



Phillips, Salmi & Associates, LLC  
Certified Public Accountants

**CITY OF WASHINGTON, ILLINOIS**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED APRIL 30, 2015**

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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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited each fiduciary fund type of the City of Washington, Illinois as of and for the year ended April 30, 2015.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington, Illinois, as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund, schedule of funding progress – Illinois Municipal Retirement Fund (unaudited) and schedule of funding progress – police pension trust fund (unaudited) on pages 3-11 and 62-65, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

We have previously audited the City's 2014 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated October 22, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended April 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

Such information, on pages 66-83, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The information included on page 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, Salmi & Associates, LLC*

October 15, 2015

## CITY OFFICIALS

Gary W. Manier, *Mayor*

Patricia S. Brown, *City Clerk*

Ellen L. Dingleline, *City Treasurer*



## ALDERMEN

Robert A. Brucks, *Ward I*

Michael J. Brownfield, *Ward I*

Carol K. Moss, *Ward II*

Tyler J. Gee, *Ward II*

Brian H. Butler, *Ward III*

David Dingleline, *Ward III*

James L. Gee, *Ward IV*

Travis L. Maxwell, *Ward IV*

## MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDING APRIL 30, 2015

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, 2014 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, 2015 are in accordance with the GASB 34 reporting model. Among other things, GASB 34 requires the city to account for the depreciation of fixed assets (city-owned streets, buildings, land, etc.) within governmental activities.

### FINANCIAL HIGHLIGHTS

- The total net position of the City of Washington assets exceeded liabilities at April 30, 2015 by \$71,515,620, a \$2,877,823 or 4.19% increase over the prior year. Of the \$71.5 million, \$18,440,268 is unrestricted and may be used to meet the city's ongoing obligations to citizens and creditors. Unrestricted net position for the year ending April 30, 2014 totaled \$19,420,585.
- At April 30, 2015, the governmental funds reported combined fund balances of \$19,762,710, of which \$10,322,992 were unassigned. In the prior year, the governmental funds combined fund balance was \$12,461,816 of which \$7,953,769 was unassigned.
- Unrestricted cash, cash equivalents and investments increased by \$2,978,365 in the General Fund, increased by \$385,483 in the Sewer Fund and increased by \$275,549 in the Water Fund.
- 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.
- The City's long-term debt totaled \$19,680,545 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, 2014 was \$16,686,727. The additional long-term debt in 2015 relates to two refinancings of existing debt to take advantage of favorable interest rates for the GO Bond Series 2006 (\$4,010,000) and the 1997 Illinois Environmental Protection Agency Loan (\$758,327).

## OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

At the end of the fiscal year, the City of Washington reports balances in all categories of net position, both for the government as a whole (\$71,515,620 for FYE April 2015 compared to \$68,637,797 for FYE April 2014, a 4.1% increase), as well as for governmental activities (\$36,349,596 compared to \$34,310,254, a 5.9% increase) and business-type activities (\$35,166,024 compared to \$34,327,543, a 2.4% 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 \$19,762,710, an increase of \$7,300,894. The sum of \$10,322,992 is unassigned.

The General Fund is the primary operating fund of the City. Unassigned fund balances at fiscal year-end totaled \$10,328,916. During the year, revenues exceeded expenditures in the general fund by \$3,076,334. After planned transfers to various other funds, a net increase in the fund balance totaled \$2,520,710.



### **Financial Analysis: Proprietary Funds**

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

Net position in the Waterworks Fund total \$12,315,135 with \$3,092,674 being unrestricted. Net position increased by \$41,662 during the year ending April 30, 2015. Sewerage Fund net position total \$22,468,024; \$7,146,183 are unrestricted. Net position in this fund grew by \$915,798.

Internal Service Funds include the Employee Benefits Fund (Health Insurance) with net position of \$622,149 and the Motor Equipment Replacement Fund with net position of \$2,532,419.

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

Total fund balances in Trust and Agency Funds are \$6,677,341 which represents the fund balance of the Police Pension Fund (Pension Trust). Importantly, the net position grew by \$186,090 over the past year. These monies are restricted for the payment of pension benefits to sworn officers of the Washington Police Department.

### **Capital Asset Administration**

The City of Washington's investment in capital assets includes land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals, and other infrastructure. This investment in capital assets as of April 30, 2015 was \$55,748,898 (net of accumulated depreciation) compared to \$57,148,352 in the prior year. See Note 4 for further details.

### **Long-Term Debt**

The City's long-term debt totaled \$19,680,545 at April 30, 2015 compared to \$16,686,727 at April 30, 2014. Governmental activity debt totaled \$14,160,119. Business-type activity debt (associated with the City's enterprise funds) totaled \$5,520,426.

Debt reductions during the year totaled \$1,596,279. Additions to long-term debt during the year totaled \$4,590,097. The sum of \$4,010,000 is attributable to the refinancing of the GO Bond Series 2006 for Five Points, however the initial bond is not callable until 2016. Also, \$4,796 is attributable to the increase in vested compensate absences and \$575,301 is due to the refinancing of the 1997 Illinois Environmental Protection Agency Loan.

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

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

The national economy continues to show signs of improvement and the City economic trends mirrored those this past year. However, the recent announcement of significant layoffs over the next few years by both Caterpillar and Mitsubishi will likely impact the local economy in the coming years.

On November 17, 2013, several tornadoes devastated the State of Illinois with the City of Washington suffering the most devastation of all impacted communities. Loss of life statewide was eight (8) and in Washington alone three (3) were killed. Forty percent (40%) of the City's residential area was impacted to varying degrees with the majority of those suffering complete loss. Personal loss estimates exceeded \$200,000,000. The assessed valuation (AV) of the city was impacted by a 6.9% decrease for 2014, however early estimates show the AV has rebounded to exceed pre-tornado values for 2015. As the City nears the end of the 2015 rebuilding season, nine-hundred plus (900+) rebuilding permits have been issued of the eleven hundred eight (1,108) affected residences and water and sewer usage revenues are continuing to recover as residents return. Other residential development is also occurring. All of the results are encouraging and exceed early post-tornado expectations.

Adverse legislative action in an attempt to ease the state's budgetary problems remains a possibility. Staff continues to remain aware of these concerns and the need to diversify revenue sources so as not to be too dependent on intergovernmental revenues. A new concern is Senate Bill 318 which if passed, could potentially subject home-rule communities like the City of Washington to the Property Tax Extension Limitation Law (PTELL) for tax levy years 2016-2017.

Capital spending is anticipated to increase in the coming years. Supplemental funding is needed in the near term for the following specific capital purposes: general street repair and maintenance, storm water management and control, development of Washington 223, water meter upgrade program, anticipated construction of Water Tower #3 and Water Treatment Plant #3, elimination of Sewer Treatment Plant #1 and expansion of Sewer Treatment Plant #2. The next phase of the Sewer Treatment Plant #2 expansion was anticipated for 2014, extended to 2016, with completion scheduled for 2017. Planned development of Washington 223 presents long-term benefits to the community as well as opportunities to explore alternatives for revenue sources for debt service financing.

Personnel costs account for about one-third of total budgeted expenditures. These expenses present steady upward pressure on the City's budget from year to year. A new approach to health insurance benefits with an emphasis on wellness has been implemented with the long-term goal of containment of health insurance costs and a healthier workforce. Should Senate Bill 318 be passed, the impact of not being able to increase the overall tax levy as related to pensions will definitely put pressure on the other special and general levies to fully fund the pension obligations.

The City's near-term financial well-being remains directly dependent on the sustained growth of the City's key sources of revenue: sales tax, income tax, and water and sewer user fees. Development of Washington 223 and continued commercial growth is essential to the City's long-term financial well-being. Income tax revenue is largely dependent on the overall health of the state and national economy and the preservation of the current state distribution formula to municipalities. Although property taxes account for a comparatively small portion of total city revenue, growth in the City's assessed valuation is still important to meet future fire protection/ambulance, pension and liability insurance expenses as these costs are largely funded through property taxes. Sustained building activity is essential to the growth of the local property tax base.

### **Request for Information**

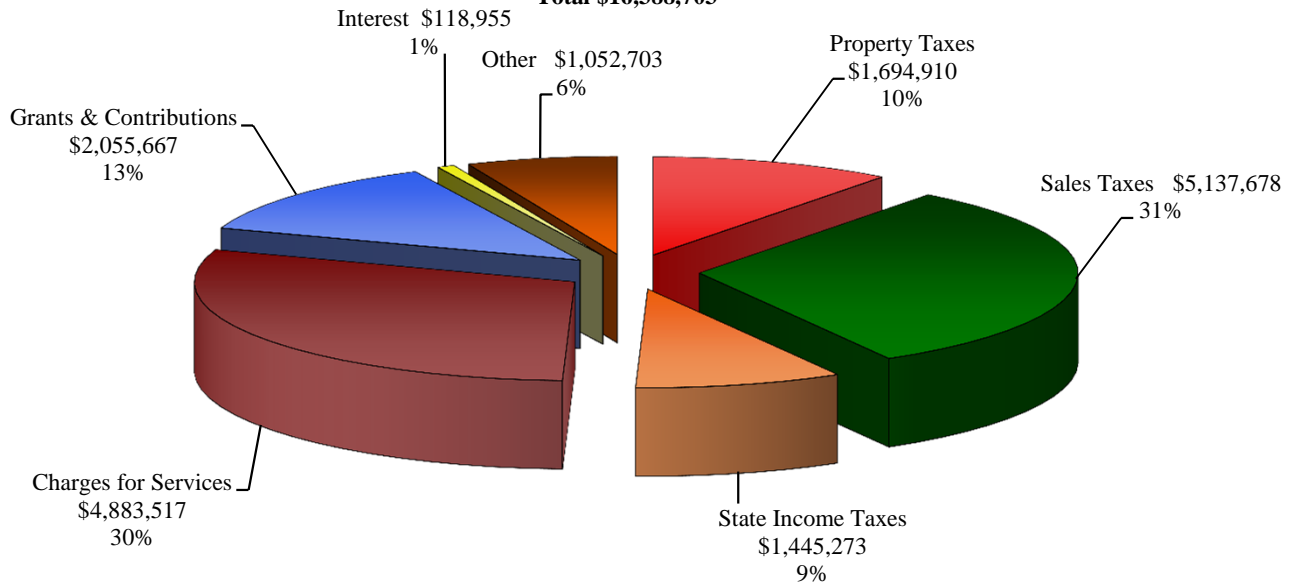
This financial report is designed to provide a general overview of the City of Washington's finances. Questions concerning the information provided in this report or requests for additional financial information should be directed to City Hall at 301 Walnut Street, Washington, IL 61571, (309) 444-3196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

**CITY OF WASHINGTON, ILLINOIS**

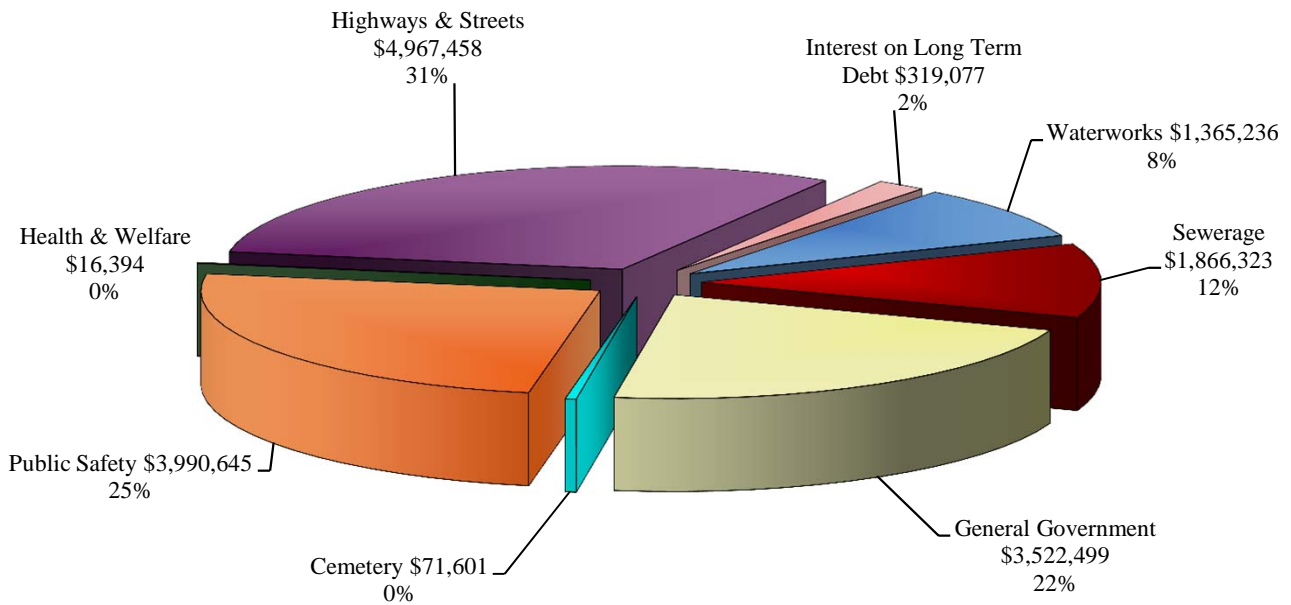
**Revenues  
(All Activities)**

**Year Ended April 30, 2014**

**Total \$16,388,703**



**Expenses  
(All Activities)  
Year Ended April 30, 2014  
Total \$16,119,233**

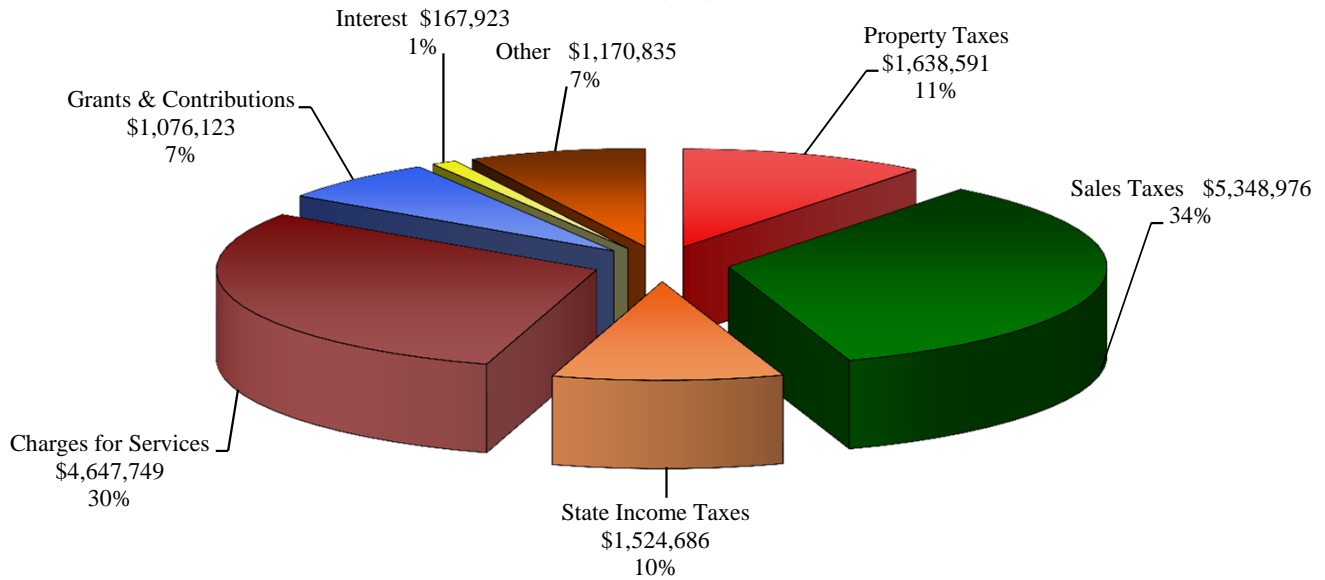


**CITY OF WASHINGTON, ILLINOIS**

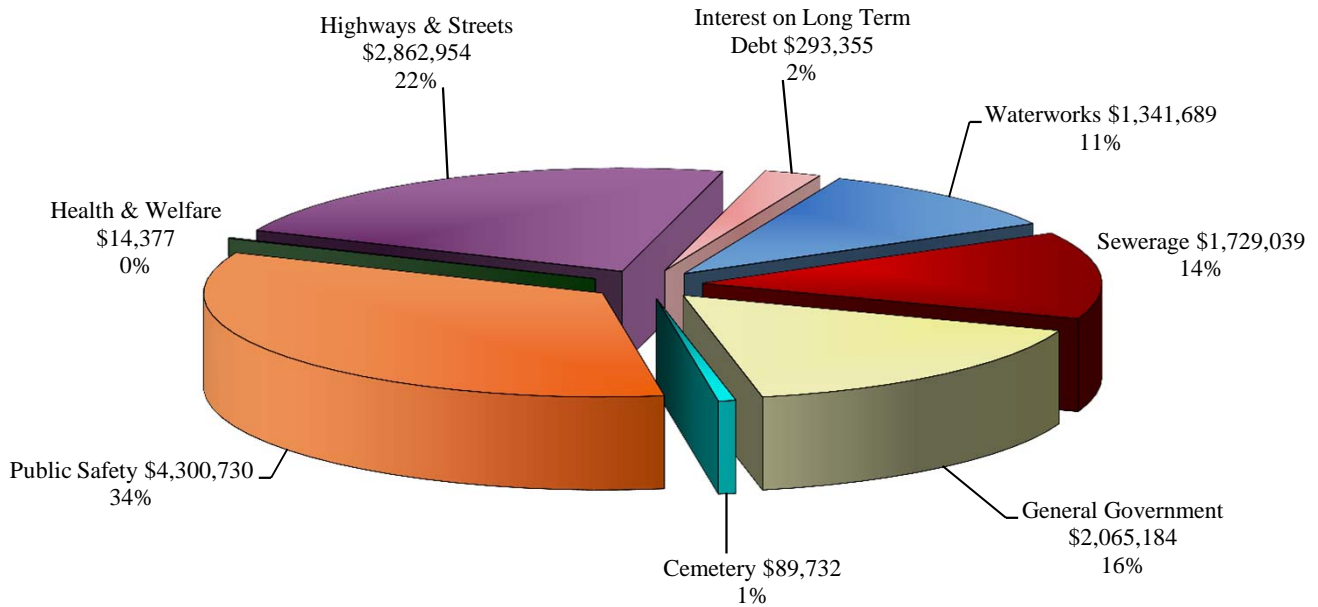
**Revenues  
(All Activities)**

**Year Ended April 30, 2015**

**Total \$15,574,883**



**Expenses  
(All Activities)  
Year Ended April 30, 2015  
Total \$12,697,060**



**CITY OF WASHINGTON, ILLINOIS  
COMPARISON OF REVENUES, EXPENDITURES - GOVERNMENTAL FUNDS  
AND OTHER DATA - GOVERNMENT WIDE  
YEARS ENDED APRIL 30, 2011 THROUGH 2015**

	2015	2014	2013	2012	2011
<b>REVENUES</b>					
Property taxes	\$ 1,734,335	\$ 1,705,521	\$ 1,667,174	\$ 1,618,695	\$ 1,514,701
Licenses and permits	509,996	499,061	347,478	282,710	306,098
Intergovernmental	7,929,067	7,600,478	7,487,969	7,195,456	6,729,979
Grant proceeds	778,749	1,228,937	166,288	645,940	585,928
Charges for services	156,002	205,932	159,873	180,978	141,545
Fines and forfeitures	161,622	190,254	197,201	133,459	157,440
Interest	129,969	76,926	90,517	118,851	109,339
Other	253,159	190,951	209,669	144,891	244,933
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	11,652,899	11,698,060	10,326,169	10,320,980	9,789,963
<b>EXPENDITURES</b>					
Current					
General government	1,857,878	3,406,938	1,673,180	1,661,341	2,107,677
Public safety	3,951,009	4,060,119	3,916,140	3,671,141	3,610,357
Highways and streets	1,372,813	1,604,436	1,646,075	1,629,832	1,248,548
Health and welfare	14,377	16,394	17,278	16,384	15,403
Cemetery	80,782	68,089	63,181	68,804	60,272
Debt service					
Principal	334,280	321,720	308,160	296,120	282,560
Interest	385,519	266,406	284,882	302,559	319,402
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,996,658	9,744,102	7,908,896	7,646,181	7,644,219
Excess of revenues over expenditures before capital outlay					
	3,656,241	1,953,958	2,417,273	2,674,799	2,145,744
Capital outlay					
	455,789	5,567,335	1,216,548	3,097,350	648,033
Excess (deficiency) of revenues over expenditures					
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 3,200,452	\$ (3,613,377)	\$ 1,200,725	\$ (422,551)	\$ 1,497,711
<b>OTHER DATA</b>					
Assets and liabilities					
Unrestricted cash and investments	\$ 26,152,053	\$ 21,533,557	\$ 19,550,489	\$ 16,488,644	\$ 16,554,867
Capital assets	55,748,898	57,148,352	55,306,058	55,247,032	53,888,908
Long-term liabilities	19,680,545	16,686,727	12,597,753	13,424,774	13,766,054
Total Payroll	3,832,658	3,945,337	3,592,416	3,591,646	3,413,506
Annual Pension Costs					
IMRF	347,411	345,393	293,757	293,891	241,959
Police Pension	304,017	304,010	247,629	264,413	265,010
Assessed Valuation	292,078,141	312,276,092	305,649,264	302,711,642	296,446,874
Property tax rates	0.4195	0.4192	0.4212	0.4174	0.4102

**CITY OF WASHINGTON, ILLINOIS**  
**COMPARISON OF OPERATING REVENUES AND EXPENSES**  
**WATERWORKS AND SEWERAGE FUNDS**  
**YEARS ENDED APRIL 30, 2011 THROUGH 2015**

**WATERWORKS**

	2015	2014	2013	2012	2011
<b>OPERATING REVENUES</b>	\$ 1,326,780	\$ 1,317,462	\$ 1,391,999	\$ 1,202,567	\$ 1,201,275
<b>OPERATING EXPENSES</b>					
Personal services	516,291	559,012	489,200	480,025	427,381
Heat, light, and power	100,106	116,982	118,069	109,115	139,662
Materials and supplies	138,712	165,628	144,529	149,011	127,949
Other services and charges	130,682	133,905	155,692	164,725	157,622
	<u>885,791</u>	<u>975,527</u>	<u>907,490</u>	<u>902,876</u>	<u>852,614</u>
Cash Generated from Operations	440,989	341,935	484,509	299,691	348,661
Depreciation	<u>(398,924)</u>	<u>(391,941)</u>	<u>(386,224)</u>	<u>(367,159)</u>	<u>(353,003)</u>
Operating income (loss)	<u>\$ 42,065</u>	<u>\$ (50,006)</u>	<u>\$ 98,285</u>	<u>\$ (67,468)</u>	<u>\$ (4,342)</u>

**SEWERAGE**

	2015	2014	2013	2012	2011
<b>OPERATING REVENUES</b>	\$ 2,637,576	\$ 2,600,112	\$ 2,751,782	\$ 2,145,468	\$ 2,184,169
<b>OPERATING EXPENSES</b>					
Personal services	623,740	742,261	652,533	609,994	579,206
Heat, light, and power	137,792	146,953	145,948	147,588	206,828
Materials and supplies	31,522	20,566	24,074	20,923	18,919
Other services and charges	159,624	202,098	216,371	224,739	191,565
	<u>952,678</u>	<u>1,111,878</u>	<u>1,038,926</u>	<u>1,003,244</u>	<u>996,518</u>
Cash Generated from Operations	1,684,898	1,488,234	1,712,856	1,142,224	1,187,651
Depreciation	<u>(676,849)</u>	<u>(667,938)</u>	<u>(658,254)</u>	<u>(568,194)</u>	<u>(491,953)</u>
Operating income	<u>\$ 1,008,049</u>	<u>\$ 820,296</u>	<u>\$ 1,054,602</u>	<u>\$ 574,030</u>	<u>\$ 695,698</u>

## BASIC FINANCIAL STATEMENTS

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**APRIL 30, 2015**

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>2014 (Memorandum Only)</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,229,824	\$ 9,620,628	\$ 25,850,452	\$ 21,226,412
Investments	-	301,601	301,601	307,145
Receivables (net of allowance for uncollectibles)				
Property taxes	1,620,573	-	1,620,573	1,702,123
Other taxes	1,869,134	-	1,869,134	1,799,272
Special assessments	210,000	-	210,000	246,000
Accounts - customers	1,955	17,128	19,083	84,326
Estimated unbilled usage	-	700,273	700,273	634,679
Other	1,008,150	264,983	1,273,133	2,253,489
Internal balances	(374,005)	374,005	-	-
Inventory	5,385	-	5,385	11,000
Due from fiduciary funds	-	2,470	2,470	2,470
Prepaid items	37,926	12,582	50,508	54,330
Restricted assets				
Cash and cash equivalents	7,570,825	830,015	8,400,840	1,803,401
Investments	3,967,249	-	3,967,249	-
Capital assets not being depreciated	5,951,083	1,366,656	7,317,739	6,429,965
Capital assets, net of accumulated depreciation	20,582,462	27,848,697	48,431,159	50,718,387
	<u>\$ 58,680,561</u>	<u>\$ 41,339,038</u>	<u>\$100,019,599</u>	<u>\$ 87,272,999</u>

See accompanying notes.



	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>2014 (Memorandum Only)</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,521,954	\$ 331,913	\$ 1,853,867	\$ 1,300,243
Construction retainage payable	14,000	-	14,000	19,553
Escrow and customer deposits	-	320,675	320,675	301,725
Deferred revenue	6,634,892	-	6,634,892	326,954
Long-term liabilities:				
Due within one year	383,626	810,860	1,194,486	945,227
Due in more than one year	13,776,493	4,709,566	18,486,059	15,741,500
<b>Total liabilities</b>	<b>22,330,965</b>	<b>6,173,014</b>	<b>28,503,979</b>	<b>18,635,202</b>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	21,038,588	23,743,112	44,781,700	45,342,447
Restricted for:				
Debt service	4,449,525	801,190	5,250,715	1,616,015
Other purposes	3,042,937	-	3,042,937	2,258,750
Unrestricted	7,818,546	10,621,722	18,440,268	19,420,585
<b>Total net position</b>	<b>36,349,596</b>	<b>35,166,024</b>	<b>71,515,620</b>	<b>68,637,797</b>
	<b>\$ 58,680,561</b>	<b>\$ 41,339,038</b>	<b>\$100,019,599</b>	<b>\$ 87,272,999</b>

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2015**

<b>FUNCTION/PROGRAMS</b>	<b>PROGRAM REVENUES</b>			
	<b>EXPENSES</b>	<b>CHARGES FOR SERVICES</b>	<b>OPERATING GRANTS AND CONTRIBUTIONS</b>	<b>CAPITAL GRANTS AND CONTRIBUTIONS</b>
<b>Governmental activities:</b>				
General government	\$ 2,065,184	\$ 720,273	\$ 401,656	\$ -
Public safety	4,300,730	179,575	170	-
Highways and streets	2,862,954	6,113	26,978	358,675
Health and welfare	14,377	-	-	-
Cemetery	89,732	71,700	-	-
Interest on long term debt	293,355	-	-	-
<b>Total governmental activities</b>	<b>9,626,332</b>	<b>977,661</b>	<b>428,804</b>	<b>358,675</b>
<b>Business-type activities:</b>				
Waterworks	1,341,689	1,284,984	-	36,923
Sewerage	1,729,039	2,385,104	-	251,721
<b>Total business-type activities</b>	<b>3,070,728</b>	<b>3,670,088</b>	<b>-</b>	<b>288,644</b>
<b>TOTAL</b>	<b>\$ 12,697,060</b>	<b>\$ 4,647,749</b>	<b>\$ 428,804</b>	<b>\$ 647,319</b>

See accompanying notes.

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

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS -TYPE ACTIVITIES</b>	<b>TOTAL</b>	<b>2014 (Memorandum Only)</b>
	\$ (943,255)	\$ -	\$ (943,255)	\$ (1,632,113)
	(4,120,985)	-	(4,120,985)	(3,775,577)
	(2,471,188)	-	(2,471,188)	(4,520,756)
	(14,377)	-	(14,377)	(16,394)
	(18,032)	-	(18,032)	53,499
	(293,355)	-	(293,355)	(319,077)
	(7,861,192)	-	(7,861,192)	(10,210,418)
	-	(19,782)	(19,782)	79,787
	-	907,786	907,786	950,582
	-	888,004	888,004	1,030,369
	(7,861,192)	888,004	(6,973,188)	(9,180,049)
<b>General Revenues</b>				
Taxes:				
Property	1,638,591	-	1,638,591	1,694,910
Replacement	56,609	-	56,609	54,083
Sales	5,348,976	-	5,348,976	5,137,678
State income	1,524,686	-	1,524,686	1,445,273
Other local	491,854	-	491,854	510,972
Motor fuel	506,942	-	506,942	452,472
Interest on investments	129,969	37,954	167,923	118,955
Other	80,432	34,998	115,430	35,176
<b>Transfers</b>	122,475	(122,475)	-	-
Total general revenues and transfers	9,900,534	(49,523)	9,851,011	9,449,519
Change in net position	2,039,342	838,481	2,877,823	269,470
<b>NET POSITION - BEGINNING</b>	34,310,254	34,327,543	68,637,797	68,368,327
<b>NET POSITION - ENDING</b>	\$ 36,349,596	\$ 35,166,024	\$ 71,515,620	\$ 68,637,797

**CITY OF WASHINGTON, ILLINOIS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
APRIL 30, 2015**

<b>ASSETS</b>	<b>General</b>	<b>Motor Fuel Tax</b>	<b>WACC Debt Service</b>	<b>Nonmajor</b>	<b>Total</b>	<b>2014 (Memorandum Only)</b>
Cash and cash equivalents	\$ 9,628,104	\$ 1,025,493	\$ 277,479	\$ 2,412,219	\$ 13,343,295	\$ 9,689,368
Receivables ( net of allowance for uncollectibles)						
Property taxes	744,566	-	-	876,007	1,620,573	1,702,123
Other taxes	1,862,795	-	-	6,339	1,869,134	1,794,264
Special assessments	-	-	-	47,004	47,004	46,766
Accounts-customers	-	-	-	1,955	1,955	7,477
Other	217,582	-	671,999	35,667	925,248	1,929,027
Due from other funds	72,041	-	-	540	72,581	63,938
Due from other governments	-	35,199	-	-	35,199	27,900
Prepaid items	23,568	-	-	10,495	34,063	40,832
Inventory	5,385	-	-	-	5,385	11,000
Restricted assets						
Cash and cash equivalents	333,553	6,541,000	393,369	302,903	7,570,825	672,002
Investments	-	-	3,967,249	-	3,967,249	-
	<u>\$ 12,887,594</u>	<u>\$ 7,601,692</u>	<u>\$ 5,310,096</u>	<u>\$ 3,693,129</u>	<u>\$ 29,492,511</u>	<u>\$ 15,984,697</u>

See accompanying notes.

	General	Motor Fuel Tax	WACC Debt Service	Nonmajor	Total	2014 (Memorandum Only)
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 555,902	\$ 96,744	\$ -	\$ 20,666	\$ 673,312	\$ 750,708
Construction retainage payable	14,000	-	-	-	14,000	8,700
Due to other funds	4,840	4,434	-	58,747	68,021	13,062
Unearned revenue	38,619	6,345,913	-	250,360	6,634,892	315,329
Total liabilities	613,361	6,447,091	-	329,773	7,390,225	1,087,799
<b>Deferred inflows of resources</b>						
Unavailable revenue						
Property taxes	744,566	-	-	876,007	1,620,573	1,702,123
Special assessments	-	-	-	47,004	47,004	46,766
Other receivables	-	-	671,999	-	671,999	686,193
Total deferred inflows of resources	744,566	-	671,999	923,011	2,339,576	2,435,082
<b>Fund balances</b>						
Nonspendable						
Prepays	23,568	-	-	10,495	34,063	40,832
Inventory	5,385	-	-	-	5,385	11,000
Restricted for:						
Special Police Funds	244,646	-	-	-	244,646	179,345
Debt Service	88,907	-	4,360,618	-	4,449,525	484,616
Civil Defense	-	-	-	28,620	28,620	25,718
Audit	-	-	-	22,535	22,535	18,507
Motor Fuel Tax	-	1,154,601	-	-	1,154,601	619,247
Incremental Tax	-	-	-	1,374,859	1,374,859	1,222,562
Liability Insurance	-	-	-	217,676	217,676	193,371
Assigned for:						
Capital Projects	838,245	-	-	80	838,325	741,485
Cemetery	-	-	-	329,047	329,047	336,111
Storm Water Management	-	-	-	61,032	61,032	23,738
Illinois Municipal Retirement	-	-	-	176,611	176,611	148,128
Social Security	-	-	-	204,364	204,364	189,424
Debt Service	-	-	277,479	20,950	298,429	273,963
Unassigned	10,328,916	-	-	(5,924)	10,322,992	7,953,769
Total fund balances	11,529,667	1,154,601	4,638,097	2,440,345	19,762,710	12,461,816
	\$ 12,887,594	\$ 7,601,692	\$ 5,310,096	\$ 3,693,129	\$ 29,492,511	\$ 15,984,697

**CITY OF WASHINGTON, ILLINOIS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**APRIL 30, 2015**

**RECONCILIATION TO STATEMENT OF NET POSITION**

Total fund balances - governmental funds	\$ 19,762,710
Capital assets used in governmental activities of \$39,152,036, net of accumulated depreciation of \$13,547,141 are not financial resources and, therefore, are not reported in the governmental funds.	25,604,895
Property taxes and long term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,339,576
Internal service funds are used to account for the financing of goods or services by one department to other departments of the City. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	2,771,703
Long term liabilities, accrued interest and compensation are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(14,292,284)
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 Position.	<u>162,996</u>
Net position of governmental activities.	<u><u>\$ 36,349,596</u></u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED APRIL 30, 2015**

	General	Motor Fuel Tax	WACC Debt Service	Nonmajor	Total	2014 (Memorandum Only)
<b>REVENUES</b>						
Property taxes	\$ 839,474	\$ -	\$ -	\$ 894,861	\$ 1,734,335	\$ 1,705,521
Licenses and permits	509,996	-	-	-	509,996	499,061
Intergovernmental	7,398,427	506,942	-	23,698	7,929,067	7,600,478
Grant proceeds	586,866	191,883	-	-	778,749	1,228,937
Charges for services	84,302	-	-	71,700	156,002	205,932
Fines and forfeitures	161,622	-	-	-	161,622	190,254
Interest	54,744	28,412	37,521	9,292	129,969	76,926
Rental	-	-	-	117,062	117,062	73,876
Other	121,173	-	14,194	730	136,097	117,075
	<u>9,756,604</u>	<u>727,237</u>	<u>51,715</u>	<u>1,117,343</u>	<u>11,652,899</u>	<u>11,698,060</u>
<b>EXPENDITURES</b>						
Current						
General government	1,083,564	-	-	774,314	1,857,878	3,406,938
Public safety	3,945,610	-	-	5,399	3,951,009	4,060,119
Highways and streets	1,372,813	-	-	-	1,372,813	1,604,436
Health and welfare	14,377	-	-	-	14,377	16,394
Cemetery	-	-	-	80,782	80,782	68,089
Capital outlay	263,906	191,883	-	-	455,789	5,567,335
Debt service						
Principal	-	-	175,000	159,280	334,280	321,720
Interest	-	-	212,794	172,725	385,519	266,406
	<u>6,680,270</u>	<u>191,883</u>	<u>387,794</u>	<u>1,192,500</u>	<u>8,452,447</u>	<u>15,311,437</u>
Excess (deficiency) of revenues over expenditures	<u>3,076,334</u>	<u>535,354</u>	<u>(336,079)</u>	<u>(75,157)</u>	<u>3,200,452</u>	<u>(3,613,377)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	119,819	-	335,794	349,772	805,385	940,376
Transfers out	(675,443)	-	-	-	(675,443)	(815,512)
Debt issuance	-	-	4,010,000	-	4,010,000	4,965,801
Debt issuance costs	-	-	(39,500)	-	(39,500)	-
Total other financing sources (uses)	<u>(555,624)</u>	<u>-</u>	<u>4,306,294</u>	<u>349,772</u>	<u>4,100,442</u>	<u>5,090,665</u>
Net change in fund balances	2,520,710	535,354	3,970,215	274,615	7,300,894	1,477,288
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>9,008,957</u>	<u>619,247</u>	<u>667,882</u>	<u>2,165,730</u>	<u>12,461,816</u>	<u>10,984,528</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 11,529,667</u>	<u>\$ 1,154,601</u>	<u>\$ 4,638,097</u>	<u>\$ 2,440,345</u>	<u>\$ 19,762,710</u>	<u>\$ 12,461,816</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2015**

**RECONCILIATION TO STATEMENT OF ACTIVITIES**

Net change in fund balances - governmental funds	\$ 7,300,894
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities	
Capital asset purchases capitalized	455,789
Loss on disposal of capital assets	(11,979)
Depreciation expense	(1,560,071)
	(1,116,261)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Capital debt obligation principal payments	334,280
Issuance of debt is revenue in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position.	
	(4,010,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	(131,744)
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.	
	(5,439)
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.	
	(418,192)
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.	
	85,804
	(5,261,552)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ 2,039,342</b>

See accompanying notes.



**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**APRIL 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal</b>	<b>2014 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>	<b>Service Funds</b>	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 2,984,811	\$ 6,635,817	\$ 9,620,628	\$ 2,886,529	\$ 11,537,044
Investments	200,318	101,283	301,601	-	307,145
Receivables (net of allowance for uncollectibles)					
Accounts - customers	2,493	14,635	17,128	-	14,478
Estimated unbilled usage	245,048	455,225	700,273	-	634,679
Other	37,000	227,983	264,983	47,703	363,941
Due from other funds	28,956	2,470	31,426	4,300	31,426
Prepaid items	5,668	6,914	12,582	3,863	13,498
Restricted assets					
Cash and cash equivalents	7,235	822,780	830,015	-	1,131,399
Total current assets	3,511,529	8,267,107	11,778,636	2,942,395	14,033,610
Capital assets, net of accumulated depreciation	9,238,091	19,977,262	29,215,353	928,650	30,427,196
Total assets	<u>\$ 12,749,620</u>	<u>\$ 28,244,369</u>	<u>\$ 40,993,989</u>	<u>\$ 3,871,045</u>	<u>\$ 44,460,806</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
APRIL 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>	<b>2014 (Memorandum Only)</b>
	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>		
<b>LIABILITIES AND NET POSITION</b>					
<b>Current liabilities</b>					
Current maturities of long term debt	\$ 7,480	\$ 794,623	\$ 802,103	\$ -	\$ 557,668
Accounts payable and accrued liabilities	69,105	262,808	331,913	669,142	372,489
Accrued compensated absences	3,915	4,842	8,757	142	14,107
Retainage payable	-	-	-	-	10,853
Current portion of lease payable	-	-	-	15,867	15,368
Due to other funds	-	37,816	37,816	-	79,832
Unearned revenue	-	-	-	-	11,625
Customer deposits	320,675	-	320,675	-	301,725
<b>Total current liabilities</b>	<b>401,175</b>	<b>1,100,089</b>	<b>1,501,264</b>	<b>685,151</b>	<b>1,363,667</b>
<b>Noncurrent liabilities</b>					
Lease payable	-	-	-	21,963	37,830
Accrued compensated absences	17,925	21,503	39,428	9,363	67,993
IEPA loans payable, net of current maturities	-	4,341,687	4,341,687	-	5,207,958
Bonds payable, net of current maturities	15,385	313,066	328,451	-	265,920
<b>Total noncurrent liabilities</b>	<b>33,310</b>	<b>4,676,256</b>	<b>4,709,566</b>	<b>31,326</b>	<b>5,579,701</b>
<b>Total liabilities</b>	<b>434,485</b>	<b>5,776,345</b>	<b>6,210,830</b>	<b>716,477</b>	<b>6,943,368</b>
<b>Net position</b>					
Invested in capital assets, net of related debt	9,215,226	14,527,886	23,743,112	928,650	24,395,650
Restricted for:					
IEPA loan debt service	-	745,314	745,314	-	1,074,405
Bond debt service	7,235	48,641	55,876	-	56,994
Unrestricted	3,092,674	7,146,183	10,238,857	2,225,918	11,990,389
<b>Total net position</b>	<b>12,315,135</b>	<b>22,468,024</b>	<b>34,783,159</b>	<b>3,154,568</b>	<b>37,517,438</b>
	<b>\$ 12,749,620</b>	<b>\$ 28,244,369</b>		<b>\$ 3,871,045</b>	<b>\$ 44,460,806</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			382,865		
Net position of business-type activities			<b>\$ 35,166,024</b>		

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**YEAR ENDED APRIL 30, 2015**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>	<u>2014 (Memorandum Only)</u>
	<u>Waterworks</u>	<u>Sewerage</u>	<u>Total</u>		
<b>OPERATING REVENUES</b>					
Metered sales	\$ 1,144,158	\$ 1,993,078	\$ 3,137,236	\$ -	\$ 3,104,173
Charges for services	140,826	392,026	532,852	1,803,467	2,706,224
Employee contributions	-	-	-	141,404	126,665
Other	41,796	252,472	294,268	143,627	120,826
	<u>1,326,780</u>	<u>2,637,576</u>	<u>3,964,356</u>	<u>2,088,498</u>	<u>6,057,888</u>
<b>OPERATING EXPENSES</b>					
General and administrative	-	-	-	38,742	31,159
Personnel services	516,291	623,740	1,140,031	2,115,531	2,692,058
Heat, light, and power	100,106	137,792	237,898	-	263,935
Materials and supplies	138,712	31,522	170,234	148,193	388,948
Other services and charges	130,682	159,624	290,306	128,192	437,944
Depreciation	398,924	676,849	1,075,773	195,466	1,279,311
	<u>1,284,715</u>	<u>1,629,527</u>	<u>2,914,242</u>	<u>2,626,124</u>	<u>5,093,355</u>
Operating income (loss)	42,065	1,008,049	1,050,114	(537,626)	964,533
<b>NONOPERATING (REVENUES) EXPENSES</b>					
Interest income	(10,883)	(27,071)	(37,954)	(10,172)	(52,872)
Rental income	(29,374)	-	(29,374)	-	(28,518)
Interest and fiscal agent fee expense	1,116	31,016	32,132	1,478	45,495
Grant proceeds	-	-	-	(5,187)	(288,461)
Tornado recovery	157	5,218	5,375	9,659	172,019
(Gain) loss on sale of equipment	-	-	-	(3,700)	(1,325)
	<u>(38,984)</u>	<u>9,163</u>	<u>(29,821)</u>	<u>(7,922)</u>	<u>(153,662)</u>
Net income (loss) before capital contributions and transfers	81,049	998,886	1,079,935	(529,704)	1,118,195
<b>CAPITAL CONTRIBUTIONS FROM DEVELOPERS</b>	-	-	-	-	248,817
<b>TRANSFERS IN (OUT), NET</b>	<u>(39,387)</u>	<u>(83,088)</u>	<u>(122,475)</u>	<u>(7,467)</u>	<u>(124,864)</u>
Change in net position	41,662	915,798	957,460	(537,171)	1,242,148
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>12,273,473</u>	<u>21,552,226</u>		<u>3,691,739</u>	<u>36,275,290</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 12,315,135</u>	<u>\$ 22,468,024</u>		<u>\$ 3,154,568</u>	<u>\$ 37,517,438</u>
<b>RECONCILIATION TO STATEMENT OF ACTIVITIES:</b>					
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>(118,979)</u>		
Change in net position of business-type activities			<u>\$ 838,481</u>		

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental Activities -	2014
	Waterworks	Sewerage	Total	Internal Service Funds	(Memorandum Only)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 1,265,366	\$ 2,354,931	\$ 3,620,297	\$ 1,733,409	\$ 7,579,005
Receipts from interfund services provided	-	-	-	534,900	541,900
Payments to suppliers	(366,408)	(572,867)	(939,275)	(1,751,812)	(4,333,368)
Payments to employees	(529,266)	(635,679)	(1,164,945)	(98,925)	(1,404,094)
Receipt of utility customer deposits	18,950	-	18,950	-	10,855
Net cash provided by operating activities	388,642	1,146,385	1,535,027	417,572	2,394,298
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Advances from (repayments to) other funds	-	(25,000)	(25,000)	(21,316)	16,685
Transfers to other funds	(39,387)	(83,088)	(122,475)	(7,467)	(124,864)
Net cash used in noncapital and related financing activities	(39,387)	(108,088)	(147,475)	(28,783)	(108,179)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(137,553)	(498,843)	(636,396)	(82,278)	(1,144,480)
Insurance proceeds	8,712	57,150	65,862	-	659,646
Proceeds from sale of equipment	-	-	-	3,700	1,325
Grant proceeds	23,474	46,297	69,771	-	3,849
Loan proceeds	-	575,301	575,301	-	-
Principal paid on capital leases	-	-	-	(15,368)	(14,885)
Principal paid on bond and loan maturities	(7,480)	(1,127,126)	(1,134,606)	-	(540,102)
Interest paid on bonds and loans	(1,264)	(33,900)	(35,164)	(1,478)	(47,765)
Net cash used in capital and related financing activities	(114,111)	(981,121)	(1,095,232)	(95,424)	(1,082,412)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	10,883	27,071	37,954	10,172	53,131
Rental income received	29,374	-	29,374	-	28,518
Proceeds from sale/maturity of investments	206,746	-	206,746	-	-
Purchase of investments	(200,672)	(530)	(201,202)	-	(2,048)
Net cash provided by investing activities	46,331	26,541	72,872	10,172	79,601
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	281,475	83,717	365,192	303,537	1,283,308
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	2,710,571	7,374,880	10,085,451	2,582,992	11,385,135
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 2,992,046</u>	<u>\$ 7,458,597</u>	<u>\$10,450,643</u>	<u>\$ 2,886,529</u>	<u>\$ 12,668,443</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED APRIL 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	2014 (Memorandum Only)
	Waterworks	Sewerage	Total		
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 42,065	\$ 1,008,049	\$ 1,050,114	\$ (537,626)	\$ 964,533
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	398,924	676,849	1,075,773	195,466	1,279,311
Tornado recovery	(157)	(5,218)	(5,375)	(9,659)	(172,019)
(Increase) decrease in usage receivable	(25,545)	(42,699)	(68,244)	-	260,059
(Increase) decrease in other receivables	(35,869)	(228,321)	(264,190)	179,812	1,791,333
(Increase) decrease in prepaid items	(271)	(511)	(782)	(2,165)	6,131
Increase (decrease) in accounts payable and accrued liabilities	3,969	(226,489)	(222,520)	589,933	(1,769,805)
Increase (decrease) in accrued compensated absences	(13,424)	(12,797)	(26,221)	1,811	2,816
Increase (decrease) in unearned revenue	-	(11,625)	(11,625)	-	11,625
Increase (decrease) in retainage payable	-	(10,853)	(10,853)	-	9,459
Increase in customer deposits	18,950	-	18,950	-	10,855
Net cash provided by operating activities	\$ 388,642	\$ 1,146,385	\$ 1,535,027	\$ 417,572	\$ 2,394,298

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

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Waterworks	Sewerage	Total	
Cash and cash equivalents	\$ 2,984,811	\$ 6,635,817	\$ 9,620,628	\$ 2,886,529
Restricted cash and cash equivalents	7,235	822,780	830,015	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 2,992,046</b>	<b>\$ 7,458,597</b>	<b>\$ 10,450,643</b>	<b>\$ 2,886,529</b>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF FIDUCIARY NET POSITION  
TRUST AND AGENCY FUNDS  
APRIL 30, 2015**

	<u>Pension Trust</u>	<u>Agency Special</u>		<b>2014</b>
	<b>Police Pension</b>	<b>Assessment Collection</b>	<b>Total</b>	<b>(Memorandum Only)</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 174,673	\$ -	\$ 174,673	\$ 176,165
Investments	6,186,236	-	6,186,236	6,014,447
Receivables (net of allowance for uncollectibles)				
Employer contribution	313,553	-	313,553	296,466
Interest	2,879	-	2,879	4,157
Other	-	2,470	2,470	2,486
	<u>\$ 6,677,341</u>	<u>\$ 2,470</u>	<u>\$ 6,679,811</u>	<u>\$ 6,493,721</u>
<b>LIABILITIES AND NET POSITION</b>				
Liabilities				
Due to other funds	\$ -	\$ 2,470	\$ 2,470	\$ 2,470
Net Position				
Reserved for police pension benefits	<u>6,677,341</u>	<u>-</u>	<u>6,677,341</u>	<u>6,491,251</u>
Total net position	<u>6,677,341</u>	<u>-</u>	<u>6,677,341</u>	<u>6,491,251</u>
	<u>\$ 6,677,341</u>	<u>\$ 2,470</u>	<u>\$ 6,679,811</u>	<u>\$ 6,493,721</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**TRUST FUND**  
**YEAR ENDED APRIL 30, 2015**

	<u>Pension Trust</u>	
	<b>Police Pension</b>	<b>2014 (Memorandum Only)</b>
<b>Additions</b>		
Contributions		
Plan members' contributions	\$ 115,109	\$ 110,135
Employer contributions	320,283	303,294
Investment earnings		
Investment income	174,883	102,807
Net gain in fair value of investments	108,869	281,563
	<u>719,144</u>	<u>797,799</u>
<b>Deductions</b>		
Benefits paid	489,682	460,314
Administrative expenses	43,372	25,812
	<u>533,054</u>	<u>486,126</u>
Change in net position	186,090	311,673
<b>Net position</b>		
Beginning of year	<u>6,491,251</u>	<u>6,179,578</u>
End of year	<u>\$ 6,677,341</u>	<u>\$ 6,491,251</u>

See accompanying notes.

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED APRIL 30, 2015**

	Balance April 30, 2014	Additions	Deductions	Balance April 30, 2015
<b>SPECIAL ASSESSMENT COLLECTION FUND</b>				
<b>ASSETS</b>				
Due from property owners	\$ 2,470	\$ -	\$ -	\$ 2,470
<b>LIABILITIES</b>				
Due to other funds	\$ 2,470	\$ -	\$ -	\$ 2,470
<b>POLICE BOND REMITTANCE FUND</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 8,933	\$ 8,933	\$ -
<b>LIABILITIES</b>				
Due to other governmental entities	\$ -	\$ 8,933	\$ 8,933	\$ -
<b>EMERGENCY ASSISTANCE FUND</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 181	\$ 181	\$ -
<b>LIABILITIES</b>				
Due to other governmental entities	\$ -	\$ 181	\$ 181	\$ -
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ -	\$ 9,114	\$ 9,114	\$ -
Due from property owners	2,470	-	-	2,470
	\$ 2,470	\$ 9,114	\$ 9,114	\$ 2,470
<b>LIABILITIES</b>				
Due to other funds	\$ 2,470	\$ -	\$ -	\$ 2,470
Due to other governmental entities	-	9,114	9,114	-
	\$ 2,470	\$ 9,114	\$ 9,114	\$ 2,470

See accompanying notes.



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

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

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

**A. Nature of Operations**

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

**B. Financial Reporting Entity**

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

**C. Basis of Presentation**

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

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

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

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

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

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

*Required supplementary information* – 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. The Motor Fuel Tax 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.

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

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

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

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

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

Washington 223 Fund – Accounts for the improvement of the 223 acres purchased by the City at the Bypass and Nofsinger Road.

**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.

Washington 223 Fund – Accounts for the financial transactions related to the repayment of debt associated with the Washington 223 property.

### **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 retirees 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.

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

## **D. Measurement Focus and Basis of Accounting**

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

### *Measurement Focus*

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

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

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

### *Basis of Accounting*

The government-wide financial statements are reported using the “economic resources” measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the “current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 75 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

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

The budget for all governmental fund types is prepared on the modified accrual basis of accounting, which is the same basis that is used in the fund financial reporting. This allows for comparability between budget and actual amounts. The budget was passed on April 21, 2014 and amended on April 27, 2015.

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

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

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

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

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

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

#### **G. Investments**

Investments classified in the financial statements consist of certificates of deposit and federal agency notes 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, 2015 was passed December 16, 2013. Due dates, by statute, are June 1 and September 1 of the following year. Generally, collections of tax monies are made within 30 to 60 days of the due dates.

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

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

**J. Restricted Assets**

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

**K. Capital Assets**

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

Government-Wide Statements

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

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

**Capitalization**

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

Fund Financial Statements

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

**L. Compensated Absences**

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



The City's vacation policy allows each regular full-time employee assigned as a commander or 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 or 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 position.

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 position and displayed in three components:

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

The governmental activities column of the government wide statement of net position reports \$3,042,937 of restricted net position for other purposes. Of this amount, the following are restricted by enabling legislation related to the audit fund of \$22,535, the motor fuel fund of \$1,154,601, incremental tax of \$1,374,859 and liability insurance of \$217,676. In addition, \$28,620 is restricted for civil defense, and \$244,646 is restricted for drug and alcohol enforcement, police fundraising, education, vehicle seizures and miscellaneous other police purposes.

#### Fund Financial Statements

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

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

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

Reserves for bond debt service in the 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 5.

#### **P. Program Revenues**

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

General Government – Licenses, permits, fees, fines and a grant from the Illinois Department of Commerce and Economic Opportunity.

Public Safety - Fine revenue, reimbursement for school activities and specific donations.

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 Position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.

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

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

**Deferred outflows of resources:** In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items that qualify for reporting in this category.

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

## **T. Subsequent Events**

The City has evaluated subsequent events through October 15, 2015, the date which the financial statements were available to be issued.

## **NOTE 2. NATURAL DISASTER**

On November 17, 2013, an EF-4 tornado struck the City and caused substantial damage to the community. The City suffered losses to utility plants, infrastructure and other City-owned properties and equipment.

In 2014, the City received a grant of \$1,474,686 from the Illinois Emergency Management Agency for reimbursement of expenditures for recovery efforts that began immediately after the tornado. In 2015, the City received \$6,537,796 from the Illinois Department of Transportation to repair infrastructure damage from the tornado and \$398,283 from the Illinois Department of Commerce and Economic Opportunity for reimbursement of expenditures for recovery efforts.

**NOTE 3. 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, 2015 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, 2015, 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, 2015:

	<u>Carrying Amount</u>
Illinois Funds	\$ 880,015
Money market funds	32,037,582
Checking and savings	1,507,768
Cash on hand	600
<b>Total cash and cash equivalents</b>	<u>\$ 34,425,965</u>

The deposits are reflected on the financial statements at April 30, 2015 as follows:

Government-wide statement of net position:	
Cash and cash equivalents	\$ 25,850,452
Restricted assets – cash and cash equivalents	8,400,840
Statement of fiduciary net position:	
Cash and cash equivalents	174,673
	<u>\$ 34,425,965</u>

Investments

As of April 30, 2015, the City had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Years to Maturity (2)</u>
Primary Government			
Certificates of deposit	\$ 301,601	N/A	0.22
US Treasury notes (restricted)	3,967,249	N/A	1.23
Fiduciary Fund			
Certificates of deposit	3,109,792	N/A	1.76
Mutual funds-bonds	120,744	N/A	.13
Mutual funds-equities	1,472,841	N/A	N/A
Mutual funds-diversified	543,570	N/A	4.20
Annuities-equities	813,772	N/A	N/A
Annuities-diversified	125,517	N/A	7.84
Total Fiduciary Fund Investments	<u>6,186,236</u>		
Total Investments	<u>\$ 10,455,086</u>		

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

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

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

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Investments representing 5% or more of total investments at April 30, 2015 are as follows:

US Treasury Department State & Local Note \$ 3,794,940

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended April 30, 2015 was as follows:

	<b>Balance May 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance April 30, 2015</b>
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 5,710,515	\$ -	\$ -	\$ 5,710,515
Construction in process	77,577	191,883	28,892	240,568
	<hr/>			
Total capital assets not being depreciated	5,788,092	191,883	28,892	5,951,083
	<hr/>			
Other capital assets:				
Land improvements	370,150	-	-	370,150
Buildings	4,577,205	28,798	-	4,606,003
Infrastructure	26,965,249	221,123	-	27,186,372
Equipment and vehicles	3,378,906	130,341	40,827	3,468,420
	<hr/>			
Total other capital assets	35,291,510	380,262	40,827	35,630,945
	<hr/>			

	<b>Balance</b> <b>May 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>April 30, 2015</b>
Less accumulated depreciation for:				
Land improvements	\$ 156,095	\$ 20,058	\$ -	\$ 176,153
Buildings	975,648	98,811	-	1,074,459
Infrastructure	10,350,695	1,380,194	-	11,730,889
Equipment and vehicles	1,839,357	256,474	28,849	2,066,982
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	13,321,795	1,755,537	28,849	15,048,483
	<hr/>	<hr/>	<hr/>	<hr/>
Other capital assets, net	21,969,715	(1,375,275)	11,978	20,582,462
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental activities, net	\$ 27,757,807	\$(1,183,392)	\$ 40,870	\$ 26,533,545
	<hr/>	<hr/>	<hr/>	<hr/>

	<b>Balance</b> <b>May 1, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>April 30, 2015</b>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 242,176	\$ -	\$ -	\$ 242,176
Construction in process	399,697	724,783	-	1,124,480
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets not being depreciated	641,873	724,783	-	1,366,656
	<hr/>	<hr/>	<hr/>	<hr/>
Other capital assets:				
Water system	13,679,381	156,235	-	13,835,616
Sewer system	30,129,883	-	-	30,129,883
Equipment	1,124,029	19,563	-	1,143,592
	<hr/>	<hr/>	<hr/>	<hr/>
Total other capital assets	44,933,293	175,798	-	45,109,091
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for:				
Water system	4,611,163	373,541	-	4,984,704
Sewer system	10,733,968	667,936	-	11,401,904
Equipment	839,490	34,296	-	873,786
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	16,184,621	1,075,773	-	17,260,394
	<hr/>	<hr/>	<hr/>	<hr/>
Other capital assets, net	28,748,672	(899,975)	-	27,848,697
	<hr/>	<hr/>	<hr/>	<hr/>
Business- type activities, net	\$ 29,390,545	\$ (175,192)	\$ -	\$ 29,215,353
	<hr/>	<hr/>	<hr/>	<hr/>

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

**Governmental Activities:**

General government	\$ 50,714
Public safety	89,986
Highways and streets	1,413,520
Cemetery	5,851
Capital assets held by the government's internal service fund are charged to the various functions based on their usage of the assets	<u>195,466</u>

Total depreciation expense for governmental activities \$ 1,755,537

**Business-Type Activities:**

Water	\$ 398,924
Sewer	<u>676,849</u>

Total depreciation expense for business-type activities \$ 1,075,773

**NOTE 5. 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, 2015 are as follows:

	<u>Balance</u> <u>May 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2015</u>	<u>Amount</u> <u>Due In</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General obligation bonds:					
Special Assessment Bonds, Series 2005	\$ 246,000	\$ -	\$ 36,000	\$ 210,000	\$ 38,000
Alternate Revenue Source, Series 2002**	242,760	-	59,840	182,920	59,840
Alternate Revenue Source, Series 2002B**	266,600	-	63,440	203,160	65,000
General Obligation Bonds, Series 2006	4,450,185	-	260,804	4,189,381	190,000
Capitalized equipment lease	53,198	-	15,368	37,830	15,867
Promissory Note Washington 223	4,965,801	-	-	4,965,801	-
Refunding Promissory Note South Side Bank	-	4,010,000	-	4,010,000	-
Other postemployment retirement benefits	756	-	-	756	-
Vested compensated absences	355,475	4,796	-	360,271	14,919
Total Governmental Activities	<u>\$ 10,580,775</u>	<u>\$ 4,014,796</u>	<u>\$ 435,452</u>	<u>\$ 14,160,119</u>	<u>\$ 383,626</u>



	<u>Balance</u> <u>May 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>April 30, 2015</u>	<u>Due In</u> <u>One Year</u>
General obligation bonds:					
Alternate Revenue Source, Series 2002**	\$ 114,240	\$ -	\$ 28,160	\$ 86,080	\$ 28,160
Alternate Revenue Source, Series 2002B**	238,400	-	58,560	179,840	60,000
1997 Illinois Environmental Protection Agency Loan	758,327	-	758,327	-	-
2009 Illinois Environmental Protection Agency Loan	4,920,579	-	289,446	4,631,133	289,446
Promissory Note Morton Community Bank	-	575,301	113	575,188	424,497
Vested compensated absences	74,406	-	26,221	48,185	8,757
<b>Total Business-Type Activities</b>	<b>\$ 6,105,952</b>	<b>\$ 575,301</b>	<b>\$1,160,827</b>	<b>\$ 5,520,426</b>	<b>\$ 810,860</b>

\*\* 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 related to water and sewer activities is 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:

<u>Years Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 38,000	4.75	\$ 9,975	\$ 47,975
2017	40,000	4.75	8,170	48,170
2018	42,000	4.75	6,270	48,270
2019	44,000	4.75	4,275	48,275
2020	46,000	4.75	2,185	48,185
<b>Total</b>	<b>\$ 210,000</b>		<b>\$ 30,875</b>	<b>\$ 240,875</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:

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Principal and interest	Amount that results from deposit of property tax levy receipts less payment of principal and interest on the bonds as they become due. As of April 30, 2015, \$52,823 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, 2015, 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>\$ 52,823</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:

<u>Years Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 88,000	4.75	\$ 10,688	\$ 98,688
2017	88,000	4.75	6,508	94,508
2018	<u>93,000</u>	4.75	<u>2,204</u>	<u>95,204</u>
<b>Total</b>	<u>\$ 269,000</u>		<u>\$ 19,400</u>	<u>\$ 288,400</u>

Payable from:

Governmental Funds	\$ 182,920
Enterprise Funds	<u>86,080</u>
	<u>\$ 269,000</u>

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

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

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2015, 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, 2015, \$85,120 has been required to be accumulated.	Paying current principal and interest.

The following amounts are reported as restricted cash as follows:

General Fund	\$ 57,882
Waterworks Fund	7,235
Sewerage Fund	<u>20,003</u>
	<u>\$ 85,120</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:

<u>Years Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u> <u>Rate</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 125,000	4.75	\$ 18,192	\$ 143,192
2017	128,000	4.75	12,255	140,255
2018	<u>130,000</u>	4.75	<u>6,173</u>	<u>136,173</u>
<b>Total</b>	<u>\$ 383,000</u>		<u>\$ 36,620</u>	<u>\$ 419,620</u>

Payable from:

Governmental Funds	\$ 203,160
Enterprise Funds	<u>179,840</u>
	<u>\$ 383,000</u>

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

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

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2015, 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, 2015, \$59,663 has been required to be accumulated.	Paying current principal and interest.

The following amounts are reported as restricted cash as follows:

General Fund	\$ 31,025
Sewerage Fund	<u>28,638</u>
	<u>\$ 59,663</u>

Subsequent to year end, both the Series 2002 and Series 2002B bonds were refinanced with a bank promissory note, see page 53.

### **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 City has elected to refund this debt at the call date of May 15, 2016. The City has a bank Refunding Promissory Note (page 50) in place to payoff this debt when it becomes callable. The debt service requirements on these bonds are as follows:

<b>Years Ending April 30,</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 190,000	7.00	\$ 200,019	\$ 390,019
2017	200,000	7.00	186,369	386,369
2018	215,000	4.00	175,069	390,069
2019	225,000	4.125	166,128	391,128
2020	230,000	4.125	156,744	386,744
2021	240,000	5.00	146,000	386,000
2022-2026	1,405,000	5.00	531,375	1,936,375
2027-2030	1,395,000	5.00	143,625	1,538,625
<b>Total</b>	<b>4,100,000</b>		<b>\$ 1,705,329</b>	<b>\$ 5,805,329</b>
Bond premium	428,165			
Accumulated amortization	(338,784)			
	<b>\$ 4,189,381</b>			

These General Obligation Bonds were issued at a premium of \$428,165. This premium is amortized through the date of refunding using the interest method. Amortization on the premium was \$85,804 for the year ended April 30, 2015.

<b>Account</b>	<b>Amount</b>	<b>Nature of Authorized Expenditures</b>
Project	Proceeds of bonds net of issuance costs. As of April 30, 2015, 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, 2015, \$393,369 has been required to be accumulated.	Paying current principal and interest.

The following amounts are reported as restricted cash as follows:

Debt Service Fund	\$ 393,369
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**Refunding Promissory Note**

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

<b>Years Ending April 30,</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	2.50	\$ 74,352	\$ 74,352
2017	45,000	2.50	99,688	144,688
2018	260,000	2.50	95,875	355,875
2019	270,000	2.50	89,250	359,250
2020	275,000	2.50	82,438	357,438
2021-2025	1,485,000	2.50	304,313	1,789,313
2026-2030	1,675,000	2.50	106,438	1,781,438
<b>Total</b>	<b>\$ 4,010,000</b>		<b>\$ 852,354</b>	<b>\$ 4,862,354</b>

As of April 30, 2015, \$3,967,249 is shown as restricted investments in the debt service fund. These debt proceeds will be used to pay off the 2006 WACC bonds as they become callable.

**Promissory Note**

The City purchased 223 acres of land within the City limits for \$4,965,000. The City financed the purchase with a promissory note due to Morton Community Bank. The maximum outstanding balance allowed on the promissory note is \$5,750,000. The promissory note is due September 17, 2020 with required annual interest payments at 2.75% interest. The debt service requirements on this note are as follows:

<b>Years Ending April 30,</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	2.75	\$ 136,560	\$ 136,560
2017	-	2.75	136,560	136,560
2018	-	2.75	136,560	136,560
2019	-	2.75	136,560	136,560
2020	-	2.75	136,560	136,560
2021	4,965,801	2.75	136,560	5,102,361
<b>Total</b>	<b>\$ 4,965,801</b>		<b>\$ 819,360</b>	<b>\$ 5,785,161</b>

**Capital Lease**

The City has entered into capital lease agreement for the purchase of three backhoes. The lease has a term of five years, monthly payments of \$1,404 with an imputed interest rate of 3.2%.

The future minimum lease payments are as follows:

Fiscal Year	Principal	Interest	Total
2016	\$ 15,867	\$ 979	\$ 16,846
2017	16,382	464	16,846
2018	5,581	37	5,618
	<u>\$ 37,830</u>	<u>\$ 1,480</u>	<u>\$ 39,310</u>

*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 was paid off in 2015.

**2009 IEPA Loan Payable**

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

<u>Years Ending April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 289,446	\$ -	\$289,446
2017	289,446	-	289,446
2018	289,446	-	289,446
2019	289,446	-	289,446
2020-2024	1,447,230	-	1,447,230
2025-2029	1,447,230	-	1,447,230
2030-2031	578,889	-	578,889
<b>Total</b>	<u>\$ 4,631,133</u>	<u>\$ -</u>	<u>\$ 4,631,133</u>

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

<u>Account</u>	<u>Amount</u>	<u>Nature of Authorized Expenditures</u>
(a) Operation and maintenance	Amount sufficient, when added to amount then on deposit, to establish a balance equal to an amount not less than the amount necessary to pay operation and maintenance expenses for two months. The City ensures each month that the operating accounts of the Sewerage Enterprise Fund have adequate funds to meet this covenant. A separate account has not been established.	Expenses of operating, maintaining, and repairing the system.
(b) Bond, interest, and principal	Amount that results from the monthly accumulation of not less than a pro-rata of the interest becoming due on the next succeeding interest payment date and not less than a pro-rata of the principal becoming due on the next succeeding principal payment date. As of April 30, 2015, \$110,761 has been required to be accumulated.	Paying current principal and interest on bonds.
(c) Bond reserve	1/24 of maximum annual debt service per month, until the account accumulates the total sum of \$289,446 (maximum annual debt service). As of April 30, 2015, \$289,446 has been accumulated.	Paying principal and interest on bonds in the event that the bond and interest account has insufficient funds.
(d) Depreciation	1/120 of 10% of the total outstanding debt, until the account accumulates the total sum of \$521,553. As of April 30, 2015, \$345,107 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

\$ 745,314



### Promissory Note

In fiscal year 2015, the City entered into a promissory note agreement with Morton Community Bank for the purpose of refinancing prior obligations. The loan carries a fixed interest rate of 1.59 percent for a term of 31 months. Payments are due in three annual amounts of \$424,497, including interest, thereafter, with final payment due August 1, 2017. As of April 30, 2015, \$575,188 had been advanced to the City. Subsequent to year end, the City advanced the remaining \$668,013 to refinance the Alternative Revenue Source Series 2002 and Series 2002B Bonds.

<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>
2016	\$ 424,497	1.59	\$ 10,158	\$ 434,655
2017	<u>150,691</u>	1.59	<u>2,396</u>	<u>153,087</u>
<b>Total</b>	<b><u>\$ 575,188</u></b>		<b><u>\$ 12,554</u></b>	<b><u>\$ 587,742</u></b>

### Debt Covenants

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

## NOTE 6. RETIREMENT PLANS AND OTHER POST EMPLOYMENT BENEFITS

### Illinois Municipal Retirement Fund

*Plan Description.* The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is 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 statute requires 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 2014 was 14.31 percent. 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.* The required contribution for calendar year 2014 was \$347,411.

### Three Year Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/14	\$ 347,411	100%	\$ -
12/31/13	345,393	100%	-
12/31/12	293,757	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, 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 20% corridor between the actuarial and market value of assets. The plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 47.58 percent funded. The actuarial accrued liability for benefits was \$5,761,773 and the actuarial value of assets was \$2,741,713, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,020,060. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$2,427,753 and the ratio of the UAAL to the covered payroll was 124 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.

For employees hired after January 1, 2011, the Normal Retirement age is attainment of age 55 and completion of 10 years of service; Early Retirement age is attainment of age 50, completion of 10 years of service and the Early Retirement Factor is 6% per year; the Employee’s Accrued Benefit is based on the employee’s final 8-year average salary not to exceed \$106,800 (as indexed); Cost-of-living adjustments are simple increases (not compounded) to the lesser of 3% or 50% of CPI beginning the later of the anniversary date and age 60; Surviving Spouse’s Benefits are 66 2/3% of the employee’s benefit at the time of death.

Membership of the plan consisted of the following at May 1, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>21</u>
<b>Total</b>	<u>32</u>
<b>Number of participating employers</b>	<u>1</u>

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

Funding Policy

Qualifying employees are required to contribute 9.91 percent of their base salary to the Police Pension Trust Fund. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan at an actuarially determined rate; the current rate is 25.03 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, 2014 (the date of the latest actuarial valuation) were as follows:

Annual Required Contribution (ARC)	\$ 304,709
Interest on net pension obligation	(2,054)
Adjustment to ARC	<u>1,362</u>
Annual pension cost	304,017
Contributions made	<u>303,294</u>
Increase in net pension obligation	723
Net pension obligation, beginning of year	<u>(29,345)</u>
<b>Net pension obligation, end of year</b>	<b><u><u>\$ (28,622)</u></u></b>

The required contribution was determined as part of the May 1, 2014 actuarial valuation using the entry age level percentage of payroll method over a 30 year closed period. The actuarial assumptions included (a) 7.00 percent investment rate of return which included a 3.00 percent increase for inflation (b) projected salary increases of 5.00 percent which included a 3.00 percent increase for inflation and (c) 3.00 percent per year cost of living adjustment. The actuarial value of Police Pension Plan’s assets was determined using market value method. There were no changes with respect to Actuarial Assumptions from the prior year.

**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>
5/1/14	\$ 304,017	99.8%	\$ (28,622)
5/1/13	273,568	100.4%	(29,345)
5/1/12	247,629	101.0%	(28,207)

**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, 2015, the retiree’s portion of coverage is \$100/month for family and \$50/month for single. Membership of the plan consisted of the following at April, 30 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	10
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	28
Active plan members	28
<b>Total</b>	<u>66</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 2015, the City contributed \$168,368

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, 2015 (based on the latest actuarial valuation on April 30, 2013) were as follows:

Annual Required Contribution (ARC)	\$ 150,272
Interest on net OPEB obligation	(1,029)
Adjustment to ARC	<u>857</u>
Annual OPEB cost	150,100
Contributions made	<u>150,100</u>
Change in net OPEB obligation	-
Net OPEB obligation, beginning of year	<u>756</u>
<b>Net OPEB obligation, end of year</b>	<u>\$ 756</u>

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>
5/1/13	\$ 150,100	82.4%	\$ 756

Funded status and funding progress

As of April 30, 2013, the most recent valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,210,847 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$3,210,847.

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 4 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 four retirement health savings plans which cover the unionized telecommunicators, the unionized police and public services employees and non-union employees hired after July 31, 1998. The City will contribute 1.75% of an eligible participant’s base wage plus longevity, with the exception of police officers who receive 1.5% of base plus longevity on an annual basis. The funds will be available to any participant upon separation from service. The City’s contribution to the plan for the year ended April 30, 2015 was approximately \$38,000.

**NOTE 7. INTERFUND BALANCES**

Interfund receivable and payable balances as of April 30, 2015 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 72,041	\$ 4,840
Special Revenue Fund		
Motor Fuel Tax Fund	-	4,434
Storm Water Management Fund	540	-
Internal Service Fund		
Motor Equipment Replacement Fund	4,300	-
Debt Service Fund		
Mallard Crossing Special Assessment Fund	-	58,747
Enterprise Funds		
Waterworks Fund	28,956	-
Sewerage Fund	2,470	37,816
Trust and Agency Fund		
Special Assessment Collection Fund	-	2,470
	<hr/>	<hr/>
<b>Total interfund receivables and payables</b>	<b>\$ 108,307</b>	<b>\$ 108,307</b>

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

**NOTE 8. INTERFUND TRANSFERS**

Transfers between funds for the year ended April 30, 2015, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 119,819	\$ 675,443
Special Revenue Funds		
Illinois Municipal Retirement Fund	35,900	-
Social Security Fund	69,300	-
Civil Defense Fund	5,000	-
Internal Service Fund		
Motor Equipment Replacement Fund	12,373	19,840
Debt Service Funds		
South Cummings Lane Fund	69,950	-
Cruger Road Fund	75,914	-
Washington 223 Fund	93,708	-
Washington Area Community Center Fund	335,794	-
Enterprise Funds		
Waterworks Fund	59,617	99,004
Sewerage Fund	44,781	127,869
<b>Total interfund transfers</b>	<u>\$ 922,156</u>	<u>\$ 922,156</u>

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

**NOTE 9. SELF INSURANCE**

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

The City uses an internal service fund, the Employees' Benefit Fund, to account for and finance its uninsured risks of loss associated with medical and dental claims of its employees and their dependents. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimated payables for claims and losses for medical and hospital claims include an amount for claims incurred but not reported based upon actuarial estimates and prior experience. The City has specific excess insurance that provides coverage when medical and hospital claims in a given year exceed \$50,000 individually over an annual liability period. In addition, for the first two months of the year, two covered individuals had higher reinsurance coverage deductibles, coverage begins when claims exceed \$1,000,000 and \$75,000 in each specific case.

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 \$630,251 at April 30, 2015 have been included in the financial statements as a payable. The City has also recorded a receivable at April 30, 2015 for \$37,186 the amount expected to be reimbursed through reinsurance.

Changes in the claims liability in fiscal years 2015 and 2014 were:

Balance at April 30, 2013	\$ 1,900,569
Prior year claims and changes in estimates	959,442
Prior year claims paid	<u>(2,815,810)</u>
Balance at April 30, 2014	44,201
Current year claims and changes in estimates	1,625,839
Claims paid	<u>(1,039,789)</u>
<b>Balance at April 30, 2015</b>	<b><u>\$ 630,251</u></b>

**NOTE 10. COMMITMENTS**

The City has agreed to a consent order with the Illinois Environmental Protection Agency (IEPA). This consent order obligates the City to complete the expansion of the Sewer Treatment Plant #2 phase 2A by an extended due date of December 31, 2016 and phase 2B December 31, 2017 for substantial completion. The total estimated cost of these projects is \$7,000,000. The City has incurred \$211,135 in engineering costs through April 30, 2015 related to these projects.

The City has a contract for repairs needed to Sewer Treatment Plant #2 due to tornado damage. As of April 30, 2015, the total estimated City obligation was \$892,139. A total of \$866,405 has been paid or is included in payables as of the year end.

The City has a contract for tornado repairs of infrastructure. The estimated total project cost is \$7,432,827. As of April 30, 2015, the City had incurred \$191,883 of engineering related to this project.

The City has a contract for engineering services related to the intersection of Nofsinger Road and Route 24. The total commitment is \$257,218.

**NOTE 11. DEFICIT FUND BALANCES**

The following City funds have a deficit fund/equity balance as of April 30, 2015:

Mallard Crossing – Debt Service Fund	\$5,924
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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WASHINGTON, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED APRIL 30, 2015**

	<b>General Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 804,000	\$ 839,474	\$ 35,474
Licenses and permits	367,900	509,996	142,096
Intergovernmental	7,167,300	7,398,427	231,127
Grant proceeds	464,620	586,866	122,246
Charges for services	78,666	84,302	5,636
Fines and forfeitures	138,200	161,622	23,422
Interest	30,610	54,744	24,134
Other	45,500	121,173	75,673
	<u>9,096,796</u>	<u>9,756,604</u>	<u>659,808</u>
<b>EXPENDITURES</b>			
Current			
General government	2,906,825	1,083,564	1,823,261
Public safety	4,211,782	3,945,610	266,172
Highways and streets	1,711,720	1,372,813	338,907
Health and welfare	18,700	14,377	4,323
Capital outlay	312,160	263,906	48,254
	<u>9,161,187</u>	<u>6,680,270</u>	<u>2,480,917</u>
Excess (deficiency) of revenue over expenditures	<u>(64,391)</u>	<u>3,076,334</u>	<u>3,140,725</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	22,770	119,819	97,049
Transfers out	(887,626)	(675,443)	212,183
Total other financing sources (uses)	<u>(864,856)</u>	<u>(555,624)</u>	<u>309,232</u>
Net change in fund balances	<u>\$ (929,247)</u>	<u>\$ 2,520,710</u>	<u>\$ 3,449,957</u>

**CITY OF WASHINGTON, ILLINOIS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND**  
**YEAR ENDED APRIL 30, 2015**

	<b>Motor Fuel Tax</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	360,000	506,942	146,942
Grant proceeds	-	191,883	191,883
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	2,500	28,412	25,912
Other	-	-	-
	<u>362,500</u>	<u>727,237</u>	<u>364,737</u>
<b>EXPENDITURES</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Capital outlay	375,000	191,883	183,117
	<u>375,000</u>	<u>191,883</u>	<u>183,117</u>
Excess (deficiency) of revenue over expenditures	<u>(12,500)</u>	<u>535,354</u>	<u>547,854</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (12,500)</u>	<u>\$ 535,354</u>	<u>\$ 547,854</u>

**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>
12/31/2014	\$ 2,741,713	\$ 5,761,773	\$ 3,020,060	47.58 %	\$ 2,427,753	124.40 %
12/31/2013	4,359,873	6,874,716	2,514,843	63.42	2,308,780	108.93
12/31/2012	4,470,911	6,842,337	2,371,426	65.34	2,087,828	113.58

On a market value basis, the actuarial value of the assets as of December 31, 2014 is \$3,737,184. On a market basis, the funded ratio would be 64.86%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Washington. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**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>
2014	\$ 6,491,252	\$10,000,394	\$3,509,142	64.9 %	\$1,211,845	289.6 %
2013	6,179,579	9,402,034	3,222,455	65.7	1,205,760	267.3
2012	5,874,900	8,784,493	2,909,593	66.9	1,115,826	260.8

**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>
2014	\$ -	\$ 3,210,847	\$ 3,210,847	- %
2013	-	3,210,847	3,210,847	-
2012	-	3,210,847	3,210,847	-

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, 2015**

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$ 804,000	\$ 839,474	\$ 35,474
Licenses and permits	367,900	509,996	142,096
Intergovernmental	7,167,300	7,398,427	231,127
Grant proceeds	464,620	586,866	122,246
Charges for services	78,666	84,302	5,636
Fines and forfeitures	138,200	161,622	23,422
Interest	30,610	54,744	24,134
Rental	-	-	-
Other	45,500	121,173	75,673
Total revenues	<u>9,096,796</u>	<u>9,756,604</u>	<u>659,808</u>
<b>EXPENDITURES</b>			
Current			
General government	2,906,825	1,083,564	1,823,261
Public safety	4,211,782	3,945,610	266,172
Highways and streets	1,711,720	1,372,813	338,907
Health and welfare	18,700	14,377	4,323
Cemetery	-	-	-
Capital outlay	312,160	263,906	48,254
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>9,161,187</u>	<u>6,680,270</u>	<u>2,480,917</u>
Excess (deficiency) of revenue over expenditures	<u>(64,391)</u>	<u>3,076,334</u>	<u>3,140,725</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	22,770	119,819	97,049
Transfers out	(887,626)	(675,443)	212,183
Debt issuance	-	-	-
Debt issuance costs	-	-	-
Total other financing sources (uses)	<u>(864,856)</u>	<u>(555,624)</u>	<u>309,232</u>
Net change in fund balances	<u>\$ (929,247)</u>	<u>\$ 2,520,710</u>	<u>\$ 3,449,957</u>



Special Revenue			Capital Projects		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 855,300	\$ 848,095	\$ (7,205)	\$ -	\$ -	\$ -
-	-	-	-	-	-
382,000	530,640	148,640	-	-	-
-	191,883	191,883	-	-	-
86,000	71,700	(14,300)	-	-	-
-	-	-	-	-	-
13,940	37,248	23,308	-	80	80
-	51,640	51,640	-	-	-
52,500	730	(51,770)	-	-	-
<b>1,389,740</b>	<b>1,731,936</b>	<b>342,196</b>	<b>-</b>	<b>80</b>	<b>80</b>
970,600	774,230	196,370	-	-	-
8,990	5,399	3,591	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
82,950	80,782	2,168	-	-	-
1,366,000	191,883	1,174,117	16,100	-	16,100
-	-	-	-	-	-
-	-	-	-	-	-
<b>2,428,540</b>	<b>1,052,294</b>	<b>1,376,246</b>	<b>16,100</b>	<b>-</b>	<b>16,100</b>
<b>(1,038,800)</b>	<b>679,642</b>	<b>1,718,442</b>	<b>(16,100)</b>	<b>80</b>	<b>16,180</b>
360,900	110,200	(250,700)	125,024	-	(125,024)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>360,900</b>	<b>110,200</b>	<b>(250,700)</b>	<b>125,024</b>	<b>-</b>	<b>(125,024)</b>
<b>\$ (677,900)</b>	<b>\$ 789,842</b>	<b>\$ 1,467,742</b>	<b>\$ 108,924</b>	<b>\$ 80</b>	<b>\$ (108,844)</b>

**CITY OF WASHINGTON, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED APRIL 30, 2015**

	<b>Debt Service</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property taxes	\$ 48,517	\$ 46,766	\$ (1,751)
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Grant proceeds	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	4,050	37,897	33,847
Rental	-	65,422	65,422
Other	-	14,194	14,194
	<hr/>	<hr/>	<hr/>
Total revenues	52,567	164,279	111,712
	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES</b>			
Current			
General government	-	84	(84)
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Cemetery	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	426,880	334,280	92,600
Interest	266,406	385,519	(119,113)
	<hr/>	<hr/>	<hr/>
Total expenditures	693,286	719,883	(26,597)
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	(640,719)	(555,604)	85,115
	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	493,085	575,366	82,281
Transfers out	-	-	-
Debt issuance	-	4,010,000	4,010,000
Debt issuance	-	(39,500)	(39,500)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	493,085	4,545,866	4,052,781
	<hr/>	<hr/>	<hr/>
Net change in fund balances	\$ (147,634)	\$ 3,990,262	\$ 4,137,896
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**CITY OF WASHINGTON, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**YEAR ENDED APRIL 30, 2015**

	<b>General Corporate</b>	<b>City Hall</b>	<b>Street</b>
<b>REVENUES</b>			
Property taxes	\$ 356,445	\$ -	\$ 192,221
Licenses and permits	509,996	-	-
Intergovernmental	7,361,155	-	7,473
Grant proceeds	393,096	-	193,770
Charges for services	-	-	729
Fines and forfeitures	93,215	-	-
Interest	54,531	-	-
Rental	-	-	-
Other	67,684	-	11,116
	<u>8,836,122</u>	<u>-</u>	<u>405,309</u>
<b>EXPENDITURES</b>			
General government			
Personal services	481,442	42,753	-
Supplies	9,204	1,305	-
Tornado recovery	34,074	-	-
Other services and charges	99,835	26,567	-
Total general government	<u>624,555</u>	<u>70,625</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	-	-	708,238
Supplies	-	-	14,020
Centennial road payment	-	-	-
Other services and charges	-	-	650,555
Total highways and streets	<u>-</u>	<u>-</u>	<u>1,372,813</u>
Health and welfare			
Other services and charges	13,360	1,017	-
Capital outlay	5,808	23,506	200,078
	<u>643,723</u>	<u>95,148</u>	<u>1,572,891</u>
Excess (deficiency) of revenue over expenditures	<u>8,192,399</u>	<u>(95,148)</u>	<u>(1,167,582)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	105,877	13,942	-
Transfers out	(514,274)	-	(161,169)
Debt issuance	-	-	-
Total other financing sources (uses)	<u>(408,397)</u>	<u>13,942</u>	<u>(161,169)</u>
Net change in fund balance	<u>\$ 7,784,002</u>	<u>\$ (81,206)</u>	<u>\$ (1,328,751)</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>2014 (Memorandum Only)</b>
\$	290,808	\$ -	\$ -	\$ -	\$ 839,474	\$ 801,382
	-	-	-	-	509,996	499,061
	13,191	-	-	16,608	7,398,427	7,125,572
	-	-	-	-	586,866	1,228,937
	83,573	-	-	-	84,302	80,832
	68,407	-	-	-	161,622	190,254
	213	-	-	-	54,744	27,222
	-	-	-	-	-	22,236
	29,721	12,434	218	-	121,173	103,317
	<u>485,913</u>	<u>12,434</u>	<u>218</u>	<u>16,608</u>	<u>9,756,604</u>	<u>10,078,813</u>
	-	29,916	213,972	-	768,083	715,029
	-	-	2,863	-	13,372	16,993
	-	-	-	-	34,074	1,545,733
	-	64,296	77,337	-	268,035	274,046
	-	<u>94,212</u>	<u>294,172</u>	-	<u>1,083,564</u>	<u>2,551,801</u>
	2,891,152	-	-	-	2,891,152	2,910,411
	13,916	-	-	-	13,916	17,426
	20,250	-	-	-	20,250	33,646
	390,809	-	-	629,483	1,020,292	1,091,060
	<u>3,316,127</u>	-	-	<u>629,483</u>	<u>3,945,610</u>	<u>4,052,543</u>
	-	-	-	-	708,238	743,966
	-	-	-	-	14,020	10,762
	-	-	-	-	-	250,000
	-	-	-	-	650,555	599,708
	-	-	-	-	<u>1,372,813</u>	<u>1,604,436</u>
	-	-	-	-	14,377	16,394
	8,131	-	7,880	18,503	263,906	5,026,030
	<u>3,324,258</u>	<u>94,212</u>	<u>302,052</u>	<u>647,986</u>	<u>6,680,270</u>	<u>13,251,204</u>
	<u>(2,838,345)</u>	<u>(81,778)</u>	<u>(301,834)</u>	<u>(631,378)</u>	<u>3,076,334</u>	<u>(3,172,391)</u>
	-	-	-	-	119,819	67,687
	-	-	-	-	(675,443)	(765,489)
	-	-	-	-	-	4,965,801
	-	-	-	-	<u>(555,624)</u>	<u>4,267,999</u>
\$	<u>(2,838,345)</u>	\$ <u>(81,778)</u>	\$ <u>(301,834)</u>	\$ <u>(631,378)</u>	2,520,710	1,095,608
					<u>9,008,957</u>	<u>7,913,349</u>
					<u>\$ 11,529,667</u>	<u>\$ 9,008,957</u>

**CITY OF WASHINGTON, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2015**

	Special Revenue					
	Cemetery	Civil Defense	Audit	Incremental Tax	Liability Insurance	Storm Water Management
<b>ASSETS</b>						
Cash and cash equivalents	\$ 329,426	\$ 28,620	\$ 22,535	\$ 1,376,215	\$ 217,676	\$ 46,224
Receivables (net of allowance for uncollectibles)						
Property taxes	-	3,300	30,026	212,639	75,006	-
Special assessments	-	-	-	-	-	-
Accounts - customers	1,955	-	-	-	-	-
Other	-	-	-	-	-	14,717
Due from other funds	-	-	-	-	-	540
Prepaid items	483	100	-	-	9,912	-
Restricted assets						
Cash and cash equivalents	-	-	-	-	-	-
	<u>\$ 331,864</u>	<u>\$ 32,020</u>	<u>\$ 52,561</u>	<u>\$ 1,588,854</u>	<u>\$ 302,594</u>	<u>\$ 61,481</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued liabilities	\$ 2,334	\$ -	\$ -	\$ 1,356	\$ -	\$ 89
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	360
Total liabilities	<u>2,334</u>	<u>-</u>	<u>-</u>	<u>1,356</u>	<u>-</u>	<u>449</u>
<b>Deferred inflows of resources</b>						
Unavailable revenue						
Property taxes	-	3,300	30,026	212,639	75,006	-
Special assessments	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>3,300</u>	<u>30,026</u>	<u>212,639</u>	<u>75,006</u>	<u>-</u>
<b>Fund balances</b>						
Nonspendable	483	100	-	-	9,912	-
Restricted	-	28,620	22,535	1,374,859	217,676	-
Assigned	329,047	-	-	-	-	61,032
Unassigned	-	-	-	-	-	-
Total fund balances	<u>329,530</u>	<u>28,720</u>	<u>22,535</u>	<u>1,374,859</u>	<u>227,588</u>	<u>61,032</u>
	<u>\$ 331,864</u>	<u>\$ 32,020</u>	<u>\$ 52,561</u>	<u>\$ 1,588,854</u>	<u>\$ 302,594</u>	<u>\$ 61,481</u>

<b>Illinois</b>		
<b>Municipal Retirement</b>	<b>Social Security</b>	<b>Total</b>
\$ 180,591	\$ 210,932	\$ 2,412,219
310,012	245,024	876,007
-	-	-
-	-	1,955
6,339	-	21,056
-	-	540
-	-	10,495
-	-	-
-	-	-
<b>\$ 496,942</b>	<b>\$ 455,956</b>	<b>\$ 3,322,272</b>

\$ 10,319	\$ 6,568	\$ 20,666
-	-	-
-	-	360
10,319	6,568	21,026
310,012	245,024	876,007
-	-	-
310,012	245,024	876,007
-	-	10,495
-	-	1,643,690
176,611	204,364	771,054
-	-	-
176,611	204,364	2,425,239
<b>\$ 496,942</b>	<b>\$ 455,956</b>	<b>\$ 3,322,272</b>

**CITY OF WASHINGTON, ILLINOIS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2015**

	<b>Debt Service</b>		
	<b>Mallard Crossing</b>	<b>Washington 223</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)			
Property taxes	-	-	-
Special assessments	47,004	-	47,004
Accounts - customers	-	-	-
Other	-	20,950	20,950
Due from other funds	-	-	-
Prepaid items	-	-	-
Restricted assets			
Cash and cash equivalents	52,823	-	52,823
	<u>\$ 99,827</u>	<u>\$ 20,950</u>	<u>\$ 120,777</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Due to other funds	58,747	-	58,747
Unearned revenue	-	-	-
	<u>58,747</u>	<u>-</u>	<u>58,747</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue			
Property taxes	-	-	-
Special assessments	47,004	-	47,004
	<u>47,004</u>	<u>-</u>	<u>47,004</u>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	20,950	20,950
Unassigned	(5,924)	-	(5,924)
	<u>(5,924)</u>	<u>20,950</u>	<u>15,026</u>
	<u>\$ 99,827</u>	<u>\$ 20,950</u>	<u>\$ 120,777</u>

<b>Capital Project</b>		
<b>Washington 223</b>	<b>Total Nonmajor Governmental</b>	<b>2014 (Memorandum Only)</b>
\$ -	\$ 2,412,219	\$ 2,174,319
-	876,007	854,606
-	47,004	46,766
-	1,955	7,477
-	42,006	5,008
-	540	25,000
-	10,495	13,192
250,080	302,903	6,041
<b>\$ 250,080</b>	<b>\$ 3,693,129</b>	<b>\$ 3,132,409</b>
\$ -	\$ 20,666	\$ 26,236
-	58,747	11,062
250,000	250,360	28,009
250,000	329,773	65,307
-	876,007	854,606
-	47,004	46,766
-	923,011	901,372
-	10,495	13,192
-	1,643,690	1,460,158
80	792,084	697,401
-	(5,924)	(5,021)
80	2,440,345	2,165,730
<b>\$ 250,080</b>	<b>\$ 3,693,129</b>	<b>\$ 3,132,409</b>



**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2015**

	Special Revenue					
	Cemetery	Civil Defense	Audit	Incremental Tax	Liability Insurance	Storm Water Management
<b>REVENUES</b>						
Property taxes	\$ -	\$ 3,278	\$ 29,711	\$ 199,263	\$ 84,157	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	71,700	-	-	-	-	-
Interest	1,226	5	16	5,359	146	180
Rental	-	-	-	-	-	51,640
Other	730	-	-	-	-	-
	<u>73,656</u>	<u>3,283</u>	<u>29,727</u>	<u>204,622</u>	<u>84,303</u>	<u>51,820</u>
<b>EXPENDITURES</b>						
Current						
General government	-	-	25,699	52,325	62,615	14,526
Public safety	-	5,399	-	-	-	-
Cemetery	80,782	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
	<u>80,782</u>	<u>5,399</u>	<u>25,699</u>	<u>52,325</u>	<u>62,615</u>	<u>14,526</u>
Excess (deficiency) of revenues over expenditures	(7,126)	(2,116)	4,028	152,297	21,688	37,294
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	5,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(7,126)	2,884	4,028	152,297	21,688	37,294
<b>FUND BALANCES, BEGINNING OF YEAR</b>	336,656	25,836	18,507	1,222,562	205,900	23,738
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 329,530</u>	<u>\$ 28,720</u>	<u>\$ 22,535</u>	<u>\$ 1,374,859</u>	<u>\$ 227,588</u>	<u>\$ 61,032</u>

<b>Illinois</b>		
<b>Municipal Retirement</b>	<b>Social Security</b>	<b>Total</b>
\$ 301,970	\$ 229,716	\$ 848,095
23,698	-	23,698
-	-	71,700
935	969	8,836
		51,640
-	-	730
<b>326,603</b>	<b>230,685</b>	<b>1,004,699</b>
334,020	285,045	774,230
-	-	5,399
-	-	80,782
-	-	-
-	-	-
-	-	-
<b>334,020</b>	<b>285,045</b>	<b>860,411</b>
(7,417)	(54,360)	144,288
35,900	69,300	110,200
-	-	-
35,900	69,300	110,200
28,483	14,940	254,488
148,128	189,424	2,170,751
<b>\$ 176,611</b>	<b>\$ 204,364</b>	<b>\$ 2,425,239</b>

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2015**

	Debt Service				Total
	Cruger Road	South Cummings Lane	Mallard Crossing	Washington 223	
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ 46,766	\$ -	\$ 46,766
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	16	360	376
Rental	-	-	-	65,422	65,422
Other	-	-	-	-	-
	-	-	46,782	65,782	112,564
<b>EXPENDITURES</b>					
Current					
General government	-	-	-	84	84
Public safety	-	-	-	-	-
Cemetery	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	63,440	59,840	36,000	-	159,280
Interest	12,474	10,110	11,685	138,456	172,725
	75,914	69,950	47,685	138,540	332,089
Excess (deficiency) of revenues over expenditures	(75,914)	(69,950)	(903)	(72,758)	(219,525)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	75,914	69,950	-	93,708	239,572
Transfers out	-	-	-	-	-
Total other financing sources (uses)	75,914	69,950	-	93,708	239,572
Net change in fund balances	-	-	(903)	20,950	20,047
<b>FUND BALANCES, BEGINNING OF YEAR</b>	-	-	(5,021)	-	(5,021)
<b>FUND BALANCES, END OF YEAR</b>	\$ -	\$ -	\$ (5,924)	\$ 20,950	\$ 15,026

<u>Capital Project</u>			
<u>Washington</u>	<u>Total</u>	<u>2014</u>	
<u>223</u>	<u>Nonmajor</u>	<u>(Memorandum</u>	
	<u>Governmental</u>	<u>Only)</u>	
\$ -	\$ 894,861	\$ 904,139	
-	23,698	22,434	
-	71,700	125,100	
80	9,292	8,314	
-	117,062	51,640	
-	730	1,008	
80	1,117,343	1,112,635	
-	774,314	855,137	
-	5,399	7,576	
-	80,782	68,089	
-	-	191,051	
-	159,280	156,720	
-	172,725	41,712	
-	1,192,500	1,320,285	
80	(75,157)	(207,650)	
-	349,772	527,689	
-	-	(50,023)	
-	349,772	477,666	
80	274,615	270,016	
-	2,165,730	1,895,714	
\$ 80	\$ 2,440,345	\$ 2,165,730	

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
APRIL 30, 2015**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Total</b>	<b>2014 (Memorandum Only)</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,206,871	\$ 1,679,658	\$ 2,886,529	\$ 2,582,992
Receivables (net of allowance for uncollectibles)				
Other	45,529	2,174	47,703	227,515
Due from other funds	-	4,300	4,300	-
Prepaid items	-	3,863	3,863	1,698
Total current assets	1,252,400	1,689,995	2,942,395	2,812,205
<b>Noncurrent assets</b>				
Capital assets, net of accumulated depreciation	-	928,650	928,650	1,036,651
	<u>\$ 1,252,400</u>	<u>\$ 2,618,645</u>	<u>\$ 3,871,045</u>	<u>\$ 3,848,856</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 630,251	\$ 38,891	\$ 669,142	\$ 79,209
Current portion of lease payable	-	15,867	15,867	15,368
Accrued compensated absences	-	142	142	213
Due to other funds	-	-	-	17,016
Total current liabilities	630,251	54,900	685,151	111,806
<b>Noncurrent liabilities</b>				
Lease payable	-	21,963	21,963	37,830
Accrued compensated absences	-	9,363	9,363	7,481
Total liabilities	630,251	86,226	716,477	157,117
<b>Net position</b>				
Invested in capital assets	-	928,650	928,650	1,036,651
Unrestricted	622,149	1,603,769	2,225,918	2,655,088
Total net position	622,149	2,532,419	3,154,568	3,691,739
	<u>\$ 1,252,400</u>	<u>\$ 2,618,645</u>	<u>\$ 3,871,045</u>	<u>\$ 3,848,856</u>

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**YEAR ENDED APRIL 30, 2015**

	Employees' Benefit Fund	Motor Equipment Replacement Fund	Total	2014 (Memorandum Only)
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,268,567	\$ 534,900	\$ 1,803,467	\$ 1,964,222
Employee contributions	141,404	-	141,404	126,665
Other	120,466	23,161	143,627	49,427
	<u>1,530,437</u>	<u>558,061</u>	<u>2,088,498</u>	<u>2,140,314</u>
<b>OPERATING EXPENSES</b>				
General and administrative	38,742	-	38,742	31,159
Personal services	2,014,374	101,157	2,115,531	1,390,785
Materials and supplies	-	148,193	148,193	202,754
Other services and charges	1,306	126,886	128,192	101,941
Depreciation	-	195,466	195,466	219,432
	<u>2,054,422</u>	<u>571,702</u>	<u>2,626,124</u>	<u>1,946,071</u>
Operating income (loss)	<u>(523,985)</u>	<u>(13,641)</u>	<u>(537,626)</u>	<u>194,243</u>
<b>NONOPERATING REVENUES</b>				
Interest income	(4,597)	(5,575)	(10,172)	(10,843)
Interest expense	-	1,478	1,478	1,962
Grant income	-	(5,187)	(5,187)	(214,841)
Tornado recovery expenses	-	9,659	9,659	55,325
(Gain) loss on sale of equipment	-	(3,700)	(3,700)	(1,325)
	<u>(4,597)</u>	<u>(3,325)</u>	<u>(7,922)</u>	<u>(169,722)</u>
Net income (loss) before transfers	<u>(519,388)</u>	<u>(10,316)</u>	<u>(529,704)</u>	<u>363,965</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(7,467)	(7,467)	(3,464)
Change in net position	<u>(519,388)</u>	<u>(17,783)</u>	<u>(537,171)</u>	<u>360,501</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>1,141,537</u>	<u>2,550,202</u>	<u>3,691,739</u>	<u>3,331,238</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 622,149</u>	<u>\$ 2,532,419</u>	<u>\$ 3,154,568</u>	<u>\$ 3,691,739</u>

**CITY OF WASHINGTON, ILLINOIS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED APRIL 30, 2015**

	<b>Employees' Benefit Fund</b>	<b>Motor Equipment Replacement Fund</b>	<b>Total</b>	<b>2014 (Memorandum Only)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 1,493,964	\$ 239,445	\$ 1,733,409	\$ 3,460,086
Receipts from interfund services provided	-	534,900	534,900	541,900
Payments to suppliers	(1,468,371)	(283,441)	(1,751,812)	(3,512,607)
Payments to employees	-	(98,925)	(98,925)	(107,612)
Net cash provided by operating activities	25,593	391,979	417,572	381,767
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Advances from (to) other funds	-	(21,316)	(21,316)	17,016
Transfers from (to) other funds	-	(7,467)	(7,467)	(3,464)
Net cash provided by (used in) noncapital financing activities	-	(28,783)	(28,783)	13,552
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(82,278)	(82,278)	(155,741)
Principal payments on lease	-	(15,368)	(15,368)	(14,885)
Proceeds from sale of equipment	-	3,700	3,700	1,325
Net cash used in capital and related financing activities	-	(93,946)	(93,946)	(169,301)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	4,597	5,575	10,172	10,843
Interest paid	-	(1,478)	(1,478)	(1,962)
Net cash provided by investing activities	4,597	4,097	8,694	8,881
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	30,190	273,347	303,537	234,899
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	1,176,681	1,406,311	2,582,992	2,348,093
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 1,206,871	\$ 1,679,658	\$ 2,886,529	\$ 2,582,992
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ (523,985)	\$ (13,641)	\$ (537,626)	\$ 194,243
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	-	195,466	195,466	219,432
Tornado recovery costs	-	(9,659)	(9,659)	(55,325)
(Increase) decrease in receivables	(36,472)	216,284	179,812	1,861,672
(Increase) decrease in prepaid items	-	(2,165)	(2,165)	1,288
Increase (decrease) in accounts payable and accrued liabilities	586,050	3,883	589,933	(1,840,952)
Increase in accrued compensated absences	-	1,811	1,811	1,409
Net cash provided by operating activities	\$ 25,593	\$ 391,979	\$ 417,572	\$ 381,767

**CITY OF WASHINGTON, ILLINOIS**  
**COMBINING SCHEDULE OF OPERATING EXPENSES, OTHER THAN DEPRECIATION**  
**ENTERPRISE FUNDS**  
**YEAR ENDED APRIL 30, 2015**

	<b>Waterworks</b>	<b>Sewerage</b>	<b>Total</b>	<b>2014 (Memorandum Only)</b>
<b>Personal services</b>				
Wages and salaries	\$ 355,124	\$ 427,068	\$ 782,192	\$ 866,809
Payroll taxes	23,520	31,786	55,306	62,165
Group insurance	135,605	163,879	299,484	363,631
Uniforms	2,042	1,007	3,049	8,668
Total personal services	516,291	623,740	1,140,031	1,301,273
<b>Heat, lights, and power</b>				
Electricity	95,052	132,354	227,406	255,090
Heating	5,054	5,438	10,492	8,845
Total heat, lights, and power	100,106	137,792	237,898	263,935
<b>Materials and supplies</b>				
Chemicals and supplies	128,279	17,684	145,963	168,725
Office supplies	6,346	6,310	12,656	9,693
Perishable tools	4,087	7,528	11,615	7,776
Total materials and supplies	138,712	31,522	170,234	186,194
<b>Other services and charges</b>				
Training and recruitment	511	869	1,380	590
Insurance	12,882	16,858	29,740	17,785
Printing fees	1,431	1,080	2,511	3,125
Legal fees	2,673	5,231	7,904	9,481
Engineering fees	-	-	-	1,500
Consulting fees	16,562	15,594	32,156	34,379
Rent	2,392	18,600	20,992	4,690
Repairs and maintenance:				
Building	2,368	2,675	5,043	8,135
Equipment	3,228	6,622	9,850	8,092
System	42,075	17,218	59,293	123,574
Motor equipment replacement	34,500	30,500	65,000	65,000
Telephone	7,732	10,789	18,521	13,751
Miscellaneous	4,328	33,588	37,916	45,901
Total other services and charges	130,682	159,624	290,306	336,003
	\$ 885,791	\$ 952,678	\$ 1,838,469	\$ 2,087,405



**CITY OF WASHINGTON, ILLINOIS  
SCHEDULE OF PROPERTY TAX LEVIES, RATES, COLLECTIONS,  
AND ASSESSED VALUATION  
2012 THROUGH 2014**

	<u>2014 Levy</u>			<u>2013 Levy</u>			<u>2012 Levy</u>		
	<u>Levy</u>	<u>Rate</u>	<u>Amounts Extended</u>	<u>Levy</u>	<u>Rate</u>	<u>Collections</u>	<u>Levy</u>	<u>Rate</u>	<u>Collections</u>
<b>GENERAL FUND</b>									
General Corporate	\$ 252,000	0.0863	\$ 252,005	\$ 360,000	0.1153	\$ 356,445	\$ 360,000	0.1178	\$ 359,396
Police Pension	310,000	0.1061	310,012	293,700	0.0941	290,808	264,000	0.0864	263,559
<b>SPECIAL REVENUE FUNDS</b>									
Civil Defense	3,300	0.0011	3,300	3,300	0.0011	3,278	3,300	0.0011	3,259
Audit	30,000	0.0103	30,026	30,000	0.0096	29,711	30,000	0.0099	29,962
Illinois Municipal Retirement	310,000	0.1061	310,012	305,000	0.0977	301,970	290,000	0.0948	289,493
Social Security	245,000	0.0839	245,024	232,000	0.0743	229,716	240,000	0.0785	239,606
<b>INTERNAL SERVICE FUND</b>									
Liability Insurance	75,000	0.0257	75,006	85,000	0.0272	84,157	100,000	0.0327	99,883
<b>TOTAL</b>	<u>\$ 1,225,300</u>	<u>0.4195</u>	<u>\$ 1,225,385</u>	<u>\$ 1,309,000</u>	<u>0.4192</u>	<u>\$ 1,296,085</u>	<u>\$ 1,287,300</u>	<u>0.4212</u>	<u>\$ 1,285,158</u>
<b>CITY SHARE OF TOWNSHIP</b>									
<b>ROAD AND BRIDGE</b>			<u>\$ 182,549</u>			<u>\$ 192,221</u>			<u>\$ 183,263</u>
<b>INCREMENTAL TAX DISTRICT</b>			<u>\$ 212,639</u>			<u>\$ 199,263</u>			<u>\$ 199,949</u>
<b>ASSESSED VALUATIONS</b>	<u>\$ 292,078,141</u>			<u>\$ 312,276,092</u>			<u>\$ 305,649,264</u>		

**CITY OF WASHINGTON, ILLINOIS  
INFORMATION REGARDING WASTEWATER  
USER-CHARGE SYSTEM  
YEAR ENDED APRIL 30, 2015**

(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	869,580,000
Total gallons of wastewater billed based on the user-charge system for the year	241,699,860
Number of metered users connected to the system at April 30, 2015	4,816
Number of nonmetered users at April 30, 2015	1