

CITY OF LINCOLN, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2014

City of Lincoln, Illinois
Annual Financial Report
For the Year Ended April 30, 2014

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Annual Financial Report
For the Year Ended April 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And City Council
City of Lincoln, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes 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 Lincoln, Illinois as of April 30, 2014, 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 schedules of funding progress and budgetary comparison information on pages 51-56 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. Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lincoln, Illinois' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014 on our consideration of the City of Lincoln, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lincoln, Illinois' internal control over financial reporting and compliance.

Estes, Bridgewater & Pgoles

Certified Public Accountants
Springfield, Illinois

December 12, 2014

Estes, Bridgewater & Ogden

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

To the Honorable Mayor
And City Council
City of Lincoln, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lincoln, Illinois as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Lincoln, Illinois' basic financial statements and have issued our report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Estes, Bridgewater & Ogden

Certified Public Accountants
Springfield, Illinois

December 12, 2014

City of Lincoln, Illinois
SCHEDULE OF FINDINGS AND RESPONSES
April 30, 2014

There are no findings to report at April 30, 2014.

City of Lincoln, Illinois
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
Prior Year Findings
April 30, 2014

There were no findings to report at April 30, 2013.

City of Lincoln, Illinois
STATEMENT OF NET POSITION
 April 30, 2014

Statement 1

| | <u>Primary Government</u> | | |
|--|------------------------------------|-------------------------------------|-------------------------|
| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
| <u>Assets</u> | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents..... | \$ 3,714,821 | \$ 577,326 | \$ 4,292,147 |
| Restricted cash and cash equivalents | 103,294 | 272,505 | 375,799 |
| Accounts receivable | 205 | 325,685 | 325,890 |
| Taxes receivable..... | 1,854,700 | - | 1,854,700 |
| Due from other governments | <u>1,497,167</u> | <u>-</u> | <u>1,497,167</u> |
| Total Current Assets | <u>7,170,187</u> | <u>1,175,516</u> | <u>8,345,703</u> |
| CAPITAL ASSETS | | | |
| Capital assets, not being depreciated | 1,108,389 | 243,861 | 1,352,250 |
| Property and equipment | 17,821,929 | - | 17,821,929 |
| Utility systems..... | - | <u>15,052,084</u> | <u>15,052,084</u> |
| Total Cost of Capital Assets | 18,930,318 | 15,295,945 | 34,226,263 |
| Less accumulated depreciation | <u>(9,973,841)</u> | <u>(7,914,615)</u> | <u>(17,888,456)</u> |
| Net Capital Assets | <u>8,956,477</u> | <u>7,381,330</u> | <u>16,337,807</u> |
| TOTAL ASSETS | <u>16,126,664</u> | <u>8,556,846</u> | <u>24,683,510</u> |
| <u>Liabilities, Deferred Inflows of Resources and Net Position</u> | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable | 78,771 | 532 | 79,303 |
| Notes and bonds payable – Current | <u>216,001</u> | <u>503,667</u> | <u>719,668</u> |
| Total Current Liabilities | <u>294,772</u> | <u>504,199</u> | <u>798,971</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned revenues – property taxes | 1,863,225 | - | 1,863,225 |
| Unearned revenues – other..... | <u>41,730</u> | <u>-</u> | <u>41,730</u> |
| Total Deferred Inflows of Resources | <u>1,904,955</u> | <u>-</u> | <u>1,904,955</u> |
| NONCURRENT LIABILITIES | | | |
| Notes and bonds payable (less current portion)..... | 523,603 | 5,057,793 | 5,581,396 |
| Net pension obligation | <u>982,964</u> | <u>-</u> | <u>982,964</u> |
| Total Noncurrent Liabilities | <u>1,506,567</u> | <u>5,057,793</u> | <u>6,564,360</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>3,706,294</u> | <u>5,561,992</u> | <u>9,268,286</u> |
| NET POSITION | | | |
| Net investment in capital assets | 8,216,873 | 1,819,870 | 10,036,743 |
| Restricted..... | 763,380 | 1,149,892 | 1,913,272 |
| Unrestricted..... | <u>3,440,117</u> | <u>25,092</u> | <u>3,465,209</u> |
| TOTAL NET POSITION | <u>\$12,420,370</u> | <u>\$ 2,994,854</u> | <u>\$15,415,224</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
STATEMENT OF ACTIVITIES
 For the Year Ended April 30, 2014

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | |
|--|----------------------------|------------------------------------|---|----------------------------|
| | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities |
| FUNCTIONS/PROGRAMS: | | | | |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| General government..... | \$ 532,418 | \$ 60,370 | (\$ 1,866,736) | \$ - |
| Public safety..... | 106,723 | 77,358 | (3,833,649) | - |
| Public works..... | - | - | (1,683,499) | - |
| Interest on long-term debt..... | - | - | (12,209) | - |
| Total governmental activities..... | <u>639,141</u> | <u>137,728</u> | <u>(7,396,093)</u> | <u>(7,396,093)</u> |
| Business-type activities: | | | | |
| Sewer Utility..... | <u>2,875,365</u> | - | - | <u>458,869</u> |
| Total Primary Government..... | \$ <u>3,514,506</u> | \$ <u>137,728</u> | (<u>7,396,093</u>) | (<u>6,937,224</u>) |
| General revenues: | | | | |
| Taxes: | | | | |
| Property taxes | | | 860,276 | 860,276 |
| Income taxes | | | 1,247,511 | 1,247,511 |
| Replacement taxes | | | 187,276 | 187,276 |
| Sales and use taxes | | | 3,703,079 | 3,703,079 |
| Motor fuel taxes | | | 424,815 | 424,815 |
| Utility taxes | | | 314,568 | 314,568 |
| Telecommunications taxes | | | 400,317 | 400,317 |
| Video gaming taxes | | | 75,992 | 75,992 |
| Hotel/motel taxes | | | 39,779 | 39,779 |
| Road and bridge taxes | | | 72,741 | 72,741 |
| Other taxes | | | 21,367 | 21,367 |
| Interest income | | | 8,547 | 10,069 |
| Miscellaneous | | | 140,891 | 156,375 |
| Total general revenues | | | <u>7,497,159</u> | <u>7,514,165</u> |
| Change in net position | | | 101,066 | 475,875 |
| Net Position - Beginning | | | 12,910,526 | 2,518,979 |
| Prior period adjustment - net pension obligation | | | (591,222) | - |
| Net Position - Ending | | | <u>\$12,420,370</u> | <u>\$ 2,994,854</u> |

The accompanying notes are an integral part of the financial statements

City of Lincoln, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
 April 30, 2014

Statement 3

| <u>Assets</u> | <u>General Corporate</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|------------------------------|---|---|
| ASSETS | | | |
| Cash and cash equivalents | \$1,828,263 | \$1,886,558 | \$3,714,821 |
| Restricted cash and cash equivalents..... | 85,628 | 17,666 | 103,294 |
| Taxes receivable | 1,673,500 | 181,200 | 1,854,700 |
| Due from other governments..... | 1,470,428 | 26,739 | 1,497,167 |
| Accounts receivable..... | <u>205</u> | <u>-</u> | <u>205</u> |
| TOTAL ASSETS..... | <u>\$5,058,024</u> | <u>\$2,112,163</u> | <u>\$7,170,187</u> |
| <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u> | | | |
| LIABILITIES | | | |
| Accounts payable..... | \$ <u>38,881</u> | \$ <u>39,890</u> | \$ <u>78,771</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unearned revenues – property taxes | 1,682,025 | 181,200 | 1,863,225 |
| Unearned revenues – other | <u>41,730</u> | <u>-</u> | <u>41,730</u> |
| Total Deferred Inflows of Resources | <u>1,723,755</u> | <u>181,200</u> | <u>1,904,955</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>1,762,636</u> | <u>221,090</u> | <u>1,983,726</u> |
| FUND BALANCES | | | |
| Restricted for: | | | |
| Public works | - | 744,737 | 744,737 |
| Debt service | - | 17,666 | 17,666 |
| Economic development | - | 977 | 977 |
| Unrestricted: | | | |
| Committed: | | | |
| Public safety | 85,628 | - | 85,628 |
| Public works..... | - | 529,012 | 529,012 |
| Future capital projects..... | - | 590,527 | 590,527 |
| Assigned: | | | |
| Economic development | - | 8,154 | 8,154 |
| Unassigned..... | <u>3,209,760</u> | <u>-</u> | <u>3,209,760</u> |
| Total Fund Balances | <u>3,295,388</u> | <u>1,891,073</u> | <u>5,186,461</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | <u>\$5,058,024</u> | <u>\$2,112,163</u> | <u>\$7,170,187</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 April 30, 2014

| | |
|--|----------------------|
| Total Fund Balances – Total Governmental Funds | \$ 5,186,461 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets of \$18,930,318 net of accumulated depreciation of \$9,973,841 are not financial resources and, therefore, are not reported in the funds..... | 8,956,477 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | |
| G.O. Bond payables, current | (159,000) |
| Debt Certificates payable, current | (31,500) |
| Notes payable, current | (25,501) |
| G.O. Bonds payable, noncurrent | (334,000) |
| Notes payable, noncurrent | (189,603) |
| Net pension obligation..... | (<u>982,964</u>) |
| Net position of governmental activities | \$ <u>12,420,370</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended April 30, 2014

Statement 4

| | <u>General Corporate</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------------------|---|---|
| REVENUES: | | | |
| Property taxes..... | \$ 679,900 | \$ 180,376 | \$ 860,276 |
| Replacement taxes..... | 187,276 | - | 187,276 |
| Road and bridge taxes..... | 72,741 | - | 72,741 |
| Sales taxes..... | 3,703,079 | - | 3,703,079 |
| Income and use taxes..... | 1,247,511 | - | 1,247,511 |
| Motor fuel taxes..... | - | 424,815 | 424,815 |
| Telecommunications taxes..... | 400,317 | - | 400,317 |
| Hotel/motel taxes..... | - | 39,779 | 39,779 |
| Video gaming taxes..... | 75,992 | - | 75,992 |
| Utility taxes..... | 314,568 | - | 314,568 |
| Other taxes..... | 21,367 | - | 21,367 |
| Interest income..... | 6,085 | 2,462 | 8,547 |
| Charges for services..... | 256,043 | 124,939 | 380,982 |
| Fines and forfeitures..... | 106,723 | - | 106,723 |
| Licenses and permits..... | 151,435 | - | 151,435 |
| Miscellaneous..... | <u>135,535</u> | <u>6,719</u> | <u>142,254</u> |
| Total Revenues..... | <u>7,358,572</u> | <u>779,090</u> | <u>8,137,662</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General Government..... | 2,269,945 | 74,247 | 2,344,192 |
| Public safety..... | 3,314,395 | - | 3,314,395 |
| Public works..... | 754,129 | 440,124 | 1,194,253 |
| Capital projects..... | 188,811 | - | 188,811 |
| Capital outlay..... | 1,309,969 | 248,117 | 1,558,086 |
| Debt service: | | | |
| Principal..... | - | 277,000 | 277,000 |
| Interest..... | <u>-</u> | <u>12,209</u> | <u>12,209</u> |
| Total Expenditures..... | <u>7,837,249</u> | <u>1,051,697</u> | <u>8,888,946</u> |
| (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)..... | (<u>478,677</u>) | (<u>272,607</u>) | (<u>751,284</u>) |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in..... | 88,900 | 323,272 | 412,172 |
| Operating transfers (out)..... | (323,272) | (88,900) | (412,172) |
| Grant proceeds..... | 77,358 | 60,370 | 137,728 |
| Bond proceeds..... | <u>-</u> | <u>500,000</u> | <u>500,000</u> |
| Total Other Financing Sources (Uses)..... | (<u>157,014</u>) | <u>794,742</u> | <u>637,728</u> |
| NET CHANGE IN FUND BALANCES..... | (<u>635,691</u>) | <u>522,135</u> | (<u>113,556</u>) |
| FUND BALANCE – BEGINNING..... | <u>3,931,079</u> | <u>1,368,938</u> | <u>5,300,017</u> |
| FUND BALANCE – ENDING..... | <u>\$3,295,388</u> | <u>\$1,891,073</u> | <u>\$5,186,461</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES**
April 30, 2014

| | |
|---|--------------------|
| Net changes in fund balances – Total Governmental Funds | (\$ 113,556) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Debt issued during the year | (501,364) |
| Debt issued previous years not included in beginning of year balance | (194,248) |
| Long term debt payments | 289,651 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following is the amount by which capital outlays exceeded depreciation in the current year: | |
| Capital outlays | 1,573,197 |
| Depreciation | (560,872) |
| 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 the governmental funds: | |
| Change in net pension obligation | (<u>391,742</u>) |
| Change in net position of governmental activities | <u>\$ 101,066</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
 April 30, 2014 and 2013

Statement 5

| | <u>Current Year Total</u> | <u>Prior Year 2013</u> |
|--|-----------------------------------|--------------------------------|
| <u>Assets</u> | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 577,326 | \$ 491,782 |
| Restricted cash and cash equivalents..... | 272,505 | 194,505 |
| Accounts receivable..... | <u>325,685</u> | <u>465,623</u> |
| Total Current Assets | <u>1,175,516</u> | <u>1,151,910</u> |
| CAPITAL ASSETS | | |
| Sewerage system | 15,295,945 | 14,908,067 |
| Less: Accumulated depreciation | (7,914,615) | (7,471,711) |
| Net Capital Assets..... | <u>7,381,330</u> | <u>7,436,356</u> |
| TOTAL ASSETS | <u>8,556,846</u> | <u>8,588,266</u> |
| <u>Liabilities and Net Position</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable..... | 532 | 5,200 |
| Notes and bonds payable – current portion..... | 503,667 | 489,993 |
| Due to other funds | <u>-</u> | <u>12,634</u> |
| Total Current Liabilities..... | <u>504,199</u> | <u>507,827</u> |
| LONG-TERM LIABILITIES | | |
| Notes and bonds payable (less current portion) | <u>5,057,793</u> | <u>5,561,460</u> |
| TOTAL LIABILITIES | <u>5,561,992</u> | <u>6,069,287</u> |
| NET POSITION | | |
| Net investment in capital assets..... | 1,819,870 | 1,384,903 |
| Restricted | 1,149,892 | 1,071,892 |
| Unrestricted..... | <u>25,092</u> | <u>62,184</u> |
| TOTAL NET POSITION | <u>\$ 2,994,854</u> | <u>\$ 2,518,979</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
**STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 PROPRIETARY FUNDS**
 For the Years Ended April 30, 2014 and 2013

Statement 6

| | <u>Current Year Total</u> | <u>Prior Year 2013</u> |
|---|-----------------------------------|--------------------------------|
| OPERATING REVENUES | | |
| Charges for services..... | \$2,875,365 | \$2,821,334 |
| Other income | <u>15,484</u> | <u>7,050</u> |
| Total Operating Revenues | <u>2,890,849</u> | <u>2,828,384</u> |
| OPERATING EXPENSES | | |
| Personnel service | 84,981 | 66,869 |
| Contractual maintenance | 1,419,367 | 1,410,899 |
| Supplies and materials | 8,911 | 23,899 |
| Other fees and charges..... | 24,560 | 20,706 |
| Depreciation..... | 442,904 | 451,576 |
| Repairs and maintenance..... | 26,115 | 38,811 |
| Office supplies | 4,298 | 4,522 |
| Postage..... | 13,010 | 9,528 |
| Telephone | 884 | 846 |
| Insurance..... | 3,232 | 21,000 |
| Facility utilities | <u>235,840</u> | <u>245,636</u> |
| Total Operating Expenses..... | <u>2,264,102</u> | <u>2,294,292</u> |
| Net Operating Income | <u>626,747</u> | <u>534,092</u> |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income | 1,522 | 942 |
| Interest (expense)..... | (152,394) | (164,748) |
| Operating transfers in | 720,387 | 720,387 |
| Operating transfers (out)..... | (720,387) | (720,387) |
| Total Nonoperating (Expenses)..... | (150,872) | (163,806) |
| NET CHANGE IN NET POSITION | 475,875 | 370,286 |
| NET POSITION - BEGINNING | <u>2,518,979</u> | <u>2,148,693</u> |
| NET POSITION - ENDING..... | <u>\$2,994,854</u> | <u>\$2,518,979</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
For the Years Ended April 30, 2014 and 2013

Statement 7

| | <u>Current Year Total</u> | <u>Prior Year 2013</u> |
|---|-----------------------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Collections from customers..... | \$3,015,303 | \$2,893,059 |
| Other income | 15,484 | 7,050 |
| Payments for personnel services | (97,615) | (54,235) |
| Payments for goods and services..... | (1,740,885) | (1,822,568) |
| Net cash provided by operating activities..... | <u>1,192,287</u> | <u>1,023,306</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Operating transfers in | 720,387 | 720,387 |
| Operating transfers (out)..... | (720,387) | (720,387) |
| Net cash provided by noncapital financing activities..... | <u> -</u> | <u> -</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (387,878) | (62,325) |
| Principal paid on bonds | (489,993) | (477,639) |
| Interest paid on bonds..... | (152,394) | (164,748) |
| Net cash (used for) capital and related financing activities..... | <u>(1,030,265)</u> | <u>(704,712)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest income | <u>1,522</u> | <u>942</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS..... | 163,544 | 319,536 |
| CASH AND CASH EQUIVALENTS – BEGINNING..... | <u>686,287</u> | <u>366,751</u> |
| CASH AND CASH EQUIVALENTS – ENDING..... | <u>\$ 849,831</u> | <u>\$ 686,287</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 626,747 | \$ 534,092 |
| Adjustment to reconcile operating income to cash provided by operating activities: | | |
| Depreciation..... | 442,904 | 451,576 |
| Changes in assets and liabilities: | | |
| Decrease in accounts receivable..... | 139,938 | 71,725 |
| (Decrease) in accounts payable..... | (4,668) | (32,001) |
| (Decrease) in deferred income..... | - | (14,720) |
| (Decrease) increase in due to other funds..... | (12,634) | 12,634 |
| Net cash provided by operating activities..... | <u>\$1,192,287</u> | <u>\$1,023,306</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 April 30, 2014

| <u>Assets</u> | <u>Total</u> |
|--|----------------------------|
| Cash and cash equivalents..... | \$ 790,629 |
| Investments..... | 14,434,072 |
| Accrued income..... | <u>14,853</u> |
| TOTAL ASSETS..... | <u>\$15,239,554</u> |
| <u>Liabilities and Net Position</u> | |
| LIABILITIES..... | \$ - |
| NET POSITION | |
| Reserved for employee retirement commitments | <u>15,239,554</u> |
| TOTAL LIABILITIES AND NET POSITION..... | <u>\$15,239,554</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 April 30, 2014

Statement 9

| | <u>Total</u> |
|--|----------------------------|
| ADDITIONS | |
| Contributions: | |
| Employer – property taxes..... | \$ 879,782 |
| Employer – replacement taxes..... | 101,552 |
| Employer – utility taxes..... | 134,931 |
| Employee | 262,312 |
| Investment income..... | 995,582 |
| Unrealized gains on investments..... | <u>153,130</u> |
| Total Additions | <u>2,527,289</u> |
| DEDUCTIONS | |
| Benefit payments | 2,128,029 |
| Administrative expenses..... | <u>66,770</u> |
| Total Deductions..... | <u>2,194,799</u> |
| NET INCREASE..... | 332,490 |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS – | |
| BEGINNING OF YEAR | <u>14,907,064</u> |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS – | |
| END OF YEAR..... | <u>\$15,239,554</u> |

The accompanying notes are an integral part of the financial statements.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lincoln, Illinois (the "City") was incorporated on February 16, 1865. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: general government, public safety and public works.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. – Financial Reporting Entity

The financial reporting entity includes its governing board and all related organizations for which the City exercises oversight responsibility.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the City exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of and special financing relationships.

The City has determined that no other outside agency meets the above criteria. In addition, the City is not aware of any entity which would exercise such oversight on it in a manner in which the City would be considered its component unit.

B. – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

C. – Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 intended to finance. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In determining when to recognize intergovernmental revenue (grants and shared revenue), the legal and contractual requirements of the individual programs are used as guidance. There are, however, essentially two bases for this revenue recognition. In one, monies are virtually unrestricted as to the purpose of expenditure and are nearly irrevocable; therefore, these amounts are recognized as revenue at the time of their receipt or earlier if they meet the criteria of availability. In the other, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenue is recognized based upon the expenditures recorded.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized 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 current liabilities. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for sales and telecommunication taxes collected within 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences, are recorded only when payment is due.

Property taxes, sales taxes, telecommunications taxes, licenses and permits, charges for services, fines and forfeits, miscellaneous revenues 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. Personal property replacement taxes are considered to be measurable when they have been collected and allocated by the state and are recognized as revenue at that time. All other revenue items are considered to be measurable and available only when cash is received by the City.

D. – Fund Accounting

The accounts of the City are organized on the basis of funds or accounts groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types and broad fund categories.

The following fund types and account groups are used by the City:

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

D. – Fund Accounting, (Continued)

Government Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities are accounted for through governmental funds.

General Corporate Fund

The General Corporate Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. It includes general administration as well as the Special Fire Department, Police Task Force, DARE, Drug Forfeiture, DUI, and ERT Programs.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are maintained by the City:

The Motor Fuel Tax Fund receives and expends the City's allocations of the highway user revenue money. The amount available is allocated on a population basis, which is determined by the latest federal census. Money allocated to this fund must be used for street construction, reconstruction, and maintenance.

The TIF District Fund is used to account for the activities relating to the Tax Increment Financing District.

The Revolving Loan Fund accounts for the Community Block Grant the City received. The Grant is to be used for the purpose of providing financial assistance to local businesses as approved by the Illinois Department of Commerce and Economic Opportunity.

DCEO Grant Fund accounts for the grant revenues for the downtown revitalization.

Internal Service Fund

The Equipment Rental Fund provides services to all funds on a fee basis.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund

The Capital Project Fund is used to account for the accumulation of resources for, and payment of, construction projects other than those for proprietary fund construction.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

D. – Fund Accounting, (Continued)

Proprietary Fund Types

Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to that of private business enterprises, where the intent of the governing body is that the costs of providing the 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. Grants and interest income are considered as non-operating revenues for proprietary funds.

The Sewer Operations and Maintenance Fund accounts for the operation of the sewer system for the City.

The Contingency and Depreciation Fund is required to accumulate money for replacements and repairs to the system as may be necessary for the continued effective and efficient operation of the system.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following Fiduciary Funds are maintained by the City:

The Police Pension Fund receives contributions for participants of the plan from the City as well as the pension fund participants currently employed by the City. The fund accounts for the assets held in trust to be used for payment or retirement benefits.

The Firefighters' Pension Fund receives contributions for participants of the plan from the City as well as the pension fund participants currently employed by the City. The fund accounts for the assets held in trust to be used for payment or retirement benefits.

E. – Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non-exchange transactions, in which the City receives value without directly giving value in return, include grants and donations. On the accrual basis, revenue from grants and donations is recognized when received and eligibility requirements have been satisfied.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

F. – Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds. Transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Transfers In: by the recipient fund, and "Transfers Out" by the disbursing fund.

On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivable/payables." These amounts are eliminated on the statement of net position.

G. – Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund types, the City considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Separate bank accounts are not maintained for all City funds instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

H. – Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported on the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City maintains a capitalization threshold of \$2,500. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is computed on the straight line basis over a period of from 5 to 40 years based on asset class.

I. – Compensated Absences

The City does not record compensatory time for sick and vacation time.

J. – Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded when earned by the City.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

K. – Fund Balance/Net Position

Government-Wide Statements:

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. Restricted net position – Consist of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Financial Statements:

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Council through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the City Council. Assigned fund balances is a limitation imposed by a designee of the City Council. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories.

Proprietary fund net position is classified the same as in the government-wide statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the policy of the City to generally consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the policy of the city that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts. In both instances, when a proposed expenditure is made with specific balances identified as the source of the funding, that specific fund balance will be used.

L. – Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America that requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

M. – Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April each year, the Finance Committee of the City Council submits to the City Council a proposed operating budget for the fiscal year commencing that May 1.
2. A copy of the proposed budget is placed on file with the City Clerk and a date for public hearings is announced.
3. The budget is passed by City Council.
4. The appropriation is legally enacted through the passage of an ordinance.
5. After adoption of the appropriation, further appropriations are prohibited. Transfers from one appropriation of any fund to another appropriation of the same fund, not affecting the total amount appropriated, may be made subject to City Council approval.
6. Formal budgetary integration is employed as management control device during the year for the General Fund, the Special Revenue Funds, and the Debt Service Fund.
7. Budgets for the General, Special Revenue, and Debt Service Funds are adopted on a cash basis, which differs from the basis used for the financial statements. Budgeted amounts shown in the financial statements have been adjusted to reflect appropriation transfers between certain expenditure categories during the year; as a result, the final budget presented differs from that which was originally adopted.

N. – Investments

Per Chapter 30, Act 235, Section 2 of the Illinois Compiled Statutes, the City of Lincoln may invest any public funds (1) in bonds, notes, certificates of indebtedness, treasury bills, or other securities issued, which are guaranteed by the full faith and credit of the United States of America as to principal and interest, or (2) in bonds, notes, debentures, or other obligations of the United States of America or its agencies, or (3) in interest-bearing savings accounts, certificates of deposit or time deposits, or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, or (4) in certain short-term obligations of corporations organized in the United States limited to the terms set forth in Chapter 30, Act 235, Section 2 of the Illinois Compiled Statutes, or (5) in money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in Chapter 30, Act 235, Section 2 of the Illinois compiled Statutes. Investments may be made only in banks insured by the Federal Deposit Insurance corporation (FDIC), savings and loan associations insured by the Federal Savings and Loan Insurance corporation, or credit unions chartered under the laws of this state or the laws of the United States, provided the principal office of such credit union is located within the State of Illinois and the accounts re insured. The City follows the same investment policy for the pension trust funds. Investment balances, consisting of U.S. Treasury Notes and Bills, are stated at fair value. Assets of the different funds are commingled for investment purposes, where permitted, and investment earnings are prorated back to various funds when recognized as revenues. Investments are stated at fair value based on quoted market prices at April 30, 2014. Non-negotiable certificates of deposit are reported at cost.

O. – Transaction Between Funds

Transactions that would be treated as revenue, expenditures, or expenses if they involved organizations external to the governmental unit are accounted for as revenue, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

P. – Cash Flows

For purposes of the Statement of Cash Flows, the City considers all time deposits with a maturity of less than three months as cash and cash equivalents.

Q. – Long-Term Obligations

In the government-wide financial statements and proprietary funds 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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

R. – Deferred Outflows/Inflows 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. In addition to liabilities, the statement of financial position 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.

NOTE 2 – PROPERTY TAX CALENDAR

The following information gives significant dates on the property tax calendar of the City.

- The property tax lien date is January 1, 2012.
- The annual tax levy ordinance for 2012 taxes received during fiscal year 2014 was passed December 2012.
- The first installment of property taxes is due to the County Collector on July 1 and the second installment is due to the County Collector on September 1.
- Significant amounts of property taxes for 2012 were distributed to the City in July and September of 2013.

The 2013 taxes are intended to finance the 2015 fiscal year and are not considered available for current operations and are, therefore, shown as unavailable revenue. The 2014 tax levy has not been recorded as a receivable at April 30, 2014. Although the tax attached as a lien on property as of January 1, 2014, the tax will not be levied until December 2014, and, accordingly, is not measurable at April 30, 2014.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS

Following is a reconciliation of deposits and investments as of April 30, 2014:

| | <u>Primary Government</u> |
|---|-------------------------------|
| Statement of Net Position: | |
| Cash and cash equivalents | \$ 4,376,800 |
| Restricted cash and cash equivalents | 291,146 |
| Statement of Fiduciary Net Position: | |
| Cash and cash equivalents | 790,629 |
| Investments | <u>14,434,072</u> |
| Total | <u>\$19,892,647</u> |

A. – DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of April 30, 2014, \$- of the City's bank balance of \$6,385,250 (total book balance was \$5,458,575) was exposed to custodial credit risk.

B. – INVESTMENTS

Custodial Credit Risk – For an investment, 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 that are in possession of an outside party.

As of April 30, 2014 the City does not have any investment exposed to custodial risk.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 3 – DEPOSITS AND INVESTMENTS, (CONTINUED)

POLICE AND FIRE PENSION FUNDS

The City has adopted an investment policy to invest in instruments allowed by Illinois Compiled Statutes (ILCS). The statutes allow pension funds to invest in the same securities as the City.

A. – DEPOSITS WITH FINANCIAL INSTITUTIONS

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, the Pension Fund's deposits may not be returned to them. To guard against credit risk for deposits with financial institutions the Pension Fund's investment policy requires all deposits with financial institutions in excess of federal depository insurance be collateralized and held at an independent third party institution in the name of the Police and Fire Pension Fund and evidenced by a written collateral agreement.

B. – INVESTMENTS

The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poor's upon the request of the Fund's management. The most recent money market rating issued by Standard and Poor's was AAAM. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the Pension Fund's investment policy, the Pension Fund limits its exposure to interest rate risk by structuring the portfolio so that investments will have maturities to have available sufficient cash for all operating purposes.

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Pension Fund's investment policy does not specifically address credit risk.

Custodial credit risk for investments in the risk that, in the event of the failure of the counterparty to the investment, the Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. Illinois Funds and the open ended mutual funds are not subject to custodial credit risk. The Pension Fund's investment policy limits its exposure to custodial credit risk for investments by requiring the purchase of certificates of deposit from financial institutions insured by the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or the National Credit Union Administration.

Concentration of credit risk – The Pension Fund places no limit on the amount the Pension Fund may invest in any one issuer. The Pension Fund's investments consist of certificates of deposit, Illinois Funds, mutual funds, and corporate and municipal bonds.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 4 – RESTRICTED ASSETS

The City reports restricted cash in the Sewer Utility Fund due to the issuance of the IPEA notes in 2004 and in the Debt Service Fund for issuance of General Obligation (Limited Tax) Bonds issued in 2013 and various funds in the General Fund used for specific purposes.

SEWER UTILITY FUND

The note payable to the Illinois Environmental Protection Agency requires funding by the utility of certain reserve accounts. These reserve accounts are required to be segregated from other funds. The following accounts were so segregated at April 30, 2014:

| | |
|------------------------------------|------------------|
| Plant Contingency and Depreciation | \$112,450 |
| Sewer and Drainage | <u>160,055</u> |
| Total | <u>\$272,505</u> |

The following requirements of these accounts are outlined as follows:

Plant Contingency and Depreciation, established to accumulate funds for payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies for which no other funds are available.

Sewer and Drainage, established to accumulate funds for the purpose of acquiring repairs, replacements or improvements for which no other funds are available.

GENERAL FUND AND DEBT SERVICE FUND

The General Fund has various accounts that are restricted for law enforcement and the fire department.

| | |
|--------------------------|------------------|
| Police and Fire accounts | \$ <u>85,628</u> |
|--------------------------|------------------|

The Debt Service Fund is used to accumulate the taxes received for the payment of the bonds and used solely and only for paying the bonds.

| | |
|-------------------|------------------|
| Debt Service Fund | \$ <u>17,666</u> |
|-------------------|------------------|

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ending April 30, 2014 consists of the following:

| <u>Primary Government</u> | <u>May 1, 2013</u> | <u>Additions</u> | <u>Deletions</u> | <u>April 30, 2014</u> |
|---|------------------------|--------------------|------------------|---------------------------|
| <i>Governmental Activities:</i> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 11,344 | \$ - | \$ - | \$ 11,344 |
| Construction in progress, not being depreciated | - | <u>1,097,045</u> | - | <u>1,097,045</u> |
| Total capital assets not being depreciated | <u>11,344</u> | <u>1,097,045</u> | - | <u>1,108,389</u> |
| Capital assets, being depreciated: | | | | |
| Streets/Traffic signals | 4,122,858 | 95,940 | - | 4,218,798 |
| Building and Improvements | 8,133,775 | - | - | 8,133,775 |
| Vehicles | 4,148,130 | 29,957 | - | 4,178,087 |
| Equipment | <u>956,125</u> | <u>335,144</u> | - | <u>1,291,269</u> |
| Total assets being depreciated | <u>17,360,888</u> | <u>461,041</u> | - | <u>17,821,929</u> |
| Total capital assets | <u>17,372,232</u> | <u>1,558,086</u> | - | <u>18,930,318</u> |
| Less total accumulated depreciation | (<u>9,412,969</u>) | (<u>560,872</u>) | - | (<u>9,973,841</u>) |
| Total capital assets being depreciated, net | <u>7,947,919</u> | (<u>99,831</u>) | - | <u>7,848,088</u> |
| Governmental Activities Capital Assets, net | <u>\$ 7,959,263</u> | <u>\$ 997,214</u> | \$ - | <u>\$ 8,956,477</u> |
| Depreciation expense for the current year is \$560,872. | | | | |
| <i>Business-Type Activities:</i> | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ - | \$ 243,861 | \$ - | \$ 243,861 |
| Total capital assets not being depreciated | - | <u>243,861</u> | - | <u>243,861</u> |
| Capital assets, being depreciated: | | | | |
| Utility services | 1,811,021 | - | - | 1,811,021 |
| Building and improvements | 7,242,070 | 13,007 | - | 7,255,077 |
| Equipment | 5,190,681 | 118,850 | - | 5,309,531 |
| Vehicles | <u>664,295</u> | <u>12,161</u> | - | <u>676,456</u> |
| Total assets being depreciated | <u>14,908,067</u> | <u>144,018</u> | - | <u>15,052,085</u> |
| Total capital assets | <u>14,908,067</u> | <u>387,879</u> | - | <u>15,295,946</u> |
| Less total accumulated depreciation | (<u>7,471,711</u>) | (<u>442,904</u>) | - | (<u>7,914,615</u>) |
| Total capital assets being depreciated, net | <u>7,436,356</u> | (<u>298,886</u>) | - | <u>7,137,470</u> |
| Governmental Activities Capital Assets, net | <u>\$ 7,436,356</u> | (<u>55,025</u>) | \$ - | <u>\$ 7,381,331</u> |

Depreciation expense for the current year is \$442,904.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 5 – CAPITAL ASSETS, (CONTINUED)

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|--|------------------|
| Governmental activities: | |
| General government | \$127,983 |
| Public safety | 132,454 |
| Public works/transportation | <u>300,435</u> |
| | |
| Total depreciation expense – governmental activities | <u>\$560,872</u> |
| | |
| Business-type activities: | |
| Sewer utility | <u>\$442,904</u> |

NOTE 6 – LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the City for the year ended April 30, 2014:

| | <u>May 1, 2013</u> | <u>Additions</u> | <u>Retirements</u> | <u>April 30, 2014</u> |
|---------------------------------------|--------------------|-------------------|---------------------|-----------------------|
| Governmental Funds: | | | | |
| General Obligation Bonds, Series 2010 | \$ 175,000 | \$ - | (\$ 175,000) | \$ - |
| General Obligation Bonds, Series 2013 | - | 493,000 | - | 493,000 |
| Alternative Revenue Bonds | 60,000 | | (60,000) | - |
| Debt Certificates | 61,000 | | (29,500) | 31,500 |
| Note Payable - 2012 | 52,755 | | (12,651) | 40,104 |
| Note Payable – Fire Truck | <u>187,500</u> | <u>-</u> | <u>(12,500)</u> | <u>175,000</u> |
| | <u>\$ 536,255</u> | <u>\$ 493,000</u> | <u>(\$ 289,651)</u> | <u>\$ 739,604</u> |
| | | | | |
| Enterprise Funds: | | | | |
| Notes payable | <u>\$6,051,453</u> | <u>\$ -</u> | <u>(\$ 489,993)</u> | <u>\$5,561,460</u> |

Governmental Activities:

General Obligation (Limited Tax) Bonds, Series 2013 – The City issued \$493,000 General Obligation (Limited Tax) Bonds, Series 2013, for which the proceeds will be used to finance certain capital expenditures in and for the City (the “Project”) and pay costs associated with the issuance of the bonds.

Future principal and interest payments on the general obligation (Limited Tax) Bonds are as follows:

| <u>Year Ending</u> <u>April 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|------------------|------------------|------------------|
| 2015 | \$159,000 | \$ 14,133 | \$173,133 |
| 2016 | 171,000 | 10,020 | 181,020 |
| 2017 | <u>163,000</u> | <u>7,455</u> | <u>170,455</u> |
| | <u>\$493,000</u> | <u>\$ 31,608</u> | <u>\$524,608</u> |

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

Debt Certificates – The City issued debt certificates:

| <u>Date</u> | <u>Principal</u> | <u>Interest Rate</u> | <u>Interest Due</u> | <u>Fiscal Total</u> |
|-------------|------------------|----------------------|---------------------|---------------------|
| 05/01/2014 | \$ 15,500 | 5.78% | \$ 910 | |
| 11/01/2014 | <u>16,000</u> | 5.78% | <u>462</u> | <u>\$ 32,872</u> |
| | <u>\$ 31,500</u> | | <u>\$ 1,372</u> | <u>\$ 32,872</u> |

Note Payable – Fire Truck – The City has a loan agreement with the Illinois Finance Authority from the Fire Truck Loan Program for the purchase of a fire truck. As of April 30, 2014 the City owed \$175,000 to the Illinois Finance Authority. The loan was dated April 2008 for \$250,000 with zero percent interest and payments of \$12,500 for 20 years ending November 1, 2028.

The following is a summary of changes in the loans for the year ended April 30, 2014:

| | <u>Balance April 30, 2013</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance April 30, 2014</u> |
|-----------------|---------------------------------------|------------------|--------------------|---------------------------------------|
| Fire Truck Loan | <u>\$187,500</u> | <u>\$ -</u> | <u>(\$ 12,500)</u> | <u>\$175,000</u> |

Annual requirements are as follows:

| | |
|---------------|-------------------------|
| 2015 | \$ 12,500 |
| 2016 | 12,500 |
| 2017 | 12,500 |
| 2018 | 12,500 |
| 2019 | 12,500 |
| 2020-2024 | 62,500 |
| 2025-2028 | <u>50,000</u> |
| Totals | <u>\$175,000</u> |

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 6 – LONG-TERM DEBT, (CONTINUED)

Note Payable – The City borrowed \$65,800 from Illini Bank on September 12, 2012 for purchase of fire equipment. The interest rate is 2.75% and is due April 15, 2017. The repayment schedule is as follows:

| <u>Date</u> | <u>Principal</u> | <u>Interest Rate</u> | <u>Interest Due</u> | <u>Fiscal Total</u> |
|-------------|------------------|----------------------|---------------------|---------------------|
| 10/15/2014 | \$ 6,454 | 2.75% | \$ 561 | |
| 04/15/2015 | 6,547 | 2.75% | 468 | \$ 14,030 |
| 10/15/2015 | 6,636 | 2.75% | 379 | |
| 04/15/2016 | 6,729 | 2.75% | 286 | 14,030 |
| 10/15/2016 | 6,823 | 2.75% | 192 | |
| 04/15/2017 | <u>6,915</u> | 2.75% | <u>97</u> | <u>14,027</u> |
| Totals | \$ <u>40,104</u> | | \$ <u>1,983</u> | \$ <u>42,087</u> |

Business-Type Activities:

Notes Payable – Sewer Utility – A note payable to Illinois Environmental Protection Agency as part of the Illinois State Revolving Fund was received in 2004. The repayment schedule is as follows:

| <u>Due Date</u> | <u>Repayment</u> | <u>Interest</u> | <u>Principal</u> |
|-----------------|---------------------|-------------------|---------------------|
| 07/31/2014 | \$ 321,194 | \$ 71,465 | \$ 249,729 |
| 01/31/2015 | 321,194 | 68,256 | 252,938 |
| 07/31/2015 | 321,194 | 65,006 | 256,188 |
| 01/31/2016 | 321,194 | 61,714 | 259,480 |
| 07/31/2016 | 321,194 | 58,380 | 262,814 |
| 01/31/2017 | 321,194 | 55,002 | 266,192 |
| 07/31/2017 | 321,194 | 51,582 | 269,612 |
| 01/31/2018 | 321,194 | 48,117 | 273,077 |
| 07/31/2018 | 321,194 | 44,608 | 276,586 |
| 01/31/2019 | 321,194 | 41,054 | 280,140 |
| 07/31/2019 | 321,194 | 37,454 | 283,740 |
| 01/31/2020 | 321,194 | 33,808 | 287,386 |
| 07/31/2020 | 321,194 | 30,115 | 291,079 |
| 01/31/2021 | 321,194 | 26,375 | 294,819 |
| 07/31/2021 | 321,194 | 22,587 | 298,607 |
| 01/31/2022 | 321,194 | 18,750 | 302,444 |
| 07/31/2022 | 321,194 | 14,863 | 306,331 |
| 01/31/2023 | 321,194 | 10,927 | 310,267 |
| 07/31/2023 | 321,194 | 6,940 | 314,254 |
| 01/31/2024 | <u>228,679</u> | <u>2,902</u> | <u>225,777</u> |
| | \$ <u>6,331,365</u> | \$ <u>769,905</u> | \$ <u>5,561,460</u> |

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 7 -- LEASES

Operating Lease -- The City entered into a 5 year operating lease agreement with John Deere Financial for a John Deere End Loader. The lease payment are \$8,359 per year for five years and the lease expires in 2018.

Minimum future lease payments under operating lease as of April 30, 2014, are as follows:

| | |
|----------------------------|------------------|
| 2015 | \$ 8,359 |
| 2016 | 8,359 |
| 2017 | 8,359 |
| 2018 | <u>8,359</u> |
| Net minimum lease payments | <u>\$ 33,436</u> |

NOTE 8 -- INTERFUND BALANCES

Interfund Receivables and Payables -- There were no interfund receivables and payables to report at April 30, 2014.

Interfund Transfer -- Interfund transfers consisted of the following at April 30, 2014:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|---------------------|----------------------|
| General Fund: | | |
| Nonmajor Governmental Funds | \$ 88,900 | \$323,272 |
| Nonmajor Governmental Funds | | |
| General Fund | <u>323,272</u> | <u>88,900</u> |
| Total Interfund Transfers | <u>\$412,172</u> | <u>\$412,172</u> |

The purpose of the interfund transfers are as follows:

The transfers to and from the General Fund and Special Revenue Funds were to reclassify the Special Revenue Funds that had tax levies to be included in the General Fund.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 9 – ILLINOIS MUNICIPAL RETIREMENT FUND PLAN

Plan Description. The City of Lincoln's (City) 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.

Funding Policy. As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's contribution rate for calendar year 2013 used by the City was 26.26 percent of annual covered payroll. The City annual required contribution rate for calendar year 2013 was 29.38 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. For calendar year ending December 31, 2013, the City's actual contributions for pension cost for the Regular were \$193,268. Its required contribution for calendar year 2013 was \$216,231. (If you made an additional payment toward your unfunded amount, add this payment to your actual contributions and recalculate the percentage of APC contributed).

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

| <u>Calendar Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------------|--------------------------------------|--|-----------------------------------|
| 12/31/13 | 216,231 | 89% | \$ 22,963 |
| 12/31/12 | 181,144 | 90% | \$ 17,623 |
| 12/31/11 | 152,548 | 94% | \$ 8,444 |

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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 the City's Regular 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 City's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 73.70 percent funded. The actuarial accrued liability for benefits was \$2,942,826 and the actuarial value of assets was \$2,168,780, resulting in an underfunded actuarial accrued liability (UAAL) of \$774,046. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$735,979 and the ratio of the UAAL to the covered payroll was 105 percent.

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

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 10 – IMRF PLAN – SHERIFF'S LAW ENFORCEMENT PERSONNEL

Plan Description. The City's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City 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. The report may be obtained at on-line at www.imrf.org.

Funding Policy. As set by statute, the City's Sheriff's Law Enforcement Personnel plan members are required to contribute 7.5 percent of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City contribution rate for calendar year 2013 used by the employer was 13.77 percent of annual covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. For calendar year ending December 31, 2013, the City's actual contributions for pension cost for the Sheriff's Law Enforcement Personnel plan were \$62. (If you made an additional payment toward your unfunded amount, add this payment to your actual contributions and recalculate the percentage of APC contributed).

THREE-YEAR TREND INFORMATION FOR THE SHERIFF'S LAW ENFORCEMENT PERSONNEL PLAN

| <u>Calendar Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------------|--------------------------------------|--|-----------------------------------|
| 12/31/13 | 62 | 100% | \$0 |
| 12/31/12 | 0 | ***0% | \$0 |
| 12/31/11 | 0 | ***0% | \$0 |

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, 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 your City Sheriff's Law Enforcement Personnel 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 City Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$0 and the actuarial value of assets was (\$31,163), resulting in an underfunded actuarial accrued liability (UAAL) of \$31,163. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was 0.00 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 is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 11 – POLICE PENSION FUND

Plan Description: The Police Pension Fund is a single employer defined benefit pension plan to provide retirement, death and disability benefits to police officers and their dependents. The plan issues an annual report to the Illinois Department of Insurance; however, they do not issue their own stand-alone financial statements. The City accounts for the plan as a pension trust fund. The fund is established and administered as prescribed by “Article 3. Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code. Plan members’ contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made formal commitment to provide the contributions.

THREE-YEAR TREND INFORMATION FOR THE POLICE PENSION PLAN

| <u>Calendar Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------------|--------------------------------------|--|-----------------------------------|
| 04/30/14 | 0 | 82.14% | \$312,891 |
| 04/30/13 | 0 | 80.77% | \$185,303 |
| 04/30/12 | 0 | 87.56% | \$ 67,270 |

The Plan offers two tiers of benefits as well as early retirement, death and disability and termination benefits as outlined below:

NORMAL RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

Eligibility: Age 55 with at least 20 years of creditable service and no longer a police officer.

Benefit: 50% of final salary is payable commencing at retirement for 20 years of service. An additional 2.5% of final salary is added for each additional year of service in excess of 20 years of service (not to exceed 75% of final salary). “Final salary” is the salary attached to rank held on the last day of services or for 1 year prior to the last day, whichever is greater.

Annual Increase in Benefit: An officer will receive an initial increase of 1/12 of 3% for each month that has elapsed since retirement. The initial increase date will be the later of the first day of the month following the attainment of age 55, or the first anniversary of the date of retirement. Subsequent increases of 3% of the current pension amount (including prior increases) will be provided in each January thereafter.

Hired On or After January 1, 2011

Eligibility: Age 50 with at least 10 years of creditable service and no longer a police officer.

Benefit: 2.5% of final average salary for each year of service is payable at retirement (not to exceed 75% of final average salary). “Final average salary” is determined by dividing the highest total salary over 96 consecutive months of service in the last 120 months of service by the total number of months of service in the period. Annual salary for this purpose will not exceed \$106,800, indexed by the lesser of 3% or ½ of the CPI-U for the 12 months ending with the September preceding each November 1. The salary cap will not decrease.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 11 – POLICE PENSION FUND, (CONTINUED)

Annual Increase in Benefit: The initial increase date will be January 1st following the later of the attainment of age 60, or the first anniversary of the date of retirement. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original benefit.

EARLY RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

None

Hired On or After January 1, 2011

Eligibility: Age 50 with at least 10 years of creditable service and no longer a police officer.

Benefit: The normal retirement pension benefit reduced by ½ of 1% for each month that the police officer's age is under age 55.

Annual Increase in Benefit: The initial increase date will be the January 1st following the later of the attainment of age 60, or the first anniversary of the date of retirement. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original benefit.

PENSION TO SURVIVORS

Hired Prior to January 1, 2011

Death – Line of Duty

Surviving spouse is entitled to 100% of the salary attached to the rank of the police officer on the last day of service, payable immediately.

Death – Non-Duty

Current Pensioners (Including Disabled Pensioners): Surviving spouse to receive continuation of the pension.

Active Employee with 20+ Years of Service: Surviving spouse is entitled to the full pension earned by the police officer at the time of death.

Active Employee with 10-20 Years of Service: Surviving spouse is entitled to 50% of the salary attached to the rank of the police officer on the last day of service, payable immediately.

Annual Increase in Benefit: None.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 11 – POLICE PENSION FUND, (CONTINUED)

Hired On or After January 1, 2011

Death – Line of Duty

Surviving spouse is entitled to 100% of the salary attached to the rank of the police officer on the last day of service, payable immediately.

Death – Non-Duty

Current Pensioners (Including Disabled Pensioners), Active Employee with 20+ Years of Service, and Active Employee with 10-20 Years of Service: Surviving spouse to receive 66 ⅔% of the police officer's earned pension at the date of death.

Annual Increase in Benefit: The initial increase date will be the January 1st after the attainment of age 60 by the recipient of the survivor's pension. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original survivor's benefit amount.

TERMINATION BENEFIT

Hired Prior to January 1, 2011

Eligibility: At least 8 years but less than 20 years of creditable service.

Benefit: 2.5% of final salary for each year of service is payable beginning at age 60. "Final salary" is based on the greater of salary during the last year of service prior to termination of employment or the pay rate for the police officer at termination of employment.

Annual Increase in Benefit: An officer will receive an initial increase of 3% on the first anniversary of the date of start of payments. Subsequent increases of 3% of the current pension amount will be provided in each January thereafter.

Hired On or After January 1, 2011

Eligibility: At least 10 years but less than 20 years of creditable service.

Benefit: 2.5% of final salary for each year of service is payable beginning at age 60. "Final salary" is based on the greater of salary during the last year of service prior to termination of employment or the pay rate for the police officer at termination of employment. Annual salary for this purpose will not exceed \$106,800, indexed by the lesser of 3% or ½ of the CPI-U for the 12 months ending with the September preceding each November 1. The salary cap will not decrease.

Annual Increase in Benefit: The initial increase date will be the January 1st following the first payment. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original benefit amount.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 11 – POLICE PENSION FUND, (CONTINUED)

DISABILITY BENEFIT

Hired Prior to January 1, 2011

Eligibility: Disability (duty or non-duty).

Benefit: A police officer who becomes disabled on duty is entitled to receive a pension equal to the greatest of 65% of final salary or the pension they would have been entitled to upon retirement at the time of disability. For a non-duty disability, the police officer is entitled to 50% of final salary. “Final salary” is based on the pay rate for the police officer on the last day of service.

Annual Increase in Benefit: The initial increase date will be the January 1st following the attainment of age 60. Subsequent increases will occur on each subsequent January 1st. The first increase is 3% of the original benefit for each full year that has passed since the pension began. Subsequent increases will be the 3% of the original pension benefit amount.

Hired On or After January 1, 2011

Eligibility: Disability (duty or non-duty).

Benefit: A police officer who becomes disabled on duty is entitled to receive a pension equal to the greater of 65% of final salary or the pension they would have been entitled to upon retirement at the time of disability. For a non-duty disability, the police officer is entitled to 50% of final salary. “Final salary” is based on the pay rate for the police officer on the last day of service.

Annual Increase in Benefit: The initial increase date will be the January 1st following the attainment of age 60. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original benefit amount.

Funding Policy: Covered employees are required to contribute 9.991% of their base salary. The City’s annual contribution to the plan is provided by property tax levy. These taxes are required to be of an amount necessary to finance the plan as actuarially determined by an enrolled actuary. The current funding policy for the pension fund is to be 100% funded on an actuarial basis by year 2040. For the year ended April 30, 2014, the City’s contribution was 38 percent of covered payroll.

Annual Pension Costs and Net Pension Asset. The City’s annual pension cost and net pension asset to the Police Pension Plan for the most current year (April 30, 2014) were as follows:

| | |
|---|------------------|
| Annual required contributions | \$696,645 |
| Interest on net pension asset | 12,971 |
| Adjustments to annual required contribution | (9,818) |
| Annual pension cost | 699,798 |
| Annual contributions made | <u>572,209</u> |
| Change in net pension obligation | 127,589 |
| Net pension obligation (asset), beginning of year | <u>185,303</u> |
| Net pension obligation (asset), end of year | <u>\$312,892</u> |

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2014

NOTE 12 – FIREFIGHTERS' PENSION FUND

Plan Description: The Firefighters' Pension Fund is a single employer defined benefit pension plan to provide retirement, death and disability benefits to firemen and their dependents. The plan issues an annual report to the Illinois Department of Insurance; however, they do not issue their own stand-alone financial statements. The City accounts for the plan as a pension trust fund. The fund is established and administered as prescribed by "Article 4. Firefighters' Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code. Plan members' contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made formal commitment to provide the contributions.

THREE-YEAR TREND INFORMATION FOR THE FIREFIGHTERS' PENSION PLAN

| <u>Calendar Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------------|--------------------------------------|--|-----------------------------------|
| 04/30/14 | 0 | 67.38% | \$670,072 |
| 04/30/13 | 0 | 65.97% | \$405,919 |
| 04/30/12 | 0 | 70.93% | \$173,055 |

The Plan offers two tiers of benefits as well as early retirement, death and disability and termination benefits as outlined below:

NORMAL RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

Eligibility: Age 50 with at least 20 years of creditable service and no longer a firefighter.

Benefit: 50% of final salary is payable commencing at retirement for 20 years of service. An additional 2.5% of final salary is added for each additional year of service (prorated monthly) in excess of 20 years of service (not to exceed 75% of final salary). "Final salary" is based on the pay rate for the firefighter at retirement.

Annual Increase in Benefit: A firefighter is entitled to an initial pension increase equal to 1/12 of 3% of the original monthly benefit for each full month that has passed since the pension began. The initial increase date will be the later of the first day of the month following the attainment of age 55, or the first anniversary of the date of retirement. Subsequent increases of 3% of the current pension amount will be provided in each January thereafter.

Hired After January 1, 2011

Eligibility: Age 50 with at least 10 years of creditable service and no longer a firefighter.

Benefit: 2.5% of final average salary for each year of service is payable at retirement (not to exceed 75% of final average salary). "Final average salary" is determined by dividing the highest total salary over 96 consecutive months of service in the last 120 months of service by the total number of months of service in the period. Annual salary for this purpose will not exceed \$106,800, indexed by the lesser of 3% or 1/2 of the CPI-U for the 12 months ending with the September preceding each November 1. The salary cap will not decrease.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 12 – FIREFIGHTERS' PENSION FUND, (CONTINUED)

Annual Increase in Benefit: The initial increase date will be January 1st following the attainment of age 60, or the first anniversary of the date of retirement. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original pension amount.

EARLY RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

None

Hired Prior to January 1, 2011

Eligibility: Age 50 with at least 10 years of creditable service and no longer a firefighter.

Benefit: The normal retirement pension benefit reduced by ½ of 1% for each month that the firefighter's age is under age 55.

Annual Increase in Benefit: The initial increase date will be the January 1st following the attainment of age 60, or the first anniversary of the date of retirement. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original pension amount.

PENSION TO SURVIVORS

Hired Prior to January 1, 2011

Death – Line of Duty

Surviving spouse is entitled to 100% of the salary attached to the rank of the firefighter on the last day of service, payable immediately.

Death – Non-Duty

Current Pensioners (Including Disabled Pensioners): Surviving spouse to receive continuation of the pension at the time of death or 54% of pensionable salary at the time pension began, if greater.

Active Employee with 20+ Years of Service: Surviving spouse is entitled to the full pension earned by the firefighter at the time of death, or 54% of the pensionable salary at death if greater.

Active Employee with 10-20 Years of Service: Surviving spouse is entitled to 54% of the salary attached to the rank of the firefighter on the last day of service, payable immediately.

Annual Increase in Benefit: None.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 12 – FIREFIGHTERS' PENSION FUND, (CONTINUED)

Hired On or After January 1, 2011

Death – Line of Duty

Surviving spouse is entitled to 100% of the salary attached to the rank of the firefighter on the last day of service, payable immediately.

Death – Non-Duty

Current Pensioners (Including Disabled Pensioners), Active Employee with 20+ Years of Service, and Active Employee with 10-20 Years of Service: Surviving spouse to receive 66 2/3% of the firefighter's earned pension at the date of death.

Annual Increase in Benefit: The initial increase date will be the January 1st after the attainment of age 60 by the recipient of the survivor's pension. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or 1/2 of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original survivor's pension amount.

TERMINATION BENEFIT

Hired Prior to January 1, 2011

Eligibility: At least 10 years but less than 20 years of creditable service.

Benefit: An accrual factor times final salary for each year of service is payable beginning at age 60. "Accrual Factor" is a factor of 1.5% at 10 years of service, increasing ratably up to 2.4% at 19 years of service. "Final salary" is based on the pay rate for the firefighter on the date of separation.

Annual Increase in Benefit: A firefighter will receive an initial increase of 3% on the first anniversary of the date of start of payments. Subsequent increases of 3% of the current pension amount will be provided in each January thereafter.

Hired On or After January 1, 2011

Eligibility: At least 10 years but less than 20 years of creditable service.

Benefit: An accrual factor times final salary for each year of service is payable beginning at age 60. "Accrual Factor" is a factor of 1/5% at 10 years of service, increasing ratably up to 2.4% at 19 years of service. "Final salary" is based on the greater of salary during the last year of service prior to termination of employment or the pay rate for the firefighter at termination of employment. Annual salary for this purpose will not exceed \$106,800, indexed by the lesser of 3% or 1/2 of the CPI-U for the 12 months ending with the September preceding each November 1. The salary cap will not decrease.

Annual Increase in Benefit: The initial increase date will be the January 1st following the first payment. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or 1/2 of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original pension amount.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 12 – FIREFIGHTERS' PENSION FUND, (CONTINUED)

DISABILITY BENEFIT

Hired Prior to January 1, 2011

Eligibility: Disability (duty; or non-duty with 7 years of service).

Benefit: A firefighter who becomes disabled on duty is entitled to receive a pension equal to the greatest of 65% of final salary or the pension they would have been entitled to upon retirement at the time of disability. For a non-duty disability, the firefighter is entitled to 50% of final salary. "Final salary" is based on the pay rate for the firefighter at retirement.

Annual Increase in Benefit: The initial increase date will be the January 1st following the attainment of age 60. Subsequent increases will occur on each subsequent January 1st. The first increase is 3% of the original benefit for each full year that has passed since the pension began. Subsequent increases are 3% of the original pension benefit amount.

Hired On or After January 1, 2011

Eligibility: Disability (duty; or non-duty with 7 years of service).

Benefit: A firefighter who becomes disabled on duty is entitled to receive a pension equal to the greater of 65% of final salary or the pension they would have been entitled to upon retirement at the time of disability. For a non-duty disability, the firefighter is entitled to 50% of final salary. "Final salary" is based on the pay rate for the firefighter at last day of service.

Annual Increase in Benefit: The initial increase date will be the January 1st following the attainment of age 60. Subsequent increases will occur on each subsequent January 1st. The first increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1, applied to the original pension amount.

Funding Policy: Covered employees are required to contribute 9.455% of their base salary. The City's annual contribution to the plan is provided by property tax levy. These taxes are required to be of an amount necessary to finance the plan as actuarially determined by an enrolled actuary. The current funding policy for the pension fund is to be 100% funded on an actuarial basis by year 2040. For the year ended April 30, 2014, the City's contribution was 51 percent of covered payroll.

Annual Pension Costs and Net Pension Asset. The City's annual pension cost and net pension asset to the Firefighters' Pension Plan for the most current year (April 30, 2014) were as follows:

| | |
|---|------------------|
| Annual required contributions | \$788,511 |
| Interest on net pension asset | 28,414 |
| Adjustments to annual required contribution | (21,508) |
| Annual pension cost | 795,417 |
| Annual contributions made | 531,264 |
| Change in net pension obligation | 264,153 |
| Net pension obligation (asset), beginning of year | 405,919 |
| Net pension obligation (asset), end of year | <u>\$670,072</u> |

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 13 – POST-RETIREMENT BENEFITS

The City provides certain post-retirement benefits to retired full-time employees meeting the following requirements. The City pays 50% of the employee-only portion of health insurance for newly retired fulltime employees who have reached age 55 and have 20 years of service with the City. Any member having 20 years of service who has not reached age 55 upon retirement shall pay the health insurance premium until attaining age 55, at which time the City will pay 50% of the premium. These benefits are provided to employees for life and are based on benefit costs incurred during the fiscal year, or on the pay-as-you-go method.

NOTE 14 – DEFERRED COMPENSATION PAYABLE

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by Nationwide Retirement Solution, Inc. and VALIC. The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and other beneficiaries. As a result, the deferred compensation investments are not reported in the City's financial statements as an agency fund.

NOTE 15 – INSURANCE AND RISK MANAGEMENT

The City is self-insured for unemployment compensation. The City reimburses the State for unemployment compensation claims paid to former employees.

The City is also exposed to various risks including but not limited to losses from workers' compensation, general liability and property damage. Such risks are managed through the purchase of insurance contracts.

Payments are made from the Liability Insurance fund to provide the payment of workers' compensation insurance, liability insurance and auto insurance.

Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 16 – COMMITMENTS AND CONTINGENCIES

As of April 30, 2014, the City has matters of pending litigation which are being handled by the City's liability insurance carrier through legal counsel designated by them. In addition, there are also pending workman's compensation claims against the City, all of which are being handled by the City's workman's compensation insurance carrier or legal counsel designated by them.

Pursuant to the four collective bargaining agreements the City has with various bargaining units, the City does have an ongoing responsibility to provide individual health insurance coverage to retired members. The liability of these post-retirement benefits has not been determined at this time.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2014

NOTE 17 – PRIOR PERIOD ADJUSTMENT – NET PENSION OBLIGATION

A prior period adjustment was made to the April 30, 2013 Fund Balance to record the net pension obligation balance at April 30, 2013.

The following reflects the account balances and the changes as a result of the adjustment made:

| | As previously Reported <u>04/30/13</u> | Prior Period <u>Adjustment</u> | Restated <u>04/30/2014</u> |
|------------------------|--|--------------------------------------|-------------------------------|
| Net Pension Obligation | \$ - | \$ 591,222 | \$ 591,222 |
| Net Position | \$12,910,526 | (\$ 591,222) | \$12,319,304 |

City of Lincoln, Illinois
SCHEDULE OF FUNDING PROGRESS
 Required Supplemental Information
 Employer Number: 03364R
 Regular Plan

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (ALL) —Entry Age (b)</u> | <u>ALL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|---|---------------------------------|-----------------------------------|------------------------------------|--|
| 12/31/13 | 2,168,780 | 2,942,826 | 774,046 | 73.70% | 735,979 | 105.17% |
| 12/31/12 | 1,644,575 | 2,941,992 | 1,297,417 | 55.90% | 702,109 | 184.79% |
| 12/31/11 | 1,365,875 | 2,854,698 | 1,488,823 | 47.85% | 692,142 | 215.10% |

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$3,021,139. On a market basis, the funded ratio would be 102.66%.

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

City of Lincoln, Illinois
SCHEDULE OF FUNDING PROGRESS --
 Required Supplemental Information
 Employer Number: 03364R
 Sheriff's Law Enforcement Personnel

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (ALL) --Entry Age (b) | ALL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|------------------------|--------------------------|---------------------------|--|
| 12/31/13 | (31,163) | 0 | 31,163 | 0% | 0 | 0% |
| 12/31/12 | (31,452) | 0 | 31,452 | 0% | 0 | N/A |
| 12/31/11 | 60,184 | 60,241 | 57 | 0% | 0 | N/A |

On a market value basis, the actuarial value of assets as of December 31, 2013 is (\$25,394). On a market basis, the funded ratio would be 0.01%.

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

City of Lincoln, Illinois
SCHEDULE OF FUNDING PROGRESS –
 Required Supplemental Information
 Employer Number: 03364R
 Police Pension Fund

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (ALL) —Entry Age (b)</u> | <u>ALL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll (b-a)/c</u> |
|---|--|---|---------------------------------|-----------------------------------|------------------------------------|--|
| 04/30/13 | 9,651,264 | 18,997,827 | 9,346,563 | 50.80% | 1,495,263 | 625.08% |
| 04/30/12 | 9,551,057 | 18,414,856 | 8,863,799 | 51.87% | 1,286,495 | 388.99% |
| 04/30/11 | 9,388,373 | 17,428,306 | 8,039,933 | 53.87% | 1,231,299 | 652.96% |

City of Lincoln, Illinois
SCHEDULE OF FUNDING PROGRESS –
 Required Supplemental Information
 Employer Number: 03364R
 Firefighters' Pension Fund

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (ALL) —Entry Age (b)</u> | <u>ALL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|---|---------------------------------|-----------------------------------|------------------------------------|--|
| 04/30/13 | 6,106,373 | 17,250,931 | 11,144,558 | 42.20% | 1,039,058 | 1072.56% |
| 04/30/12 | 6,275,494 | 16,241,367 | 9,965,873 | 38.64% | 988,305 | 1008.38% |
| 04/30/11 | 6,606,546 | 15,653,640 | 9,047,094 | 42.20% | 911,777 | 992.25% |

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2014 and 2013

| | <u>Original/Final Budgeted Amounts</u> | <u>Current Year Actual</u> | <u>Prior Year Actual</u> |
|--|--|------------------------------------|----------------------------------|
| REVENUES: | | | |
| Taxes: | | | |
| Property taxes | \$ 1,932,738 | \$ 679,900 | \$ 195,036 |
| Income taxes | 1,308,500 | 1,247,511 | 1,615,025 |
| Sales and use taxes | 3,631,300 | 3,703,079 | 3,554,298 |
| Telecommunications tax..... | 410,000 | 400,317 | 426,923 |
| Replacement taxes | 289,497 | 187,276 | 149,514 |
| Road and bridge taxes | 75,600 | 72,741 | 72,895 |
| Utility taxes | 300,000 | 314,568 | - |
| Video gaming taxes | 60,000 | 75,992 | 8,995 |
| Other taxes | 2,100 | 2,250 | 2,010 |
| Fire tax | <u>-</u> | <u>19,117</u> | <u>17,101</u> |
| Total taxes | <u>8,009,735</u> | <u>6,702,751</u> | <u>6,041,797</u> |
| Charges For Services: | | | |
| Franchise fees | 182,850 | 185,655 | 179,269 |
| Fire protection reimbursement | 5,000 | 4,377 | 4,305 |
| Administrative fees | 45,000 | 50,000 | 80,000 |
| Birth and death certificates | 8,500 | 16,012 | 8,819 |
| Licenses and Permits | <u>88,525</u> | <u>151,435</u> | <u>83,515</u> |
| Total charges for services | <u>329,875</u> | <u>407,479</u> | <u>355,908</u> |
| Fines and Forfeitures: | | | |
| Traffic fines | 84,000 | 64,299 | 78,362 |
| Other fines | <u>34,915</u> | <u>42,424</u> | <u>35,412</u> |
| Total fines and forfeitures | <u>118,915</u> | <u>106,723</u> | <u>113,774</u> |
| Miscellaneous: | | | |
| Miscellaneous | 21,000 | 65,751 | 43,775 |
| Donations | - | 34,784 | 46,012 |
| Restitution/Reimbursements | <u>-</u> | <u>35,000</u> | <u>9,653</u> |
| Total Miscellaneous | <u>21,000</u> | <u>135,535</u> | <u>99,440</u> |
| Interest Income | <u>5,750</u> | <u>6,085</u> | <u>5,780</u> |

(continued)

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2014 and 2013

Schedule 5

| | <u>Original/Final Budgeted Amounts</u> | <u>Current Year Actual</u> | <u>Prior Year Actual</u> |
|---|--|------------------------------------|----------------------------------|
| REVENUES (Continued): | | | |
| Other Financing Sources: | | | |
| Loan Proceeds..... | \$ - | \$ - | \$ 65,800 |
| Grant Proceeds..... | 22,400 | 77,358 | 21,550 |
| Transfer from Debt Service Fund..... | - | - | 380,866 |
| Transfer from Special Revenue Fund..... | - | 88,900 | - |
| Total Other Financing Sources..... | <u>22,400</u> | <u>166,258</u> | <u>468,216</u> |
| TOTAL REVENUES..... | <u>8,507,675</u> | <u>7,524,831</u> | <u>7,084,915</u> |
| EXPENDITURES: | | | |
| <u>PUBLIC SAFETY:</u> | | | |
| Fire Department: | | | |
| Personnel services..... | 1,161,219 | 1,211,612 | 1,167,480 |
| Supplies..... | 35,950 | 49,592 | 53,502 |
| Repairs and maintenance..... | 54,000 | 50,816 | 46,527 |
| Contractual services..... | 2,400 | 1,547 | 1,693 |
| Other services and charges..... | 20,450 | 19,884 | 6,560 |
| Capital outlay..... | 18,500 | 16,712 | 389,894 |
| Total Fire Department..... | <u>1,292,519</u> | <u>1,350,163</u> | <u>1,665,656</u> |
| Police Department: | | | |
| Personnel services..... | 1,637,900 | 1,703,807 | 1,490,311 |
| Supplies..... | 118,000 | 112,797 | 149,275 |
| Repairs and maintenance..... | 25,250 | 27,046 | 28,479 |
| Contractual services..... | 18,300 | 19,965 | 17,615 |
| Other services and charges..... | 45,350 | 51,557 | 19,956 |
| Capital outlay..... | - | 29,957 | 14,325 |
| Total Police Department..... | <u>1,844,800</u> | <u>1,945,129</u> | <u>1,719,961</u> |
| ESDA: | | | |
| Repairs and maintenance..... | 5,800 | 4,294 | - |
| Crossing Guard: | | | |
| Personnel services..... | 3,500 | 6,232 | - |
| Public Benefits: | | | |
| Animal control contract..... | 40,705 | 40,135 | - |
| TOTAL PUBLIC SAFETY..... | <u>3,187,324</u> | <u>3,345,953</u> | <u>3,385,617</u> |

(continued)

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2014 and 2013

Schedule 5

| | <u>Original/Final Budgeted Amounts</u> | <u>Current Year Actual</u> | <u>Prior Year Actual</u> |
|--|--|------------------------------------|----------------------------------|
| EXPENDITURES (Continued): | | | |
| <u>PUBLIC WORKS:</u> | | | |
| Zoning: | | | |
| Personnel services..... | \$ 90,350 | \$ 84,483 | \$ 73,751 |
| Supplies..... | 3,800 | 3,874 | 2,467 |
| Repairs and maintenance..... | 800 | 371 | 587 |
| Other services and charges | <u>35,300</u> | <u>33,882</u> | <u>16,535</u> |
| Total Zoning..... | <u>130,250</u> | <u>122,610</u> | <u>93,340</u> |
| Public Grounds and Buildings: | | | |
| Supplies..... | 500 | 530 | 170 |
| Repairs and maintenance..... | 20,500 | 12,340 | 19,272 |
| Contractual services..... | 48,445 | 47,221 | 46,931 |
| Utilities..... | 15,300 | 4,420 | 8,861 |
| Other services and charges | <u>10,000</u> | <u>9,365</u> | <u>1,101</u> |
| Total Public Grounds and Buildings..... | <u>94,745</u> | <u>73,876</u> | <u>76,335</u> |
| Streets and Alleys: | | | |
| Personnel services..... | 302,730 | 304,467 | 270,525 |
| Supplies..... | 139,500 | 90,782 | 122,603 |
| Repairs and maintenance..... | 53,500 | 48,302 | 31,323 |
| Street Lights..... | - | - | 67,629 |
| Contractual services..... | 40,500 | 35,439 | 33,694 |
| Other services and charges | 9,050 | 5,649 | 6,201 |
| Capital outlay – Road Rehab..... | <u>-</u> | <u>-</u> | <u>176,180</u> |
| Total Streets and Alleys..... | <u>545,280</u> | <u>484,639</u> | <u>708,155</u> |
| Forestry Fund: | | | |
| Personnel services..... | 48,900 | 37,751 | - |
| Supplies..... | 2,000 | 3 | - |
| Repairs and maintenance..... | 22,500 | 15,352 | - |
| Other services and charges | <u>24,120</u> | <u>19,898</u> | <u>-</u> |
| Total Forestry Fund..... | <u>97,520</u> | <u>73,004</u> | <u>-</u> |
| TOTAL PUBLIC WORKS..... | <u>867,795</u> | <u>754,129</u> | <u>877,830</u> |

(continued)

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2014 and 2013

| | <u>Original/Final Budgeted Amounts</u> | <u>Current Year Actual</u> | <u>Prior Year Actual</u> |
|--|--|------------------------------------|----------------------------------|
| EXPENDITURES (Continued): | | | |
| GENERAL GOVERNMENT: | | | |
| City Clerk's Office: | | | |
| Personnel services..... | \$ 73,931 | \$ 72,819 | \$ 105,898 |
| Supplies..... | 11,000 | 7,803 | 4,169 |
| Repairs and maintenance..... | - | - | 4,263 |
| Contractual services..... | 15,000 | 10,345 | 12,469 |
| Other services and charges | 12,500 | 17,244 | 16,514 |
| Capital Outlay..... | <u>-</u> | <u>2,706</u> | <u>-</u> |
| Total City Clerk's Office..... | <u>112,431</u> | <u>110,917</u> | <u>143,313</u> |
| City Administrator: | | | |
| Personnel services..... | 117,300 | 109,536 | 15,247 |
| Supplies..... | 500 | 867 | 1,465 |
| Other services and charges | <u>9,000</u> | <u>8,499</u> | <u>1,319</u> |
| Total City Administrator's Office..... | <u>126,800</u> | <u>118,902</u> | <u>18,031</u> |
| Merit Commission: | | | |
| Personnel services..... | 900 | 1,104 | 1,135 |
| Other services and charges | <u>5,000</u> | <u>5,876</u> | <u>4,067</u> |
| Total Merit Commission..... | <u>5,900</u> | <u>6,980</u> | <u>5,202</u> |
| Professional Services: | | | |
| Personnel services..... | <u>1,000</u> | <u>-</u> | <u>-</u> |
| Mayor's Office: | | | |
| Personnel services..... | 49,700 | 45,278 | 22,009 |
| Supplies..... | 1,000 | 545 | 865 |
| Repairs and maintenance..... | 250 | - | 105 |
| Other services and charges | 37,800 | 29,552 | 25,829 |
| Capital Outlay..... | <u>-</u> | <u>9,369</u> | <u>-</u> |
| Total Mayor's Office..... | <u>88,750</u> | <u>84,744</u> | <u>48,808</u> |
| Audit: | | | |
| Audit fee..... | <u>19,250</u> | <u>19,250</u> | <u>-</u> |
| Legal: | | | |
| Contractual services..... | <u>81,000</u> | <u>85,203</u> | <u>131,400</u> |

(continued)

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2014 and 2013

Schedule 5

| | Original/Final Budgeted Amounts | Current Year Actual | Prior Year Actual |
|--|---------------------------------------|---------------------------|-------------------------|
| EXPENDITURES (Continued): | | | |
| GENERAL GOVERNMENT (Continued): | | | |
| Contingent: | | | |
| Contractual services | \$ 201,785 | \$ 202,049 | \$ 172,396 |
| Special project expenditures | 46,015 | 45,485 | 46,380 |
| Sales tax rebates | 50,000 | 50,000 | 50,000 |
| Other services and charges | - | 7,006 | - |
| Total Contingent | 297,800 | 304,540 | 268,776 |
| Engineering: | | | |
| Contractual services | 73,440 | 36,315 | 81,626 |
| IMRF: | | | |
| Social security contribution | 99,000 | 103,324 | - |
| IMRF contribution | 179,000 | 196,472 | - |
| Total IMRF | 278,000 | 299,796 | - |
| Insurance: | | | |
| Health Insurance | - | 423,781 | 468,000 |
| Health Insurance - Retirees | - | 60,437 | 70,348 |
| Health Insurance - COBRA | - | 17,480 | 23,410 |
| Dental Insurance | - | 37,695 | 39,650 |
| Life Insurance | - | 1,709 | 2,340 |
| H.S.A. | - | 54,750 | 46,600 |
| Total Insurance | - | 595,852 | 650,348 |
| Liability Insurance: | | | |
| Vehicle insurance | 20,230 | 62,167 | - |
| Liability insurance | 37,590 | 47,689 | - |
| Workers compensation | 369,359 | 395,652 | - |
| Property insurance | 24,395 | 27,512 | - |
| Total Liability Insurance | 451,574 | 533,020 | - |
| Lincoln Industrial Commission: | | | |
| Other services and charges | 85,500 | 86,501 | 61,457 |
| TOTAL GENERAL GOVERNMENT | 1,621,445 | 2,282,020 | 1,408,961 |

(continued)

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2014 and 2013

Schedule 5

| | <u>Original/Final Budgeted Amounts</u> | <u>Current Year Actual</u> | <u>Prior Year Actual</u> |
|---|--|------------------------------------|----------------------------------|
| EXPENDITURES (Continued): | | | |
| <u>CAPITAL PROJECTS</u> | | | |
| Capital outlay..... | \$ 9,258,900 | \$ 1,266,336 | \$ - |
| Other | - | 188,811 | - |
| Total Capital Projects..... | <u>9,258,900</u> | <u>1,455,147</u> | <u>-</u> |
| <u>DEBT SERVICE</u> | | | |
| Principal..... | - | - | 93,911 |
| Interest..... | - | - | 985 |
| Total Debt Service | <u>-</u> | <u>-</u> | <u>94,896</u> |
| <u>OTHER FINANCING USES</u> | | | |
| Transfer to Debt Service..... | 276,020 | 96,126 | 99,638 |
| Transfer to/from Special Revenue Funds..... | - | 227,146 | 376 |
| Transfer to Liability Insurance | - | - | 250,000 |
| TOTAL OTHER FINANCING USES | <u>276,020</u> | <u>323,272</u> | <u>350,014</u> |
| TOTAL EXPENDITURES | <u>\$15,211,484</u> | <u>8,160,521</u> | <u>6,117,318</u> |
| NET CHANGE IN FUND BALANCE | | (635,691) | 967,597 |
| BEGINNING FUND BALANCE | | <u>3,931,079</u> | <u>2,920,428</u> |
| ENDING FUND BALANCE..... | | <u>\$ 3,295,388</u> | <u>\$ 3,888,025</u> |

City of Lincoln, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
For the Fiscal Year Ended April 30, 2014

Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April of each year, the Finance Committee of the City Council submits to the City Council a proposed operating budget for the fiscal year commencing that May 1.
2. A copy of the proposed budget is placed on file with the City Clerk and a date for public hearings is announced.
3. The budget is passed by City Council.
4. The appropriation is legally enacted through the passage of an ordinance.
5. After adoption of the appropriation, further appropriations are prohibited. Transfers from one appropriation of any fund to another appropriation of the same fund, not affecting the total amount appropriated, may be made subject to City Council approval.
6. Formal budgetary integration is employed as management control device during the year for the General Fund, the Special Revenue Funds, and the Debt Service Fund.
7. The budget is prepared on the cash basis of accounting.

City of Lincoln, Illinois
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
 April 30, 2014

Special Revenue Funds

| | Motor Fuel Tax | Emergency Services | Forestry | Municipal Retirement | Public Benefits | Crossing Guard | Revolving Loan | DCFO Grant |
|--|-------------------------|-----------------------|------------------------|-------------------------|------------------------|-------------------|-------------------------|------------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents..... | \$ 709,476 | - | \$ 8,633 | - | \$ 8,101 | - | \$ 260,269 | \$ 8,154 |
| Restricted cash..... | - | - | - | - | - | - | - | - |
| Taxes receivable..... | - | - | - | - | - | - | - | - |
| Due from other funds..... | <u>26,739</u> | - | - | - | - | - | - | - |
| TOTAL ASSETS..... | <u>\$736,215</u> | <u>\$</u> | <u>\$ 8,633</u> | <u>\$</u> | <u>\$ 8,101</u> | <u>\$</u> | <u>\$260,269</u> | <u>\$ 8,154</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts payable..... | \$ 111 | - | - | - | - | - | - | - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Unearned revenues – property taxes..... | - | - | - | - | - | - | - | - |
| Total Liabilities and Deferred Inflows of Resources..... | <u>111</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | | | | |
| Restricted for: | | | | | | | | |
| Public works..... | 736,104 | - | 8,633 | - | - | - | - | - |
| Debt Service..... | - | - | - | - | - | - | - | - |
| Economic Development..... | - | - | - | - | - | - | - | - |
| Unrestricted: | | | | | | | | |
| Committed: | | | | | | | | |
| Public works..... | - | - | - | - | 8,101 | - | 260,269 | - |
| Future capital projects..... | - | - | - | - | - | - | - | - |
| Assigned: | | | | | | | | |
| Economic development..... | - | - | - | - | - | - | - | 8,154 |
| Total Fund Balances..... | <u>736,104</u> | <u>-</u> | <u>8,633</u> | <u>-</u> | <u>8,101</u> | <u>-</u> | <u>260,269</u> | <u>8,154</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | <u>\$736,215</u> | <u>\$</u> | <u>\$ 8,633</u> | <u>\$</u> | <u>\$ 8,101</u> | <u>\$</u> | <u>\$260,269</u> | <u>\$ 8,154</u> |

(continued)

City of Lincoln, Illinois
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
 April 30, 2014

| | Special Revenue Funds, (Continued) | | | | | Internal Service | |
|--|------------------------------------|---------------------|---------------|-------------------|-------------------|-------------------|---------------------|
| | Hotel/Motel Tax | Liability Insurance | TIF Fund | Debt Service | Capital Projects | Equipment Rentals | Total 2014 |
| ASSETS | | | | | | | |
| Cash and cash equivalents..... | \$ 39,781 | \$ - | \$ 975 | \$ - | \$ 590,527 | \$ 260,642 | \$ 1,886,558 |
| Restricted cash..... | - | - | - | 17,666 | - | - | 17,666 |
| Taxes receivable..... | - | - | - | 181,200 | - | - | 181,200 |
| Due from other funds..... | - | - | - | - | - | - | 26,739 |
| TOTAL ASSETS..... | \$ 39,781 | \$ - | \$ 975 | \$ 198,866 | \$ 590,527 | \$ 260,642 | \$ 2,112,163 |
| <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u> | | | | | | | |
| LIABILITIES | | | | | | | |
| Accounts payable..... | \$ 39,779 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 39,890 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Unearned revenues - property taxes..... | - | - | - | 181,200 | - | - | 181,200 |
| Total Liabilities and Deferred Inflows of Resources..... | 39,779 | - | - | 181,200 | - | - | 221,090 |
| FUND BALANCES | | | | | | | |
| Restricted for: | | | | | | | |
| Public works..... | - | - | - | - | - | - | 744,737 |
| Debt Service..... | - | - | - | 17,666 | - | - | 17,666 |
| Economic Development..... | 2 | - | 975 | - | - | - | 977 |
| Unrestricted: | | | | | | | |
| Committed: | | | | | | | |
| Public works..... | - | - | - | - | - | 260,642 | 529,012 |
| Future capital projects..... | - | - | - | - | 590,527 | - | 590,527 |
| Assigned: | | | | | | | |
| Economic development..... | - | - | - | - | - | - | 8,154 |
| Total Fund Balances..... | 2 | - | 975 | 17,666 | 590,527 | 260,642 | 1,891,073 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | \$ 39,781 | \$ - | \$ 975 | \$ 198,866 | \$ 590,527 | \$ 260,642 | \$ 2,112,163 |

City of Lincoln, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2014

Special Revenue Funds

| | <u>Motor Fuel Tax</u> | <u>Emergency Services</u> | <u>Forestry</u> | <u>Municipal Retirement</u> | <u>Public Benefits</u> | <u>Crossing Guard</u> | <u>Revolving Loan</u> | <u>DCEO Grant</u> |
|--|-----------------------|---------------------------|-----------------|-----------------------------|------------------------|-----------------------|-----------------------|-------------------|
| REVENUES: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes..... | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Motor fuel taxes..... | 424,815 | - | - | - | - | - | - | - |
| Hotel/motel taxes..... | - | - | - | - | - | - | - | - |
| Charges for services..... | - | - | - | - | - | - | - | - |
| Miscellaneous..... | 5,356 | - | - | - | - | - | - | - |
| Interest income..... | <u>1,426</u> | - | - | - | - | - | <u>545</u> | <u>2</u> |
| TOTAL REVENUES | <u>431,597</u> | - | - | - | - | - | <u>545</u> | <u>2</u> |
| EXPENDITURES: | | | | | | | | |
| General government..... | - | - | - | - | - | - | - | - |
| Public works/streets..... | 362,090 | - | - | - | - | - | - | 52,226 |
| Debt Service: | | | | | | | | |
| Principal..... | - | - | - | - | - | - | - | - |
| Interest..... | - | - | - | - | - | - | - | - |
| Capital Outlay..... | - | - | - | - | - | - | - | - |
| TOTAL EXPENDITURES | <u>362,090</u> | - | - | - | - | - | - | <u>52,226</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>69,507</u> | - | - | - | - | - | <u>545</u> | (<u>52,224</u>) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| State of Illinois – Grant Proceeds..... | - | - | - | - | - | - | - | 60,370 |
| Bond Proceeds..... | - | - | - | - | - | - | - | - |
| Transfer to/from Debt Service Fund..... | - | - | - | - | - | - | - | - |
| Transfer to General Fund..... | - | (7,880) | - | (50,192) | (28,291) | (2,537) | - | - |
| Transfer from General Fund..... | - | - | <u>28,377</u> | - | - | - | - | - |
| Total Other Financing Sources (Uses)..... | - | (7,880) | <u>28,377</u> | (50,192) | (28,291) | (2,537) | - | <u>60,370</u> |
| NET CHANGE IN FUND BALANCES | <u>69,507</u> | (7,880) | <u>28,377</u> | (50,192) | (28,291) | (2,537) | <u>545</u> | <u>8,146</u> |
| FUND BALANCES – BEGINNING..... | <u>666,597</u> | 7,880 | (19,744) | <u>50,192</u> | <u>36,392</u> | <u>2,537</u> | <u>259,724</u> | <u>8</u> |
| FUND BALANCES – ENDING | <u>\$736,104</u> | <u>\$</u> | <u>\$ 8,633</u> | <u>\$</u> | <u>\$ 8,101</u> | <u>\$</u> | <u>\$260,269</u> | <u>\$ 8,154</u> |

(continued)

City of Lincoln, Illinois
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2014

| | Special Revenue Funds, (Continued) | Debt Service | Capital Projects | Internal Service | Total 2014 |
|--|------------------------------------|---------------------|------------------|------------------|---------------------|
| | Hotel/Motel Tax | Liability Insurance | TIF Fund | Debt Service | Equipment Rentals |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Property taxes..... | \$ - | \$ - | \$ 984 | \$ - | \$ - |
| Motor fuel taxes..... | - | - | - | - | - |
| Hotel/motel taxes..... | 39,779 | - | - | - | - |
| Charges for services..... | - | - | - | - | - |
| Miscellaneous..... | - | - | - | - | - |
| Interest income..... | 2 | - | - | - | - |
| TOTAL REVENUES | <u>39,781</u> | <u>-</u> | <u>984</u> | <u>179,391</u> | <u>125,426</u> |
| EXPENDITURES: | | | | | |
| General government..... | 39,779 | - | 9 | 2,529 | 19,279 |
| Public works/streets..... | - | - | - | - | - |
| Debt Service: | | | | | |
| Principal..... | - | - | - | 264,500 | 25,151 |
| Interest..... | - | - | - | 12,209 | - |
| Capital Outlay | - | - | - | 15,111 | 233,006 |
| TOTAL EXPENDITURES | <u>39,779</u> | <u>-</u> | <u>9</u> | <u>279,238</u> | <u>277,436</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>2</u> | <u>-</u> | <u>975</u> | <u>(99,847)</u> | <u>(152,010)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| State of Illinois – Grant Proceeds..... | - | - | - | - | 60,370 |
| Bond Proceeds..... | - | - | - | 501,364 | 501,364 |
| Transfer to/from Debt Service Fund | - | - | - | (1,364) | - |
| Transfer to General Fund | - | - | - | - | (88,900) |
| Transfer from General Fund..... | - | 198,769 | - | 96,126 | 323,272 |
| Total Other Financing Sources (Uses)..... | <u>-</u> | <u>198,769</u> | <u>-</u> | <u>97,490</u> | <u>796,106</u> |
| NET CHANGE IN FUND BALANCES | <u>2</u> | <u>198,769</u> | <u>975</u> | <u>(2,357)</u> | <u>(152,010)</u> |
| FUND BALANCES – BEGINNING | <u>-</u> | <u>(198,769)</u> | <u>-</u> | <u>20,023</u> | <u>412,652</u> |
| FUND BALANCES – ENDING | <u>\$ 2</u> | <u>\$ -</u> | <u>\$ 975</u> | <u>\$ 17,666</u> | <u>\$ 260,642</u> |
| | | | | | <u>\$ 1,891,073</u> |

City of Lincoln, Illinois
**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
EXTENSIONS AND COLLECTIONS**
For The Year Ended April 30, 2014

| | <u>2013</u> Levy | <u>2012</u> Levy | <u>2011</u> Levy |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| ASSESSED VALUATION..... | <u>\$145,467,019</u> | <u>\$145,150,904</u> | <u>\$145,514,060</u> |
| TAX RATES | | | |
| General..... | .03813 | .01321 | .00746 |
| Police protection..... | .04341 | .04362 | .04416 |
| Fire Protection..... | .09138 | .09183 | .09297 |
| Forestry..... | .03535 | .03552 | .03597 |
| Firemen's pension..... | .30285 | .30433 | .28799 |
| Firemen's spouse pension..... | .00056 | .00056 | .00057 |
| Policemen's pension..... | .33696 | .33861 | .32270 |
| I.M.R.F..... | .09944 | .09993 | .10117 |
| Emergency service..... | .00295 | .00297 | .00300 |
| Public benefit..... | .03412 | .03428 | .03471 |
| Liability insurance..... | .09199 | .09244 | .09359 |
| Audit..... | .01268 | .01274 | .01290 |
| Bonds..... | .12930 | .13042 | .13380 |
| School crossing guard..... | .00509 | .00511 | .01108 |
| Social Security..... | <u>.06533</u> | <u>.06565</u> | <u>.06646</u> |
| Total..... | <u>1.28954</u> | <u>1.27122</u> | <u>1.24853</u> |

(continued)

City of Lincoln, Illinois
**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
EXTENSIONS AND COLLECTIONS**
For The Year Ended April 30, 2014

| | <u>2013</u> <u>Extended</u> | <u>2012</u> <u>Extended</u> | <u>2011</u> <u>Extended</u> |
|-------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| TAX EXTENSIONS | | | |
| General | \$ 52,535 | \$ 18,112 | \$ 10,102 |
| Police protection | 59,809 | 59,807 | 59,802 |
| Fire Protection..... | 125,902 | 125,907 | 125,902 |
| Forestry | 48,705 | 48,701 | 48,711 |
| Firemen's pension | 417,261 | 417,263 | 390,022 |
| Firemen's spouse pension | 772 | 768 | 772 |
| Policemen's pension..... | 464,257 | 464,263 | 437,007 |
| I.M.R.F..... | 137,006 | 137,013 | 137,007 |
| Emergency service..... | 4,064 | 4,072 | 4,063 |
| Public benefit | 47,010 | 47,001 | 47,005 |
| Liability insurance | 126,742 | 126,743 | 126,742 |
| Audit..... | 17,470 | 17,468 | 17,469 |
| Bonds | 178,147 | 178,817 | 181,195 |
| School crossing guard..... | 7,013 | 7,006 | 15,005 |
| Social Security | <u>90,010</u> | <u>90,012</u> | <u>90,002</u> |
| Total Extended | <u>\$1,776,703</u> | <u>\$1,742,953</u> | <u>\$1,690,806</u> |
| Total Collected..... | | <u>\$1,735,570</u> | <u>\$1,682,085</u> |
| Percentage Collected..... | | <u>99%</u> | <u>99%</u> |
| Road and Bridge Collection..... | | <u>\$ 72,741</u> | <u>\$ 72,895</u> |

City of Lincoln, Illinois
SCHEDULE OF LEGAL DEBT MARGIN
For The Year Ended April 30, 2014

| | |
|---|-----------------------------|
| ASSESSED VALUATION AS OF DECEMBER 31, 2013..... | <u>\$145,467,019</u> |
| DEBT LIMITATION, 8.625% OF ASSESSED VALUATION..... | \$ 12,546,530 |
| Less: Bonded Indebtedness | (<u>500,000</u>) |
| LEGAL DEBT MARGIN, APRIL 30, 2014 | <u>\$ 12,046,530</u> |