

# City of Dixon, Illinois

Dixon, Illinois

## Annual Financial Report

April 30, 2015

# City of Dixon, Illinois

April 30, 2015

---

## Table of Contents

<b>Independent Auditors' Report</b>	1-3
<b>Basic Financial Statements</b>	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet – Governmental Funds	6
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	7
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10-11
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	12
Statement of Cash Flows – Proprietary Funds	13
Statement of Net Position – Fiduciary Funds	14
Statement of Changes in Net Position – Fiduciary Funds	15
Notes to Basic Financial Statements	16-51
<b>Required Supplementary Information</b>	
Schedule of Funding Progress – Pension Trust Funds, Illinois Municipal Retirement Fund and Other Post-Employment Benefits	52

# City of Dixon, Illinois

April 30, 2015

---

## Table of Contents

### Required Supplementary Information (Continued)

Schedule of Employer Contributions and Schedule of Investment Returns – Police Pension Fund and Fire Pension Fund	53
General Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual	54-58
Illinois Municipal Retirement Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual	59
Social Security Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual	60
Capital Projects Fund	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual	61
Notes to Required Supplementary Information	62
<b>Other Information</b>	
<i>Non-Major Funds</i>	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
<i>Private Purpose Trust Funds</i>	
Combining Statement of Net Position	65
Combining Statement of Revenues, Expenditures, and Changes in Net Position	66
<i>Pension Trust Funds</i>	
Combining Statement of Plan Net Position	67
Combining Statement of Changes in Plan Net Position	68

# City of Dixon, Illinois

April 30, 2015

---

## Table of Contents

### **Other Information (Continued)**

#### *Agency Funds*

Combining Balance Sheet	69
Combining Statement of Cash Receipts and Disbursements	70
 Schedule of Assessed Valuations, Rates, Extensions, and Collections	 71
 <b>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 <u>Government Auditing Standards</u></b>	    72-74
 Schedule of Responses	 75
 <b>Independent Auditor's Report on Compliance with State of Illinois Public Act 85-1142</b>	  76

## Independent Auditors' Report

Honorable Mayor and Commissioners  
City of Dixon, Illinois  
Dixon, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dixon, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Dixon, Illinois' 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the 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 Dixon, Illinois as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress and budgetary comparison information on pages 52-61 be presented to supplement the basic financial statements. 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 the 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 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 Dixon, Illinois' basic financial statements. The combining nonmajor fund statements listed in the table of contents on pages 63 – 70 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund 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 nonmajor fund statements are fairly stated, in all material respects, in relation to basic financial statements taken as a whole.

The Schedule of Assessed Valuations, Rates, Extensions and Collections listed in the table of contents has 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 it.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2015, on our consideration of the City of Dixon, 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 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 Dixon, Illinois' internal control over financial reporting and compliance.

*Wipfli LLP*

Dixon, Illinois  
September 15, 2015

# City of Dixon, Illinois

## Statement of Net Position

April 30, 2015

<b>Assets</b>	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Cash and cash equivalents	\$ 9,505,683	\$ 549,712	\$ 10,055,395
Investments	13,431,908	1,979,902	15,411,810
General property taxes receivable	3,196,363	-	3,196,363
Due from State of Illinois	1,545,568	-	1,545,568
Motor fuel tax receivable	36,592	-	36,592
Accounts receivable, net	129,335	1,129,462	1,258,797
Other receivables	404,285	-	404,285
Internal balances	(1,000,000)	1,000,000	-
Interest receivable	2,729	596	3,325
Due from Bay Valley Foods	-	1,114,190	1,114,190
Notes receivable	308,730	-	308,730
Inventory	4,878	250,635	255,513
Prepaid insurance	283,716	74,233	357,949
Capital assets			
Nondepreciable			
Land and improvements	2,428,024	309,339	2,737,363
Construction in progress	7,658,193	457,387	8,115,580
Depreciable, net of accumulated depreciation	23,912,583	29,510,063	53,422,646
<b>Total Assets</b>	<b>61,848,587</b>	<b>36,375,519</b>	<b>98,224,106</b>
<b>Liabilities</b>			
Vouchers payable	439,353	103,788	543,141
Accrued payroll and taxes	548,555	78,433	626,988
Accrued interest	-	82,772	82,772
Accrued liabilities	6,181	-	6,181
Consumer deposits	-	378,002	378,002
Landlord deposits	-	16,871	16,871
Other post-employment benefits	529,199	-	529,199
Net pension obligation	340,177	-	340,177
Long-term notes and bonds payable:			
Due within one year	-	1,722,324	1,722,324
Due in more than one year	-	17,190,406	17,190,406
<b>Total Liabilities</b>	<b>1,863,465</b>	<b>19,572,596</b>	<b>21,436,061</b>
<b>Deferred Inflows of Resources</b>			
Deferred sales tax income	636,960	-	636,960
Deferred property tax revenue	3,184,889	-	3,184,889
Deferred revenue	-	1,114,190	1,114,190
<b>Total Deferred Inflows of Resources</b>	<b>3,821,849</b>	<b>1,114,190</b>	<b>4,936,039</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>5,685,314</b>	<b>20,686,786</b>	<b>26,372,100</b>
<b>Net Position</b>			
Net Investment in Capital Assets	33,998,800	11,364,059	45,362,859
Restricted for:			
Special revenue	6,666,816	-	6,666,816
Unrestricted	15,497,657	4,324,674	19,822,331
<b>Net position</b>	<b>\$ 56,163,273</b>	<b>\$ 15,688,733</b>	<b>\$ 71,852,006</b>



# City of Dixon, Illinois

## Statement of Activities

Year Ended April 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 3,289,466	\$ 1,429,276	\$ -	\$ 141,909
Public safety	5,384,004	562,442	-	-
Highways and streets	2,116,678	-	466,335	-
Traffic development	174,985	-	-	-
Culture and recreation	555,648	25,628	19,916	-
Airport	234,848	-	-	-
Cemetery	11,040	29,569	-	-
Interest on long-term debt	435	-	-	-
Other post-employment benefits	64,764	-	-	-
Payments to pensions	316,838	-	-	-
Payments to Social Security System	264,993	-	-	-
<b>Total governmental activities</b>	<b>12,413,699</b>	<b>2,046,915</b>	<b>486,251</b>	<b>141,909</b>
Business-type Activities:				
Sewer	2,673,862	2,702,821	-	-
Water Department	2,508,648	2,647,253	-	-
<b>Total business-type activities</b>	<b>5,182,510</b>	<b>5,350,074</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 17,596,209</b>	<b>\$ 7,396,989</b>	<b>\$ 486,251</b>	<b>\$ 141,909</b>

General Revenues:

- Property tax
- Sales tax
- Personal property replacement tax
- Income tax and surcharge
- Foreign fire insurance tax
- Motel tax
- Utility tax
- Telecom tax
- Gaming tax
- Interest
- Other
- Transfers/capital contributions

Total general revenues and transfers

Special Item - gain on sale of fixed assets

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

Net (Expense) Revenue and Change in Net Position			
Primary Government			
	Governmental Activities	Business-type Activities	Total
	\$ (1,718,281)	\$ -	\$ (1,718,281)
	(4,821,562)	-	(4,821,562)
	(1,650,343)	-	(1,650,343)
	(174,985)	-	(174,985)
	(510,104)	-	(510,104)
	(234,848)	-	(234,848)
	18,529	-	18,529
	(435)	-	(435)
	(64,764)	-	(64,764)
	(316,838)	-	(316,838)
	(264,993)	-	(264,993)
	(9,738,624)	-	(9,738,624)
	-	28,959	28,959
	-	138,605	138,605
	-	167,564	167,564
	(9,738,624)	167,564	(9,571,060)
	3,213,951	-	3,213,951
	3,945,982	-	3,945,982
	776,302	-	776,302
	1,540,805	-	1,540,805
	26,472	-	26,472
	73,348	-	73,348
	667,219	-	667,219
	70,021	-	70,021
	183,887	-	183,887
	306,865	6,999	313,864
	168,142	-	168,142
	135,000	-	135,000
	11,107,994	6,999	11,114,993
	50,147	-	50,147
	1,419,517	174,563	1,594,080
	54,743,756	15,514,170	70,257,926
	\$ 56,163,273	\$ 15,688,733	\$ 71,852,006

# City of Dixon, Illinois

## Balance Sheet Governmental Funds

April 30, 2015

	General Fund	Illinois Municipal Retirement
<b>Assets</b>		
Cash and cash equivalents	\$ 835,065	\$ 101,950
Investments	-	1,759,839
Receivables:		
General property tax	2,276,575	-
State income tax	638,517	-
Sales tax	907,051	-
Motor fuel tax allotments	-	-
Utility tax	109,972	-
Accounts	1,225	-
Other taxes	54,313	-
Fees	70,000	-
Interest	-	152
Other receivables	170,000	-
Interfund receivables	3,187,184	-
Notes receivable	-	-
Inventory	4,878	-
Prepaid insurance	274,665	-
<b>Total Assets</b>	<b>\$ 8,529,445</b>	<b>\$ 1,861,941</b>
<b>Liabilities</b>		
Vouchers payable	\$ 101,432	\$ -
Accrued liabilities:		
Payroll	91,104	-
Accrued payroll taxes and other withholdings	420,809	-
Other	6,181	-
Interfund payables	-	-
<b>Total Liabilities</b>	<b>619,526</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>		
Deferred state tax revenues	636,960	-
Deferred property tax revenue	2,276,575	-
<b>Total Deferred Inflows of Resources</b>	<b>2,913,535</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>3,533,061</b>	<b>-</b>
<b>Fund Balance</b>		
Nonspendable:		
Notes and other receivables	-	-
Prepaid expenses	274,665	-
Inventory	4,878	-
Restricted:		
Special Revenue	-	1,861,941
Capital Projects	-	-
Unassigned (Defecit)	4,716,841	-
<b>Total fund balance</b>	<b>4,996,384</b>	<b>1,861,941</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 8,529,445</b>	<b>\$ 1,861,941</b>

See notes to financial statements

Social Security	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$ 312,904	\$ 6,142,117	\$ 2,113,647	\$ 9,505,683
2,011,244	9,058,120	602,705	13,431,908
-	-	919,788	3,196,363
-	-	-	638,517
-	-	-	907,051
-	-	36,592	36,592
-	-	-	109,972
-	-	128,110	129,335
-	-	-	54,313
-	-	-	70,000
174	898	1,505	2,729
-	-	-	170,000
-	-	-	3,187,184
-	-	308,730	308,730
-	-	-	4,878
-	-	9,051	283,716
<u>\$ 2,324,322</u>	<u>\$ 15,201,135</u>	<u>\$ 4,120,128</u>	<u>\$ 32,036,971</u>
\$ -	\$ 254,635	\$ 83,286	\$ 439,353
-	-	36,642	127,746
-	-	-	420,809
-	-	-	6,181
-	-	4,187,184	4,187,184
-	254,635	4,307,112	5,181,273
-	-	-	636,960
-	-	908,314	3,184,889
-	-	908,314	3,821,849
-	254,635	5,215,426	9,003,122
-	-	308,730	308,730
-	-	9,051	283,716
-	-	-	4,878
2,324,322	-	2,480,553	6,666,816
-	14,946,500	-	14,946,500
-	-	(3,893,632)	823,209
<u>2,324,322</u>	<u>14,946,500</u>	<u>(1,095,298)</u>	<u>23,033,849</u>
<u>\$ 2,324,322</u>	<u>\$ 15,201,135</u>	<u>\$ 4,120,128</u>	<u>\$ 32,036,971</u>

# City of Dixon, Illinois

## Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities

Year Ended April 30, 2015

---

Total governmental fund balances	\$	23,033,849
----------------------------------	----	------------

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$25,413,655		33,998,800
---	--	------------

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Other post-employment benefits	(529,199)
Net pension obligation	(340,177)

---

Net position - governmental activities	\$	56,163,273
--	----	------------

---

---

# City of Dixon, Illinois

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

Year Ended April 30, 2015

	General Fund	Illinois Municipal Retirement
<b>Revenues</b>		
General property taxes	\$ 2,414,195	\$ -
Foreign fire insurance tax	-	-
Intergovernmental revenues	7,342,415	-
Licenses and permits	555,228	-
Fines and penalties	240,068	-
Donations	250	-
Charges for services	903,617	-
Revenue from use of money and property	16,593	7,898
Other	66,869	-
<b>Total revenues</b>	<b>11,539,235</b>	<b>7,898</b>
<b>Expenditures</b>		
General government	2,763,701	-
Public safety:		
Police protection and community relations	3,127,030	-
Fire fighting and prevention and emergency vehicle	1,464,127	-
Highways and streets	956,449	-
Traffic development	174,985	-
Culture and recreation	108,982	-
Airport operations	-	-
Capital outlay	-	-
Debt service:		
Principal	30,785	-
Interest	1,030	-
Payments to pensions	-	316,838
Payments to Social Security System	-	-
<b>Total expenditures</b>	<b>8,627,089</b>	<b>316,838</b>
Excess (deficiency) of revenues over expenditures	2,912,146	(308,940)
<b>Other Financing Sources (Uses)</b>		
Operating transfers in	-	-
Operating transfers out	(4,651,033)	-
<b>Total other financing sources (uses)</b>	<b>(4,651,033)</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,738,887)	(308,940)
<b>Special Item</b>		
Proceeds from sale of fixed assets	-	-
Changes in Fund Balances	(1,738,887)	(308,940)
Fund Balance, Beginning of Year	6,735,271	2,170,881
Fund Balance, End of Year	\$ 4,996,384	\$ 1,861,941

See notes to financial statements

	Social Security	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
\$	-	\$	799,756	\$ 3,213,951
	-		26,472	26,472
	-		543,059	7,885,474
	-		-	555,228
	-		-	240,068
	-		-	250
	-		348,002	1,251,619
	9,026	265,648	70,155	369,320
	-	37,500	1,318	105,687
	9,026	303,148	1,788,762	13,648,069
	-	161,119	115,096	3,039,916
	-	-	-	3,127,030
	-	-	304,415	1,768,542
	-	-	16,589	973,038
	-	-	-	174,985
	-	-	442,638	551,620
	-	-	134,474	134,474
	-	3,921,718	5,096,328	9,018,046
	-	-	-	30,785
	-	-	-	1,030
	-	-	-	316,838
	264,993	-	-	264,993
	264,993	4,082,837	6,109,540	19,401,297
	(255,967)	(3,779,689)	(4,320,778)	(5,753,228)
	-	4,953,922	3,441,761	8,395,683
	-	-	(3,609,650)	(8,260,683)
	-	4,953,922	(167,889)	135,000
	(255,967)	1,174,233	(4,488,667)	(5,618,228)
	-	50,147	-	50,147
	(255,967)	1,224,380	(4,488,667)	(5,568,081)
	2,580,289	13,722,120	3,393,369	28,601,930
\$	2,324,322	\$ 14,946,500	\$ (1,095,298)	\$ 23,033,849

# City of Dixon, Illinois

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities

Year Ended April 30, 2015

---

Net change in fund balances - total governmental funds \$ (5,568,081)

Amounts reported for governmental activities in the Statement of Net Position are different because:

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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.

Capital outlay	9,018,046
Depreciation expense	(1,843,151)

Issuance of long-term debt provides current financial resources to governmental funds in the period issued, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which debt repayments exceeded debt proceeds.

Debt principal payments	30,785
Change in net pension obligation	(153,913)
Change in other post-employment benefits obligation	(64,764)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.

595

---

Change in net position of governmental activities \$ 1,419,517

---



# City of Dixon, Illinois

## Statement of Net Position Proprietary Funds

April 30, 2015

	Sewerage Fund	Water Department Fund	Total	Governmental Activities - Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 111,513	\$ 438,199	\$ 549,712	\$ 540,965
Investments:				
Unrestricted	500,252	1,479,650	1,979,902	-
Receivables:				
Accounts, net	616,841	512,621	1,129,462	-
Interest	217	379	596	-
Inventory	-	250,635	250,635	-
Due from Bay Valley Foods	1,114,190	-	1,114,190	-
Due from other funds	1,000,000	-	1,000,000	-
Prepaid insurance	22,620	51,613	74,233	-
<b>Total current assets</b>	<b>3,365,633</b>	<b>2,733,097</b>	<b>6,098,730</b>	<b>540,965</b>
<b>Property and Equipment</b>				
Assets not depreciated:				
Land	160,266	149,073	309,339	-
Construction in progress	-	457,387	457,387	-
<b>Total assets not depreciated</b>	<b>160,266</b>	<b>606,460</b>	<b>766,726</b>	<b>-</b>
Assets being depreciated:				
Buildings	21,472,311	67,454	21,539,765	-
Equipment	323,696	208,990	532,686	-
Infrastructure	11,828,761	23,914,117	35,742,878	-
Vehicles	173,907	439,533	613,440	-
	33,798,675	24,630,094	58,428,769	-
Less accumulated depreciation	(20,655,213)	(8,263,493)	(28,918,706)	-
<b>Net property and equipment being depreciated</b>	<b>13,143,462</b>	<b>16,366,601</b>	<b>29,510,063</b>	<b>-</b>
<b>Net property and equipment</b>	<b>13,303,728</b>	<b>16,973,061</b>	<b>30,276,789</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 16,669,361</b>	<b>\$ 19,706,158</b>	<b>\$ 36,375,519</b>	<b>\$ 540,965</b>

# City of Dixon, Illinois

## Statement of Net Position (Continued) Proprietary Funds

April 30, 2015

	Sewerage Fund	Water Dept. Fund	Total	Governmental Activities - Internal Service Funds
<b>Liabilities</b>				
Current liabilities				
Vouchers payable	\$ 77,730	\$ 26,058	\$ 103,788	\$ 24,515
Accrued liabilities:				
Payroll	24,593	53,840	78,433	-
Interest	64,019	18,753	82,772	-
Consumer deposits	-	378,002	378,002	-
Landlord deposits	-	16,871	16,871	-
Notes payable - current portion	1,007,784	-	1,007,784	-
EPA loans payable - current portion	-	714,540	714,540	-
<b>Total current liabilities</b>	<b>1,174,126</b>	<b>1,208,064</b>	<b>2,382,190</b>	<b>24,515</b>
Long-term liabilities:				
Notes payable	6,610,151	-	6,610,151	-
EPA loans payable	-	10,580,255	10,580,255	-
<b>Total long-term liabilities</b>	<b>6,610,151</b>	<b>10,580,255</b>	<b>17,190,406</b>	<b>-</b>
<b>Total liabilities</b>	<b>7,784,277</b>	<b>11,788,319</b>	<b>19,572,596</b>	<b>24,515</b>
<b>Deferred Inflow of Resources</b>				
Deferred revenue	1,114,190	-	1,114,190	-
<b>Total Deferred Inflow of Resources</b>	<b>1,114,190</b>	<b>-</b>	<b>1,114,190</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>8,898,467</b>	<b>11,788,319</b>	<b>20,686,786</b>	<b>24,515</b>
<b>Net Position</b>				
Net Investment in Capital Assets net of related debt	5,685,793	5,678,266	11,364,059	-
Unrestricted	2,085,101	2,239,573	4,324,674	516,450
<b>Net position</b>	<b>\$ 7,770,894</b>	<b>\$ 7,917,839</b>	<b>\$ 15,688,733</b>	<b>\$ 516,450</b>

See notes to financial statements

# City of Dixon, Illinois

## Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds

April 30, 2015

	Sewerage Fund	Water Dept. Fund	Total	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>				
User fees	\$ 2,698,398	\$ 2,559,698	\$ 5,258,096	\$ -
Employee contributions	-	-	-	1,268,953
Labor and merchandise	-	45,313	45,313	-
Miscellaneous	4,423	42,242	46,665	-
<b>Total operating revenues</b>	<b>2,702,821</b>	<b>2,647,253</b>	<b>5,350,074</b>	<b>1,268,953</b>
<b>Operating Expenses</b>				
Salaries	339,874	653,702	993,576	-
Maintenance of site and buildings	160,059	74,960	235,019	-
Supplies and services	142,468	281,080	423,548	-
Electricity	176,085	204,981	381,066	-
Fuel, gas and oil	25,421	44,788	70,209	-
Professional service and fees	14,829	63,784	78,613	60,748
Insurance	104,871	202,011	306,882	241,275
Clothing allowance	1,500	4,500	6,000	-
Miscellaneous	1,088	722	1,810	11,680
Bad debt expense	6,291	3,805	10,096	-
Dues and subscriptions	1,412	2,317	3,729	-
Travel and education expense	908	5,340	6,248	-
Medical claims	-	-	-	681,111
Depreciation	1,499,658	797,009	2,296,667	-
<b>Total operating expenses</b>	<b>2,474,464</b>	<b>2,338,999</b>	<b>4,813,463</b>	<b>994,814</b>
<b>Operating Income</b>	<b>228,357</b>	<b>308,254</b>	<b>536,611</b>	<b>274,139</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest earned	469	6,530	6,999	22
Interest expense	(199,398)	(169,649)	(369,047)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(198,929)</b>	<b>(163,119)</b>	<b>(362,048)</b>	<b>22</b>
<b>Change in Net Position</b>	<b>29,428</b>	<b>145,135</b>	<b>174,563</b>	<b>274,161</b>
<b>Net Position, Beginning of Year</b>	<b>7,741,466</b>	<b>7,772,704</b>	<b>15,514,170</b>	<b>242,289</b>
<b>Net Position, End of Year</b>	<b>\$ 7,770,894</b>	<b>\$ 7,917,839</b>	<b>\$ 15,688,733</b>	<b>\$ 516,450</b>

# City of Dixon, Illinois

## Statement of Cash Flows Proprietary Funds

Year Ended April 30, 2015

	Sewerage Fund	Water Dept. Fund	Totals
<b>Cash Flows From Operating Activities</b>			
Receipts from customers	\$ 2,483,193	\$ 2,838,904	\$ 5,322,097
Payments to employees	(342,213)	(661,324)	(1,003,537)
Payments to suppliers	(612,278)	(882,372)	(1,494,650)
Net cash provided by (used in) operating activities	1,528,702	1,295,208	2,823,910
<b>Cash Flows From Noncapital Financing Activities</b>			
Proceeds from reimbursement agreement	191,004	-	191,004
Advances from (to) other funds	(1,000,000)	-	(1,000,000)
Net cash provided by (used in) noncapital financing activities	(808,996)	-	(808,996)
<b>Cash Flows From Capital Financing Activities</b>			
Principal paid on notes payable	(982,715)	(702,897)	(1,685,612)
Payment of interest on debt	(211,838)	(190,630)	(402,468)
Net disposition/(acquisition) of capital assets	(56,612)	(745,452)	(802,064)
Net cash provided by (used in) capital financing activities	(1,251,165)	(1,638,979)	(2,890,144)
<b>Cash Flows From Investing Activities</b>			
Net sales (purchases) of investments	(500,252)	(439,591)	(939,843)
Interest income	252	6,311	6,563
Net cash provided by (used in) investing activities	(500,000)	(433,280)	(933,280)
Net Increase (Decrease) in and Cash Equivalents	(1,031,459)	(777,051)	(1,808,510)
Cash and Cash Equivalents, Beginning of Year	1,142,972	1,215,250	2,358,222
Cash and Cash Equivalents, End of Year	\$ 111,513	\$ 438,199	\$ 549,712
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 228,357	\$ 308,254	\$ 536,611
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,499,658	797,009	2,296,667
Effects of changes in operating assets and liabilities			
Accounts receivable	(219,628)	182,927	(36,701)
Prepaid insurance	887	7,472	8,359
Accounts payable	21,767	(1,556)	20,211
Consumer deposits	-	8,724	8,724
Accrued liabilities	(2,339)	(7,622)	(9,961)
Net cash provided by (used in) operating activities	\$ 1,528,702	\$ 1,295,208	\$ 2,823,910

# City of Dixon, Illinois

## Statement of Net Position Fiduciary Funds

April 30, 2015

	Pension Trust Funds	Private Purpose Trust Funds	Agency Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 645,296	\$ 178,697	\$ 96,697	\$ 920,690
Investments	21,835,288	999,927	-	22,835,215
Receivables:				
Accounts	-	5,708	-	5,708
Investment income	56,830	486	-	57,316
Prepaid investment fees	22,774	-	-	22,774
<b>Total Assets</b>	<b>22,560,188</b>	<b>1,184,818</b>	<b>96,697</b>	<b>23,841,703</b>
<b>Liabilities</b>				
Vouchers payable	1,940	-	-	1,940
Funds payable to other organizations	-	43,987	-	43,987
Available for distribution	-	-	96,697	96,697
<b>Total Liabilities</b>	<b>1,940</b>	<b>43,987</b>	<b>96,697</b>	<b>142,624</b>
<b>Net Position</b>				
Net position held in trust for pension benefits	22,558,248	-	-	22,558,248
Net position held in trust for other purposes	-	1,140,831	-	1,140,831
<b>Total Net Position</b>	<b>\$ 22,558,248</b>	<b>\$ 1,140,831</b>	<b>\$ -</b>	<b>\$ 23,699,079</b>

# City of Dixon, Illinois

## Statement of Changes in Net Position Fiduciary Funds

April 30, 2015

	Pension Trust	Private-Purpose Trust
<b>Additions</b>		
Contributions:		
Employer	\$ 932,197	\$ -
Plan members	320,369	-
Total contributions	1,252,566	-
Investment income	1,243,608	76,068
Total additions	2,496,174	76,068
<b>Deductions</b>		
Benefit payments	1,756,076	-
Management fees	155,875	-
Administrative and audit fee	29,056	-
Other	11,305	12,050
Total deductions	1,952,312	12,050
Change in Net Position	543,862	64,018
Net Position Held in Trust, Beginning of Year	22,014,386	1,076,813
Net Position Held in Trust, End of Year	\$ 22,558,248	\$ 1,140,831

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1 **Summary of Significant Accounting Policies**

The City of Dixon, Illinois (the City) is a municipal corporation governed by an elected Mayor and City Council. As defined by accounting principles generally accepted in the United States of America established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, as well as its component units, which are a legally separate organization for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

Appointment by a voting majority of the component unit's board, and either (a) the ability to impose will by the primary government, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

Fiscal dependency on the primary government.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The accompanying financial statements present the City (the primary government); the City has no component units.

#### **Basic Financial Statements – Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major and aggregate nonmajor funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general government, public safety, highways and streets, traffic development, welfare, culture and recreation, airport, and cemetery services are classified as government activities. The City's landfill, sewer, and water services are classified as business-type activities. The effect of material interfund activity has been removed from these statements.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognize all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Basic Financial Statements – Government-Wide Statements (Continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, highways and streets, traffic development, etc.) and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, highways and streets, traffic development, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property or sales tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

#### Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The following fund types are used by the City:

##### *Governmental Fund Types*

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

**General Fund** is the general operating fund of the City which accounts for all financial resources except those required to be accounted for in another fund.



# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Basic Financial Statements – Government-Wide Statements (Continued)

##### *Governmental Fund Types (continued)*

**Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than expendable trusts, general long-term debt, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

**Capital Projects Funds** account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary and Trust Funds.

##### *Proprietary Fund Types*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination or revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The City maintains three enterprise funds.

##### *Fiduciary Fund Types*

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1      **Summary of Significant Accounting Policies (Continued)**

#### **Basic Financial Statements – Government-Wide Statements (Continued)**

##### *Fiduciary Fund Types (continued)*

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

#### **Reporting Major, Nonmajor and Fiduciary Fund Statements**

The City reports the following major funds:

**General Fund** – This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Illinois Municipal Retirement Fund** – This fund is used to account for the revenues and expenditures associated with contributions to the retirement fund. Financing is provided by property taxes.

**Social Security Fund** – This fund is used to account for the revenues and expenditures associated with the cost of City employees participating in the social security system. Financing is provided by property taxes.

**Capital Projects Fund** – This fund is used to account for the acquisition and construction of major capital facilities.

**Sewerage Fund** – This fund is used to account for the revenues and expenditures associated with sewer service. Financing is provided by sewer user charges.

**Water Department Fund** – This fund is used to account for the revenues and expenditures associated with water service. Financing is provided by water user charges.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1 **Summary of Significant Accounting Policies (Continued)**

#### **Reporting Major, Nonmajor and Fiduciary Fund Statements**

The City reports the following non-major funds:

**Downtown Redevelopment Project Fund** – This fund is used to account for the revenues and expenditures associated with downtown redevelopment. Financing is provided by property taxes.

**Riverfront Project Fund** – This fund is used to account for the revenues and expenditures associated with the riverfront project. Financing is provided by property taxes.

**Working Cash Fund** – This fund is used to account for the revenues and expenditures associated with the working cash funds. Financing is provided by investment income.

**Motor Fuel Tax Fund** – This fund is used to account for the revenues and expenditures associated with construction, maintenance and extension of City streets. Financing is provided by State Motor Fuel Tax allotments.

**Library Fund** – This fund is used to account for the revenues and expenditures associated with the library. Financing is provided by property taxes, personal property replacement tax and user charges.

**Municipal Airport Fund** – This fund is used to account for the revenues and expenditures associated with the operation of the airport facility. Financing is provided by airport user charges and grant revenues.

**Emergency Vehicle Fund** – This fund is used to account for the revenues and expenditures associated with operation of the emergency vehicles. Financing is provided by user fees.

**Foreign Fire Insurance Fund** – This fund is used to account for the revenues and expenditures associated with the foreign fire insurance tax. Financing is provided by foreign fire insurance tax.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1      **Summary of Significant Accounting Policies (Continued)**

#### **Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

#### *Accrual*

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### *Modified Accrual*

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Property taxes are recorded as revenue when levied for budgetary purposes. Penalties and interest, court fees, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenue and interest income are accrued when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. Sales, income, and motor fuel taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Basis of Accounting (continued)**

##### *Budgets and Budgetary Accounting*

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds (except Motor Fuel Tax Fund).

Budgets for the General Fund and Special Revenue Funds are prepared on a cash basis method of accounting which is in violation of accounting principles generally accepted in the United States of America, but is allowed under Illinois Compiled Statutes for cities. Budgets lapse at year-end.

#### **Cash Equivalents**

For purposes of the statement of cash flows, the City considers cash equivalents to be all cash on hand, money market accounts, similar type demand accounts and any certificates of deposit with an original maturity date of twelve months or less. Any maturity dates over twelve months are presented as investments.

#### **Investments**

State statutes authorize the government to invest in the following:

- (1) Commercial banks
- (2) Savings and loan institutions
- (3) Obligations of the U.S. Treasury and U.S. Agencies
- (4) Obligations of States and their political subdivisions
- (5) Credit union shares
- (6) Repurchase agreements
- (7) Commercial paper rated within the three highest classifications by at least two standard rating services
- (8) Illinois Public Treasurer's Investment Pool

In addition, the Police and Firefighters' Pension Trust Funds may invest in other investments, including general and separate accounts of life insurance companies, mutual funds, bank managed funds, and equities.

Investments are reported at fair value which is determined using selected bases. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates, and investments that do not have established markets are reported at estimated fair value.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1 **Summary of Significant Accounting Policies (Continued)**

#### **Accounts Receivable**

Accounts receivable are uncollateralized customer obligations which generally require payment within thirty days from the invoice date. Accounts receivable are stated at the invoice amount plus accrued penalties. Any late unpaid accounts bear penalties at 10% of water portion. Account balances with invoices over 45 days old are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the customer's remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific customer accounts and the aging of the accounts receivable. If there is a deterioration of a major customer's credit worthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due the City could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. An allowance for doubtful accounts has been provided to uncollectible accounts receivable in the amount of \$5,000.

#### **Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are also classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between individual governmental activities and individual business-type activities are eliminated in the Statement of Net Position.

#### **Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type insignificant inventories are recorded as expenditures when consumed rather than when purchased.

#### **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond April 30, 2015, are recorded as prepaid items.

#### **Capital Assets**

Capital assets purchased or acquired with an original cost of \$20,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Capital Assets (continued)

Buildings and improvements	25 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Computer equipment	5 years
Vehicles	5 years
Streets and sidewalks	20 years
Bridges	50 years
Wastewater Treatment Plant	20 years
Sewer extensions/Storm sewers	20 years
Water System	10 – 30 years

#### Impairment of Long-Lived Assets

The City reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

#### Property Taxes

Property taxes generated from the 2013 property tax levy are used to finance the operating budget of the fiscal year ending April 30, 2015 on the budgetary cash basis. Recognition of the revenue is deferred until the year it is intended to finance. The City's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the City on January 1 of that year. Property taxes attach as an enforceable lien on property as of January 1 and are generally payable on two installments in June and September. The City receives significant distributions of tax receipts within one month of these due dates.

#### Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and net pension obligations.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Long-Term Obligations (continued)

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

#### Fund Equity/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 any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists 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 – the portion of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

#### Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserves represent those portions of fund equity that are legally segregated for a specific future use or not appropriable for expenditure. Proprietary fund equity is classified the same as in the government-wide statements.

#### Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental activities and individual business-type activities have been eliminated.



# City of Dixon, Illinois

## Notes to Financial Statements

### Note 1 Summary of Significant Accounting Policies (Continued)

#### Compensated Absences

Vested or accumulated vacation/sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

Non-union personnel accrue unused vacation time when earned by the employee. Each employee is allowed to carryover five days to the subsequent fiscal year. As of April 30, 2015, \$503,248 of accrued vacation is included in accrued employee compensation. Union personnel are prohibited from carrying over any unused vacation time.

#### Proprietary Funds Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

### Note 2 Deposits and Investments

The City's investment policy allows them to invest in any type of security allowed for in Illinois statutes regarding the investment of public funds. The policy states that investments shall be made that reflect the cash flow needs of the type being invested. In general, the City may invest in obligations of the United States of America or its agencies (or guaranteed by the full faith and credit of the same) and certain time deposits and short-term obligations as defined in the Public Fund Investment Act. At year-end, the carrying amount of the City's cash deposits and investments was \$49,223,110 and the bank balances totaled \$50,455,783. Cash on hand was \$1,750.

At year end, the investment maturities are as follows:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 – 5	6 – 10	10 or more
Certificates of Deposit	\$17,100,611	\$17,100,611	\$ -	\$ -	\$ -
U.S. Treasuries and Agencies	4,411,167	175,616	1,396,352	782,899	2,056,300
Corporate Bonds	4,003,909	56,198	900,055	2,278,168	769,488
Mutual Funds and Other Equities	13,420,211	13,420,211	-	-	-
<b>Total</b>	<b>\$38,935,898</b>	<b>\$30,752,636</b>	<b>\$2,296,407</b>	<b>\$3,061,067</b>	<b>\$2,825,788</b>

# City of Dixon, Illinois

## Notes to Financial Statements

---

### **Note 2      Deposits and Investments (Continued)**

#### **Investments in the Illinois Funds**

The State Treasurer maintains the Illinois Treasurer's Investment Pool (Pool) at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship. At April 30, 2015, the City had \$3,976,736 in the Pool, which approximates fair value.

All funds deposited in the Pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Illinois Public Funds Investment Act, 30 ILCS 235.

#### **Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits funds that are not directly matched with anticipated cash flow requirements to maturities of four years or less. Reserve funds may be invested in securities exceeding six years. For the City's Police and Fire Pension Funds, the investment policy allows them to invest in securities that will mature no less than five years from the original purchase date.

#### **Credit Risk**

The City's investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to conform with legal requirements, seek reasonable income, preserve capital, maintain liquidity, and in general, avoid speculative instruments. The City's investments in the Illinois Treasurer's Investment Pool maintain a rating of AAA by Standard and Poor's.

#### **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 City's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third party institution in the name of the City. As of April 30, 2015, none of the City's deposits were exposed to custodial credit risk.

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 2 Deposits and Investments (Continued)

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City does not have more than 5.00% of its investments with any one issuer.

### Note 3 Capital Assets

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

	Balance at May 1, 2014	Additions	Transfers/ Disposals	Balance at April 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,428,024	\$ -	\$ -	\$ 2,428,024
Construction in progress	-	7,658,193	-	7,658,193
<b>Total capital assets not being depreciated</b>	<b>2,428,024</b>	<b>7,658,193</b>	<b>-</b>	<b>10,086,217</b>
Capital assets being depreciated:				
Buildings	12,422,774	35,212	-	12,457,986
Equipment	4,933,727	692,126	173,567	5,452,286
Infrastructure	30,783,451	632,515	-	31,415,966
<b>Total capital assets being depreciated</b>	<b>48,139,952</b>	<b>1,359,853</b>	<b>173,567</b>	<b>49,326,238</b>
Less accumulated depreciation:				
Buildings	5,232,895	267,728	-	5,500,623
Equipment	3,094,278	473,609	173,567	3,394,320
Infrastructure	15,416,898	1,101,814	-	16,518,712
<b>Total accumulated depreciation</b>	<b>23,744,071</b>	<b>1,843,151</b>	<b>173,567</b>	<b>25,413,655</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 26,823,905</b>	<b>\$ 7,174,895</b>	<b>\$ -</b>	<b>\$ 33,998,800</b>

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 3 Capital Assets (Continued)

	Balance at May 1, 2014	Additions	Transfers/ Disposals	Balance at April 30, 2015
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 309,339	\$ -	\$ -	\$ 309,339
Construction in progress	14,157	457,387	14,157	457,387
<b>Total capital assets not being depreciated</b>	<b>323,496</b>	<b>457,387</b>	<b>14,157</b>	<b>766,726</b>
Capital assets being depreciated:				
Buildings	21,539,765	-	-	21,539,765
Equipment	1,087,086	128,640	69,600	1,146,126
Infrastructure	35,512,684	230,194	-	35,742,878
<b>Total capital assets being depreciated</b>	<b>58,139,535</b>	<b>358,834</b>	<b>69,600</b>	<b>58,428,769</b>
Less accumulated depreciation:				
Buildings	10,940,413	1,003,515	-	11,943,928
Equipment	822,382	89,525	69,600	842,307
Infrastructure	14,928,844	1,203,627	-	16,132,471
<b>Total accumulated depreciation</b>	<b>26,691,639</b>	<b>2,296,667</b>	<b>69,600</b>	<b>28,918,706</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 31,771,392</b>	<b>\$ (1,480,446)</b>	<b>\$ 14,157</b>	<b>\$ 30,276,789</b>

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 3 Capital Assets (Continued)

Depreciation expense was charged as direct expense to programs of the City as follows:

Governmental activities:

General government	\$ 95,637
Public safety	488,432
Highways and streets	1,143,640
Culture and recreation	4,028
Airport	100,374
Cemetery	11,040

---

Total depreciation expense \$ 1,843,151

---

Business-type activities:

Sewer	\$ 1,499,658
Water department	797,009

---

Total depreciation expense \$ 2,296,667

---

### Note 4 Payments to Ken Nelson Auto Plaza

On May 14, 1999, the City entered into an agreement with Ken Nelson Auto Plaza in Dixon called the "Retailers Occupation Tax Rebate Agreement". Under this agreement, Ken Nelson Auto Plaza undertook a large construction project in order to expand their current business, which will remain within City limits and will generate more sales tax revenue. In exchange, the City agrees to reimburse Ken Nelson Auto Plaza the greater of one-half of the ROT receipts, or, \$8,500 per month or the actual ROT receipts during that month, whichever is less. After sixty months, the City will pay Ken Nelson one-half of the ROT receipts per month. The agreement expires in May 2024. The amount of ROT rebate expenses during fiscal year ending April 30, 2015 was \$70,615.

### Note 5 Legal Debt Margin

The following schedule illustrates the legal debt margin of the City as of April 30, 2015:

Assessed valuation - 2014	\$ 173,941,155
Statutory debt limitation (8.625% of assessed valuation)	\$ 15,002,425
Total debt:	
General Obligation Debt Certificates	\$ -
EPA loans payable	11,294,795
Notes payable	7,617,935
Deduct bonds exempt from debt limitation computation:	
EPA loans payable	(11,294,795)
Notes payable	(7,617,935)
Legal debt margin	\$ 15,002,425

---

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 6 Long-Term Debt

Transactions for the year ended April 30, 2015 are summarized as follows:

#### *Governmental Activities*

	Balance May 1, 2014	Issued	Retired	Balance April 30, 2015	Due Within One Year
Police vehicle loan	\$ 30,785	\$ -	\$ 30,785	\$ -	\$ -
Net pension obligation	186,264	153,913	-	340,177	340,177
Other post-employment benefits	464,435	64,764	-	529,199	-
<b>Total governmental activities</b>	<b>\$ 681,484</b>	<b>\$ 218,677</b>	<b>\$ 30,785</b>	<b>\$ 869,376</b>	<b>\$ 340,177</b>

#### *Business-Type Activities*

EPA loans payable	\$ 11,997,692	\$ -	\$ 702,897	\$ 11,294,795	\$ 714,540
Notes payable	8,600,649	-	982,714	7,617,935	1,007,784
<b>Total business-type activities</b>	<b>\$ 20,598,341</b>	<b>\$ -</b>	<b>\$ 1,685,611</b>	<b>\$ 18,912,730</b>	<b>\$ 1,722,324</b>

#### *Governmental Activities*

##### Police Vehicle Loan

The City had a \$88,000 loan from Midland States Bank at 5% interest which was paid off during the year.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 6 Long-Term Debt (Continued)

#### *Governmental Activities (Continued)*

#### Net Pension Obligation

At April 30, 2015, the City had the following net pension obligation (asset):

Police Pension	\$ 44,951
Firefighters' Pension	58,126
Illinois Municipal Retirement Fund	237,100
<b>Total</b>	<b>\$ 340,177</b>

---

#### *Business-Type Activities*

Business-type activities notes payable outstanding at April 30, 2015 consisted of the following:

<b>Project</b>	<b>Interest rate</b>	<b>Amount</b>
Waste Water Treatment Plant expansion	2.535 %	\$ 7,617,935
<b>Total</b>		<b>\$ 7,617,935</b>

---

Presented below is a summary of notes payable debt service requirements to maturity by year:

<b>Year Ending April 30</b>	<b>Waste Water Treatment Plant Expansion</b>	
	<b>Principal</b>	<b>Interest</b>
2016	\$ 1,007,784	\$ 186,769
2017	1,033,494	161,059
2018	1,059,859	134,694
2019	1,086,896	107,656
2020	1,114,624	79,929
Future years	2,315,278	73,826
<b>Total</b>	<b>\$ 7,617,935</b>	<b>\$ 743,933</b>

---

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 6 Long-Term Debt (Continued)

#### Business-Type Activities (Continued)

##### *EPA Loans Payable*

The Water Department entered into a loan agreement on August 22, 2005, with the Environmental Protection Agency for improvements to the City of Dixon Public Water Supply facilities. The work includes the removal of two concrete water storage reservoirs and the construction of a new 1.25 million gallon storage reservoir along with a waterworks building. The loan bears a 2.50% interest rate with a term of 20 years with principal and interest payments due in April and October of each year. The City of Dixon has issued an ordinance stating costs are to be paid from the loan proceeds and repayment of the loan by the City of Dixon is to be repaid from revenues of the system and sales tax revenues. The ordinance also states that the loan does not constitute indebtedness of the City of Dixon. The following schedule discloses principal and interest requirements to maturity on the loan:

<b>Year Ending April 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 150,339	\$ 48,477	\$ 198,816
2017	154,121	44,695	198,816
2018	157,998	40,818	198,816
2019	161,972	36,844	198,816
2020	166,047	32,769	198,816
Future years	1,185,954	106,348	1,292,302
<b>Total</b>	<b>\$1,976,431</b>	<b>\$309,951</b>	<b>\$2,286,382</b>

The Water Department entered into a loan agreement on November 19, 2007, with the Environmental Protection Agency for improvements to the City of Dixon Public Water Supply facilities. The work includes the construction of two water treatment plants to provide compliance with radium standards for the City of Dixon Public Water Supply. The loan bears a 2.50% interest rate with a term of 20 years with principal and interest payments due in March and September of each year. The following schedule discloses principal and interest requirements to maturity on the loan:

<b>Year Ending April 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 248,475	\$ 96,862	\$ 345,337
2017	254,726	90,611	345,337
2018	261,134	84,203	345,337
2019	267,703	77,634	345,337
2020	274,437	70,900	345,337
Future years	2,629,727	305,637	2,935,364
<b>Total</b>	<b>\$3,936,202</b>	<b>\$ 725,847</b>	<b>\$4,662,049</b>



# City of Dixon, Illinois

## Notes to Financial Statements

### Note 6 Long-Term Debt (Continued)

#### Business-Type Activities (Continued)

##### *EPA Loans Payable (Continued)*

The Water Department entered into a loan agreement on July 15, 2009 with the Environmental Protection Agency for the construction of two new 1,500 gallons per minute water treatment facilities to provide compliance with radium standards for the City of Dixon public water supply. The loan bears a zero percent interest rate with a term of 20 years, with principal payments due in December and June of each year. The following schedule discloses principal and interest requirements to maturity on the loan:

<b>Year Ending April 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 165,809	\$ -	\$ 165,809
2017	165,809	-	165,809
2018	165,809	-	165,809
2019	165,809	-	165,809
2020	165,809	-	165,809
Future years	1,823,907	-	1,823,907
<b>Total</b>	<b>\$2,652,952</b>	<b>\$ -</b>	<b>\$2,818,761</b>

The Water Department entered into a loan agreement on October 25, 2010, with the Environmental Protection Agency for the construction of a new 2,000 gallon per minute water treatment facility to provide compliance with radium standards for the City of Dixon public water supply. The loan bears a 1.25% simple interest rate with a term of 20 years, with principal and interest payments due in March and September of each year. The following schedule discloses principal and interest requirements to maturity on the loan:

<b>Year Ending April 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 149,917	\$ 33,648	\$ 183,565
2017	151,796	31,769	183,565
2018	153,700	29,865	183,565
2019	155,627	27,938	183,565
2020	157,578	25,987	183,565
Future years	1,960,592	150,402	2,110,994
<b>Total</b>	<b>\$2,729,210</b>	<b>\$ 299,609</b>	<b>\$3,028,819</b>

# City of Dixon, Illinois

## Notes to Financial Statements

---

### **Note 7      Lease Agreement**

On December 19, 2006, the City of Dixon, as lessee, approved a lease agreement with Lee County, Illinois, for police dispatching, call taking and telecommunications services in the Law Enforcement Building. The lease term commenced December 1, 2006 and is for five years. Provided that neither party gives notice at the end of the five year term, the contract will self-renew for an annual term. However, after the initial five year term expires, either party may terminate the agreement upon giving six months prior written notice to the other party of its intent to terminate. Currently, the lease calls for monthly payments from the City in the amount of \$10,137.

### **Note 8      Compliance and Accountability**

#### **Budgets**

All departments of the City submit requests to the City so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested budgets for the next fiscal year.

The proposed budget is presented to the City Council. The City Council holds public hearings and may add to, subtract from, or changes the budget. Prior to May 1, the budget is legally enacted through passage of an ordinance.

The budget may be changed by an affirmative vote of a majority of the City Council.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 9 Pension Plans

The City has three pension plans covering eligible employees – Police Pension Plan, Firefighters' Pension Plan, and Illinois Municipal Retirement Fund. Each plan's assets may be only used for the payment of benefits to the members of that plan, in accordance with the terms of the plan.

Membership of each plan consisted of the following at April 30, 2015:

	Police Pension	Firefighters' Pension
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	26	23
Current employees	30	17
<b>Total</b>	<b>56</b>	<b>40</b>

#### Police Pension Plan

##### *Plan Description*

Police sworn personnel are covered by the Police Pension Plan which is a single-employer defined benefit pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40, Section 5, Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service up to 30 years, to a maximum of 75% of such salary.

Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit of 2.5% of final salary for each year of service.

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

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

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

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 9 Pension Plans (Continued)

#### Police Pension Plan (continued)

##### *Contributions*

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the amounts necessary to finance the plan as determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Plan is fully funded.

##### Three-Year Trend Information

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost</b>	<b>% of APC Contributed</b>	<b>Net Pension Obligation</b>
April 30, 2014	\$532,101	89.49%	\$ 44,951
April 30, 2013	432,436	102.50%	(10,961)
April 30, 2012	N/A	N/A	N/A

#### Firefighters' Pension Plan

##### *Plan Description*

The Firefighters' Pension Plan is a single-employer defined benefit pension plan that provides retirement benefits as well as death and disability benefits. Although this is a single-employer pension plan, the defined benefits and employee contributions levels are governed by the Illinois Compiled Statutes (Chapter 40, Section 5, Article 4) and may be amended only by the Illinois legislature.

Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the salary attached to the rank held on the last day of service. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such monthly salary. Employees with at least ten years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit ranging from 15% of final salary for ten years of service to 45.6% for nineteen years of service.

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977, shall be increased annually, following the first anniversary date of retirement and be paid upon reaching at least the age of 55, by 3% of the amount of the pension payable at the time of the increase.

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 9 Pension Plans (Continued)

#### Firefighters' Pension Plan (continued)

##### Contributions

Covered employees are required to contribute 9.455% of their salary to the Firefighters' Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without interest. The City is required to contribute the remaining amounts (not less than 17.500%) necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2020, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is fully funded.

#### Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
April 30, 2014	\$471,694	83.11%	\$ 58,126
April 30, 2013	355,779	106.10%	(21,529)
April 30, 2012	N/A	N/A	N/A

##### Police and Firefighters' Pension

The amount shown as the "actuarial accrued liability" is a substitute for the standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan.

	Police and Firefighters' Pension
Actuarial valuation date	May 1, 2014
Significant actuarial assumptions:	
a) Rate of return on investment of present and future assets	7.00% compounded annually
b) Projected salary increases – attributable to inflation	5.50% compounded annually
c) Additional projected salary increases – attributable to seniority	Information not available
d) Post-retirement benefit increases	3.00% simple interest annually

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 9 Pension Plans (Continued)

#### Police and Firefighters' Pension (continued)

	Police Pension	Firefighters' Pension	Totals
Actuarial valuation date	May 1, 2014	May 1, 2014	
Actuarial accrued liability:			
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	\$10,681,907	\$8,483,369	\$19,165,276
Current employees:			
Accumulated employee contributions including allocated investment earnings	9,721,405	5,608,252	15,329,657
Total actuarial accrued liability	20,403,312	14,091,621	34,494,933
Actuarial value of assets	13,723,223	8,117,522	21,840,745
Unfunded actuarial accrued liability	\$ 6,680,089	\$5,974,099	\$12,654,188

(Note) Allocation of current employees-accumulated contributions between vested and non-vested has not been determined at this time.

#### *Actuarially determined contribution requirements and contribution made*

The Plan's funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal costs is determined using the entry age normal actuarial funding method. The Plan used a level dollar amount method to amortize the unfunded liability over a 40 year period. Beginning in 2011, the amortization period has been reset to 30 years.

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 9 Pension Plans (Continued)

#### Police and Firefighters' Pension (continued)

*Actuarially determined contribution requirements and contribution made (continued)*

The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation as described above.

	Police Pension	Firefighters' Pension	Totals
Actuarial valuation date	May 1, 2014	May 1, 2014	
Actuarially determined employer contribution requirement as a dollar amount:			
Normal cost	\$266,988	\$163,975	\$430,963
Amortization of unfunded actuarial accrued liability	295,463	264,237	559,700
	<u>\$562,451</u>	<u>\$428,212</u>	<u>\$990,663</u>
As a percent of current covered payroll:			
Normal cost	14.65 %	16.33 %	
Amortization of unfunded actuarial accrued liability	16.21	26.32	
	<u>30.86 %</u>	<u>42.65 %</u>	
Contribution made as a dollar amount:			
Employer	\$476,189	\$392,039	\$820,705
Employee	221,639	104,270	296,080
	<u>\$631,101</u>	<u>\$496,310</u>	<u>\$1,116,785</u>
As a percent of current covered payroll:			
Employer	26.13 %	39.05 %	
Employee	12.16	10.39	
	<u>38.29 %</u>	<u>49.44 %</u>	

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 9 Pension Plans (Continued)

#### Police and Firefighters' Pension (Continued)

##### *Trend Information*

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Four year trend information may be found on page 53 of this statement.

	Police Pension		Firefighters' Pension	
Actuarial valuation of assets available:				
As a percent of the actuarial accrued liability	67.26	%	57.61	%
Unfunded actuarial accrued liability:				
As a percent of annual covered payroll (expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation for analysis purposes)	366.51	%	595.05	%

#### Police and Firefighters' Pension Plan Statements

	Statements of Plan Net Position	
	Police Pension	Firefighters' Pension
<i>Assets</i>		
Cash	\$ 371,771	\$ 273,525
Investments, at fair value	13,842,301	7,992,987
Prepaid investment fees	14,506	8,268
Investment income receivable	29,042	27,788
<b>Total Assets</b>	<b>14,257,620</b>	<b>8,302,568</b>
<i>Liabilities</i>		
Vouchers payable	1,050	890
<b>Net Position held in Trust for Pension Benefits</b>	<b>\$14,256,570</b>	<b>\$ 8,301,678</b>



# City of Dixon, Illinois

## Notes to Financial Statements

### Note 9 Pension Plans (Continued)

#### Police and Firefighters' Pension (Continued)

Statements of Changes in Plan Net Position		
	Police Pension	Firefighters' Pension
<b>Additions</b>		
Contributions		
Employer	\$ 525,350	\$ 406,847
Plan members	212,423	107,946
Total contributions	737,773	514,793
Investment income	775,686	467,922
Total additions	1,513,459	982,715
<b>Deductions</b>		
Benefit payments	968,809	787,267
Management fees	95,736	60,139
Administrative and audit fee	16,196	12,860
Other	6,442	4,863
Total deductions	1,087,183	865,129
<b>Net(Decrease) Increase</b>	426,276	117,586
<b>Net Position Held in Trust for Pension Benefits, Beginning of Year</b>	13,830,294	8,184,092
<b>Net Position Held in Trust for Pension Benefits, End of Year</b>	\$14,256,570	\$ 8,301,678

#### Illinois Municipal Retirement Fund

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

*Funding Policy.* As set by statute, the City's Regular plan members are required to contribute 4.50% 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's contribution rate for calendar year 2014 used by the City was 12.39 percent of annual covered payroll. The City's annual required contribution rate for calendar year 2014 was 12.86 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 Dixon, Illinois

## Notes to Financial Statements

---

### Note 9 Pension Plans (Continued)

#### Illinois Municipal Retirement Fund (Continued)

*Annual Pension Cost.* For calendar year ending December 31, 2014, the City's actual contributions for pension cost for the Regular were \$345,360. Its required contribution for calendar year 2014 was \$358,461.

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
December 31, 2014	\$358,461	96%	\$237,100
December 31, 2013	310,136	91%	218,754
December 31, 2012	247,420	89%	161,479

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 10.0 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.0 percent 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 20.0 percent corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29-year basis.

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 106.50% funded. The actuarial accrued liability for benefits was \$8,950,759 and the actuarial value of assets was \$9,532,517, resulting in an overfunded actuarial accrued liability (UAAL) of \$581,758. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$2,787,411. Because the plan is overfunded, there is no ratio of the UAAL to the covered payroll.

The schedule of funding progress, presented as Required Supplemental Information 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 Dixon, Illinois

## Notes to Financial Statements

---

### Note 10 Other Post-Employment Benefits

The City implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective May 1, 2008. This statement requires the costs of postemployment benefits other than pension benefits to be recognized over a period that approximates an employee's years of service. Additional disclosures required by this statement are included below:

#### Plan Description

In addition to providing the pension benefits described in Note 9, the City provides postemployment health care benefits (OPEB) for retired employees through a single employer defined benefit plan (Retiree Healthcare Program). The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The plan does not issue a separate report. The activity of the plan is reported in the City's governmental and business-type activities.

#### Benefits Provided

The City provides continued health insurance coverage at a reduced rate to all eligible retirees, which creates a subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can choose not to participate in the plan or continue under the City's plan paying the full cost of coverage.

#### Membership

At April 30, 2015, membership consisted of:

Retirees and beneficiaries receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active vested plan members	19
Active nonvested plan members	77
<b>Total</b>	<b>107</b>
<b>Number of participating employers</b>	<b>1</b>

#### Funding Policy

The City is not required to and does not advance fund the cost of benefits that will become due and payable in the future. Active employees do not contribute to the plan until retirement.

Premium cost sharing arrangements vary depending on the bargaining unit and date of retirement. Qualified retirees pay a percentage of the premium cost for single and dependent coverage based on Medicare status and family status.

# City of Dixon, Illinois

## Notes to Financial Statements

### Note 10 Other Post-Employment Benefits (Continued)

#### Annual OPEB Costs and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City first had an actuarial valuation performed for the plan as of April 30, 2009 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ended April 30, 2009. The City's annual OPEB cost (expense) of \$177,181 was equal to the ARC for the fiscal year 2009, as the transition liability was set at zero as of May 1, 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2015	\$193,969	\$ 129,205	66.6 %	\$529,199
April 30, 2014	265,287	65,684	24.8 %	464,435
April 30, 2011	181,348	113,481	0.00 %	264,832
April 30, 2010	179,265	111,398	0.00 %	196,965

The net OPEB obligation as of April 30, 2015, was calculated as follows:

Annual required contribution	\$ 190,873
Interest on net OPEB obligation	18,577
Adjustment to annual required contribution	(15,481)
Annual OPEB cost	193,969
Contributions made	129,205
Increase in net OPEB obligation	64,764
Net OPEB obligation, beginning of year	464,435
<b>Net OPEB obligation, end of year</b>	<b>\$ 529,199</b>

#### Funding Status and Funding Progress

The funded status of the plan as of April 30, 2015 was as follows:

Actuarial accrued liability (AAL)	\$2,346,155
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$2,346,155
Funded ratio (actuarial value of plan assets/AAL)	0.00%

# City of Dixon, Illinois

## Notes to Financial Statements

---

### **Note 10      Other Post-Employment Benefits (Continued)**

#### **Annual OPEB Costs and Net OPEB Obligation**

##### *Funded Status and Funding Progress (Continued)*

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the AALs for benefits.

##### *Actuarial Methods and Assumptions*

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

In the April 30, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 3.00%, salary increases comprised of a wage inflation component of 4.00%, and an ultimate healthcare trend rate of 8.00% initially and an ultimate rate of 6.00%. The calculations assume a level-percentage-of-pay 30-year open amortization period for retirees.

The actuarial value of assets was not determined as the City has not advance funded its obligation.

### **Note 11      Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, allows them to defer a part of their compensation until future years. The City is not required to make any contributions to the plan. The amounts deferred, and earnings thereon, are not available to employees until termination, retirement, death or unforeseeable emergency.

All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. Pursuant to GASB Statement No. 32, the assets and liabilities of this plan are not recorded as part of the City's books.

# City of Dixon, Illinois

## Notes to Basic Financial Statements

### Note 12 Interfund Transfers/Balances

All interfund balances at April 30, 2015 were as follows:

	Fund Owed	Fund Owing
General Fund	\$ 3,187,184	\$ -
Sewer Fund	1,000,000	-
Nonmajor Governmental		4,187,184
<b>Total interfund balances</b>	<b>\$ 4,187,184</b>	<b>\$ 4,187,184</b>

Interfund transfers during the year ended April 30, 2015, were as follows:

	Transfers In	Transfers Out
General Fund:		
Capital Projects Fund	\$ -	\$ 2,529,431
Nonmajor Governmental	-	2,121,602
<b>Total General Fund</b>	<b>-</b>	<b>4,651,033</b>
Capital Projects Fund:		
General Fund	2,529,431	-
Nonmajor Governmental	2,289,491	-
Library Working Cash Fund	135,000	-
Library Working Cash Fund:		
Capital Projects Fund	-	135,000
<b>Total Agency Fund</b>	<b>4,953,922</b>	<b>135,000</b>
Nonmajor Governmental		
Capital Projects Fund	-	1,025,000
General Fund	2,121,602	-
Nonmajor Governmental	1,320,159	2,584,650
<b>Total Nonmajor Governmental</b>	<b>3,441,761</b>	<b>3,609,650</b>
<b>Total operating transfers</b>	<b>\$ 8,395,683</b>	<b>\$ 8,395,683</b>

Transfers are used to (a) move unrestricted revenues collected in the funds to finance various programs accounted for in other funds in accordance with budgetary authorizations and to (b) transfer capital assets between two funds.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 13 Disbursements in Excess of Budget and Fund Deficits

#### Excess of expenditures over budget in individual funds

The following funds had an excess of expenditures over budget for the year ended April 30, 2015:

	<b>Budget</b>	<b>Actual</b>
General Fund	\$8,382,024	\$8,627,089
IMRF Fund	275,000	316,838
Social Security Fund	250,000	264,993
Capital Projects Fund	2,272,491	4,082,837
Motor Fuel Tax Fund	380,030	382,584
River Front TIF Fund	25,000	59,945
DUI Fund	-	1,374
Local Organizations Fund	-	12,050
Confiscated Property Fund	10,000	13,500
Foreign Fire Insurance Fund	-	3,875

The Downtown Redevelopment Project TIF Fund and Riverfront Project TIF Fund had deficit fund balances at April 30, 2015 of \$1,473,783 and \$2,111,119 respectively.

### Note 14 Sanitary Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that a final cover be placed on a landfill when closed and certain maintenance performed and functions monitored at the landfill site for thirty years after closure. The landfill site remains open, and the City of Dixon, Illinois has sold the landfill site to Allied Waste Industries of Illinois, Inc., and Allied Waste Industries of Illinois, Inc., is responsible for the closure and post closure care costs.

### Note 15 Commitments and Contingencies

As of April 30, 2015, the City was not obligated under any commitments. Some contingencies are applicable at April 30, 2015. See footnote 19 regarding subsequent events for additional information.

# City of Dixon, Illinois

## Notes to Financial Statements

---

### **Note 16 Risk Management**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is insured for property, general liability, workers compensation, and other risks accounted for in the General Fund.

The City is also exposed to risks of loss relating to medical insurance claims of its employees. The City is insured under a retrospectively rated policy for these medical claims.

There were no losses in excess of insurance coverage for any of the prior three years.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

### **Note 17 Dixon Community Fire Protection District**

The City of Dixon has filed objections related to taxes that the Dixon Community Fire Protection District (District) is receiving from certain property in Lee County. During the year ended April 30, 2011, the City and the District entered into an agreement whereby the District will make payments as follows:

- \$120,000 thirty days after entry of the agreement
- \$150,000 on or before September 15, 2011 and of the agreement, a payment computed based on the Equalized Assessed Value of the property annexed to the City of Dixon but not disconnected from the District

The term of the agreement is from April 30, 2011 through April 30, 2016 and shall be automatically extended for an additional two years unless either party gives written notice to terminate.

### **Note 18 Risks and Uncertainties**

The Pension Trust Funds invest in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position available for benefits.



# City of Dixon, Illinois

## Notes to Financial Statements

---

### **Note 19 Management Evaluation of Subsequent Events**

Management has evaluated events subsequent to the year ended April 30, 2015 and up to the date of the financial statements. A major event has occurred which requires disclosure in these financial statements.

The City expects to collect additional funds through the sale of the former City Comptroller's personal assets that were purchased with funds that were misappropriated from the City. As of the date of this report, no amounts are probable and estimable. Accordingly, no receivable is included within the City's basic financial statements. The additional funds from the sale of the former City Comptroller's personal assets will be recognized as revenue when received in future years.

### **Note 20 Implementation of GASB 54**

In fiscal year 2012, the City adopted accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*

GASB Statement No. 54 is a financial reporting requirement for local governments in the United States. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Below are definitions for how these balances are reported in the City's financial statements.

#### **Nonspendable Fund Balance**

Nonspendable Fund Balance is used to account for amounts which cannot currently be spent, including prepaid expenses, amounts held in inventory, balances of long-term notes and loans receivable, and value of land and other property acquired and held for resale. The City has several revenue sources received within different funds that are nonspendable for the following purposes:

Prepaid Expenses	\$	283,716
Notes Receivable		308,730
Inventory		4,878
<hr/>		
Total Nonspendable	\$	597,324
<hr/>		

# City of Dixon, Illinois

## Notes to Financial Statements

---

### Note 20 Implementation of GASB 54 (Continued)

#### Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions not controlled by the entity, such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has several revenue sources received within different funds that are restricted for the following purposes:

Public Safety	\$	1,150,565
Streets and Highways		284,940
Culture and Recreation		309,830
City Development		14,946,500
Airport Operations		39,782
Municipal Retirement		1,861,941
Working Cash		695,436
Social Security		2,324,322
<hr/>		
Total Restricted	\$	21,613,316

#### Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. This classification is also used to report deficit fund balances in all other funds.

#### Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, assigned balances next, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

### Note 21 Impact of Pending Accounting Principles

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The City is required to implement this standard for the fiscal year ending April 30, 2016. The City has not yet determined the full impact that adoption of GASB Statement 68 will have on the financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The City is required to implement this standard for the fiscal year ending April 30, 2016. The City has not yet determined the full impact that adoption of GASB Statement 71 will have on the financial statements.

## Required Supplementary Information (Unaudited)

# City of Dixon, Illinois

## Schedule of Funding Progress Pension Trust Funds, Illinois Municipal Retirement Fund and Other Post-Employment Benefits

April 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>Police Pension Fund</b>						
4/30/2005	\$ 10,338,967	\$ 12,652,395	\$ 2,313,428	81.72%	\$ 1,194,514	193.67%
4/30/2006	11,235,914	13,115,395	1,879,481	85.67%	1,239,676	151.61%
4/30/2007	11,933,318	14,084,184	2,150,866	84.73%	1,290,523	166.67%
4/30/2008	11,901,713	14,679,665	2,777,952	81.08%	1,419,857	195.65%
4/30/2009	10,314,513	16,004,715	5,690,202	64.45%	1,474,079	386.02%
4/30/2010	11,631,484	16,930,348	5,298,864	68.70%	1,594,028	332.42%
4/30/2011	12,671,142	17,133,563	4,462,421	73.96%	1,546,962	288.46%
4/30/2012	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2013	13,311,817	19,050,592	5,738,775	69.88%	1,681,857	341.22%
4/30/2014	13,723,223	20,403,312	6,680,089	67.26%	1,822,623	366.51%
<b>Firemen's Pension Fund</b>						
4/30/2005	\$ 7,273,122	\$ 10,059,876	\$ 2,786,754	72.30%	\$ 790,639	352.47%
4/30/2006	7,608,075	10,536,829	2,928,754	72.20%	779,179	375.88%
4/30/2007	7,458,023	11,399,630	3,941,607	65.42%	819,518	480.97%
4/30/2008	8,572,757	11,916,453	3,343,696	71.94%	859,152	389.19%
4/30/2009	6,670,337	12,768,870	6,098,533	52.24%	887,705	687.00%
4/30/2010	7,459,220	12,250,820	4,791,600	60.89%	874,687	547.81%
4/30/2011	8,042,030	12,119,223	4,077,193	66.36%	900,489	452.78%
4/30/2012	N/A	N/A	N/A	N/A	N/A	N/A
4/30/2013	8,093,707	13,588,727	5,495,020	59.56%	1,091,163	503.59%
4/30/2014	8,184,092	14,091,621	5,907,529	58.08%	1,003,959	588.42%
<p>Analysis of the dollar amounts of actuarial value of assets, actuarial accrued liability (AAL), and unfunded AAL (UAAL) in isolation can be misleading. Expressing the actuarial value of assets as a percentage of AAL provides one indication of funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the PERS. Trends in UAAL and covered payroll are both affected by inflation. Expressing the UAAL as a percentage of covered payroll approximately adjusts for the effects of inflation and aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the PERS.</p>						
<b>IMRF</b>						
12/31/2011	\$ 6,635,712	\$ 8,090,338	\$ 1,454,626	82.02%	\$ 2,128,371	68.34%
12/31/2012	6,613,338	8,380,848	1,767,510	78.91%	2,149,605	82.22%
12/31/2013	9,244,903	8,571,783	(673,120)	107.85%	2,507,159	0.00%
12/31/2014	9,532,517	8,950,759	(581,758)	106.50%	2,149,605	0.00%
<b>Other Post-Employment Benefits</b>						
4/30/2010	-	\$ 1,615,997	\$ 1,615,997	0.00%	\$ 5,402,360	29.91%
4/30/2011	-	1,662,066	1,662,066	0.00%	5,366,785	30.97%
4/30/2014	-	2,786,851	2,786,851	0.00%	6,016,923	46.32%
4/30/2015	-	2,346,155	2,346,155	0.00%	5,632,999	41.65%

# City of Dixon, Illinois

## Schedule of Employer Contributions and Schedule of Investment Returns Police Pension Fund and Fire Pension Fund

April 30, 2015

Actuarial Valuation Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
<b>Police Pension Fund</b>					
4/30/2005	\$ 275,086	\$ 352,057	\$ (76,971)	\$ 1,194,514	29.47%
4/30/2006	265,563	373,340	(107,777)	1,239,676	30.12%
4/30/2007	284,630	392,277	(107,647)	1,290,523	30.40%
4/30/2008	333,426	389,475	(56,049)	1,419,857	27.43%
4/30/2009	488,480	410,274	78,206	1,474,079	27.83%
4/30/2010	494,821	406,495	88,326	1,594,028	25.50%
4/30/2011	416,399	416,399	-	1,546,962	26.92%
4/30/2012	N/A	N/A	N/A	N/A	N/A
4/30/2013	432,436	443,397	(10,961)	1,681,857	26.36%
4/30/2014	532,101	476,189	55,912	1,822,623	26.13%

### Fire Pension Fund

4/30/2005	\$ 296,474	\$ 247,363	\$ 49,111	\$ 790,639	31.29%
4/30/2006	305,941	260,485	45,456	779,179	33.43%
4/30/2007	339,627	270,445	69,182	819,518	33.00%
4/30/2008	348,067	298,293	49,774	859,152	34.72%
4/30/2009	494,370	337,210	157,160	887,705	37.99%
4/30/2010	431,447	338,427	93,020	874,687	38.69%
4/30/2011	338,437	338,437	-	900,489	37.58%
4/30/2012	N/A	N/A	N/A	N/A	N/A
4/30/2013	355,779	377,308	(21,529)	1,091,163	34.58%
4/30/2014	471,694	392,039	79,655	1,003,959	39.05%

Approximated Annual Rate of Return	Actuarial Valuation Date	Approximated Rate of Return
------------------------------------	--------------------------	-----------------------------

### Police Pension Fund

4/30/2013	8.70%
4/30/2014	6.81%

### Fire Pension Fund

4/30/2013	10.44%
4/30/2014	5.61%

# City of Dixon, Illinois

## General Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
General property taxes	\$ 2,404,000	\$ 2,404,000	\$ 2,414,195	\$ 10,195
Intergovernmental revenue:				
Personal property replacement tax	659,000	659,000	719,244	60,244
Income tax and surcharge	1,515,000	1,515,000	1,540,805	25,805
Sales tax	3,457,000	3,457,000	3,945,982	488,982
Utility tax	600,000	600,000	667,219	67,219
Telecom tax	78,000	78,000	70,021	(7,979)
Gaming tax	50,000	50,000	183,887	133,887
Grant revenue	-	-	141,909	141,909
Motel tax	73,000	73,000	73,348	348
	6,432,000	6,432,000	7,342,415	910,415
Licenses, permits, and other fees	523,000	523,000	555,228	32,228
Fines and penalties	175,000	175,000	240,068	65,068
Donations	1,000	1,000	250	(750)
Charges for services	767,000	767,000	903,617	136,617
Revenue from use of money and property	2,000	2,000	16,593	14,593
Other	62,500	62,500	66,869	4,369
Total revenues - modified accrual basis	\$ 10,366,500	\$ 10,366,500	\$ 11,539,235	\$ 1,172,735
Subtract beginning deferred revenues			(3,030,957)	
Add ending deferred revenues			2,913,535	
Add beginning receivables/acrued revenues			4,145,064	
Subtract ending receivables/acrued revenues			(4,227,652)	
Total revenues - budget basis			\$ 11,339,225	
<b>Expenditures</b>				
<i>Department of Public Affairs</i>				
Salaries	\$ 31,200	\$ 31,200	\$ 31,233	\$ 33
Supplies and services	6,096	6,096	42,724	36,628
Professional services and fees	110,000	110,000	128,463	18,463
Insurance	-	-	100	100
Public relations	3,000	3,000	9,668	6,668
Travel expense	5,000	5,000	5,837	837
Dues and subscriptions	2,500	2,500	5,833	3,333
Donations	164,500	164,500	166,551	2,051
Fire and Police Commission	10,000	10,000	6,582	(3,418)
Industrial development lot sale agreement	-	-	112,500	112,500
Miscellaneous	350	350	100	(250)
	332,646	332,646	509,591	176,945

# City of Dixon, Illinois

## General Fund Schedule of Revenues, Expenditures, and Changes In Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>				
<i>Dept. of Accounts and Finance</i>				
Salaries	382,096	382,096	420,768	38,672
Maintenance	5,000	5,000	27,665	22,665
Supplies and services	180,456	180,456	233,218	52,762
Professional services and fees	119,600	119,600	73,490	(46,110)
Notices and publications	6,500	6,500	2,239	(4,261)
Insurance	421,034	421,034	587,581	166,547
Miscellaneous	-	-	43	43
Travel expense	3,600	3,600	2,370	(1,230)
Training	6,800	6,800	10,301	3,501
Continuing education reimbursement	2,000	2,000	640	(1,360)
Lease payments	2,000	2,000	1,475	(525)
Dues and subscriptions	3,000	3,000	1,797	(1,203)
	1,132,086	1,132,086	1,361,587	229,501
<i>Dept. of Information Technology</i>				
Salaries	64,170	64,170	64,148	(22)
Supplies and services	77,300	77,300	66,601	(10,699)
Professional services and fees	6,250	6,250	10,388	4,138
Insurance	15,930	15,930	15,917	(13)
Training	6,500	6,500	2,994	(3,506)
	170,150	170,150	160,048	(10,102)
<i>Dept. of Police Protection</i>				
Salaries	2,243,133	2,243,133	2,289,604	46,471
Maintenance	35,500	35,500	37,573	2,073
Supplies and services	362,500	362,500	244,824	(117,676)
Professional services and fees	55,301	55,301	27,814	(27,487)
Insurance	345,405	345,405	354,715	9,310
Police training	16,000	16,000	15,390	(610)
Miscellaneous	5,200	5,200	1,326	(3,874)
Travel expense	12,000	12,000	16,183	4,183
Dues and subscriptions	2,500	2,500	1,795	(705)
Clothing allowance	6,500	6,500	7,125	625
Continuing education reimbursement	5,000	5,000	3,173	(1,827)
Lease payments	7,500	7,500	5,864	(1,636)
Lee County rent	-	-	121,644	121,644
	3,096,539	3,096,539	3,127,030	30,491

# City of Dixon, Illinois

## General Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>				
<i>Dept. of Fire Protection</i>				
Salaries	1,139,010	1,139,010	1,181,535	42,525
Maintenance	20,000	20,000	17,124	(2,876)
Supplies and services	85,450	85,450	59,621	(25,829)
Insurance	152,488	152,488	169,965	17,477
Fire training	20,000	20,000	25,190	5,190
Dues and subscriptions	3,500	3,500	3,644	144
Travel expenses	1,500	1,500	1,139	(361)
Continuing education reimbursement	8,000	8,000	1,304	(6,696)
Grant match	8,000	8,000	-	(8,000)
Lease payments	5,000	5,000	4,605	(395)
	1,442,948	1,442,948	1,464,127	21,179
<b>Dept. of Streets and Improvements</b>				
Salaries	426,900	426,900	428,187	1,287
Maintenance	20,000	20,000	21,445	1,445
Supplies and services	340,650	340,650	417,155	76,505
Insurance	79,236	79,236	84,533	5,297
Dues and subscriptions	800	800	2,109	1,309
Travel expenses	1,000	1,000	20	(980)
Clothing allowance	3,500	3,500	3,000	(500)
	872,086	872,086	956,449	84,363
<b>Dept. of Building and Zoning</b>				
Salaries	156,174	156,174	157,349	1,175
Maintenance	2,500	2,500	846	(1,654)
Supplies and services	42,750	42,750	15,253	(27,497)
Insurance	41,121	41,121	41,121	-
Training	2,500	2,500	85	(2,415)
Lease payments	-	-	180	180
Dues and subscriptions	500	500	140	(360)
	245,545	245,545	214,974	(30,571)



# City of Dixon, Illinois

## General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>				
<i>Dept. of Public Property</i>				
Salaries	272,117	272,117	266,082	(6,035)
Maintenance	115,000	115,000	75,537	(39,463)
Supplies and services	127,196	127,196	120,192	(7,004)
Insurance	50,382	50,382	50,413	31
Dues and subscriptions	1,000	1,000	1,075	75
Engineering	7,000	7,000	294	(6,706)
Bad debt expense	-	-	2,908	2,908
Clothing allowance	1,000	1,000	1,000	-
	573,695	573,695	517,501	(56,194)
<b>Dept. of Traffic Maintenance</b>				
Salaries	66,160	66,160	68,702	2,542
Maintenance	5,000	5,000	1,988	(3,012)
Supplies and services	89,430	89,430	87,916	(1,514)
Insurance	15,930	15,930	15,404	(526)
Training expense	1,000	1,000	475	(525)
Clothing allowance	500	500	500	-
	178,020	178,020	174,985	(3,035)
<b>Dept. of Public Works</b>				
Salaries	40,170	40,170	-	(40,170)
Maintenance	5,460	5,460	-	(5,460)
Supplies and services	16,640	16,640	-	(16,640)
Professional services and fees	39,260	39,260	-	(39,260)
Insurance	26,886	26,886	-	(26,886)
Dues and subscriptions	2,600	2,600	-	(2,600)
Public relations	2,600	2,600	-	(2,600)
Conferences	1,950	1,950	-	(1,950)
Miscellaneous	1,560	1,560	-	(1,560)
	137,126	137,126	-	(137,126)

# City of Dixon, Illinois

## General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Expenditures (Continued)</b>				
<i>Dept. of Culture and Recreation</i>				
Salaries	66,500	66,500	53,961	(12,539)
Supplies, services, and professional services	8,375	8,375	6,234	(2,141)
Miscellaneous	35,500	35,500	15,938	(19,562)
Dues and subscriptions	150	150	259	109
Travel expenses	2,400	2,400	1,993	(407)
Advertising	23,620	23,620	30,597	6,977
	136,545	136,545	108,982	(27,563)
<b>Debt Service</b>				
Principal payments	64,638	64,638	30,785	(33,853)
Interest expense	-	-	1,030	1,030
	64,638	64,638	31,815	(32,823)
Total expenditures - modified accrual basis	\$ 8,382,024	\$ 8,382,024	8,627,089	\$ 245,065
Add beginning accrued expenditures			548,276	
Subtract ending accrued expenditures			(616,003)	
Subtract beginning prepaid expenditures			(237,403)	
Add ending prepaid expenditures			274,665	
Total expenditures - budget basis			\$ 8,596,624	
Excess of revenues over expenditures - appropriation basis			\$ 2,742,601	
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	\$ (2,121,602)	\$ (2,121,602)	(4,651,033)	\$ (2,529,431)
	\$ (2,121,602)	\$ (2,121,602)	(4,651,033)	\$ (2,529,431)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - budget basis			\$ (1,908,432)	

# City of Dixon, Illinois

## Illinois Municipal Retirement Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Revenue from use of money and property	\$ 4,000	\$ 4,000	\$ 7,898	\$ 3,898
Total revenues - modified accrual basis	\$ 4,000	\$ 4,000	7,898	\$ 3,898
Total revenues - budget basis			\$ 7,898	
<b>Expenditures</b>				
Payments to pensions	\$ 275,000	\$ 275,000	\$ 316,838	\$ 41,838
Total expenditures - modified accrual basis	\$ 275,000	\$ 275,000	316,838	\$ 41,838
Total expenditures - budget basis			\$ 316,838	
Excess of revenues over expenditures - budget basis			\$ (308,940)	

# City of Dixon, Illinois

## Social Security Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>			
Revenue from use of money and property	\$ 4,000	\$ 9,026	\$ 5,026
Total revenues - modified accrual basis	<u>\$ 4,000</u>	<u>9,026</u>	<u>\$ 5,026</u>
Total revenues - budget basis		<u>\$ 9,026</u>	
<b>Expenditures</b>			
Payments to Social Security system	\$ 250,000	\$ 264,993	\$ 14,993
Total expenditures - modified accrual basis	<u>\$ 250,000</u>	<u>264,993</u>	<u>\$ 14,993</u>
Total expenditures - budget basis		<u>\$ 264,993</u>	
Excess of revenues over expenditures - budget basis		<u>\$ (255,967)</u>	

# City of Dixon, Illinois

## Capital Projects Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual

Year Ended April 30, 2015

	Original Budget	Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>				
Revenue from use of money and property	\$ 1,000,000	\$ 1,000,000	\$ 265,648	\$ (734,352)
Grant revenue	-	-	37,500	37,500
<b>Total revenues - modified accrual basis</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>303,148</b>	<b>\$ (696,852)</b>
<b>Total revenues - budget basis</b>			<b>\$ 303,148</b>	
<b>Expenditures</b>				
Maintenance	\$ -	\$ -	\$ -	\$ -
Supplies, services, and professional services	-	-	141,765	141,765
New property and equipment	2,272,491	2,272,491	3,921,718	1,649,227
Miscellaneous	-	-	19,354	19,354
<b>Total expenditures - modified accrual basis</b>	<b>\$ 2,272,491</b>	<b>\$ 2,272,491</b>	<b>4,082,837</b>	<b>\$ 1,810,346</b>
<b>Total expenditures - budget basis</b>			<b>\$ 4,082,837</b>	
<b>Excess of revenues over expenditures - budget basis</b>			<b>\$ (3,779,689)</b>	
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	\$ 1,264,491	\$ 1,264,491	4,953,922	\$ 3,689,431
<b>Total other financing sources (uses)</b>	<b>1,264,491</b>	<b>1,264,491</b>	<b>4,953,922</b>	<b>3,689,431</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses - budget basis</b>			<b>1,174,233</b>	
<b>Special Item</b>				
Proceeds from sale of fixed assets	\$ 8,000	\$ 8,000	50,147	\$ 42,147
<b>Excess (deficiency) of revenues, other financing sources, and special items over expenditures and other financing uses - budget basis</b>			<b>\$ 1,224,380</b>	

# City of Dixon, Illinois

## Notes to Required Supplementary Information

---

### **Note 1      Basis of Accounting**

Annual budgets are adopted for all governmental funds using the cash basis of accounting, which is a different basis of accounting other than generally accepted in the United States of America, but is allowed under Illinois Compiled Statutes for Cities.

### **Note 2      Note to Schedule of Funding Progress**

The required contribution was determined as part of the actuarial valuation method using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.40% to 10.00% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.00% annually. The actuarial value of IMRF 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 20.00% corridor between the actuarial and market value of assets.

Other Information  
(Unaudited)

# City of Dixon, Illinois

## Non-Major Funds Combining Balance Sheet

April 30, 2015

	General Government		
	TIF Districts		
	Downtown Redevelopment Project	Riverfront Project	Working Cash
<b>Assets</b>			
Cash and cash equivalents	\$ 362,628	\$ 1,065	\$ 694,496
Investments	-	-	-
Receivables:			
General property taxes	268,204	180,209	-
Motor fuel tax allotments	-	-	-
Accounts, less allowance for estimated uncollectibles	-	-	-
Interest	-	-	940
Notes receivable	308,730	-	-
Prepaid insurance	-	-	-
<b>Total Assets</b>	<b>\$ 939,562</b>	<b>\$ 181,274</b>	<b>\$ 695,436</b>
<b>Liabilities</b>			
Vouchers payable	\$ 70,141	\$ -	\$ -
Accrued liabilities:			
Payroll	-	-	-
Interfund payable	2,075,000	2,112,184	-
<b>Total liabilities</b>	<b>2,145,141</b>	<b>2,112,184</b>	<b>-</b>
<b>Deferred Inflow of Resources</b>			
Deferred property tax revenue	268,204	180,209	-
<b>Total Deferred Inflows of Resources</b>	<b>268,204</b>	<b>180,209</b>	<b>-</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>2,413,345</b>	<b>2,292,393</b>	<b>-</b>
<b>Fund Balances</b>			
Nonspendable:			
Notes receivable	308,730	-	-
Prepaid expenses	-	-	-
Unrestricted	(1,782,513)	(2,111,119)	-
Restricted:			
Special revenue	-	-	695,436
<b>Total fund balances</b>	<b>(1,473,783)</b>	<b>(2,111,119)</b>	<b>695,436</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 939,562</b>	<b>\$ 181,274</b>	<b>\$ 695,436</b>



Special Revenue					
Highways and Streets	Culture and Recreation	Airport	Public Safety		
Motor Fuel Tax	Library	Municipal Airport	Emergency Vehicle	Foreign Fire Insurance	Total
\$ 253,277	\$ 318,333	\$ 51,468	\$ 326,950	\$ 105,430	\$ 2,113,647
-	-	-	602,705	-	602,705
-	471,375	-	-	-	919,788
36,592	-	-	-	-	36,592
-	-	1,653	126,457	-	128,110
-	-	-	565	-	1,505
-	-	-	-	-	308,730
-	-	9,051	-	-	9,051
<u>\$ 289,869</u>	<u>\$ 789,708</u>	<u>\$ 62,172</u>	<u>\$ 1,056,677</u>	<u>\$ 105,430</u>	<u>\$ 4,120,128</u>
\$ 4,929	\$ 1,656	\$ 590	\$ 5,970	\$ -	\$ 83,286
-	18,321	12,749	5,572	-	36,642
<u>4,929</u>	<u>19,977</u>	<u>13,339</u>	<u>11,542</u>	<u>-</u>	<u>4,307,112</u>
-	459,901	-	-	-	908,314
-	459,901	-	-	-	908,314
<u>4,929</u>	<u>479,878</u>	<u>13,339</u>	<u>11,542</u>	<u>-</u>	<u>5,215,426</u>
-	-	-	-	-	308,730
-	-	9,051	-	-	9,051
-	-	-	-	-	(3,893,632)
<u>284,940</u>	<u>309,830</u>	<u>39,782</u>	<u>1,045,135</u>	<u>105,430</u>	<u>2,480,553</u>
<u>284,940</u>	<u>309,830</u>	<u>48,833</u>	<u>1,045,135</u>	<u>105,430</u>	<u>(1,095,298)</u>
<u>\$ 289,869</u>	<u>\$ 789,708</u>	<u>\$ 62,172</u>	<u>\$ 1,056,677</u>	<u>\$ 105,430</u>	<u>\$ 4,120,128</u>

# City of Dixon, Illinois

## Non-Major Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended April 30, 2015

	General Government		
	TIF Districts		
	Downtown Redevelopment Project	Riverfront Project	Working Cash
<b>Revenues</b>			
General property taxes	\$ 275,416	\$ 178,091	\$ -
Personal property replacement tax	-	-	-
Motor fuel tax allotments	-	-	-
Foreign fire insurance tax	-	-	-
User fees	-	-	-
Revenue from use of money and property	248	28	4,514
Miscellaneous	-	-	-
Grants	-	-	-
<b>Total revenues</b>	<b>275,664</b>	<b>178,119</b>	<b>4,514</b>
<b>Expenditures</b>			
Salaries	-	-	-
Maintenance	-	-	-
Supplies, services and professional services	-	-	-
Fuel, gas, and oil	-	-	-
Insurance	-	-	-
Miscellaneous	55,151	59,945	-
Bad debt expense	-	-	-
Real estate taxes	-	-	-
Engineering	-	-	-
Capital outlay:			
Infrastructure	4,730,333	-	-
<b>Total expenditures</b>	<b>4,785,484</b>	<b>59,945</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(4,509,820)	118,174	4,514
Other Financing Sources (Uses)			
Operating transfers in	3,250,000	-	-
Operating transfers out	(1,025,000)	(2,517,000)	-
<b>Total other financing sources (uses)</b>	<b>2,225,000</b>	<b>(2,517,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(2,284,820)</b>	<b>(2,398,826)</b>	<b>4,514</b>
Fund Balance (Deficit), Beginning of Year	811,037	287,707	690,922
Fund Balance, End of Year	\$ (1,473,783)	\$ (2,111,119)	\$ 695,436

Special Revenue					
Highways and Streets	Culture and Recreation	Airport	Public Safety		
Motor Fuel Tax	Library	Municipal Airport	Emergency Vehicle	Foreign Fire Insurance	Total
\$ -	\$ 346,249	\$ -	\$ -	\$ -	\$ 799,756
-	57,058	-	-	-	57,058
466,335	-	-	-	-	466,335
-	-	-	-	26,472	26,472
-	25,628	-	322,374	-	348,002
58	55	62,454	2,713	85	70,155
-	142	1,176	-	-	1,318
-	19,666	-	-	-	19,666
466,393	448,798	63,630	325,087	26,557	1,788,762
-	250,979	59,781	206,153	-	516,913
-	40,815	21,830	1,115	-	63,760
-	83,628	24,173	60,071	3,875	171,747
-	2,386	5,921	3,835	-	12,142
-	64,830	21,561	29,175	-	115,566
-	-	112	149	-	115,357
-	-	-	42	-	42
-	-	1,096	-	-	1,096
16,589	-	-	-	-	16,589
365,995	-	-	-	-	5,096,328
382,584	442,638	134,474	300,540	3,875	6,109,540
83,809	6,160	(70,844)	24,547	22,682	(4,320,778)
-	92,677	99,084	-	-	3,441,761
-	-	-	(67,650)	-	(3,609,650)
-	92,677	99,084	(67,650)	-	(167,889)
83,809	98,837	28,240	(43,103)	22,682	(4,488,667)
201,131	210,993	20,593	1,088,238	82,748	3,393,369
\$ 284,940	\$ 309,830	\$ 48,833	\$ 1,045,135	\$ 105,430	\$ (1,095,298)

# City of Dixon, Illinois

## Private Purpose Trust Funds Combining Statement of Net Position

April 30, 2015

	Cemetery Endowment	Local Organizations	Library Trust	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 35,131	\$ 76,839	\$ 66,727	\$ 178,697
Investments	503,252	-	496,675	999,927
Receivables:				
Accounts	5,708	-	-	5,708
Interest	71	-	415	486
<b>Total Assets</b>	<b>\$ 544,162</b>	<b>\$ 76,839</b>	<b>\$ 563,817</b>	<b>\$ 1,184,818</b>
<b>Liabilities</b>				
Funds payable to other organizations		\$ 43,987		
<b>Total liabilities</b>	<b>\$ -</b>	<b>43,987</b>	<b>\$ -</b>	<b>\$ 43,987</b>
<b>Net Position - Held in Trust</b>				
Reserved for perpetual endowment	544,162	-	-	544,162
Unreserved	-	32,852	563,817	596,669
<b>Net position</b>	<b>544,162</b>	<b>32,852</b>	<b>563,817</b>	<b>1,140,831</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 544,162</b>	<b>\$ 32,852</b>	<b>\$ 563,817</b>	<b>\$ 1,140,831</b>

# City of Dixon, Illinois

## Private Purpose Trust Funds Combining Statement of Revenues, Expenditures And Changes in Net Position

Year Ended April 30, 2015

	Cemetery Endowment	Local Organizations	Library Trust	Total
<b>Additions</b>				
Interest income	\$ 3,953	\$ 20	\$ 6,225	\$ 10,198
Revenue from use of money and property	21,921	12,150	31,799	65,870
Total revenues	25,874	12,170	38,024	76,068
<b>Deductions</b>				
Miscellaneous	-	12,050	-	12,050
Total expenditures	-	12,050	-	12,050
Change in Net Position	25,874	120	38,024	64,018
Net Position Held in Trust Beginning of Year	518,288	32,732	525,793	1,076,813
Net Position Held in Trust End of Year	\$ 544,162	\$ 32,852	\$ 563,817	\$ 1,140,831

# City of Dixon, Illinois

## Pension Trust Funds Combining Statement of Plan Net Position

April 30, 2015

	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash	\$ 371,771	\$ 273,525	\$ 645,296
Investments	13,842,301	7,992,987	21,835,288
Prepaid investment fees	14,506	8,268	22,774
Investment income receivable	29,042	27,788	56,830
Total Assets	14,257,620	8,302,568	22,560,188
<b>Liabilities</b>			
Vouchers payable	1,050	890	1,940
Net Position Held in Trust for Pension Benefits	\$ 14,256,570	\$ 8,301,678	\$ 22,558,248

# City of Dixon, Illinois

## Pension Trust Funds Combining Statement of Changes in Plan Net Position

Year Ended April 30, 2015

	Pension Trust Funds		
	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions			
Employer	\$ 525,350	\$ 406,847	\$ 932,197
Plan members	212,423	107,946	320,369
Total contributions	737,773	514,793	1,252,566
Investment income	775,686	467,922	1,243,608
Total additions	1,513,459	982,715	2,496,174
<b>Deductions</b>			
Benefit payments	968,809	787,267	1,756,076
Management fees	95,736	60,139	155,875
Administrative and audit fee	16,196	12,860	29,056
Other	6,442	4,863	11,305
Total deductions	1,087,183	865,129	1,952,312
Changes in Plan Net Position	426,276	117,586	543,862
Net Position Held in Trust for Pension Benefits, Beginning of Year	13,830,294	8,184,092	22,014,386
Net Position Held in Trust for Pension Benefits, End of Year	\$ 14,256,570	\$ 8,301,678	\$ 22,558,248

# City of Dixon, Illinois

## Agency Funds Combining Balance Sheet

April 30, 2015

---

	<b>Police Vehicle</b>	<b>Confiscated Property</b>	<b>DUI</b>	<b>Library Working Cash</b>	<b>Total</b>
<b>Assets</b>					
Cash and cash equivalents	\$ 14,907	\$ 69,795	\$ 11,995	\$ -	\$ 96,697
<b>Total Assets</b>	<b>\$ 14,907</b>	<b>\$ 69,795</b>	<b>\$ 11,995</b>	<b>\$ -</b>	<b>\$ 96,697</b>
<b>Liabilities</b>					
Available for distribution	\$ 14,907	\$ 69,795	\$ 11,995	\$ -	\$ 96,697
<b>Total Liabilities</b>	<b>\$ 14,907</b>	<b>\$ 69,795</b>	<b>\$ 11,995</b>	<b>\$ -</b>	<b>\$ 96,697</b>



# City of Dixon, Illinois

## Agency Funds

### Combining Statement of Cash Receipts and Disbursements

Year Ended April 30, 2015

---

	<b>Police Vehicle</b>	<b>Confiscated Property</b>	<b>DUI</b>	<b>Library Working Cash</b>	<b>Total</b>
<b>Cash and Investments</b>					
<b>Balance, Beginning of Year</b>	\$ 9,732	\$ 70,987	\$ 2,002	\$ 135,000	\$ 217,721
Receipts	5,175	12,308	11,367	-	28,850
Disbursements	-	(13,500)	(1,374)	(135,000)	(149,874)
<b>Cash and Investments</b>					
<b>Balance, End of Year</b>	\$ 14,907	\$ 69,795	\$ 11,995	\$ -	\$ 96,697

# City of Dixon, Illinois

## Schedule of Assessed Valuations, Rates, Extensions and Collections

Tax Years 2014, 2013, and 2012

Fund	Assessed valuation	2014		
		Tax rate	Tax extensions	Tax collections
Corporate	\$ 173,941,155	.4375	\$ 760,993	\$ -
Police Protection	173,941,155	.5979	1,039,994	-
Fire Protection	87,560,636	.0685	59,979	-
Audit	173,941,155	.0241	41,920	-
Road and Bridge	173,941,155	-	-	-
Public Benefit	173,941,155	-	-	-
Band	173,941,155	-	-	-
Library	173,941,155	.2357	409,979	-
Cemetery	173,941,155	.0250	43,485	-
Fire Pension	87,560,636	.5233	458,205	-
Police Pension	173,941,155	.3460	601,836	-
IMRF	173,941,155	-	-	-
Civil Defense	173,941,155	-	-	-
Claim and Judgment Tax	173,941,155	.1725	300,048	-
Library Maintenance	173,941,155	.0287	49,921	-
Social Security	173,941,155	-	-	-
TIF District 1	2,586,579	-	268,204	-
TIF District 3	3,981,783	-	180,209	-
			\$ 4,214,773	\$ -

2013				2012			
Assessed valuation	Tax rate	Tax extensions	Tax collections	Assessed valuation	Tax rate	Tax extensions	Tax collections
\$ 167,792,189	.4375	\$ 734,091	\$ 736,788	\$ 172,999,892	.4375	\$ 756,875	\$ 757,434
167,792,189	.6000	1,006,753	1,010,453	172,999,892	.6000	1,037,999	1,038,766
86,525,924	.0779	67,404	67,754	90,369,281	.0803	72,567	72,674
173,941,155	.0268	46,616	45,135	173,941,155	.0260	45,225	45,012
173,941,155	-	-	69,383	173,941,155	-	-	69,212
173,941,155	-	-	-	173,941,155	-	-	-
173,941,155	.0119	20,699	20,041	173,941,155	.0116	20,177	20,082
173,941,155	.1788	311,007	301,114	173,941,155	.1592	276,914	275,620
173,941,155	.0250	43,485	42,103	173,941,155	.0250	43,485	43,281
86,525,924	.4677	404,682	406,785	90,369,281	.4331	391,389	391,969
173,941,155	.3119	542,522	525,267	173,941,155	.2750	478,338	476,102
173,941,155	-	-	-	173,941,155	-	-	-
173,941,155	.0125	21,743	21,051	173,941,155	.0103	17,916	17,832
173,941,155	.2384	414,676	401,487	173,941,155	.2098	364,929	363,222
173,941,155	.0268	46,616	45,135	173,941,155	.0214	37,223	37,050
173,941,155	-	-	-	173,941,155	-	-	-
2,661,424	-	324,268	275,416	2,696,763	-	322,144	322,144
4,049,626	-	190,677	178,091	4,058,511	-	163,193	162,997
		\$ 4,175,239	\$ 4,146,003			\$ 4,028,374	\$ 4,093,397

## **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**

The Honorable Mayor and  
Members of the City Council  
City of Dixon  
Dixon, 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 Dixon, Illinois, as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise City of Dixon, Illinois' basic financial statements and have issued our report thereon dated September 15, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Dixon, 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 City of Dixon, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Dixon, 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies that may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies.

## **Segregation of Duties**

A good system of internal control procedures contemplates adequate segregation of duties so that no one individual can handle a transaction from its inception to its completion. Within the City's system of internal control, there are situations whereby there is not a complete or adequate segregation of duties that arise due to legal requirements or limited number of personnel.

It would not be practical to set up procedures to detect all instances of noncompliance with controls that do exist, nor is it always practical to establish complete segregation of duties. As a result, however, many controls that are required for any given application could be circumvented without detection.

While we also recognize that ultimate controls cannot be implemented with your current number of employees, we believe that continued strong supervision and review by the City Council compensates for some of these weaknesses. Therefore, it is important that you recognize that regular and active involvement by the City Council is an integral and critical area within the City's system of internal control.

## **Financial Statements Preparation**

Due to the limited number of personnel available in the organization, management with the authorization of the City Council, has requested that our firm prepare the financial statements and footnote disclosures for them to review and approve. This does not violate professional independence standards as management and the City Council take responsibility for the statements and is the most cost effective option for the organization.

Since there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by management and the City Council's review of the financial statements, we consider this to be a significant deficiency in internal control. We recommend that management and the City Council continue to evaluate whether it is cost effective to hire a person with the qualifications to prepare the financial statements and disclosures.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Dixon's 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.

## **City of Dixon, Illinois' Response to Findings**

City of Dixon, Illinois' response to the findings identified in our audit is described in the accompanying schedule of findings. City of Dixon, Illinois' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 on 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.

*Wipfli LLP*

Dixon, Illinois  
September 15, 2015

# City of Dixon, Illinois

## Schedule of Responses

For the Year Ended April 30, 2015

---

### **Financial Statement Findings**

*Condition* – There is inadequate control over the functions of processing and recording the financial transactions of the City due to the inadequate segregation of duties stemming from limited personnel.

*Management responses* – The City's management and City council's close supervision and review of accounting information is the most economical and appropriate manner to help prevent and detect errors and irregularities in the City's accounting and financial reporting.

*Condition* – The financial statement and disclosures are prepared by the external auditors.

*Management response* – The City's management and City council's close review of financial statements and required footnotes prepared by the external auditors appears to be the most economical and appropriate manner to help ensure complete and proper financial reporting.

## Independent Auditor's Report on Compliance with State of Illinois Public Act 85-1142

Illinois Department of Revenue  
Springfield, Illinois

We have audited the basic financial statements of the City of Dixon, Illinois for the year ended April 30, 2015, and have issued our report thereon dated September 15, 2015. The basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the TIF district pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was made 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Dixon, Illinois' management is responsible for the government's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicate that for the items tested, the City of Dixon, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

*Wipfli LLP*

Dixon, Illinois  
September 15, 2015