241	-	2,052	15,094	12,829
Due from other governments	-	-	-	28,561	28,561	26,293
Prepaid items	85,125	-	-	63,065	148,190	130,471
Restricted assets						
Cash and cash equivalents	192,487	-	-	405,109	597,596	698,930
	<u>\$ 6,940,121</u>	<u>\$ 671,799</u>	<u>\$ 1,191,298</u>	<u>\$1,569,925</u>	<u>\$10,373,143</u>	<u>\$ 12,426,011</u>

See accompanying notes.

	General	Illinois Municipal Retirement	Incremental Tax	Nonmajor	Total	2009 (Memorandum Only)
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 267,256	\$ 29,390	\$ 884	\$ 12,078	\$ 309,608	\$ 734,488
Construction retainage payable	29,524	-	5,399	-	34,923	21,000
Due to other funds	3,249	-	-	-	3,249	28
Deferred revenue	784,989	420,047	178,448	198,195	1,581,679	1,637,540
Total liabilities	1,085,018	449,437	184,731	210,273	1,929,459	2,393,056
<b>Fund balances</b>						
Reserved for:						
Drug enforcement	1,718	-	-	-	1,718	4,324
Alcohol enforcement	8,908	-	-	-	8,908	6,837
Police fundraiser	1,159	-	-	-	1,159	1,156
Police DARE	6,222	-	-	-	6,222	6,672
Road improvement	-	-	-	-	-	97,540
Police vehicle seizure	1,501	-	-	-	1,501	3,002
Police vehicle seizure forfeiture	73,913	-	-	-	73,913	70,015
Bond debt service	99,066	-	-	-	99,066	100,250
Unreserved	5,662,616	222,362	1,006,567	1,359,652	8,251,197	9,743,159
Total fund balances	5,855,103	222,362	1,006,567	1,359,652	8,443,684	10,032,955
	\$ 6,940,121	\$ 671,799	\$ 1,191,298	\$ 1,569,925	\$ 10,373,143	\$ 12,426,011

**CITY OF WASHINGTON, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2010**

**RECONCILIATION TO STATEMENT OF NET ASSETS**

Total fund balances - governmental funds	\$ 8,443,684
Capital assets used in governmental activities of \$27,169,373, net of accumulated depreciation of \$4,306,557 are not financial resources and, therefore, are not reported in the governmental funds.	22,862,816
Property taxes are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,523,327
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.	2,207,564
Long term liabilities, accrued interest and compensation are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(6,997,415)
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.	328,919
Bond costs of \$112,259, net of accumulated amortization of \$19,524, are recorded as expenditures in the governmental funds, but the cost creates a capital asset which must be expensed over the life of the bond.	<u>92,735</u>
Net assets of governmental activities.	<u><u>\$ 28,461,630</u></u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2010**

	General	Illinois Municipal Retirement	Incremental Tax	Nonmajor	Total	2009 (Memorandum Only)
<b>REVENUES</b>						
Property taxes	\$ 654,749	\$ 389,469	\$ 360,792	\$ 167,144	\$ 1,572,154	\$ 1,524,420
Licenses and permits	284,742	-	-	-	284,742	281,064
Intergovernmental	6,369,714	12,897	-	341,652	6,724,263	6,761,846
Grant proceeds	186,782	-	-	-	186,782	248,247
Charges for services	64,664	-	-	85,900	150,564	151,087
Fines and forfeitures	100,577	-	-	-	100,577	119,912
Special projects	57,877	-	-	-	57,877	116,449
Interest	21,448	992	4,639	7,697	34,776	107,357
Other	24,402	-	-	41,798	66,200	80,831
	<u>7,764,955</u>	<u>403,358</u>	<u>365,431</u>	<u>644,191</u>	<u>9,177,935</u>	<u>9,391,213</u>
<b>EXPENDITURES</b>						
Current						
General government	872,125	481,702	113,252	119,910	1,586,989	1,439,161
Public safety	3,375,386	-	-	3,554	3,378,940	3,112,587
Highways and streets	1,210,175	-	-	30,840	1,241,015	1,298,155
Health and welfare	15,012	-	-	-	15,012	13,608
Cemetery	-	-	-	67,207	67,207	52,049
Capital outlay	3,136,286	-	300,463	378,393	3,815,142	2,097,685
Debt service						
Principal	-	-	-	270,520	270,520	276,309
Interest	-	-	-	335,381	335,381	352,882
	<u>8,608,984</u>	<u>481,702</u>	<u>413,715</u>	<u>1,205,805</u>	<u>10,710,206</u>	<u>8,642,436</u>
Excess (deficiency) of revenues over expenditures	<u>(844,029)</u>	<u>(78,344)</u>	<u>(48,284)</u>	<u>(561,614)</u>	<u>(1,532,271)</u>	<u>748,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	36,802	80,000	-	567,793	684,595	1,493,201
Transfers out	<u>(567,793)</u>	<u>-</u>	<u>(173,802)</u>	<u>-</u>	<u>(741,595)</u>	<u>(1,421,923)</u>
Total other financing sources (uses)	<u>(530,991)</u>	<u>80,000</u>	<u>(173,802)</u>	<u>567,793</u>	<u>(57,000)</u>	<u>71,278</u>
Net change in fund balances	<u>(1,375,020)</u>	<u>1,656</u>	<u>(222,086)</u>	<u>6,179</u>	<u>(1,589,271)</u>	<u>820,055</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>7,230,123</u>	<u>220,706</u>	<u>1,228,653</u>	<u>1,353,473</u>	<u>10,032,955</u>	<u>9,212,900</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 5,855,103</u>	<u>\$ 222,362</u>	<u>\$ 1,006,567</u>	<u>\$ 1,359,652</u>	<u>\$ 8,443,684</u>	<u>\$ 10,032,955</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2010**

**RECONCILIATION TO STATEMENT OF ACTIVITIES**

Net change in fund balances - governmental funds	\$(1,589,271)
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities	
Capital asset purchases capitalized	3,815,142
Depreciation expense	<u>(1,096,398)</u>
	2,718,744
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	270,520
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(55,971)
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.	(9,006)
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.	237,722
Amortization of bond costs are recorded as expenditures in the governmental funds in the year of issuance, but the costs create a capital asset which must be expensed over the life of the bond.	(4,881)
Amortization of capital debt premium is recorded as a revenue in the governmental funds in the year of issuance, but the premium creates a capital liability which must be amortized over the life of the debt.	<u>34,743</u>
	<u>3,191,871</u>
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 1,602,600</u></u>

See accompanying notes.



**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2009 (Memorandum Only)</b>
<b>ASSETS</b>	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,189,688	\$ 4,099,915	\$ 6,289,603	\$ 1,749,889	\$ 7,482,474
Investments	246,884	100,000	346,884	-	660,250
Receivables (net of allowance for uncollectibles)					
Accounts - customers	2,511	12,753	15,264	-	35,292
Estimated unbilled usage	250,306	430,753	681,059	-	682,635
Interest	168	-	168	-	1,435
Other	5,896	1,391,508	1,397,404	10,587	323,226
Due from other funds	25,015	3,370	28,385	50	27,464
Prepaid items	13,979	19,300	33,279	3,063	38,443
Restricted assets					
Cash and cash equivalents	8,049	487,560	495,609	-	738,663
<b>Total current assets</b>	<b>2,742,496</b>	<b>6,545,159</b>	<b>9,287,655</b>	<b>1,763,589</b>	<b>9,989,882</b>
<b>Capital assets, net of accumulated depreciation</b>	<b>9,647,657</b>	<b>16,081,226</b>	<b>25,728,883</b>	<b>698,582</b>	<b>23,122,843</b>
<b>Total assets</b>	<b>\$ 12,390,153</b>	<b>\$ 22,626,385</b>	<b>\$ 35,016,538</b>	<b>\$ 2,462,171</b>	<b>\$ 33,112,725</b>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
APRIL 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2009 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current liabilities</b>					
Current maturities of long term debt	\$ 7,480	\$ 377,423	\$ 384,903	\$ -	\$ 237,725
Accounts payable and accrued liabilities	69,667	897,325	966,992	41,421	624,075
Accrued compensated absences	3,910	8,516	12,426	613	29,717
Retainage payable	23,124	278,576	301,700	-	23,128
Due to other funds	-	37,816	37,816	-	37,816
Deferred revenue	-	-	-	-	20,000
Customer deposits	242,320	-	242,320	-	235,175
Total current liabilities	346,501	1,599,656	1,946,157	42,034	1,207,636
<b>Noncurrent liabilities</b>					
Accrued compensated absences	31,023	33,417	64,440	5,508	43,453
IEPA loans payable, net of current maturities	-	2,558,541	2,558,541	-	1,434,427
Bonds payable, net of current maturities	52,785	551,855	604,640	-	686,080
Total noncurrent liabilities	83,808	3,143,813	3,227,621	5,508	2,163,960
Total liabilities	430,309	4,743,469	5,173,778	47,542	3,371,596
<b>Net assets</b>					
Invested in capital assets, net of related debt	9,587,392	12,593,407	22,180,799	698,582	20,764,611
Restricted for:					
IEPA loan debt service	-	433,302	433,302	-	380,802
Bond debt service	8,049	54,258	62,307	-	62,864
Other	-	-	-	-	294,997
Unrestricted	2,364,403	4,801,949	7,166,352	1,716,047	8,237,855
Total net assets	11,959,844	17,882,916	29,842,760	2,414,629	29,741,129
	<u>\$ 12,390,153</u>	<u>\$ 22,626,385</u>		<u>\$ 2,462,171</u>	<u>\$ 33,112,725</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>207,065</u>		
Net assets of business-type activities			<u>\$ 30,049,825</u>		

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2009 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>OPERATING REVENUES</b>					
Metered sales	\$ 985,270	\$ 1,553,713	\$ 2,538,983	\$ -	\$ 2,570,467
Charges for services	84,392	567,563	651,955	1,577,109	1,939,739
Employee contributions	-	-	-	70,117	64,785
Other	31,537	4,281	35,818	73,638	48,883
	<u>1,101,199</u>	<u>2,125,557</u>	<u>3,226,756</u>	<u>1,720,864</u>	<u>4,623,874</u>
<b>OPERATING EXPENSES</b>					
General and administrative	-	-	-	26,075	18,525
Personal services	469,336	565,380	1,034,716	1,006,570	1,818,786
Heat, light, and power	133,890	212,175	346,065	-	378,566
Materials and supplies	119,896	13,044	132,940	130,258	299,115
Other services and charges	208,755	190,394	399,149	94,452	456,495
Depreciation	327,868	470,843	798,711	172,231	950,454
	<u>1,259,745</u>	<u>1,451,836</u>	<u>2,711,581</u>	<u>1,429,586</u>	<u>3,921,941</u>
Operating income (loss)	<u>(158,546)</u>	<u>673,721</u>	<u>515,175</u>	<u>291,278</u>	<u>701,933</u>
<b>NONOPERATING (REVENUES) EXPENSES</b>					
Interest income	(20,033)	(29,264)	(49,297)	(13,153)	(129,239)
Rental income	(55,604)	-	(55,604)	-	(49,802)
Interest and fiscal agent fee expense	2,894	75,561	78,455	-	86,706
Grant proceeds	(5,896)	(1,595,140)	(1,601,036)	-	(215,461)
Gain on sale of equipment	-	(7,063)	(7,063)	(5,109)	(30,000)
	<u>(78,639)</u>	<u>(1,555,906)</u>	<u>(1,634,545)</u>	<u>(18,262)</u>	<u>(337,796)</u>
Net income (loss) before capital contributions and transfers	<u>(79,907)</u>	<u>2,229,627</u>	<u>2,149,720</u>	<u>309,540</u>	<u>1,039,729</u>
<b>CAPITAL CONTRIBUTIONS FROM DEVELOPERS</b>	-	-	-	-	583,637
<b>TRANSFERS IN (OUT), NET</b>	<u>153,957</u>	<u>(96,957)</u>	<u>57,000</u>	<u>-</u>	<u>(71,278)</u>
Change in net assets	<u>74,050</u>	<u>2,132,670</u>	<u>2,206,720</u>	<u>309,540</u>	<u>1,552,088</u>
<b>TOTAL NET ASSETS, BEGINNING OF YEAR</b>	<u>11,885,794</u>	<u>15,750,246</u>		<u>2,105,089</u>	<u>28,189,041</u>
<b>TOTAL NET ASSETS, END OF YEAR</b>	<u>\$ 11,959,844</u>	<u>\$ 17,882,916</u>		<u>\$ 2,414,629</u>	<u>\$ 29,741,129</u>
<b>RECONCILIATION TO STATEMENT OF ACTIVITIES:</b>					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>71,818</u>		
Change in net assets of business-type activities			<u>\$ 2,278,538</u>		

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2009 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,113,487	\$ 2,114,873	\$ 3,228,360	\$ 1,140,610	\$ 3,904,664
Receipts from interfund services provided	-	-	-	659,153	529,600
Payments to suppliers	(435,954)	(441,321)	(877,275)	(1,302,190)	(1,831,386)
Payments to employees	(483,654)	(636,065)	(1,119,719)	(89,714)	(983,193)
Receipt of utility customer deposits	13,370	-	13,370	-	58,925
Refunds of utility customer deposits	(6,225)	-	(6,225)	-	(48,350)
Net cash provided by operating activities	201,024	1,037,487	1,238,511	407,859	1,630,260
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
(Advances to) repayments from other funds	-	(921)	(921)	(50)	(1,532)
Transfers from (to) other funds	153,957	(96,957)	57,000	-	(71,278)
Net cash provided by (used in) noncapital and related financing activities	153,957	(97,878)	56,079	(50)	(72,810)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(609,976)	(2,704,587)	(3,314,563)	(65,141)	(879,438)
Proceeds from sale of equipment	-	7,063	7,063	5,109	30,000
Grant proceeds	-	437,372	437,372	-	-
Loan proceeds	-	1,427,566	1,427,566	-	-
Principal paid on bond and loan maturities	(7,480)	(230,244)	(237,724)	-	(231,836)
Interest paid on bonds and loans	(3,040)	(77,764)	(80,804)	-	(89,006)
Net cash used in capital and related financing activities	(620,496)	(1,140,594)	(1,761,090)	(60,032)	(1,170,280)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	20,446	30,118	50,564	13,153	130,240
Rental income received	55,604	-	55,604	-	49,802
Proceeds from sale/maturity of investments	255,035	315,354	570,389	-	963,416
Purchase of investments	(257,023)	-	(257,023)	-	(984,106)
Net cash provided by investing activities	74,062	345,472	419,534	13,153	159,352
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(191,453)	144,487	(46,966)	360,930	546,522
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,389,190	4,442,988	6,832,178	1,388,959	7,674,615
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,197,737</u>	<u>\$ 4,587,475</u>	<u>\$ 6,785,212</u>	<u>\$ 1,749,889</u>	<u>\$ 8,221,137</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2010**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2009 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income (loss)	\$ (158,546)	\$ 673,721	\$ 515,175	\$ 291,278	\$ 701,933
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	327,868	470,843	798,711	172,231	950,454
(Increase) decrease in usage receivable	1,391	185	1,576	-	(110,624)
(Increase) decrease in other receivables	10,897	9,131	20,028	78,899	(98,986)
(Increase) decrease in prepaid items	386	1,185	1,571	530	(486)
Increase (decrease) in accounts payable and accrued liabilities	(10,251)	(362,487)	(372,738)	(136,435)	131,220
Increase in accrued compensated absences	1,760	6,711	8,471	1,356	9,119
Increase (decrease) in deferred revenue	-	(20,000)	(20,000)	-	20,000
Increase in retainage payable	20,374	258,198	278,572	-	17,055
Increase in customer deposits	7,145	-	7,145	-	10,575
 Net cash provided by operating activities	 \$ 201,024	 \$ 1,037,487	 \$ 1,238,511	 \$ 407,859	 \$ 1,630,260

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

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>	
Cash and cash equivalents	\$ 2,189,688	\$ 4,099,915	\$ 6,289,603	\$ 1,749,889
Restricted cash and cash equivalents	8,049	487,560	495,609	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 2,197,737</b>	<b>\$ 4,587,475</b>	<b>\$ 6,785,212</b>	<b>\$ 1,749,889</b>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF FIDUCIARY NET ASSETS  
TRUST AND AGENCY FUNDS  
APRIL 30, 2010**

	<u>Pension Trust</u>	<u>Agency</u>		<u>2009</u>
	<u>Police</u>	<u>Special</u>		<u>(Memorandum</u>
	<u>Pension</u>	<u>Assessment</u>	<u>Total</u>	<u>Only)</u>
		<u>Collection</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 161,536	\$ -	\$ 161,536	\$ 191,661
Investments	4,820,626	-	4,820,626	4,113,532
Receivables (net of allowance for uncollectibles)				
Employer contribution	261,114	-	261,114	175,249
Interest	10,636	-	10,636	10,980
Other	-	2,464	2,464	20,347
	<u>\$ 5,253,912</u>	<u>\$ 2,464</u>	<u>\$ 5,256,376</u>	<u>\$ 4,511,769</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	2,464	2,464	2,449
Total liabilities	<u>-</u>	<u>2,464</u>	<u>2,464</u>	<u>2,449</u>
<b>Net Assets</b>			-	
Reserved for police pension benefits	5,253,912	-	5,253,912	5,049,984
Total net assets	<u>5,253,912</u>	<u>-</u>	<u>5,253,912</u>	<u>5,049,984</u>
	<u>\$ 5,253,912</u>	<u>\$ 2,464</u>	<u>\$ 5,256,376</u>	<u>\$ 5,052,433</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**TRUST FUND**  
**YEAR ENDED APRIL 30, 2010**

	<u>Pension Trust</u>	
	Police Pension	2009 (Memorandum Only)
<b>Additions</b>		
Contributions		
Plan members' contributions	\$ 104,567	\$ 95,549
Employer contributions	266,726	179,988
Other	50	696
Investment earnings		
Investment income	145,509	155,523
Net gain in fair value of investments	509,930	-
	<u>1,026,782</u>	<u>431,756</u>
<b>Deductions</b>		
Benefits paid	249,673	219,607
Administrative expenses	14,627	28,161
Net decline in fair value of investments	-	742,542
	<u>264,300</u>	<u>990,310</u>
Change in net assets	762,482	(558,554)
<b>Net assets</b>		
Beginning of year	<u>4,491,430</u>	<u>5,049,984</u>
End of year	<u>\$ 5,253,912</u>	<u>\$ 4,491,430</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED APRIL 30, 2010**

	Balance				Balance
	April 30, 2009	Additions	Deductions		April 30, 2010
<b>SPECIAL ASSESSMENT</b>					
<b>COLLECTION FUND</b>					
<b>ASSETS</b>					
Due from property owners	\$ 2,449	\$ 108	\$ 93		\$ 2,464
<b>LIABILITIES</b>					
Due to other funds	\$ 2,449	\$ 108	\$ 93		\$ 2,464
<b>POLICE BOND REMITTANCE FUND</b>					
<b>ASSETS</b>					
Cash	\$ -	\$ 30,700	\$ 30,700		\$ -
<b>LIABILITIES</b>					
Due to other governmental entities	\$ -	\$ 30,700	\$ 30,700		\$ -
<b>TOTAL - ALL AGENCY FUNDS</b>					
<b>ASSETS</b>					
Cash	\$ -	\$ 30,700	\$ 30,700		\$ -
Due from property owners	2,449	108	93		2,464
	\$ 2,449	\$ 30,808	\$ 30,793		\$ 2,464
<b>LIABILITIES</b>					
Due to other funds	\$ 2,449	\$ 108	\$ 93		\$ 2,464
Due to other governmental entities	-	30,700	30,700		-
	\$ 2,449	\$ 30,808	\$ 30,793		\$ 2,464

See accompanying notes.



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

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

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

**A. Nature of Operations**

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

**B. Financial Reporting Entity**

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

**C. Basis of Presentation**

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

*Government wide financial statements* – The Statement of Net 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:

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.

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

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

**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:

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 fund:

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

### **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:

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.

### **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 20, 2009.

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

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

- (1) The budget officer submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- (2) A public hearing is conducted to obtain taxpayer comments.
- (3) Prior to May 1, the budget is legally adopted through passage of an ordinance.
- (4) Budgeted amounts may be transferred between object classes within a fund at any time. The annual budget may be revised by a vote of two-thirds of the City Council by deleting, adding to, or changing budgeted items. No revision of the budget can be made increasing the budget in the event funds are not available.

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

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

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

#### **G. Investments**

Investments classified in the financial statements consist of certificates of deposit 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, 2010 was passed December 15, 2008. 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:

### **Capitalization**

	<u><b>Useful Life</b></u>	<u><b>Threshold</b></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.

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

## **M. Use of Estimates**

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

## **N. Long Term 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".

The governmental activities column of the government wide statement of net assets reports \$1,754,946 of restricted net assets for other purposes. Of this amount, \$309,742 is restricted by enabling legislation related to the audit fund and the motor fuel fund, \$93,421 is restricted for drug and alcohol enforcement, police fundraising, education, vehicle seizures and miscellaneous other police purposes, \$222,362 is restricted for retirement benefits, \$1,006,567 is restricted for the Incremental Tax fund, and \$122,854 is restricted for liability insurance.

### **Fund Financial Statements**

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

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, and fines.

Public Safety - Fine revenue, reimbursement for school activities, specific donations, and grants from the US 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.

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

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

#### **Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City’s deposit policy provides that all deposits be guaranteed by the U.S. government, insured by the Federal Deposit Insurance Corporation (FDIC), or fully collateralized with securities held by the City or its agent in the City’s name or by its counterparty’s trust department or agent in the City’s name.

The City's cash and cash equivalents at April 30, 2010 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 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, 2010, all the City's deposits, excluding \$600 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, 2010:

	<b><u>Carrying Amount</u></b>
Illinois Funds	\$ 1,943,351
Money market funds	12,982,977
Checking and savings	650,371
Cash on hand	600
<b>Total cash and cash equivalents</b>	<b><u>\$ 15,577,299</u></b>

The deposits are reflected on the financial statements at April 30, 2010 as follows:

Government-wide statement of net assets:	
Cash and cash equivalents	\$ 14,322,558
Restricted assets – cash and cash equivalents	1,093,205
Statement of fiduciary net assets:	
Cash and cash equivalents	161,536
	<b><u>\$ 15,577,299</u></b>

## Investments

As of April 30, 2010, the City had the following investments:

<b><u>Type of Investment</u></b>	<b><u>Fair Value/ Carrying Amount</u></b>	<b><u>Average Credit Quality/ Ratings (1)</u></b>	<b><u>Weighted Average Years to Maturity (2)</u></b>
Primary Government			
Certificates of deposit	\$ 346,884	N/A	0.56
Fiduciary Fund			
Certificates of deposit	2,833,510	N/A	1.83
Mutual funds-equities	713,564	N/A	N/A
Mutual funds-diversified	259,652	N/A	4.34
Annuities-equities	866,047	N/A	N/A
Annuities-diversified	147,853	N/A	5.42
Total Fiduciary Fund Investments	<u>4,820,626</u>		
Total Investments	<u>\$ 5,167,510</u>		

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

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

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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Fund's policy provides that investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities while the Fund maintains sufficient liquidity. Investment guidelines have been established for monies invested to meet approximate market rates of return on its investments, consistent with constraints established by its safety objectives, cash flow considerations, and Illinois State laws that restrict the placement of public funds.

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City's policy provides that investments be diversified or collateralized to avoid incurring unreasonable risks regarding specific security types and/or financial institutions. 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, 2010 are as follows:

Morton Community Bank Certificates of Deposit	\$ 1,569,618
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### NOTE 3. CAPITAL ASSETS

Capital asset activity for the fiscal year ended April 30, 2010 was as follows:

	<b><u>Balance</u></b> <b><u>May 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>April 30, 2010</u></b>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 745,515	\$ -	\$ -	\$ 745,515
Construction in process	578,998	292,184	493,761	377,421
	<hr/>			
Total capital assets not being depreciated	1,324,513	292,184	493,761	1,122,936
	<hr/>			
Other capital assets:				
Land improvements	331,667	-	-	331,667
Buildings	1,578,255	1,138,992	-	2,717,247
Infrastructure	19,439,995	2,743,658	-	22,183,653
Equipment and vehicles	2,664,792	103,146	16,753	2,751,185
	<hr/>			
Total other capital assets	24,014,709	3,985,796	16,753	27,983,752
	<hr/>			
Less accumulated depreciation for:				
Land improvements	81,414	7,584	-	88,998
Buildings	622,981	41,263	-	664,244
Infrastructure	2,303,914	989,088	-	3,293,002
Equipment and vehicles	1,381,169	230,694	112,817	1,499,046
	<hr/>			
Total accumulated depreciation	4,389,478	1,268,629	112,817	5,545,290
	<hr/>			
Other capital assets, net	19,625,231	2,717,167	(96,064)	22,438,462
	<hr/>			
Governmental activities, net	\$ 20,949,744	\$ 3,009,351	\$ 397,697	\$ 23,561,398
	<hr/>			

	<b><u>Balance</u></b> <b><u>May 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>April 30,</u></b> <b><u>2010</u></b>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 204,676	\$ -	\$ -	\$ 204,676
Construction in process	946,320	3,068,534	524,892	3,489,962
Total capital assets not being depreciated	1,150,996	3,068,534	524,892	3,694,638
Other capital assets:				
Water system	12,088,163	450,551	-	12,538,714
Sewer system	19,300,998	1,201,686	-	20,502,684
Equipment	625,769	14,544	-	640,313
Total other capital assets	32,014,930	1,666,781	-	33,681,711
Less accumulated depreciation for:				
Water system	2,927,431	228,508	-	3,155,939
Sewer system	7,462,809	311,423	-	7,774,232
Equipment	458,515	258,780	-	717,295
Total accumulated depreciation	10,848,755	798,711	-	11,647,466
Other capital assets, net	21,166,175	868,070	-	22,034,245
Business- type activities, net	\$ 22,317,171	\$ 3,936,604	\$ 524,892	\$ 25,728,883

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

**Governmental Activities:**

General government	\$ 25,906
Public safety	58,126
Highways and streets	1,004,271
Cemetery	8,095
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	172,231

Total depreciation expense for governmental activities	<u>\$ 1,268,629</u>
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**Business-Type Activities:**

Water	\$ 327,868
Sewer	470,843

Total depreciation expense for business-type activities	<u>\$ 798,711</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, 2010 are as follows:

	<b><u>Balance</u></b> <b><u>May 1, 2009</u></b>	<b><u>Additions</u></b>	<b><u>Reductions</u></b>	<b><u>Balance</u></b> <b><u>April 30, 2010</u></b>	<b><u>Amount</u></b> <b><u>Due In</u></b> <b><u>One Year</u></b>
<b>Governmental Activities:</b>					
General obligation bonds:					
Special Assessment Bonds,					
Series 2005	\$ 405,000	\$ -	\$ 29,000	\$ 376,000	\$ 30,000
Alternate Revenue Source,					
Series 2002**	541,960	-	59,840	482,120	59,840
Alternate Revenue Source,					
Series 2002B**	562,480	-	56,680	505,800	57,720
General Obligation Bonds,					
Series 2006	5,324,600	-	159,743	5,164,857	135,000
Other postemployment					
retirement benefits	-	51,649	-	51,649	-
Vested compensated					
absences	368,221	-	44,730	323,491	47,577
Total Governmental					
Activities	\$ 7,202,261	\$ 51,649	\$ 349,993	\$ 6,903,917	\$ 330,137
<b>Business-Type Activities:</b>					
General obligation bonds:					
Alternate Revenue Source,					
Series 2002**	\$ 255,040	\$ -	\$ 28,160	\$ 226,880	\$ 28,160
Alternate Revenue Source,					
Series 2002B**	511,520	-	52,320	459,200	53,280
1997 Illinois Environmental					
Protection Agency Loan	1,591,672	-	157,244	1,434,428	161,822
2010 Illinois Environmental					
Protection Agency Loan	-	1,427,576	-	1,427,576	141,641
Vested compensated					
absences	68,406	8,460	-	76,866	12,426
Total Business-Type					
Activities	\$ 2,426,638	\$ 1,436,036	\$ 237,724	\$ 3,624,950	\$ 397,329

\*\* 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

#### Mallard Crossing

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

<b>Years Ending April 30,</b>	<b><u>Principal</u></b>	<b><u>Interest Rate</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 30,000	4.75	\$ 17,860	\$ 47,860
2012	32,000	4.75	16,435	48,435
2013	33,000	4.75	14,915	47,915
2014	35,000	4.75	13,348	48,348
2015	36,000	4.75	11,685	47,685
2016 to 2020	<u>210,000</u>	4.75	<u>30,875</u>	<u>240,875</u>
<b>Total</b>	<b><u>\$ 376,000</u></b>		<b><u>\$ 105,118</u></b>	<b><u>\$ 481,118</u></b>

Principal paying date: December 1

Interest paying dates: June 1 and December 1

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

<b><u>Account</u></b>	<b><u>Amount</u></b>	<b><u>Nature of Authorized Expenditures</u></b>
Principal and interest	Amount that results from deposit of property tax levy receipts less payment of principal and interest on the bonds as they become due. As of April 30, 2010, \$9,190 has been required to be accumulated.	Paying principal and interest.
Administration	Amount not to exceed \$1,000 to be deposited each year from receipts of special service area taxes. For the year ended April 30, 2010, no amounts were transferred to the General Fund for administration of the Fund.	Paying costs and expenses related to the administration of the Special Services Fund.

The following amounts are reported as restricted cash as follows:

Debt Service Fund	<u>\$ 9,190</u>
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### General Obligation Bonds – Alternate Revenue Source

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:

<b>Years Ending</b>		<b>Interest</b>		
<b><u>April 30,</u></b>	<b><u>Principal</u></b>	<b><u>Rate</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 88,000	4.75	\$ 31,588	\$ 119,588
2012	88,000	4.75	27,408	115,408
2013	88,000	4.75	23,228	111,228
2014	88,000	4.75	19,048	107,048
2015	88,000	4.75	14,868	102,868
2016 – 2018	<u>269,000</u>	4.75	<u>19,400</u>	<u>288,400</u>
<b>Total</b>	<b><u>\$ 709,000</u></b>		<b><u>\$ 135,540</u></b>	<b><u>\$ 844,540</u></b>

Payable from:

Governmental Funds	\$ 482,120
Enterprise Funds	<u>226,880</u>
	<u>\$ 709,000</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:

<b><u>Account</u></b>	<b><u>Amount</u></b>	<b><u>Nature of Authorized Expenditures</u></b>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2010, 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, 2010, \$94,700 has been required to be accumulated.	Paying current principal and interest.

The following amounts are reported as restricted cash as follows:

General Fund	\$ 64,396
Waterworks Fund	8,049
Sewerage Fund	<u>22,255</u>
	<u>\$ 94,700</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:

<b>Years Ending</b> <b><u>April 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2011	\$ 111,000	4.75	\$ 45,838	\$ 156,838
2012	114,000	4.75	40,565	154,565
2013	116,000	4.75	35,150	151,150
2014	119,000	4.75	29,640	148,640
2015	122,000	4.75	23,988	145,988
2016-2018	<u>383,000</u>	4.75	<u>36,620</u>	<u>419,620</u>
<b>Total</b>	<b><u>\$ 965,000</u></b>		<b><u>\$ 211,801</u></b>	<b><u>\$ 1,176,801</u></b>

Payable from:

Governmental Funds	\$ 505,800
Enterprise Funds	<u>459,200</u>
	<u>\$ 965,000</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:

<b><u>Account</u></b>	<b><u>Amount</u></b>	<b><u>Nature of Authorized Expenditures</u></b>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2010, there were no remaining bond proceeds.	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, 2010, \$66,673 has been required to be accumulated.	Paying current principal and interest.

The following amounts are reported as restricted cash as follows:

General Fund	\$ 34,670
Sewerage Fund	<u>32,003</u>
	<u>\$ 66,673</u>

### General Obligation Bonds

In fiscal year 2007, the City issued General Obligation Bonds, Series 2006. The proceeds of these bonds were 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:

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 135,000	7.00%	\$ 256,194	\$ 391,194
2012	145,000	7.00	246,394	391,394
2013	155,000	7.00	235,893	390,893
2014	165,000	7.00	224,694	389,694
2015	175,000	7.00	212,794	387,794
2016-2017	390,000	7.00	386,388	776,388
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
2026-2030	<u>1,705,000</u>	5.00	<u>221,125</u>	<u>1,926,125</u>
<b>Total</b>	\$ 4,875,000		<u>\$ 2,881,298</u>	<u>\$ 7,756,298</u>
Bond premium	428,165			
Accumulated amortization	<u>(138,308)</u>			
	<u>\$ 5,164,857</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 \$34,743 for the year ended April 30, 2010. 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 was \$4,881 and accumulated amortization was \$19,524 at April 30, 2010.

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2010, there are no proceeds that remain 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, 2010, \$395,919 has been required to be accumulated.	Paying current principal and interest.
The following amounts are reported as restricted cash as follows:		
Debt Service Fund		\$ 395,919

*Business-Type Activities*

**1997 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>
2011	\$ 161,822	\$ 40,294	\$ 202,116
2012	166,532	35,584	202,116
2013	171,380	30,736	202,116
2014	176,369	25,747	202,116
2015	181,502	20,614	202,116
2016-2018	576,823	29,522	606,345
<b>Total</b>	<b>\$ 1,434,428</b>	<b>\$ 182,497</b>	<b>\$ 1,616,925</b>

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, 2010, \$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, 2010, \$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, 2010, \$145,000 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 following amounts are reported as restricted cash as follows:

Sewerage Fund

\$ 380,802

## 2010 IEPA Loan Payable

In fiscal year 2010, the City entered into a loan agreement with the Illinois Environmental Protection Agency (IEPA) for the purpose of paying a part of the cost of constructing, improving, and extending the City's sewerage system facilities. The maximum loan amount is \$7,554,185 with \$1,888,545 not required to be repaid. The total outstanding on the loan net of the amount not required to be repaid at April, 30, 2010 is \$1,427,576. The City expects the project to be completed during fiscal year 2011 and expects to borrow the full amount of the loan. The loan carries zero percent interest rate for a term of twenty years. Payments are due in semiannual amounts of \$141,641, including interest, thereafter, with final payment due September 30, 2030. 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>
2011	\$ 141,641	\$ -	\$ 141,641
2012	283,282	-	283,282
2013	283,282	-	283,282
2014	283,282	-	283,282
2015	283,282	-	283,282
2016-2020	1,416,410	-	1,416,410
2021-2025	1,416,410	-	1,416,410
2026-2030	1,416,410	-	1,416,410
2031	141,641	-	141,641
<b>Total</b>	<b>\$ 5,665,640</b>	<b>\$ -</b>	<b>\$ 5,665,640</b>

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, 2010, \$11,800 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 \$283,282 (maximum annual debt service). As of April 30, 2010, \$36,000 has been accumulated.	Paying principal and interest on bonds in the event that the bond and interest account has insufficient funds.
(d) Depreciation	\$4,700 per month, commencing March, 2010, until the account accumulates the total sum of \$566,564. As of April 30, 2010, \$4,700 has been accumulated.	Paying principal and interest on bonds or extraordinary maintenance and repair costs in the event that no other funds are available for these purposes.
(e) Surplus	The amount remaining after payment into the above accounts. This is accounted for as the remainder of the unrestricted funds of the Sewerage Enterprise Fund.	Constructing or acquiring repairs, improvements or extensions to the system, calling or redeeming bonds or any other lawful purpose of the system.

The following amounts are reported as restricted cash as follows:

Sewerage Fund	\$ 52,500
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### **Debt Covenants**

The various bond indentures contain limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum amounts to be maintained in various funds. The City is in compliance with all financial limitations and restrictions.

The City is a home-rule municipality and, accordingly, is not subject to any constitutional debt limit.



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

### Illinois Municipal Retirement Fund

*Plan Description.* The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, the City's plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 9.22 percent of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For 2009, the City's annual pension cost of \$189,521 for the Regular plan was equal to your employer's required and actual contributions.

#### Three Year Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/09	\$ 189,521	100%	\$ -
12/31/08	180,066	100%	-
12/31/07	171,863	100%	-

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually.

The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at the December 31, 2007, valuation was 23 years.

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 69.51 percent funded. The actuarial accrued liability for benefits was \$6,722,861 and the actuarial value of assets was \$4,672,750, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,050,111. The covered payroll (annual payroll of active employees covered by the plan) was \$2,055,541 and the ratio of the UAAL to the covered payroll was 100 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **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, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	19
<b>Total</b>	<b>24</b>
<b>Number of participating employers</b>	<b>1</b>

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 18.04 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 obligations to the Police Pension Trust Fund for May 1, 2009 (the date of the latest actuarial valuation) were as follows:

Annual Required Contribution (ARC)	\$ 178,583
Interest on net pension obligation	(1,435)
Adjustment to ARC	<u>1,031</u>
Annual pension cost	178,179
Contributions made	<u>179,988</u>
Decrease in net pension obligation	(1,809)
Net pension obligation, beginning of year	<u>(19,798)</u>
<b>Net pension obligation, end of year</b>	<b><u>\$ (21,607)</u></b>

The required contribution was determined as part of the May 1, 2009 actuarial valuation using the entry age level percentage of payroll method over a 24 year closed period. The actuarial assumptions included (a) 7.25 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 was a change with respect to Actuarial Assumptions from the prior year to reflect revised expectations with respect to future interest rates.

### 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>
5/1/09	\$ 178,179	101.0%	\$ (21,607)
5/1/08	141,018	100.8%	(19,798)
5/1/07	120,502	100.8%	(18,646)

### **Post-Employment Health Insurance**

#### Plan Description

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, have combined age and years of service of at least 80 and have been hired by the City before August 1, 1998. The City is funding this benefit on a pay as you go basis. At April 30, 2010, the retiree's portion of coverage is \$50/month for family and \$25/month for single. Membership of the plan consisted of the following at April, 30 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	32
Active plan members	22
<b>Total</b>	<u>59</u>
<b>Number of participating employers</b>	<u>1</u>

#### Funding Policy

The current funding policy of the City is to pay health claims as they occur. This arrangement does not qualify as other postemployment benefit (OPEB) plan assets under GASB for current GASB reporting; however, the City has established an internal service fund to accumulate assets and pay benefits.

The required contribution is based on projected pay-as-you-go financing. For fiscal year 2010, the City contributed \$123,629.

#### Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The City's annual OPEB cost and net OPEB obligations for April 30, 2010 (the date of the latest actuarial valuation) were as follows:

Annual Required Contribution (ARC)	\$ 175,278
Interest on net OPEB obligation	-
Adjustment to ARC	-
	<hr/>
Annual OPEB cost	175,278
Contributions made	123,629
	<hr/>
Increase in net OPEB obligation	51,649
Net OPEB obligation, beginning of year	-
	<hr/>
Net OPEB obligation, end of year	\$ 51,649
	<hr/>

### **Three Year Trend Information**

<b><u>Actuarial Valuation Date</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
5/1/10	\$ 175,278	70.5%	\$ 51,649
5/1/09	-	-	-
5/1/08	-	-	-

### **Funded status and funding progress**

As of April 30, 2010, the most recent valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,664,486 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$2,664,486.

### **Actuarial methods and assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions included a 5 percent investment rate of return which is based on the expected long-term investment return of the City's own investments used to pay plan benefits, discount rate of 5% and an initial annual health care cost trend rate of 8% which is reduced over time to an ultimate rate of 6%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization of UAAL is done over a period of 30 years.

## Retirement Health Savings Plan

In August 2007, the City initiated three retirement health savings plans which cover the unionized telecommunicators, the unionized police employees and non-union employees hired after July 31, 1998. The City will contribute 1.75% of an eligible participant's base wage, with the exception of police officers who receive 1.5%, plus longevity on an annual basis. The funds will be available to any participant upon separation from service. The City's contribution to the plan for the year ended April 30, 2010 was approximately \$8,000.

## NOTE 6. INTERFUND BALANCES

Interfund receivable and payable balances as of April 30, 2010 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 12,801	\$ 3,249
Special Revenue Funds		
Storm Water Management Fund	2,052	-
Illinois Municipal Retirement Fund	241	-
Enterprise and Internal Service Funds		
Waterworks Fund	25,015	-
Sewerage Fund	3,370	37,816
MERF Fund	50	-
Trust and Agency Fund		
Special Assessment Collection Fund	-	2,464
<b>Total interfund receivables and payables</b>	<b>\$ 43,529</b>	<b>\$ 43,529</b>

## NOTE 7. INTERFUND TRANSFERS

Transfers between funds for the year ended April 30, 2010, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 36,802	\$ 567,793
Special Revenue Funds		
Illinois Municipal Retirement Fund	80,000	-
Incremental Tax Fund	-	173,802
Civil Defense Fund	3,000	-
Capital Projects Funds		
Dallas Road Improvement Fund	15,423	-
Debt Service Funds		
South Cummings Lane Fund	84,162	-
Cruger Road Fund	83,208	-
Washington Area Community Center Fund	382,000	-
Enterprise Funds		
Waterworks Fund	207,359	53,402
Sewerage Fund	647,631	744,588
<b>Total interfund transfers</b>	<b>\$ 1,539,585</b>	<b>\$ 1,539,585</b>

## NOTE 8. 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 \$724,039 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 \$28,464 at April 30, 2010 have been included in the financial statements as a payable.

Changes in the claims liability in fiscal year 2010 were:

Balance at April 30, 2009	\$ 153,580
Current year claims and changes in estimates	600,070
Claims paid	<u>(725,186)</u>
<b>Balance at April 30, 2010</b>	<b><u>\$ 28,464</u></b>

## NOTE 9. 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 10. 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, 2010, the outstanding Industrial Project Revenue Bonds had an aggregate principal amount outstanding of \$4,778,344.

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.

#### **NOTE 11. COMMITMENTS**

The City is under contract for work to be completed on the Devonshire Trunk Sewer. As of April 30, 2010, the total amount of all contracts was \$607,368. Of this amount, \$13,483 has been paid or is included in payables as of the year-end. 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 the WTP1 Reaction Basin. As of April 30, 2010, the total amount of all contracts was \$243,735. A total of \$190,828 has been paid or is included in payables as of the year end.

The City is under contract for the painting of Water Tower #2. As of April 30, 2010, the total amount of the contract was \$337,000. A total of \$17,944 has been paid or is included in payables as of the year-end.

The City is under contract for the Sewer Treatment Plant #2 Expansion. As of April 30, 2010, the total amount of all contracts was \$6,827,994. A total of \$2,863,378 has been paid or is included in payables as of the year end.

#### **NOTE 12. SUBSEQUENT EVENT**

In 2006, the City issued General Obligation Bonds in the amount of \$5,000,000 to help finance the construction of the Washington Area Community Center, Inc. "WACC" complex commonly known as Five Points Washington. Subsequent to year end, the City and WACC entered into a revised usage agreement which, among other items, clarified the WACC's repayment obligations to the City. Under this agreement, the WACC will make an annual lump sum payment to the City in the amount of \$50,000 for each of the next 10 years commencing in 2011 and shall make an annual, lump sum payment of \$75,000 for each of ten consecutive years commencing in 2021.

The City has evaluated subsequent events through October 11, 2010, the date which the financial statements were available to be issued.



## REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WASHINGTON, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BUDGET AND ACTUAL**  
**GENERAL AND MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED APRIL 30, 2010**

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 673,000	\$ 654,749	\$ (18,251)
Licenses and permits	256,100	284,742	28,642
Intergovernmental	6,290,350	6,369,714	79,364
Grant proceeds	21,080	186,782	165,702
Charges for services	54,610	64,664	10,054
Fines and forfeitures	106,000	100,577	(5,423)
Special projects	83,500	57,877	(25,623)
Interest	72,300	21,448	(50,852)
Other	12,000	24,402	12,402
	<u>7,568,940</u>	<u>7,764,955</u>	<u>196,015</u>
<b>EXPENDITURES</b>			
Current			
General government	964,740	872,125	92,615
Public safety	3,726,230	3,375,386	350,844
Highways and streets	1,359,100	1,210,175	148,925
Health and welfare	16,200	15,012	1,188
Capital outlay	3,289,500	3,136,286	153,214
	<u>9,355,770</u>	<u>8,608,984</u>	<u>746,786</u>
Excess (deficiency) of revenue over expenditures	<u>(1,786,830)</u>	<u>(844,029)</u>	<u>942,801</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	19,970	36,802	16,832
Transfers out	(582,970)	(567,793)	15,177
Total other financing sources (uses)	<u>(563,000)</u>	<u>(530,991)</u>	<u>32,009</u>
Net change in fund balances	<u>\$ (2,349,830)</u>	<u>\$ (1,375,020)</u>	<u>\$ 974,810</u>

Illinois Municipal Retirement Fund			Incremental Tax Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 390,000	\$ 389,469	\$ (531)	\$ 419,000	\$ 360,792	\$ (58,208)
-	-	-	-	-	-
11,000	12,897	1,897	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,000	992	(3,008)	12,791	4,639	(8,152)
-	-	-	-	-	-
405,000	403,358	(1,642)	431,791	365,431	(66,360)
495,000	481,702	13,298	156,678	113,252	43,426
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,333,000	300,463	1,032,537
495,000	481,702	13,298	1,489,678	413,715	1,075,963
(90,000)	(78,344)	11,656	(1,057,887)	(48,284)	1,009,603
80,000	80,000	-	-	-	-
-	-	-	-	(173,802)	(173,802)
80,000	80,000	-	-	(173,802)	(173,802)
\$ (10,000)	\$ 1,656	\$ 11,656	\$ (1,057,887)	\$ (222,086)	\$ 835,801

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

(Unaudited - See Accompanying Independent Auditors' Report)

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)- Entry Age (b)</b>	<b>Unfunded AAL (UAAL) Liability (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
12/31/2009	\$ 4,672,750	\$ 6,722,861	\$ 2,050,111	69.51 %	\$ 2,055,541	99.74 %
12/31/2008	4,705,446	5,889,568	1,184,122	79.89	1,843,052	64.25
12/31/2007	5,231,988	5,510,837	278,849	94.94	1,750,136	15.93

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

(Unaudited - See Accompanying Independent Auditors' Report)

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date (Year beginning May 1)</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
2009	\$ 4,491,429	\$ 7,180,493	\$2,689,064	62.6 %	\$ 997,766	269.5 %
2008	5,049,983	6,269,050	1,219,067	80.6	953,435	127.9
2007	4,869,175	5,747,157	877,982	84.7	907,238	96.8

**CITY OF WASHINGTON, ILLINOIS  
POST-EMPLOYMENT HEALTH INSURANCE PLAN**

(Unaudited - See Accompanying Independent Auditors' Report)

**SCHEDULE OF FUNDING PROGRESS**

<b>Actuarial Valuation Date (Year beginning May 1)</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>
2009	\$ -	\$ 2,664,486	\$ 2,664,486	0.0 %
2008	-	-	-	-
2007	-	-	-	-

## 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, 2010**

	<b>General</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 673,000	\$ 654,749	\$ (18,251)
Licenses and permits	256,100	284,742	28,642
Intergovernmental	6,290,350	6,369,714	79,364
Grant proceeds	21,080	186,782	165,702
Charges for services	54,610	64,664	10,054
Fines and forfeitures	106,000	100,577	(5,423)
Special projects	83,500	57,877	(25,623)
Interest	72,300	21,448	(50,852)
Other	12,000	24,402	12,402
Total revenues	7,568,940	7,764,955	196,015
<b>EXPENDITURES</b>			
Current			
General government	964,740	872,125	92,615
Public safety	3,726,230	3,375,386	350,844
Highways and streets	1,359,100	1,210,175	148,925
Health and welfare	16,200	15,012	1,188
Cemetery	-	-	-
Capital outlay	3,289,500	3,136,286	153,214
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	9,355,770	8,608,984	746,786
Excess (deficiency) of revenue over expenditures	(1,786,830)	(844,029)	942,801
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	19,970	36,802	16,832
Transfers out	(582,970)	(567,793)	15,177
Total other financing sources (uses)	(563,000)	(530,991)	32,009
Net change in fund balances	\$ (2,349,830)	\$ (1,375,020)	\$ 974,810



Special Revenue			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 932,200	\$ 873,329	\$ (58,871)	\$ -	\$ -	\$ -
-	-	-	-	-	-
351,000	354,549	3,549	-	-	-
-	-	-	-	-	-
66,000	85,900	19,900	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,591	10,750	(14,841)	-	-	-
42,000	41,798	(202)	-	-	-
1,416,791	1,366,326	(50,465)	-	-	-
780,678	714,864	65,814	-	-	-
12,550	3,554	8,996	-	-	-
-	30,840	(30,840)	-	-	-
-	-	-	-	-	-
79,050	67,207	11,843	-	-	-
1,839,600	660,103	1,179,497	11,000	18,753	(7,753)
-	-	-	-	-	-
-	-	-	-	-	-
2,711,878	1,476,568	1,235,310	11,000	18,753	(7,753)
(1,295,087)	(110,242)	1,184,845	(11,000)	(18,753)	(7,753)
91,000	83,000	(8,000)	119,208	15,423	(103,785)
-	(173,802)	(173,802)	-	-	-
91,000	(90,802)	(181,802)	119,208	15,423	(103,785)
\$ (1,204,087)	\$ (201,044)	\$ 1,003,043	\$ 108,208	\$ (3,330)	\$ (111,538)

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED APRIL 30, 2010**

	<b>Debt Service</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 48,549	\$ 44,076	\$ (4,473)
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Grant proceeds	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Special projects	-	-	-
Interest	9,300	2,578	(6,722)
Other	-	-	-
Total revenues	57,849	46,654	(11,195)
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Cemetery	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	270,520	270,520	-
Interest	335,382	335,381	1
Total expenditures	605,902	605,901	1
Excess (deficiency) of revenue over expenditures	(548,053)	(559,247)	(11,194)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	535,970	549,370	13,400
Transfers out	(1,000)	-	1,000
Total other financing sources (uses)	534,970	549,370	14,400
Net change in fund balances	\$ (13,083)	\$ (9,877)	\$ 3,206

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2010**

	General Corporate	City Hall	Street
<b>REVENUES</b>			
Property taxes	\$ 329,557	\$ -	\$ 152,428
Licenses and permits	284,742	-	-
Intergovernmental	6,173,500	-	173,551
Grant proceeds	-	-	183,893
Charges for services	-	-	468
Fines and forfeitures	100,577	-	-
Special projects	-	-	-
Interest	21,232	-	-
Other	8,005	-	13,380
	<u>6,917,613</u>	<u>-</u>	<u>523,720</u>
<b>EXPENDITURES</b>			
General government			
Personal services	378,078	17,060	-
Supplies	11,610	4,764	-
Other services and charges	122,678	52,218	-
Total general government	<u>512,366</u>	<u>74,042</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	-	-	655,732
Supplies	-	-	14,743
Other services and charges	-	-	539,700
Total highways and streets	<u>-</u>	<u>-</u>	<u>1,210,175</u>
Health and welfare			
Other services and charges	12,805	2,207	-
Capital outlay	47,505	1,767,399	1,311,441
	<u>572,676</u>	<u>1,843,648</u>	<u>2,521,616</u>
Excess (deficiency) of revenue over expenditures	<u>6,344,937</u>	<u>(1,843,648)</u>	<u>(1,997,896)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,762	14,852	20,188
Transfers out	(385,000)	-	(182,793)
Total other financing sources (uses)	<u>(383,238)</u>	<u>14,852</u>	<u>(162,605)</u>
Net change in fund balance	<u>\$ 5,961,699</u>	<u>\$ (1,828,796)</u>	<u>\$ (2,160,501)</u>

**FUND BALANCE, BEGINNING OF YEAR**

**FUND BALANCE, END OF YEAR**

<b>Police</b>	<b>Tourism and Economic Development</b>	<b>Zoning</b>	<b>Fire and Rescue</b>	<b>Total</b>	<b>2009 (Memorandum Only)</b>
\$ 172,764	\$ -	\$ -	\$ -	\$ 654,749	\$ 578,888
-	-	-	-	284,742	281,064
7,953	-	-	14,710	6,369,714	6,392,115
2,889	-	-	-	186,782	24,247
64,196	-	-	-	64,664	51,092
-	-	-	-	100,577	119,912
57,877	-	-	-	57,877	116,449
216	-	-	-	21,448	73,208
3,017	-	-	-	24,402	36,189
308,912	-	-	14,710	7,764,955	7,673,164
-	19,163	138,429	-	552,730	530,193
-	-	2,346	-	18,720	15,686
-	39,863	85,916	-	300,675	245,320
-	59,026	226,691	-	872,125	791,199
2,291,003	-	-	-	2,291,003	2,136,803
15,324	-	-	-	15,324	20,257
26,254	-	-	-	26,254	57,602
479,956	-	-	562,849	1,042,805	890,085
2,812,537	-	-	562,849	3,375,386	3,104,747
-	-	-	-	655,732	640,290
-	-	-	-	14,743	12,530
-	-	-	-	539,700	586,357
-	-	-	-	1,210,175	1,239,177
-	-	-	-	15,012	13,608
8,776	-	1,165	-	3,136,286	642,898
2,821,313	59,026	227,856	562,849	8,608,984	5,791,629
(2,512,401)	(59,026)	(227,856)	(548,139)	(844,029)	1,881,535
-	-	-	-	36,802	14,500
-	-	-	-	(567,793)	(1,403,701)
-	-	-	-	(530,991)	(1,389,201)
\$ (2,512,401)	\$ (59,026)	\$ (227,856)	\$ (548,139)	(1,375,020)	492,334
				7,230,123	6,737,789
				<u>\$ 5,855,103</u>	<u>\$ 7,230,123</u>

**CITY OF WASHINGTON, ILLINOIS  
COMBINING BALANCE SHEET -  
INCREMENTAL TAX FUND BY ACCOUNTS  
APRIL 30, 2010**

	<b>Downtown</b>	<b>Washington Road</b>	<b>Total</b>	<b>2009 (Memorandum Only)</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 789,512	\$ 223,338	\$ 1,012,850	\$ 1,230,991
Receivables (net of allowance for uncollectibles)				
Property taxes	178,448	-	178,448	362,842
	<u>\$ 967,960</u>	<u>\$ 223,338</u>	<u>\$ 1,191,298</u>	<u>\$ 1,593,833</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 537	\$ 347	\$ 884	\$ 2,338
Construction retainage payable	-	5,399	5,399	-
Deferred revenue	178,448	-	178,448	362,842
Total liabilities	<u>178,985</u>	<u>5,746</u>	<u>184,731</u>	<u>365,180</u>
<b>Fund balances</b>				
Unreserved	<u>788,975</u>	<u>217,592</u>	<u>1,006,567</u>	<u>1,228,653</u>
	<u>\$ 967,960</u>	<u>\$ 223,338</u>	<u>\$ 1,191,298</u>	<u>\$ 1,593,833</u>

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**INCREMENTAL TAX FUND BY ACCOUNTS**  
**YEAR ENDED APRIL 30, 2010**

		Washington		2009 (Memorandum Only)
	Downtown	Road	Total	
<b>REVENUES</b>				
Property taxes	\$ 164,422	\$ 196,370	\$ 360,792	\$ 406,884
Interest	3,294	1,345	4,639	14,455
Other	-	-	-	1,825
	<u>167,716</u>	<u>197,715</u>	<u>365,431</u>	<u>423,164</u>
<b>EXPENDITURES</b>				
General government	83,212	30,040	113,252	103,428
Capital outlay	-	300,463	300,463	172,098
	<u>83,212</u>	<u>330,503</u>	<u>413,715</u>	<u>275,526</u>
Excess (deficiency) of revenues over expenditures	<u>84,504</u>	<u>(132,788)</u>	<u>(48,284)</u>	<u>147,638</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(173,802)	(173,802)	(17,222)
Net change in fund balances	84,504	(306,590)	(222,086)	130,416
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>704,471</u>	<u>524,182</u>	<u>1,228,653</u>	<u>1,098,237</u>
<b>FUND BALANCES, END OF YEAR</b>	<u><u>\$ 788,975</u></u>	<u><u>\$ 217,592</u></u>	<u><u>\$1,006,567</u></u>	<u><u>\$ 1,228,653</u></u>

**CITY OF WASHINGTON, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2010**

	Special Revenue						
	Cemetery	Civil Defense	Audit	Motor Fuel Tax	Liability Insurance	Storm Water Management	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 210,851	\$ 18,965	\$ 11,908	\$ 269,273	\$ 61,043	\$ 65,094	\$ 637,134
Receivables (net of allowance for uncollectibles)							
Property taxes	-	3,206	30,020	-	96,006	-	129,232
Special assessments	-	-	-	-	-	-	-
Accounts - customers	5,615	-	-	-	-	-	5,615
Due from other funds	-	-	-	-	-	2,052	2,052
Due from other governments	-	-	-	28,561	-	-	28,561
Prepaid items	774	480	-	-	61,811	-	63,065
Restricted assets							
Cash and cash equivalents	-	-	-	-	-	-	-
	<u>\$ 217,240</u>	<u>\$ 22,651</u>	<u>\$ 41,928</u>	<u>\$ 297,834</u>	<u>\$ 218,860</u>	<u>\$ 67,146</u>	<u>\$ 865,659</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 7,898	\$ 160	\$ -	\$ -	\$ -	\$ -	\$ 8,058
Deferred revenue	-	3,206	30,020	-	96,006	21,882	151,114
Total liabilities	7,898	3,366	30,020	-	96,006	21,882	159,172
<b>Fund balances</b>							
Unreserved	209,342	19,285	11,908	297,834	122,854	45,264	706,487
	<u>\$ 217,240</u>	<u>\$ 22,651</u>	<u>\$ 41,928</u>	<u>\$ 297,834</u>	<u>\$ 218,860</u>	<u>\$ 67,146</u>	<u>\$ 865,659</u>

Capital Project		Debt Service		Total Nonmajor Governmental	2009 (Memorandum Only)
Dallas Road	Mallard Crossing	WACC	Total		
\$ -	\$ -	\$ 252,076	\$ 252,076	\$ 889,210	\$ 889,269
-	-	-	-	129,232	123,241
-	47,081	-	47,081	47,081	47,733
-	-	-	-	5,615	1,100
-	-	-	-	2,052	28
-	-	-	-	28,561	26,293
-	-	-	-	63,065	54,278
-	9,190	395,919	405,109	405,109	409,134
\$ -	\$ 56,271	\$ 647,995	\$ 704,266	\$ 1,569,925	\$ 1,551,076

\$ 4,020	\$ -	\$ -	\$ -	\$ 12,078	\$ 4,757
-	47,081	-	47,081	198,195	192,846
4,020	47,081	-	47,081	210,273	197,603
(4,020)	9,190	647,995	657,185	1,359,652	1,353,473
\$ -	\$ 56,271	\$ 647,995	\$ 704,266	\$ 1,569,925	\$ 1,551,076



**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2010**

	Special Revenue						
	Cemetery	Civil Defense	Audit	Motor Fuel Tax	Liability Insurance	Storm Water Management	Total
<b>REVENUES</b>							
Property taxes	\$ -	\$ 3,216	\$ 29,970	\$ -	\$ 89,882	\$ -	\$ 123,068
Intergovernmental	-	-	-	341,652	-	-	341,652
Charges for services	85,900	-	-	-	-	-	85,900
Interest	3,055	24	30	1,086	875	49	5,119
Other	706	-	-	-	-	41,092	41,798
	89,661	3,240	30,000	342,738	90,757	41,141	597,537
<b>EXPENDITURES</b>							
Current							
General government	-	-	25,925	-	84,000	9,985	119,910
Public safety	-	3,554	-	-	-	-	3,554
Highway and streets	-	-	-	30,840	-	-	30,840
Cemetery	67,207	-	-	-	-	-	67,207
Capital outlay	-	-	-	359,640	-	-	359,640
Debt service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
	67,207	3,554	25,925	390,480	84,000	9,985	581,151
Excess (deficiency) of revenues over expenditures	22,454	(314)	4,075	(47,742)	6,757	31,156	16,386
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	3,000	-	-	-	-	3,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	3,000	-	-	-	-	3,000
Net change in fund balances	22,454	2,686	4,075	(47,742)	6,757	31,156	19,386
<b>FUND BALANCES, BEGINNING OF YEAR</b>	186,888	16,599	7,833	345,576	116,097	14,108	687,101
<b>FUND BALANCES, END OF YEAR</b>	\$ 209,342	\$ 19,285	\$ 11,908	\$ 297,834	\$ 122,854	\$ 45,264	\$ 706,487

## Dallas Road

(18,753)

---

(3,330)

\$ (4,020)

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2010**

	Debt Service				
	Cruger Road	South Cummings Lane	Mallard Crossing	WACC	Total
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 44,076	\$ -	\$ 44,076
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	137	2,441	2,578
Other	-	-	-	-	-
	-	-	44,213	2,441	46,654
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highway and streets	-	-	-	-	-
Cemetery	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	56,680	59,840	29,000	125,000	270,520
Interest	26,528	24,322	19,238	265,293	335,381
	83,208	84,162	48,238	390,293	605,901
Excess (deficiency) of revenues over expenditures	(83,208)	(84,162)	(4,025)	(387,852)	(559,247)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	83,208	84,162	-	382,000	549,370
Transfers out	-	-	-	-	-
Total other financing sources (uses)	83,208	84,162	-	382,000	549,370
Net change in fund balances	-	-	(4,025)	(5,852)	(9,877)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	13,215	653,847	667,062
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ 9,190	\$ 647,995	\$ 657,185

<b>Total Nonmajor Governmental</b>		<b>2009 (Memorandum Only)</b>	
\$	167,144	\$	154,332
	341,652		353,441
	85,900		99,995
	7,697		15,494
	41,798		42,817
	644,191		666,079
	119,910		118,587
	3,554		7,840
	30,840		58,978
	67,207		52,049
	378,393		613,573
	270,520		276,309
	335,381		352,882
	1,205,805		1,480,218
	(561,614)		(814,139)
	567,793		958,126
	-		(1,000)
	567,793		957,126
	6,179		142,987
	1,353,473		1,210,486
\$	1,359,652	\$	1,353,473

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
APRIL 30, 2010**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Total</b>	<b>2009 (Memorandum Only)</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 534,128	\$ 1,215,761	\$ 1,749,889	\$ 1,388,959
Receivables (net of allowance for uncollectibles)				
Other	7,889	2,698	10,587	89,486
Prepaid items	-	3,063	3,063	3,593
Total current assets	542,067	1,221,522	1,763,589	1,482,038
<b>Noncurrent assets</b>				
Capital assets, net of accumulated depreciation	-	698,582	698,582	805,672
	<u>\$ 542,067</u>	<u>\$ 1,920,104</u>	<u>\$ 2,462,171</u>	<u>\$ 2,287,710</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 28,464	\$ 12,957	\$ 41,421	\$ 177,856
Accrued compensated absences	-	613	613	214
Total current liabilities	28,464	13,570	42,034	178,070
<b>Noncurrent liabilities</b>				
Accrued compensated absences	-	5,508	5,508	4,551
Total liabilities	28,464	19,078	47,542	182,621
<b>Net assets</b>				
Invested in capital assets	-	698,582	698,582	805,672
Unrestricted	513,603	1,202,444	1,716,047	1,299,417
Total net assets	513,603	1,901,026	2,414,629	2,105,089
	<u>\$ 542,067</u>	<u>\$ 1,920,104</u>	<u>\$ 2,462,171</u>	<u>\$ 2,287,710</u>

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED APRIL 30, 2010**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Total</b>	<b>2009 (Memorandum Only)</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 917,956	\$ 659,153	\$ 1,577,109	\$ 1,343,495
Employee contributions	70,117	-	70,117	64,785
Other	51,173	22,465	73,638	26,772
	<u>1,039,246</u>	<u>681,618</u>	<u>1,720,864</u>	<u>1,435,052</u>
<b>OPERATING EXPENSES</b>				
General and administrative	26,075	-	26,075	18,525
Personal services	927,397	79,173	1,006,570	825,207
Materials and supplies	-	130,258	130,258	157,776
Other services and charges	145	94,307	94,452	91,980
Depreciation	-	172,231	172,231	163,787
	<u>953,617</u>	<u>475,969</u>	<u>1,429,586</u>	<u>1,257,275</u>
Operating income	<u>85,629</u>	<u>205,649</u>	<u>291,278</u>	<u>177,777</u>
<b>NONOPERATING REVENUES</b>				
Interest income	(8,956)	(4,197)	(13,153)	(23,155)
Gain on sale of equipment	-	(5,109)	(5,109)	(30,000)
	<u>(8,956)</u>	<u>(9,306)</u>	<u>(18,262)</u>	<u>(53,155)</u>
Change in net assets	94,585	214,955	309,540	230,932
<b>TOTAL NET ASSETS, BEGINNING OF YEAR</b>	<u>419,018</u>	<u>1,686,071</u>	<u>2,105,089</u>	<u>1,874,157</u>
<b>TOTAL NET ASSETS, END OF YEAR</b>	<u>\$ 513,603</u>	<u>\$ 1,901,026</u>	<u>\$ 2,414,629</u>	<u>\$ 2,105,089</u>

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED APRIL 30, 2010**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Total</b>	<b>2009 (Memorandum Only)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,119,322	\$ 21,288	\$ 1,140,610	\$ 817,433
Receipts from interfund services provided	-	659,153	659,153	529,600
Payments to suppliers	(1,078,733)	(223,457)	(1,302,190)	(937,671)
Payments to employees	-	(89,714)	(89,714)	(67,270)
Net cash provided by operating activities	40,589	367,270	407,859	342,092
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Advances from (to) other funds	(50)	-	(50)	(3,502)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(65,141)	(65,141)	(362,246)
Proceeds from sale of equipment	-	5,109	5,109	30,000
Net cash used in capital and related financing activities	-	(60,032)	(60,032)	(332,246)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	8,956	4,197	13,153	23,155
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	49,495	311,435	360,930	29,499
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	484,633	904,326	1,388,959	1,359,460
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 534,128	\$ 1,215,761	\$ 1,749,889	\$ 1,388,959
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 85,629	\$ 205,649	\$ 291,278	\$ 177,777
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	-	172,231	172,231	163,787
(Increase) decrease in receivables	80,076	(1,177)	78,899	(88,019)
Decrease in prepaid items	-	530	530	91
Increase (decrease) in accounts payable and accrued liabilities	(125,116)	(11,319)	(136,435)	86,983
Increase in accrued compensated absences	-	1,356	1,356	1,473
Net cash provided by operating activities	\$ 40,589	\$ 367,270	\$ 407,859	\$ 342,092

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING SCHEDULE OF OPERATING EXPENSES, OTHER THAN DEPRECIATION**  
**ENTERPRISE FUNDS**  
**YEAR ENDED APRIL 30, 2010**

				2009 (Memorandum Only)
	Waterworks	Sewerage	Total	
<b>Personal services</b>				
Wages and salaries	\$ 353,954	\$ 420,456	\$ 774,410	\$ 729,384
Payroll taxes	14,209	20,343	34,552	34,356
Group insurance	98,488	121,273	219,761	223,666
Uniforms	2,685	3,308	5,993	6,173
Total personal services	469,336	565,380	1,034,716	993,579
<b>Heat, lights, and power</b>				
Electricity	131,671	204,924	336,595	361,745
Heating	2,219	7,251	9,470	16,821
Total heat, lights, and power	133,890	212,175	346,065	378,566
<b>Materials and supplies</b>				
Chemicals and supplies	109,609	6,726	116,335	124,058
Office supplies	7,411	4,372	11,783	10,207
Perishable tools	2,876	1,946	4,822	7,074
Total materials and supplies	119,896	13,044	132,940	141,339
<b>Other services and charges</b>				
Training and recruitment	160	-	160	35
Insurance	7,975	10,785	18,760	19,818
Printing fees	1,225	1,565	2,790	3,541
Legal fees	3,777	2,562	6,339	10,406
Consulting fees	22,166	5,327	27,493	15,408
Rent	4,775	1,680	6,455	1,965
Repairs and maintenance:				
Building	7,841	3,678	11,519	6,435
Equipment	4,129	1,276	5,405	9,328
System	80,629	38,591	119,220	124,201
Motor equipment replacement	64,000	82,000	146,000	96,000
Telephone	5,346	7,484	12,830	12,084
Miscellaneous	6,732	35,446	42,178	65,294
Total other services and charges	208,755	190,394	399,149	364,515
	\$ 931,877	\$ 980,993	\$ 1,912,870	\$ 1,877,999



**CITY OF WASHINGTON, ILLINOIS  
SCHEDULE OF PROPERTY TAX LEVIES, RATES, COLLECTIONS,  
AND ASSESSED VALUATION  
2007 THROUGH 2009**

	2009 Levy			2008 Levy			2007 Levy		
	Levy	Rate	Amounts Extended	Levy	Rate	Collections	Levy	Rate	Collections
<b>GENERAL FUND</b>									
General Corporate	\$ 330,000	0.1132	\$ 330,016	\$ 330,000	0.1220	\$ 330,024	\$ 298,900	0.1193	\$ 299,015
Police Pension	259,000	0.0889	259,017	173,000	0.0639	173,009	136,500	0.0545	136,563
<b>SPECIAL REVENUE FUNDS</b>									
Civil Defense	3,200	0.0011	3,206	3,200	0.0012	3,220	3,150	0.0012	3,158
Audit	30,000	0.0103	30,020	30,000	0.0111	30,012	28,000	0.0112	28,019
Illinois Municipal Retirement	210,000	0.0721	210,023	175,000	0.0647	175,011	172,000	0.0687	172,274
Social Security	210,000	0.0721	210,023	215,000	0.0795	215,009	213,000	0.0850	213,076
<b>INTERNAL SERVICE FUND</b>									
Liability Insurance	96,000	0.0329	96,006	90,000	0.0333	90,009	76,800	0.0307	76,840
<b>TOTAL</b>	<b>\$ 1,138,200</b>	<b>0.3906</b>	<b>\$ 1,138,311</b>	<b>\$ 1,016,200</b>	<b>0.3757</b>	<b>\$ 1,016,294</b>	<b>\$ 928,350</b>	<b>0.3706</b>	<b>\$ 928,945</b>
<b>CITY SHARE OF TOWNSHIP ROAD AND BRIDGE</b>			<b>\$ 159,485</b>			<b>\$ 152,428</b>			<b>\$ 156,580</b>
<b>ASSESSED VALUATIONS</b>	<b>\$ 291,456,522</b>			<b>\$ 270,622,514</b>			<b>\$ 250,528,233</b>		

**CITY OF WASHINGTON, ILLINOIS  
INFORMATION REGARDING WASTEWATER  
USER-CHARGE SYSTEM  
YEAR ENDED APRIL 30, 2010**

(Unaudited)

The City adopted Ordinance Number 1299 establishing a user-charge system for wastewater system for wastewater treatment on November 7, 1977. Information required to be disclosed by Section 53.026 of the Ordinance is as follows:

Replacement cost of wastewater facility	Not Available
Total gallons received at the wastewater plant for the year	1,108,720,000
Total gallons of wastewater billed based on the user-charge system for the year	251,905,889
Number of metered users connected to the system at April 30, 2010	4,865
Number of nonmetered users at April 30, 2010	4