

CITY OF LINCOLN, ILLINOIS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED APRIL 30, 2013

City of Lincoln, Illinois
Annual Financial Report
For the Year Ended April 30, 2013

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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, 2013, 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, 2013, 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 35 – 44 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 October 9, 2013 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 & Eggen

Certified Public Accountants
Springfield, Illinois

October 9, 2013

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, 2013, 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 October 9, 2013.

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

October 9, 2013

City of Lincoln, Illinois
SCHEDULE OF FINDINGS AND RESPONSES
April 30, 2013

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

City of Lincoln, Illinois
SUMMARY SCHEDULE OF FINDINGS AND RESPONSES
Prior Year Findings
April 30, 2013

There were no findings to report at April 30, 2012.

City of Lincoln, Illinois
STATEMENT OF NET POSITION
 April 30, 2013

Statement 1

	Primary Government		
Assets	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,619,690	\$ 686,287	\$ 4,305,977
Restricted cash and cash equivalents	151,469	-	151,469
Accounts receivable	190	465,623	465,813
Taxes receivable.....	1,820,200	-	1,820,200
Due from other funds	12,634	(12,634)	-
Due from other governments	<u>1,634,315</u>	<u>-</u>	<u>1,634,315</u>
Total Current Assets.....	<u>7,238,498</u>	<u>1,139,276</u>	<u>8,377,774</u>
CAPITAL ASSETS			
Buildings and improvements	8,145,119	-	8,145,119
Equipment	956,126	-	956,126
Vehicles.....	4,148,130	-	4,148,130
Streets.....	4,122,858	-	4,122,858
Utility systems.....	<u>-</u>	<u>14,908,067</u>	<u>14,908,067</u>
Total Cost of Capital Assets.....	17,372,233	14,908,067	32,280,300
Less accumulated depreciation	(9,412,969)	(7,471,711)	(16,884,680)
Net Capital Assets	<u>7,959,264</u>	<u>7,436,356</u>	<u>15,395,620</u>
TOTAL ASSETS	<u>15,197,762</u>	<u>8,575,632</u>	<u>23,773,394</u>
<u>Liabilities and Net Position</u>			
CURRENT LIABILITIES			
Accounts payable	81,198	5,200	86,398
Deferred income.....	1,857,283	-	1,857,283
Current portion – notes and bonds payable	<u>277,146</u>	<u>489,993</u>	<u>767,139</u>
Total Current Liabilities	<u>2,215,627</u>	<u>495,193</u>	<u>2,710,820</u>
LONG-TERM DEBT			
Notes and bonds payable (less current portion).....	<u>71,609</u>	<u>5,561,460</u>	<u>5,633,069</u>
TOTAL LIABILITIES	<u>2,287,236</u>	<u>6,056,653</u>	<u>8,343,889</u>
NET POSITION			
Net investment in capital assets	7,597,464	1,384,903	8,982,367
Restricted.....	194,993	1,071,892	1,266,885
Unrestricted	<u>5,118,069</u>	<u>62,184</u>	<u>5,180,253</u>
TOTAL NET POSITION	<u>\$12,910,526</u>	<u>\$ 2,518,979</u>	<u>\$15,429,505</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, 2013

Statement 2

<u>FUNCTIONS/PROGRAMS:</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
<u>Primary Government:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Governmental activities:						
General government.....	\$2,210,406	\$ 351,603	\$ -	(\$ 1,858,803)	\$ -	(\$ 1,858,803)
Public safety.....	3,114,602	118,080	-	(2,996,522)	-	(2,996,522)
Public works.....	1,960,434	168,436	472,130	(1,319,868)	-	(1,319,868)
Debt services.....	<u>26,376</u>	<u>-</u>	<u>-</u>	<u>(26,376)</u>	<u>-</u>	<u>(26,376)</u>
Total governmental activities.....	<u>7,311,818</u>	<u>638,119</u>	<u>472,130</u>	<u>(6,201,569)</u>	<u>-</u>	<u>(6,201,569)</u>
Business-type activities:						
Sewer Utility.....	<u>2,459,040</u>	<u>2,821,334</u>	<u>-</u>	<u>-</u>	<u>362,294</u>	<u>362,294</u>
Total Primary Government.....	<u>\$9,770,858</u>	<u>\$3,459,453</u>	<u>\$ 472,130</u>	<u>(6,201,569)</u>	<u>362,294</u>	<u>(5,839,275)</u>
General revenues:						
Intergovernmental taxes				6,288,258	-	6,288,258
Property taxes				860,071	-	860,071
Interest income				8,763	942	9,705
Other income				<u>99,440</u>	<u>7,050</u>	<u>106,490</u>
Total general revenues				<u>7,256,532</u>	<u>7,992</u>	<u>7,264,524</u>
Change in net position				1,054,963	370,286	1,425,249
Net Position – Beginning				<u>11,855,563</u>	<u>2,148,693</u>	<u>14,004,256</u>
Net Position - Ending				<u>\$12,910,526</u>	<u>\$2,518,979</u>	<u>\$15,429,505</u>

The accompanying notes are an integral part of the financial statements

City of Lincoln, Illinois
BALANCE SHEET
GOVERNMENTAL FUNDS
 April 30, 2013

Statement 3

<u>Assets</u>	<u>General Corporate</u>	<u>Motor Fuel</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$2,422,525	\$ 646,293	\$ -	\$ 550,872	\$3,619,690
Restricted cash and cash equivalents.....	-	-	151,469	-	151,469
Taxes receivable	1,161,000	-	181,200	478,000	1,820,200
Due from other governments.....	1,609,372	24,943	-	-	1,634,315
Accounts receivable.....	190	-	-	-	190
Due from other funds.....	<u>12,634</u>	<u>-</u>	<u>-</u>	<u>218,513</u>	<u>231,147</u>
TOTAL ASSETS.....	<u>\$5,205,721</u>	<u>\$ 671,236</u>	<u>\$ 332,669</u>	<u>\$1,247,385</u>	<u>\$7,457,011</u>
<u>Liabilities And Fund Balances</u>					
LIABILITIES					
Accounts payable.....	\$ 76,559	\$ 4,639	\$ -	\$ -	\$ 81,198
Deferred revenue	1,198,083	-	181,200	478,000	1,857,283
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,513</u>	<u>218,513</u>
Total Liabilities	<u>1,274,642</u>	<u>4,639</u>	<u>181,200</u>	<u>696,513</u>	<u>2,156,994</u>
FUND BALANCES					
Restricted for:					
Debt service	-	-	151,469	259,724	411,193
Special projects.....	194,993	666,597	-	(148,569)	713,021
Unassigned:					
General fund.....	3,736,086	-	-	-	3,736,086
Special revenue fund.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>439,717</u>	<u>439,717</u>
Total Fund Balances	<u>3,931,079</u>	<u>666,597</u>	<u>151,469</u>	<u>550,872</u>	<u>5,300,017</u>
TOTAL LIABILITIES AND FUND BALANCES.....	<u>\$5,205,721</u>	<u>\$ 671,236</u>	<u>\$ 332,669</u>	<u>\$1,247,385</u>	<u>\$7,457,011</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, 2013

Total Fund Balances – Total Governmental Funds.....	\$ 5,300,017
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term debt reported in governmental activities	(348,755)
Capital assets of \$17,372,233 net of accumulated depreciation of \$9,412,969 are not financial resources and, therefore, are not reported in the funds	<u>7,959,264</u>
Net position of governmental activities.....	<u>\$12,910,526</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, 2013

	<u>General Corporate</u>	<u>Motor Fuel</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property taxes	\$ 195,036	\$ -	\$ 180,535	\$ 484,500	\$ 860,071
Intergovernmental taxes	5,846,761	412,121	-	29,376	6,288,258
Interest income	5,780	1,572	-	1,411	8,763
Charges for services	272,394	-	-	168,436	440,830
Fines and forfeitures	113,774	-	-	-	113,774
Licenses and permits	83,515	-	-	-	83,515
Miscellaneous	<u>99,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,440</u>
Total Revenues	<u>6,616,699</u>	<u>413,693</u>	<u>180,535</u>	<u>683,723</u>	<u>7,894,650</u>
EXPENDITURES:					
Current:					
General Government	1,365,907	-	5,639	706,185	2,077,731
Public safety	2,981,398	-	-	8,170	2,989,568
Public works	701,650	557,268	-	392,934	1,651,852
Debt service:					
Principal	93,911	-	258,500	-	352,411
Interest	985	-	25,391	-	26,376
Capital outlay	<u>580,399</u>	<u>-</u>	<u>32,850</u>	<u>-</u>	<u>613,249</u>
Total Expenditures	<u>5,724,250</u>	<u>557,268</u>	<u>322,380</u>	<u>1,107,289</u>	<u>7,711,187</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>892,449</u>	(<u>143,575</u>)	(<u>141,845</u>)	(<u>423,566</u>)	<u>183,463</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	380,866	-	99,638	250,376	730,880
Operating transfers (out)	(350,014)	-	(380,866)	-	(730,880)
Grant proceeds	21,550	19,900	156,000	274,680	472,130
Bond/Loan proceeds	<u>65,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,800</u>
Total Other Financing Sources (Uses)	<u>118,202</u>	<u>19,900</u>	(<u>125,228</u>)	<u>525,056</u>	<u>537,930</u>
NET CHANGES IN FUND BALANCES	1,010,651	(123,675)	(267,073)	101,490	721,393
FUND BALANCES – BEGINNING	<u>2,920,428</u>	<u>790,272</u>	<u>418,542</u>	<u>449,382</u>	<u>4,578,624</u>
FUND BALANCES – ENDING	<u>\$3,931,079</u>	<u>\$ 666,597</u>	<u>\$ 151,469</u>	<u>\$ 550,872</u>	<u>\$5,300,017</u>

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

City of Lincoln, Illinois
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 April 30, 2013

Net changes in fund balances – Total Governmental Funds	\$ 721,393
Amounts reported for governmental activities in the statement of activities are different because:	
Debt issued during the year	(65,800)
Long term debt payments	352,411
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. This is the amount by which capital outlay of \$610,320 exceeded depreciation of \$563,362 in the current period.	<u>46,959</u>
Change in net position of governmental activities	<u>\$1,054,963</u>

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

City of Lincoln, Illinois
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
April 30, 2013 and 2012

Statement 5

	<u>Current Year Total</u>	<u>Prior Year 2012</u>
<u>Assets</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 491,782	\$ 250,246
Restricted cash and cash equivalents	194,505	116,505
Accounts receivable	465,623	537,348
Due from other funds	<u>877,387</u>	<u>877,387</u>
Total Current Assets	<u>2,029,297</u>	<u>1,781,486</u>
CAPITAL ASSETS		
Sewerage system	14,908,067	14,845,742
Less: Accumulated depreciation	(7,471,711)	(7,020,135)
Net Capital Assets	<u>7,436,356</u>	<u>7,825,607</u>
TOTAL ASSETS	<u>9,465,653</u>	<u>9,607,093</u>
<u>Liabilities and Net Position</u>		
CURRENT LIABILITIES		
Accounts payable	5,200	37,201
Deferred income	-	14,720
Notes and bonds payable – current portion	489,993	477,639
Due to other funds	<u>890,021</u>	<u>877,387</u>
Total Current Liabilities	<u>1,385,214</u>	<u>1,406,947</u>
LONG-TERM LIABILITIES		
Notes and bonds payable (less current portion)	<u>5,561,460</u>	<u>6,051,453</u>
TOTAL LIABILITIES	<u>6,946,674</u>	<u>7,458,400</u>
NET POSITION		
Net investment in capital assets	1,384,903	1,296,515
Restricted for debt service	1,071,892	993,892
Unrestricted	<u>62,184</u>	(141,714)
TOTAL NET POSITION	<u>\$ 2,518,979</u>	<u>\$ 2,148,693</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, 2013 and 2012

Statement 6

	<u>Current Year Total</u>	<u>Prior Year 2012</u>
OPERATING REVENUES		
Charges for services	\$2,821,334	\$2,836,284
Other income	<u>7,050</u>	<u>16,291</u>
Total Operating Revenues	<u>2,828,384</u>	<u>2,852,575</u>
OPERATING EXPENSES		
Personnel service	66,869	70,555
Contractual maintenance	1,410,899	1,368,865
Supplies and materials	23,899	8,116
Other fees and charges	20,706	23,492
Depreciation	451,576	455,938
Repairs and maintenance	38,811	93,339
Office supplies	4,522	3,243
Professional fees	-	(3)
Postage	9,528	9,543
Telephone	846	769
Insurance	21,000	28,203
Facility utilities	<u>245,636</u>	<u>252,891</u>
Total Operating Expenses	<u>2,294,292</u>	<u>2,314,951</u>
Net Operating Income	<u>534,092</u>	<u>537,624</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	942	650
Interest (expense)	(164,748)	(176,791)
Operating transfers in	720,387	799,087
Operating transfers (out)	(720,387)	(799,087)
Total Nonoperating Revenues (Expenses)	(163,806)	(176,141)
NET CHANGES IN NET POSITION	370,286	361,483
NET POSITION - BEGINNING	<u>2,148,693</u>	<u>1,787,210</u>
NET POSITION – ENDING	<u>\$2,518,979</u>	<u>\$2,148,693</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, 2013 and 2012

Statement 7

	<u>Current Year Total</u>	<u>Prior Year 2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections from customers	\$2,893,059	\$2,814,358
Other income.....	7,050	16,291
Payments for personnel services.....	(54,235)	(70,555)
Payments for goods and services.....	(1,822,568)	(1,778,511)
Net cash provided by operating activities.....	<u>1,023,306</u>	<u>981,583</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in.....	720,387	799,087
Operating transfers (out).....	(720,387)	(799,087)
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.....	(62,325)	(258,988)
Principal paid on bonds.....	(477,639)	(465,596)
Interest paid on bonds.....	(164,748)	(176,791)
Net cash (used for) capital and related financing activities.....	(704,712)	(901,375)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income.....	<u>942</u>	<u>650</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS.....	319,536	80,858
CASH AND CASH EQUIVALENTS – BEGINNING.....	<u>366,751</u>	<u>285,893</u>
CASH AND CASH EQUIVALENTS – ENDING.....	<u>\$ 686,287</u>	<u>\$ 366,751</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income.....	\$ 534,092	\$ 537,624
Adjustment to reconcile operating income to cash provided by operating activities:		
Depreciation.....	451,576	455,938
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable.....	71,725	(21,926)
(Decrease) in accounts payable.....	(32,001)	(4,773)
(Decrease) increase in deferred income.....	(14,720)	14,720
Increase in due to other funds.....	<u>12,634</u>	<u>-</u>
Net cash provided by operating activities.....	<u>\$1,023,306</u>	<u>\$ 981,583</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, 2013

Statement 8

	<u>Pension Trust Funds</u>		
	<u>Police</u>	<u>Firefighters'</u>	
<u>Assets</u>	<u>Pension</u>	<u>Pension</u>	<u>Total</u>
Cash and cash equivalents	\$ 974,170	\$ 63,501	\$ 1,037,671
Investments	8,348,300	5,519,273	13,867,573
Accrued interest receivable.....	-	1,820	1,820
TOTAL ASSETS	<u>\$9,322,470</u>	<u>\$5,584,594</u>	<u>\$14,907,064</u>
<u>Liabilities and Net Position</u>			
LIABILITIES.....	\$ -	\$ -	\$ -
NET POSITION			
Reserved for employee retirement commitments.....	<u>9,322,470</u>	<u>5,584,594</u>	<u>14,907,064</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$9,322,470</u>	<u>\$5,584,594</u>	<u>\$14,907,064</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, 2013

Statement 9

	Pension Trust Funds		Total
	Police Pension	Firefighters' Pension	
ADDITIONS			
Contributions:			
Employer – property taxes	\$ 435,290	\$ 389,240	\$ 824,530
Employer – replacement taxes	53,481	48,067	101,548
Employee.....	139,086	99,468	238,554
Investment income	169,253	29,256	198,509
Unrealized gains on investments	539,337	74,173	613,510
Total Additions.....	1,336,447	640,204	1,976,651
DEDUCTIONS			
Benefit payments.....	1,053,888	980,703	2,034,591
Administrative expenses	23,164	13,927	37,091
Total Deductions	1,077,052	994,630	2,071,682
NET INCREASE (DECREASE)	259,395	(354,426)	(95,031)
NET POSITION HELD IN TRUST FOR PENSION			
BENEFITS – BEGINNING OF YEAR.....	9,063,075	5,939,020	15,002,095
NET POSITION HELD IN TRUST FOR			
PENSION BENEFITS – END OF YEAR.....	\$9,322,470	\$5,584,594	\$14,907,064

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

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. – General Statement

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 accounting and reporting policies of the City relating to the funds and account group included in the financial statements conform to generally accounting principles applicable to state and local governments except that the information on the actuarial data and other disclosures required for the pension trust funds has been excluded. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds, the City has chosen to apply all GASB pronouncements to its proprietary activities, and has chosen to apply the pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 to its proprietary activities.

B. – 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.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

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

B. – Financial Reporting Entity, (Continued)

Governmental fund financial statements are reported using the accrual basis of accounting. Revenues are recognized when earned. Expenditures generally are recorded when a liability is incurred.

Grants, entitlements, interest and all other revenue items are considered measurable and available only when earned by the City.

C. – 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:

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 Emergency Services Disaster Agency Fund receives and expends the City's tax collections for the purpose of operating and maintaining an emergency services and disaster function.

The Forestry Fund receives taxes levied to provide for the establishment and maintenance of a long-term forestry program for the propagation and preservation of community trees and for the removal of dead or diseased trees in 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 Municipal Retirement Fund receives taxes levied for the payment of municipal retirement and social security benefits for all qualified employees of the City.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

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

C. – Fund Accounting, (Continued)

The Public Benefits Fund receives taxes levied for the purpose of paying that portion of the amounts assessed against the City for public benefit.

The Liability Insurance Fund receives taxes levied for the purpose of paying City insurance premiums.

The Crossing Guards Fund receives taxes levied for the purpose of providing school crossing guards.

The Audit Fund receives taxes levied for the purpose of paying the cost of the annual audit.

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.

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

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

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.

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.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

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

C. – Fund Accounting, (Continued)

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.

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.

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.

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.

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.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

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

C. – Fund Accounting, (Continued)

Compensated Absences

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

Intergovernmental Revenues

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

Equity Classification

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.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

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

C. – Fund Accounting, (Continued)

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.

D. – 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.

E. – 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.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2013

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

F. – 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.

G. – Funds Servicing Long-Term Debt

The enterprise fund accounts for and services the applicable bonds and notes payable which benefits that fund.

H. – 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.

NOTE 2 – CASH AND INVESTMENTS

Following is a reconciliation of deposits and investments as of April 30, 2013:

	<u>Primary Government</u>
Statement of Net Position:	
Cash and cash equivalents	\$4,305,977
Restricted cash and cash equivalents	151,469
 Statement of Fiduciary Net Position:	
Cash and cash equivalents	1,037,671
Investments	<u>13,867,573</u>
 Total	 <u>\$19,362,690</u>

Custodial Credit Risk – Deposits

Custodial credit risk 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, 2013, \$9,834,083 of the City’s bank balance of \$19,564,029 (total book balance was \$19,363,690) was exposed to custodial credit risk.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2013

NOTE 3 – FUND EQUITY RESERVES

The City records reserves to indicate that a portion of fund equity is legally segregated for a specific future use. The City has established the following reserves:

Retained Earnings:

Enterprise Fund:

Reserved for Contingency and Depreciation – Resources restricted for
 extraordinary repairs and replacements to the sewer system \$1,071,892

Fund Balance:

General Corporate Fund:

Reserved for Public Service Programs – Resources restricted for the
 operation of Special Fire Department, Police Task Force, D.A.R.E.,
 Drug Forfeiture, DUI, and ERT 54,002
 Reserved for other programs 140,991

General Corporate Fund Reservations \$ 194,993

Special Revenue Funds:

Reserved for Revolving Loan, Emergency Services, Forestry,
 Motor Fuel Tax, IMRF, Public Benefits, Capital Projects,
 Crossing Guards, Audits, Liability Insurance \$ 518,028

Debt Service Fund:

Reserved for repayment of long-term debt principal and interest \$ 151,469

NOTE 4 – CHANGES IN CAPITAL ASSETS

<u>General Capital Assets</u>	<u>May 1, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>April 30, 2013</u>
Building and improvements	\$ 8,133,775	\$ -	\$ -	\$ 8,133,775
Vehicles	3,743,911	424,219	(20,000)	4,148,130
Equipment	943,276	12,850	-	956,126
Streets	3,946,678	176,180	-	4,122,858
Land	<u>11,344</u>	<u>-</u>	<u>-</u>	<u>11,344</u>
Cost	16,778,984	613,249	(20,000)	17,372,233
Less Accumulated Depreciation	(<u>8,859,940</u>)	(<u>563,362</u>)	<u>10,333</u>	(<u>9,412,969</u>)
Total	<u>\$ 7,919,044</u>	<u>\$ 49,887</u>	(<u>\$ 9,667</u>)	<u>\$ 7,959,264</u>

Depreciation expense for the current year is \$563,362.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2013

NOTE 4 – CHANGES IN CAPITAL ASSETS, (CONTINUED)

<u>Proprietary Capital Assets</u>	<u>May 1, 2012</u>	<u>Additions</u>	<u>Dispositions</u>	<u>April 30, 2013</u>
Utility system	\$ 1,797,295	\$ 17,235	(\$ 3,509)	\$ 1,811,021
Building and improvements	7,233,888	8,182	-	7,242,070
Equipment	5,154,152	36,529	-	5,190,681
Vehicles	<u>660,407</u>	<u>3,888</u>	-	<u>664,295</u>
Cost	14,845,742	65,834	(3,509)	14,908,067
Less Accumulated Depreciation	(<u>7,020,135</u>)	(<u>451,576</u>)	-	(<u>7,471,711</u>)
Total	<u>\$ 7,825,607</u>	<u>(\$385,742)</u>	<u>(\$ 3,509)</u>	<u>\$ 7,436,356</u>

Depreciation expense for the current year is \$451,576.

NOTE 5 – LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the City for the year ended April 30, 2013:

	<u>May 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2013</u>
Governmental Funds:				
General Obligation Bonds	\$ 345,000	\$ -	(\$170,000)	\$ 175,000
Alternative Revenue Bonds	120,000	-	(60,000)	60,000
Debt Certificates	89,500	-	(28,500)	61,000
Note Payable - 2010	80,866	-	(80,866)	-
Note Payable - 2012	<u>-</u>	<u>65,800</u>	<u>(13,045)</u>	<u>52,755</u>
	<u>\$ 635,366</u>	<u>\$ 65,800</u>	<u>(\$352,411)</u>	<u>\$ 348,755</u>
Enterprise Funds:				
Notes payable	<u>\$6,529,092</u>	<u>\$ -</u>	<u>(\$477,639)</u>	<u>\$6,051,453</u>

Bonds Payable and Debt Certificates at April 30, 2013 is comprised of the following:

Alternative Revenue Bonds – The City issued on February 1, 2004 alternative revenue bonds in the amount of \$510,000. The repayment schedule is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Total</u>
06/01/2013			\$ 1,530	
12/01/2013	\$ 60,000	5.10%	\$ 1,530	\$ 63,060
Totals	<u>\$ 60,000</u>		<u>\$ 3,060</u>	<u>\$ 63,060</u>

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2013

NOTE 5 – LONG-TERM DEBT, (CONTINUED)

General Obligation Bonds – The City issued bonds on December 1, 2010 for \$500,000. The repayment schedule is as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Fiscal Total</u>
06/01/2013			\$ 3,806	
12/01/2013	\$175,000	4.35%	\$ 3,807	\$182,613
Totals	\$175,000		\$ 7,613	\$182,613

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>
05/01/2013	\$ 14,500	5.60%	\$ 1,737	
11/01/2013	15,000	5.60%	1,330	\$ 32,567
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>61,000</u>		\$ <u>4,439</u>	\$ <u>65,439</u>

Notes Payable at April 30, 2013 is comprised of the following:

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>
10/15/2013	\$ 6,278	2.75%	\$ 737	
04/15/2014	6,369	2.75%	646	\$ 14,030
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>6,919</u>	2.75%	<u>97</u>	<u>14,031</u>
Totals	\$ <u>52,755</u>		\$ <u>3,366</u>	\$ <u>56,121</u>

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2013

NOTE 5 – LONG-TERM DEBT, (CONTINUED)

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>
07/31/2013	\$ 321,194	\$ 77,762	\$ 243,432
01/31/2014	321,194	74,633	246,561
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>\$6,973,753</u>	<u>\$ 922,300</u>	<u>\$6,051,453</u>

NOTE 6 – DEFINED BENEFIT PENSION 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 2012 used by the City was 23.29 percent of annual covered payroll. The City annual required contribution rate for calendar year 2012 was 25.80 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.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2013

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Annual Pension Cost. For calendar year ending December 31, 2012, the City's actual contributions for pension cost for the Regular were \$163,521. Its required contribution for calendar year 2012 was \$181,144. (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>
12/31/12	181,144	90%	\$0 *
12/31/11	152,548	94%	0 *
12/31/10	182,504	79%	0 *

* If you utilized the phase-in contribution rate, the net pension obligation will have to be calculated.

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 55.90 percent funded. The actuarial accrued liability for benefits was \$2,941,992 and the actuarial value of assets was \$1,644,575, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,297,417. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$702,109 and the ratio of the UAAL to the covered payroll was 185 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, 2013

NOTE 7 – DEFINED BENEFIT PENSION 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 7.50 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 2012 used by the employer was 0.00 percent of annual covered payroll. The City annual required contribution rate for calendar year 2012 was 12.96 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, 2012, the City's actual contributions for pension cost for the Sheriff's Law Enforcement Personnel plan were \$0. Its required contribution for calendar year 2012 was \$0. (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>
12/31/12	0	***%	\$0 *
12/31/11	0	***%	0 *
12/31/10	0	***%	0 *

* If you utilized the phase-in contribution rate, the net pension obligation will have to be calculated.

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, 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 (\$31,452), resulting in an underfunded actuarial accrued liability (UAAL) of \$31,452. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$0 and the ratio of the UAAL to the covered payroll was 0 percent.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

**NOTE 7 – DEFINED BENEFIT PENSION PLAN – SHERIFF'S LAW ENFORCEMENT PERSONNEL
(CONTINUED)**

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.

NOTE 8 – POLICE PENSION FUND

The Police Pension fund is a single employer defined benefit pension plan to provide retirement, death and disability benefits to policemen and their dependents.

The Police Pension fund covers all "policemen" who:

- (a) Are appointed to the police force and sworn and commissioned to perform police duties;
- (b) are found upon examination of a duly licensed physician selected by the Police Pension board to be physically and mentally fit to perform duties of a policeman; and
- (c) Within 3 months after receiving his/her first appointment, and if reappointed, within 3 months thereafter, makes written application to the Board to qualify under Chapter 108 ½, Article 3, of the Illinois Revised Statutes.

The Pension is funded by the City's (employer) contribution which is obtained through an annual levy of tax upon all the property of the City and deductions from salaries and wages of participating policemen (employee contribution). The Illinois Division of Insurance has annually provided the actuarial report and/or proposed levy requests for the City.

Total pension contributions for the year ended April 30, 2013 were \$627,115 including City contributions of \$488,029. The City had accumulated assets of \$9,321,487 on that same date.

NOTE 9 – FIREFIGHTERS' PENSION FUND

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 Firefighters' Pension Fund covers all "firemen" who:

- (a) were appointed as a fireman prior to May 16, 1970; or;
- (b)
 - (1) have attained the age of 18 but not reached age 35 at the time of appointment; and
 - (2) with 3 months after receiving appointment and with 3 months after any reappointment, made written application to the firemen's Pension Board to qualify under Chapter 108 ½, Article 3, of the Illinois Revised Statutes.
 - (3) were found upon medical examination to be then physically and mentally fit to perform the duties of a fireman.

The Pension is funded by the City's (Employer) contribution which is obtained through an annual levy of tax upon all the property of the City and deductions from salaries and wages of participating firemen (employee contribution). The Illinois Division of Insurance has annually provided the actuarial report and/or proposed levy requests for the City.

Total pension contributions for the year ended April 30, 2013 were \$536,111 including City contributions of \$436,643. The City had accumulated assets of \$5,583,715 on that same date.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
April 30, 2013

NOTE 10 – 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 11 – 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 12 – 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.

Net insurance-related costs incurred for the year ended April 30, 2013 were \$406,125.

NOTE 13 – PROPERTY TAXES

Property taxes attach as an enforceable lien on real property as of January 1 in the year in which the taxes are levied. The County bills and collects taxes for County taxing bodies. The taxes are generally payable in two installments on June 1 and September 1. Property taxes are received monthly beginning in July and generally ending in November.

City of Lincoln, Illinois
NOTES TO BASIC FINANCIAL STATEMENTS
 April 30, 2013

NOTE 14 – INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the combined financial statements, of certain information concerning individual funds.

For the year ended April 30, 2013 excesses of expenditures over budget in individual funds were as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
Emergency Services	\$ 5,000	\$ 5,112	\$ 112
IMRF	255,000	276,839	21,839
Liability Insurance Fund	365,000	406,125	41,125

NOTE 15 – DEFICIT FUND BALANCES

The following fund had a deficit fund balance at April 30, 2013:

	<u>Deficit</u>
Liability Insurance Fund	(\$198,769)
Forestry Fund	(\$ 19,387)

NOTE 16 – COMMITMENTS AND CONTINGENCIES

As of April 30, 2013, 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
SCHEDULE OF FUNDING PROGRESS
 Required Supplemental Information
 Employer Number: 03364R
 Regular Plan

Schedule 1

<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>
12/31/12	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%
12/31/10	1,494,582	2,809,256	1,314,674	53.20%	717,390	183.26%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$1,788,989. On a market basis, the funded ratio would be 60.81%.

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

<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>
12/31/12	(31,452)	0	31,452	0.00	0	0.00%
12/31/11	60,184	60,241	57	99.91	0	0.00%
12/31/10	57,793	52,620	(5,173)	109.83	0	N/A

On a market value basis, the actuarial value of assets as of December 31, 2011 is (\$31,452). On a market basis, the funded ratio would be 0.00%.

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
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2013 and 2012

Schedule 3

	<u>Original/Final Budgeted Amounts</u>	<u>Current Year Actual</u>	<u>Prior Year Actual</u>
Beginning Budgetary Fund Balances	\$ <u> -</u>	\$ <u>2,920,428</u>	\$ <u>2,463,898</u>
RESOURCES (INFLOWS):			
Taxes:			
Property taxes.....	195,900	195,036	194,845
Income and use taxes	1,125,000	1,615,025	1,123,773
Sales taxes	3,457,000	3,554,298	3,497,527
Telecommunications tax	413,000	426,923	422,019
Replacement taxes	135,000	149,514	138,118
Road and bridge taxes.....	75,525	72,895	75,236
Other taxes	9,100	11,005	-
Fire tax	<u> -</u>	<u>17,101</u>	<u>14,714</u>
Total taxes	<u>5,410,525</u>	<u>6,041,797</u>	<u>5,466,232</u>
Charges For Services:			
Franchise fees.....	-	179,269	175,924
Fire protection reimbursement.....	-	4,306	-
Administrative fees	-	80,000	45,000
Birth and death certificates	-	8,819	3,557
Licenses and Permits.....	<u> -</u>	<u>83,515</u>	<u>93,085</u>
Total charges for services.....	<u>375,000</u>	<u>355,909</u>	<u>317,566</u>
Fines and Forfeitures:			
Traffic fines.....	-	78,362	85,336
Other fines.....	<u> -</u>	<u>35,412</u>	<u>31,466</u>
Total fines and forfeitures	<u>140,000</u>	<u>113,774</u>	<u>116,802</u>
Miscellaneous:			
Miscellaneous.....	-	43,775	4,841
Donations	-	46,012	14,182
Restitution/Reimbursements.....	<u>5,100</u>	<u>9,653</u>	<u>8,266</u>
Total Miscellaneous	<u>5,100</u>	<u>99,440</u>	<u>27,289</u>
Interest Income.....	<u>5,800</u>	<u>5,780</u>	<u>4,639</u>

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2013 and 2012

Schedule 3

	<u>Original/Final Budgeted Amounts</u>	<u>Current Year Actual</u>	<u>Prior Year Actual</u>
Other Financing Sources:			
Loan Proceeds	\$ -	\$ 65,800	\$ -
Grant Proceeds	-	21,550	-
Transfer from Debt Service Fund	<u>-</u>	<u>380,866</u>	<u>42,726</u>
Total Other Financing Sources	<u>-</u>	<u>468,216</u>	<u>42,726</u>
TOTAL RESOURCES (INFLOWS).....	<u>5,936,425</u>	<u>7,084,915</u>	<u>5,975,254</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):			
PUBLIC SAFETY:			
Fire Department:			
Personnel services	1,145,280	1,167,480	1,266,396
Supplies	37,450	53,502	42,870
Repairs and maintenance	53,000	46,527	52,066
Contractual services	1,492	1,693	1,278
Other services and charges.....	19,900	6,561	36,530
Capital outlay	<u>23,500</u>	<u>389,894</u>	<u>64,787</u>
Total Fire Department	<u>1,280,622</u>	<u>1,665,656</u>	<u>1,463,927</u>
Police Department:			
Personnel services	1,601,938	1,490,311	1,694,418
Supplies	89,750	149,275	99,135
Repairs and maintenance	23,500	28,479	28,392
Contractual services	17,200	17,615	16,652
Other services and charges.....	20,150	19,956	50,973
Capital outlay	<u>18,750</u>	<u>14,325</u>	<u>-</u>
Total Police Department.....	<u>1,771,288</u>	<u>1,719,961</u>	<u>1,889,571</u>
TOTAL PUBLIC SAFETY	<u>3,051,910</u>	<u>3,385,617</u>	<u>3,353,498</u>
PUBLIC WORKS:			
Zoning:			
Personnel services	80,387	73,751	72,797
Supplies	2,700	2,467	1,921
Repairs and maintenance	800	587	-
Other services and charges.....	<u>19,900</u>	<u>16,535</u>	<u>8,544</u>
Total Zoning.....	<u>103,787</u>	<u>93,340</u>	<u>83,262</u>

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2013 and 2012

Schedule 3

	<u>Original/Final Budgeted Amounts</u>	<u>Current Year Actual</u>	<u>Prior Year Actual</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS) (Continued):			
PUBLIC WORKS (Continued):			
Public Grounds and Buildings:			
Supplies	\$ 500	\$ 170	\$ 424
Repairs and maintenance	20,500	19,272	21,689
Contractual services	48,656	46,931	56,335
Utilities	15,000	8,861	14,714
Other services and charges.....	10,000	1,101	5,690
Capital outlay	<u>500</u>	<u>-</u>	<u>-</u>
Total Public Grounds and Buildings	<u>95,156</u>	<u>76,335</u>	<u>98,852</u>
Streets and Alleys:			
Personnel services	300,312	270,525	335,528
Supplies	132,675	122,603	114,367
Repairs and maintenance	65,500	31,323	74,293
Street Lights	90,000	67,629	86,944
Contractual services	40,000	33,694	31,353
Other services and charges.....	5,300	6,202	9,889
Capital outlay – Road Rehab	<u>523,101</u>	<u>176,180</u>	<u>35,402</u>
Total Streets and Alleys	<u>1,156,888</u>	<u>708,156</u>	<u>687,776</u>
TOTAL PUBLIC WORKS.....	<u>1,355,831</u>	<u>877,830</u>	<u>869,890</u>
GENERAL GOVERNMENT:			
City Clerk's Office:			
Personnel services	107,400	105,898	123,728
Supplies	4,200	4,169	4,887
Repairs and maintenance	3,900	4,263	3,900
Contractual services	12,000	12,469	14,818
Other services and charges.....	<u>17,100</u>	<u>16,514</u>	<u>16,754</u>
Total City Clerk's Office	<u>144,600</u>	<u>143,313</u>	<u>164,087</u>
City Administrator:			
Personnel services	45,472	15,247	-
Supplies	1,000	1,465	-
Other services and charges.....	<u>3,900</u>	<u>1,319</u>	<u>-</u>
Total City Administrator's Office	<u>50,372</u>	<u>18,031</u>	<u>-</u>

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2013 and 2012

Schedule 3

	<u>Original/Final Budgeted Amounts</u>	<u>Current Year Actual</u>	<u>Prior Year Actual</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS) (Continued):			
GENERAL GOVERNMENT (Continued):			
Merit Commission:			
Personnel services	\$ 900	\$ 1,135	\$ 677
Other services and charges.....	<u>10,100</u>	<u>4,067</u>	<u>3,954</u>
Total Merit Commission	<u>11,000</u>	<u>5,202</u>	<u>4,631</u>
Professional Services:			
Personnel services	<u>1,000</u>	-	<u>720</u>
Mayor's Office:			
Personnel services	25,600	22,009	21,877
Supplies	1,000	865	422
Repairs and maintenance	250	105	187
Other services and charges.....	<u>28,800</u>	<u>25,829</u>	<u>7,025</u>
Total Mayor's Office	<u>55,650</u>	<u>48,808</u>	<u>29,511</u>
Legal:			
Contractual services	<u>101,000</u>	<u>131,400</u>	<u>81,000</u>
Contingent:			
Personnel services	1,000	-	118,639
Contractual services	174,638	172,396	196,931
Special project expenditures	83,231	46,380	48,545
Sales tax rebates	174,370	50,000	-
Other services and charges.....	<u>4,800</u>	<u>-</u>	<u>53,272</u>
Total Contingent.....	<u>438,039</u>	<u>268,776</u>	<u>417,386</u>
Engineering:			
Contractual services	79,119	81,626	74,800
Other services and charges.....	<u>-</u>	<u>-</u>	<u>130</u>
Total Engineering.....	<u>79,119</u>	<u>81,626</u>	<u>74,930</u>
Insurance:			
Health Insurance.....	460,000	427,090	-
Health Insurance.....	106,000	84,798	-
Health Insurance.....	17,750	16,920	-
Dental Insurance.....	35,200	34,617	-
Life Insurance.....	1,700	1,738	-
H.S.A.....	<u>42,500</u>	<u>42,131</u>	<u>-</u>
Total Insurance	<u>663,150</u>	<u>607,294</u>	<u>-</u>

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND
For the Years Ended April 30, 2013 and 2012

Schedule 3

	<u>Original/Final Budgeted Amounts</u>	<u>Current Year Actual</u>	<u>Prior Year Actual</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS) (Continued):			
GENERAL GOVERNMENT (Continued):			
City Planning Commission:			
Other services and charges.....	\$ <u>30,000</u>	\$ <u> -</u>	\$ <u>30,000</u>
Lincoln Industrial Commission:			
Other services and charges.....	<u>62,500</u>	<u>61,458</u>	<u>23,333</u>
TOTAL GENERAL GOVERNMENT	<u>1,636,430</u>	<u>1,365,907</u>	<u>825,599</u>
Debt Service:			
Principal.....	-	93,911	36,875
Interest.....	<u> -</u>	<u> 985</u>	<u> 4,467</u>
Total Debt Service.....	<u> -</u>	<u>94,896</u>	<u>41,342</u>
OTHER FINANCING USES			
Transfer to Bond and Interest	-	66,250	-
Transfer to Debt Certificate	-	33,388	-
Transfer to Forestry Fund	51,000	-	33,000
Transfer to Audit Fund.....	1,000	376	1,000
Transfer to Liability Insurance.....	<u>250,000</u>	<u>250,000</u>	<u>100,000</u>
TOTAL OTHER FINANCING USES	<u>302,000</u>	<u>350,014</u>	<u>134,000</u>
TOTAL CHARGES TO APPROPRIATIONS.....	<u>6,346,171</u>	<u>6,074,264</u>	<u>5,224,329</u>
NET CHANGE IN FUND BALANCE.....		<u>1,040,651</u>	<u>750,925</u>
ENDING BUDGETARY FUND BALANCE.....		<u>\$3,931,079</u>	<u>\$3,214,823</u>

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
MAJOR GOVERNMENTAL FUND
MOTOR FUEL TAX FUND
For the Years Ended April 30, 2013 and 2012

Schedule 4

	<u>Original/Final Budgeted Amounts</u>	<u>Current Year Actual</u>	<u>Prior Year Actual</u>
Beginning Budgetary Fund Balances	\$ <u> -</u>	\$ <u>790,272</u>	\$ <u>891,918</u>
RESOURCES (INFLOWS):			
Intergovernmental:			
Motor fuel taxes	336,000	412,121	428,194
Interest Income.....	1,900	1,572	1,991
Other Financing Sources:			
State Grant – IDOT Enhancement.....	<u> -</u>	<u>19,900</u>	<u>28,692</u>
TOTAL RESOURCES (INFLOWS)	<u>337,900</u>	<u>433,593</u>	<u>458,877</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):			
Public Works:			
Personnel services	190,706	185,386	157,262
Repairs and maintenance	118,750	112,108	137,719
Supplies.....	240,000	238,989	217,226
Traffic signals.....	22,000	20,785	21,862
Nichelson Street	15,500	-	-
Fifth Street road project	8,000	-	10,305
McLean Street - crossing	5,000	-	-
Logan Street - crossing	<u> -</u>	<u> -</u>	<u>16,149</u>
TOTAL CHARGES TO APPROPRIATIONS	<u>\$ 599,956</u>	<u>557,268</u>	<u>560,523</u>
NET CHANGE IN FUND BALANCE		(<u>123,675</u>)	(<u>101,646</u>)
ENDING BUDGETARY FUND BALANCE		<u>\$ 666,597</u>	<u>\$ 790,272</u>

City of Lincoln, Illinois
BUDGETARY COMPARISON SCHEDULES
MAJOR GOVERNMENTAL FUND
DEBT SERVICE FUND
For the Years Ended April 30, 2013 and 2012

Schedule 5

	<u>Original/Final Budgeted Amounts</u>	<u>Current Year Actual</u>	<u>Prior Year Actual</u>
Beginning Budgetary Fund Balances	\$ _____ -	\$418,542	\$506,545
RESOURCES (INFLOWS):			
Taxes:			
Property taxes.....	181,182	180,535	184,083
Interest Income.....	-	-	-
Other Financing Sources:			
Transfer from General Fund	99,870	99,638	97,161
Bond proceeds.....	_____ -	<u>156,000</u>	_____ -
TOTAL RESOURCES (INFLOWS)	<u>281,052</u>	<u>436,173</u>	<u>281,244</u>
CHARGES TO APPROPRIATIONS (OUTFLOWS):			
Fees	\$ 1,000	5,639	1,000
Development Expenses.....	111,750	-	42,726
Other Financing Sources:			
Transfer from General Fund	-	380,866	52,675
Debt Service:			
Principal	301,347	258,500	237,000
Interest.....	26,000	25,391	35,846
Capital outlay	_____ -	<u>32,850</u>	_____ -
TOTAL CHARGES TO APPROPRIATIONS	<u>\$440,097</u>	<u>703,246</u>	<u>369,247</u>
NET CHANGE IN FUND BALANCE		(<u>267,073</u>)	(<u>88,003</u>)
ENDING BUDGETARY FUND BALANCE		<u>\$151,469</u>	<u>\$418,542</u>

City of Lincoln, Illinois
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
For the Fiscal Year Ended April 30, 2013

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.

City of Lincoln, Illinois
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
 April 30, 2013

<u>Assets</u>	<u>Emergency Services</u>	<u>Forestry</u>	<u>Capital Projects</u>	<u>Municipal Retirement</u>	<u>Public Benefits</u>	<u>Crossing Guards</u>	<u>Audit</u>	<u>Revolving Loan</u>	<u>DCEO Grant</u>	<u>Liability Insurance</u>	<u>Equipment Rentals</u>	<u>Total 2013</u>
ASSETS												
Cash and cash equivalents	\$ 7,880	\$ -	\$ -	\$ 50,192	\$ 36,392	\$ 2,537	\$ -	\$ 41,211	\$ 8	\$ -	\$412,652	\$ 550,872
Taxes receivable	4,000	48,700	-	227,000	47,000	7,000	17,500	-	-	126,800	-	478,000
Due from other funds	-	-	-	-	-	-	-	218,513	-	-	-	218,513
TOTAL ASSETS	<u>\$ 11,880</u>	<u>\$ 48,700</u>	<u>\$ -</u>	<u>\$277,192</u>	<u>\$ 83,392</u>	<u>\$ 9,537</u>	<u>\$ 17,500</u>	<u>\$259,724</u>	<u>\$ 8</u>	<u>\$126,800</u>	<u>\$412,652</u>	<u>\$1,247,385</u>
<u>Liabilities And Fund Balances</u>												
LIABILITIES												
Deferred revenue	\$ 4,000	\$ 48,700	\$ -	\$227,000	\$ 47,000	\$ 7,000	\$ 17,500	\$ -	\$ -	\$126,800	\$ -	\$ 478,000
Due to other funds	-	19,744	-	-	-	-	-	-	-	198,769	-	218,513
Total Liabilities	<u>4,000</u>	<u>68,444</u>	<u>-</u>	<u>227,000</u>	<u>47,000</u>	<u>7,000</u>	<u>17,500</u>	<u>-</u>	<u>-</u>	<u>325,569</u>	<u>-</u>	<u>696,513</u>
FUND BALANCES												
Restricted for:												
Special projects	-	-	-	50,192	-	-	-	259,724	8	(198,769)	-	111,155
Unassigned	7,880	(19,744)	-	-	36,392	2,537	-	-	-	-	412,652	439,717
Total Fund Balances	<u>7,880</u>	<u>(19,744)</u>	<u>-</u>	<u>50,192</u>	<u>36,392</u>	<u>2,537</u>	<u>-</u>	<u>259,724</u>	<u>8</u>	<u>(198,769)</u>	<u>412,652</u>	<u>550,872</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,880</u>	<u>\$ 48,700</u>	<u>\$ -</u>	<u>\$277,192</u>	<u>\$ 83,392</u>	<u>\$ 9,537</u>	<u>\$ 17,500</u>	<u>\$259,724</u>	<u>\$ 8</u>	<u>\$126,800</u>	<u>\$412,652</u>	<u>\$1,247,385</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended April 30, 2013

	<u>Emergency Services</u>	<u>Forestry</u>	<u>Capital Projects</u>	<u>Municipal Retirement</u>	<u>Public Benefits</u>	<u>Crossing Guards</u>	<u>Audit</u>	<u>Revolving Loan</u>	<u>DCEO Grant</u>	<u>Liability Insurance</u>	<u>Equipment Rentals</u>	<u>Total 2013</u>
REVENUES:												
Taxes:												
Property taxes.....	\$ 4,048	\$ 48,519	\$ -	\$226,116	\$ 47,226	\$ 14,947	\$ 17,401	\$ -	\$ -	\$126,243	\$ -	\$ 484,500
Intergovernmental:												
Replacement taxes.....	-	-	-	29,376	-	-	-	-	-	-	-	29,376
Charges for services.....	-	-	-	-	-	-	-	-	-	-	168,436	168,436
Interest.....	<u>2</u>	<u>27</u>	<u>-</u>	<u>125</u>	<u>26</u>	<u>8</u>	<u>10</u>	<u>589</u>	<u>6</u>	<u>70</u>	<u>548</u>	<u>1,411</u>
TOTAL REVENUES.....	<u>4,050</u>	<u>48,546</u>	<u>-</u>	<u>255,617</u>	<u>47,252</u>	<u>14,955</u>	<u>17,411</u>	<u>589</u>	<u>6</u>	<u>126,313</u>	<u>168,984</u>	<u>683,723</u>
EXPENDITURES:												
General government.....	5,112	-	109	276,839	-	-	18,000	-	-	406,125	-	706,185
Public safety.....	-	-	-	-	-	8,170	-	-	-	-	-	8,170
Public works/streets.....	<u>-</u>	<u>78,428</u>	<u>-</u>	<u>-</u>	<u>39,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>274,678</u>	<u>-</u>	<u>-</u>	<u>392,934</u>
TOTAL EXPENDITURES.....	<u>5,112</u>	<u>78,428</u>	<u>109</u>	<u>276,839</u>	<u>39,828</u>	<u>8,170</u>	<u>18,000</u>	<u>-</u>	<u>274,678</u>	<u>406,125</u>	<u>-</u>	<u>1,107,289</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....												
	(1,062)	(29,882)	(109)	(21,222)	7,424	6,785	(589)	589	(274,672)	(279,812)	168,984	(423,566)
OTHER FINANCING SOURCES (USES)												
State of Illinois – Grant Proceeds.....	-	-	-	-	-	-	-	-	274,680	-	-	274,680
Transfers out.....	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>250,376</u>
NET CHANGE IN FUND BALANCES	(1,062)	(29,882)	(109)	(21,222)	7,424	6,785	(213)	589	8	(29,812)	168,984	101,490
FUND BALANCES – BEGINNING.....	<u>8,942</u>	<u>10,138</u>	<u>109</u>	<u>71,414</u>	<u>28,968</u>	<u>(4,248)</u>	<u>213</u>	<u>259,136</u>	<u>-</u>	<u>(168,957)</u>	<u>243,668</u>	<u>449,382</u>
FUND BALANCES – ENDING.....	<u>\$ 7,880</u>	<u>(\$ 19,744)</u>	<u>\$ -</u>	<u>\$ 50,192</u>	<u>\$ 36,392</u>	<u>\$ 2,537</u>	<u>\$ -</u>	<u>\$259,724</u>	<u>\$ 8</u>	<u>(\$198,769)</u>	<u>\$412,652</u>	<u>\$ 550,872</u>

City of Lincoln, Illinois
**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
EXTENSIONS AND COLLECTIONS**
For The Year Ended April 30, 2013

Schedule 8

	<u>2012</u> Levy	<u>2011</u> Levy	<u>2010</u> Levy
ASSESSED VALUATION.....	<u>\$145,150,904</u>	<u>\$145,514,060</u>	<u>\$148,769,345</u>
TAX RATES			
General .....	.01321	.00746	.00736
Police protection.....	.04362	.04416	.04343
Fire Protection.....	.09183	.09297	.09200
Forestry.....	.03552	.03597	.03533
Firemen's pension.....	.30433	.28799	.27966
Firemen's spouse pension.....	.00056	.00057	.00057
Policemen's pension .....	.33861	.32270	.31425
I.M.R.F. ....	.09993	.10117	.10083
Emergency service .....	.00297	.00300	.00295
Public benefit .....	.03428	.03471	.03459
Liability insurance.....	.09244	.09359	.09327
Audit.....	.01274	.01290	.01283
Bonds.....	.13042	.13380	.13509
School crossing guard .....	.00511	.01108	.01104
Social Security	<u>.06565</u>	<u>.06646</u>	<u>.06624</u>
 Total	 <u>1.27122</u>	 <u>1.24853</u>	 <u>1.22944</u>

City of Lincoln, Illinois
**SCHEDULE OF ASSESSED VALUATIONS, TAX RATES,
EXTENSIONS AND COLLECTIONS**
For The Year Ended April 30, 2013

Schedule 8

	<u>2012</u>	<u>2011</u>	<u>2010</u>
	<u>Extended</u>	<u>Extended</u>	<u>Extended</u>
TAX EXTENSIONS			
General	\$ 18,112	\$ 10,102	\$ 10,000
Police protection.....	59,807	59,802	59,013
Fire Protection.....	125,907	125,902	125,011
Forestry.....	48,701	48,711	48,007
Firemen's pension.....	417,263	390,022	380,005
Firemen's spouse pension.....	768	772	775
Policemen's pension.....	464,263	437,007	427,008
I.M.R.F.	137,013	137,007	137,009
Emergency service	4,072	4,063	4,008
Public benefit	47,001	47,005	47,001
Liability insurance.....	126,743	126,742	126,736
Audit.....	17,468	17,469	17,434
Bonds.....	178,817	181,195	183,562
School crossing guard.....	7,006	15,005	15,001
Social Security	<u>90,012</u>	<u>90,002</u>	<u>90,008</u>
 Total Extended	 <u>\$1,742,953</u>	 <u>\$1,690,806</u>	 <u>\$1,670,578</u>
 Total Collected		 <u>\$1,682,085</u>	 <u>\$1,653,723</u>
 Percentage Collected		 <u>99%</u>	 <u>98%</u>
 Road and Bridge Collection		 <u>\$ 72,895</u>	 <u>\$ 75,235</u>

City of Lincoln, Illinois
SCHEDULE OF LEGAL DEBT MARGIN
For The Year Ended April 30, 2013

Schedule 9

ASSESSED VALUATION AS OF DECEMBER 31, 2012	<u>\$145,150,904</u>
DEBT LIMITATION, 8.625% OF ASSESSED VALUATION.....	\$ 12,519,265
Less: Bonded Indebtedness.....	(<u>175,000</u>)
LEGAL DEBT MARGIN, APRIL 30, 2013	<u>\$ 12,344,265</u>