

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

## TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITORS' REPORT	1
OTHER INFORMATION	
Management's Discussion and Analysis	4
BASIC FINANCIAL STATEMENTS	
Statement of Net Position – Modified Cash Basis	13
Statement of Activities – Modified Cash Basis	14
Balance Sheet – Modified Cash Basis – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	17
Statement of Net Position – Modified Cash Basis – Enterprise Fund	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis – Enterprise Fund	20
Statement of Cash Flows – Modified Cash Basis – Enterprise Fund	21
Statement of Fiduciary Net Position – Modified Cash Basis	22
Statement of Changes in Fiduciary Net Position – Modified Cash Basis – Police Pension Trust Fund	23
Notes to Basic Financial Statements	24
OTHER INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis – Budget and Actual – General and Motor Fuel Tax Fund	42
Analysis of Funding Progress – IMRF	43
Schedule of Changes in the Fund's Net Pension Liability and Related Ratios – Police Pension Fund	44

Schedule of Fund Contributions – Police Pension Fund 45

Schedule of General Fund Expenditures – Modified Cash Basis – Budget and Actual 47

Information Required by General Obligation Bond Ordinance – Enterprise Fund 48

Schedules of Insurance Policies in Force 49



## INDEPENDENT AUDITORS' REPORT

To the City Council  
City of Eureka, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Eureka, Illinois** (City), as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Basis for Qualified Opinion on General Fund and Police Pension Trust Fund**

Management has elected not to include certain required report disclosures about the City's post-employment health insurance benefit in the General Fund, as these disclosures would require the services of an actuary. The modified cash basis of accounting requires that these disclosures be made. The amount by which this departure would affect the assets, fund balance, and revenues of the General Fund has not been determined.



The report disclosures for the Police Pension Trust Fund reflect those which will be required under Governmental Accounting Standards Board (GASB) No. 68 when the Statement is implemented next year (these disclosures have been implemented early, but the Statement has not yet been fully adopted). The disclosure requirements for the year ended April 30, 2015, still fall under GASB No. 27 and No. 50.

### **Qualified Opinions**

In our opinion, except for the effects of the matters described in the “Basis for Qualified Opinion on General Fund and Police Pension Trust Fund” paragraphs, the financial statements referred to previously present fairly, in all material respects, the modified cash basis financial position of the General Fund and Police Pension Trust Fund of the City of Eureka, Illinois, as of April 30, 2015, and the changes in modified cash basis financial position thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Unmodified Opinions**

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund (other than the General Fund), and the aggregate remaining fund information (other than the Police Pension Trust Fund) of the City of Eureka, Illinois, as of April 30, 2015, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Other Information*

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

The Schedule of General Fund Expenditures – Modified Cash Basis – Budget and Actual on page 47 is the responsibility of management and was derived from and relates 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 Schedule of General Fund Expenditures – Modified Cash Basis – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The remaining other information as listed in the accompanying 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.

*Heinold Benwant, Ltd.*

August 12, 2015

CITY OF EUREKA  
128 N. Main, Eureka, Illinois 61530  
Telephone (309) 467-2113  
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August 12, 2015

COUNCIL:

Scott Punke, Mayor  
Marilyn Walter, City Clerk  
Lynn Hinnen, City Treasurer  
Melissa Brown, Administrator  
Alex Collinge, Chief of Police  
Rick Joseph, City Attorney

Chuck Germann, Ward I  
Milt Hinnen, Ward I  
Laurie Klaus, Ward II  
Richard Teegarden, Ward II  
Jeff McSweeney, Ward III  
Bob Prather, Ward III  
James Meares, Ward IV  
Gene Rossetti, Ward IV

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the City of Eureka's financial performance provides an overview of the City's financial activities for the fiscal year ending April 30, 2015. Please read it in conjunction with the City's financial statements which follow.

FINANCIAL HIGHLIGHTS

The City's total revenues exceeded total expenses for General Fund activity by \$57,613. The Enterprise Fund Departments revenues exceeded expenses by \$96,063 for the fiscal year ending April 30, 2015. The end result is a slight increase in total cash and investments of less than one-half percent in the General fund for a total of \$13,141 over the previous year and a 16% increase in Enterprise cash from the previous year for a total of \$197,252. The City collected a total of \$83,462 in grant money in Fiscal Year 2014-2015. The City has continued its efforts to control and reduce annual operating expenses along with the Mayor and Council requiring management to operate under a balanced budget.

The overall financial position of the City has remained solid with the evaluation by management of current resources and needs, as well as controlling expense in each department to ensure the Enterprise Fund revenues are adequate to meet the current operations, future replacement needs, and debt payments.

- The City has continued the contract for this fiscal year for police protection with Eureka College. The City received \$68,000 to provide this service for Fiscal Year 2015. The City has designated the excess of the revenues over direct costs for the purchase of future police vehicles and equipment; as of April 30, 2015, the City has a balance of \$98,025. The contract began in the fall of 2005. The Eureka College expenditures for Fiscal Year 2014-2015 totaled \$52,238.



- The General Fund received \$37,789 from the Community Unit # 140 School District for a cost share on the continuation of the School Resource Police Officer. The Agreement will be continued until the end of the 2015 school year. Following this three-year agreement, there will be a reevaluation to determine the continuation of the School Resource Officer position.
- The City increased the property tax levy in Fiscal Year 2014-2015 to be collected in Fiscal Year 2015-2016. The property tax levy was increased by \$27,274 to \$463,802. With the current City assessed valuation increased by \$449,703 to \$68,336,706 the property tax rate will be .6792 for Fiscal Year 2015-2016. The property tax rate for Fiscal Year 2014-2015 was .6434, thus the rate increased by .0358 for this current year.
- The City received compensation from FEMA in the amount of \$47,562 to close out the grant for clean-up during the April 2013 flood.
- The City has two outstanding loans for the City of Eureka Revolving Loan program which is a Community Development Assistance Program, Revolving Loan Grant (CDAP). The account has \$75,314 available to loan for a local business project. The outstanding loan is in the amount of \$78,684. The most recent loan was made to SmartEarth Technologies (DBA SoBrite) to retain the business location in Eureka.
- The City personnel expenses for salaries in Fiscal Year 2014-2015 increased over the Fiscal Year 2013-2014 salaries by \$37,094. This increase is due to the 2% salary increase for employees and the addition of another employee to share Maintenance and Water responsibilities. Due to conservative increases, careful hiring practices and human resource management, the City has continued to keep personnel expenses at a minimum.
- The City in 2005 instituted a cost share with the employees for health insurance coverage. The employee contribution is thirty (30) percent of the premium for an employee's spouse or family coverage and the City contributes seventy (70) percent of the health insurance premium. The health care cost for Fiscal Year 2014-2015 was \$13,402 more than spent in Fiscal Year 2013-2014. With Health Care costs on the rise, the City has worked with insurance agents to find the most competitive rates. The City was given another year extension before having to convert the Affordable Care Act (ACA). The rates were higher than last year and additional coverage was needed for life events such as marriage/births and the hiring of an additional employee. This change resulted in an increase of 9% for health insurance.

## ANNUAL REPORT

The annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB Statement 34 implements a model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report.



## Report Components

This annual report consists of five parts as follows:

**Government-wide Financial Statements:** The Statement of Net Position (page 13) and the Statement of Activities (page 14) provide information about City activities on a government-wide basis and present a long-term view of the City's finances.

**Fund Financial Statements:** The Financial statement focus is on the individual parts of the City government. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities of the City operated businesses; the water and sewer utilities.

**Notes to the Financial Statements:** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Other Information:** This Management Discussion and Analysis, General Fund Budgetary Comparison Schedule, and schedules of IMRF funding progress and Police Pension Plan funding progress and additional analysis represent financial information required to be presented by the GASB. Such information provides users of this report with additional data that supplements the government-wide statements, fund financial statements, and notes referred to as the basic financial statements.

The budget to actual comparison of General Fund expenditures, information required by general obligation bond ordinance, and a schedule of insurance policies in force are also provided to address certain specific needs of various users of the City's annual report.

## Basis of Accounting

The City has elected to present its financial statements on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they are received and spent for all cash transactions, with a provision for depreciation in the government-wide and proprietary fund statements.

As a result of the use of modified cash basis of accounting, certain assets and their related revenues, such as accounts receivable and revenue for billed or provided services not yet collected and certain liabilities and their related expenses, such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

## The Government-wide Statement of Net Position and the Statement of Activities

Our financial analysis of the City as a whole begins with the government-wide financial statements within the audited financial statements. One of the most important questions asked about the City's finances is, "Is the City as a whole better-off or worse-off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all of the City's assets and liabilities resulting from the use of the modified cash basis of accounting.

These two statements report the City's net position and changes in them. Keeping in mind the modified cash basis of accounting, one can think of the City's net position or the difference between assets and liabilities (and deferred inflows and outflows) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as changes in the City's sales tax base and the condition of the City's utility system to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental activities - Most of the City's basic services are reported here, including the police, general administration, emergency services, streets, economic development, motor fuel tax, audit, liability insurance, retirement fund and parks. Revenue sources include sales taxes, income tax, occupational tax, property taxes, franchise fees, fines and state and federal grants.

Business-type activities - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Enterprise Fund water and sewer system is reported here. To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. One will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Expense/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

## Reporting the City's Most Significant Funds

### The Fund Financial Statements

Our analysis is of the City's major funds financial statements with detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The City's two kinds of funds, governmental and proprietary, use different accounting approaches.



Governmental funds - Most of the City's basic services are reported in governmental activities, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the report of the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine through a review of changes to fund balance whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship or differences between governmental activities reported in the Statement of Net Assets and the Statement of Activities and governmental funds in reconciliation at the bottom of the fund financial statements. The City considers the General Fund and the Motor Fuel Tax Fund to be major governmental funds.

Proprietary funds - When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. In fact, the City's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities reported in the government-wide statements but the fund statements provide more detail and additional information, such as cash flows. The City has one Proprietary Fund; Enterprise (water and sewer) Fund.

Fiduciary Funds - Fiduciary funds are often used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements and similar arrangements. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City currently has two fiduciary funds; Community Development Assistance Program (CDAP), and Police Pension Trust Fund. Total net position of the fiduciary funds was \$411,830 as of April 30, 2015.

#### Financial Analysis

Total assets of the City increased by \$487,751 to \$15,217,868. This net increase is comprised of an increase in cash and investments of \$295,810, a notes receivable and bond issuance cost decrease of \$13,439, and an increase in capital assets of \$205,380. See the Statement of Net Position - Modified Cash Basis for more detail.

Total liabilities of the City decreased by \$101,539 to \$599,186; this decrease is due to the continued payment of debt service (2013 Refinanced Water Bond) during the fiscal year.

Total net position and the changes in net assets are a good way to measure the City's financial health. Total net position of the City increased by \$589,290 (change in net position) to \$14,618,682. The amount of net position and this increase in net position illustrates the financial strength of the City. The following analysis of the City's activities during the year provides additional information on this increase in net position.

The analysis of the City's activities is first focused on the City as whole, and then the governmental activities and the business type activities are separately analyzed. This analysis gives detailed insight into the changes the City has made during the current fiscal year in relationship to the prior fiscal year.

Government Wide

	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Percent change
Total Government Wide			
Revenue	\$ 3,669,320	\$ 3,661,679	-%
Expenses	2,965,796	3,072,389	4%
Change in net assets	<u>\$ 703,524</u>	<u>\$ 589,290</u>	(16%)

The revenues received in FY 2014-2015 overall remained relatively flat in relation to revenues received in FY 2013-2014. The biggest variation over last fiscal year can be found in the significant drops in Interest & Other Revenue and Transfers – both can be explained as the Enterprise Fund fulfilled its loan repayment to the General Fund during FY 2013-2014.

Governmental Activities

	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Percent change
Revenues			
Taxes	\$1,869,882	\$2,028,740	8%
Charges for services	249,117	247,879	(.5%)
Grants & contributions	58,578	41,766	(29%)
Interest & other	62,740	8,992	(86%)
	<u>2,240,317</u>	<u>2,327,377</u>	4%
Expenses			
General government	\$ 395,591	\$ 451,078	14%
Public safety	561,023	612,788	9%
Streets	565,036	605,306	7%
Park	126,440	113,536	(10%)
Emergency services	3,499	3,431	(2%)
Economic development	11,436	18,011	57%
	<u>1,663,025</u>	<u>1,804,150</u>	8%
Transfers in (out)	(54,585)	(4,229)	(92%)
Contribution to Police Pension	(30,000)	(30,000)	-
Change in net position	<u>\$ 492,707</u>	<u>\$ 488,998</u>	(1%)

Revenues increased by 4% due to an increase in taxes. Expenses also increased by 8% but the Net Position shows a \$448,998 gain in Revenues over Expenses due to the significant drop in Transfers noted above.



## Business-Type Activities

	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Percent change
<b>Revenues</b>			
Charges for services	\$1,314,175	\$1,279,217	(3%)
Interest	1,002	1,323	32%
Grants	63,700	53,762	(16%)
Insurance Rewards	50,126	-	n/a
	<u>1,429,003</u>	<u>1,334,302</u>	(7%)
<b>Expenses</b>			
Personnel services	281,394	341,387	21%
Contractual services	309,135	260,589	(16%)
Commodities	183,630	183,363	-
Depreciation	433,067	432,937	-
Interest	65,545	19,963	(70%)
	<u>1,272,771</u>	<u>1,238,239</u>	(3%)
Transfers (in) out	<u>(54,585)</u>	<u>(4,229)</u>	(92%)
Change in net assets	<u>\$ 210,817</u>	<u>\$ 100,292</u>	(52%)

The City Revenues decreased in Enterprise due to the reduction in grant and insurance awards received this past fiscal year as well as a reduction in use of services. Expenses decreased slightly due, primarily, to a reduction in contractual services and interest paid. Interest decreased due to refinancing of the 2005 Water Bond and principal pay-down. Personnel services increased by 21% with the addition of a new water operator that was added as a part of succession planning for the water plant. The change in net position is \$100,292 gained in revenue over expenses. The City focus is on minimizing operating cost while meeting the long term maintenance needs of the system. The grants received this year from the IKE-PLP Planning grant closed out this grant.

### General Fund Budgetary Highlights

Two of the largest capital expenditures this past year addressed needs at Eureka Lake Park. The lower park entrance bridge was replaced with a two lane bridge and walking/biking path. The dam at Eureka Lake was also repaired after having delayed this project to pay for storm sewer collapses in FY 2013-2014. In addition to this, the City Council approved a \$200,000 payment to IMRF from a pension reserve fund in an effort to decrease unfunded liability. The General Fund was 11% under projected expenses for the year. The Enterprise Fund remained 7% below budget expenses. The final total budget for General and the Enterprise Fund was more than the prior year budget by \$495,050. This increase is due primarily to the \$200,000 payment made to IMRF to reduce underfunded pension obligations and the approved park bridge and dam repair projects.

For the year ended April 30, 2015, General Fund expenditures were \$249,972 below budgeted expenses, while actual resources available for budgeted purposes was \$173,663 above the fiscal budgeted amounts. Fiscal Year revenues received over total Fiscal Year expenses was \$23,384.

## Capital Assets and Long-Term Debt

### Capital Assets

At the end of April 30, 2015, the City had \$10,487,486 invested in capital assets, net depreciation, including police and equipment, buildings, park facilities, water lines, and sewer lines. This year's more significant capital asset additions included:

Storm Water Utility Set-up (MSA)	\$	21,149
Ford Explorer- Police		33,508
Water meters and transponders		20,202
Curb and Gutter Replacement		19,805
Spray Patch		62,446
MFT Seal Coat		88,515
Park Bridge Project		281,981
Park Dam Repairs		89,704
Sewer Main Lining		97,309
Water Main Looping		58,251

### Long-Term Debt

At year end, the business-type activities had \$576,365 in long-term debt, as compared to \$668,238 at the prior year end. The long-term debt is comprised of a long-term bond issue. The long-term debt balance as of April 30, 2015, represents the 2005 Water Bond issue, refinanced in fiscal year 2014, which has maturity dates through 2020. The refinancing has shortened the terms of repayment by five years. The City has also reduced its interest payments by paying down the principal by \$300,000 when refinanced in 2014. No additional debt was incurred in 2015 by the governmental activities.

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

Significant economic factors affecting the year ending April 30, 2015:

- The utility rate was increased by 1.3% on May 1, 2014. The Eureka City Council is committed to the continuation of incremental annual increases to water and sewer rates. On May 1, 2015, a 1.5% increase was enacted based on the increase in the Consumer Price Index. The increase is to support the operating expenses, bond debt, and provide surplus for future capital expenditures.
- Addressing pension obligations, and with the prospect of losing a 38-year veteran from the IMRF retirement fund, the City took a preemptive measure in sending a \$200,000 payment to IMRF to reduce unfunded liability.
- Sales tax increased by \$14,467 due to increased local economic development and activity.

Significant economic factors expected to affect the upcoming fiscal year ending April 30, 2016:

- Some of the significant capital asset items being budgeted in governmental funds for next year are replacement maintenance and sewer vehicles for \$102,000, replacement of a backhoe for \$60,000, replacement of combination water and bucket truck for \$50,000, stormwater infrastructure upgrades for \$250,000, lining of sewers for \$90,000 and looping of water mains for \$90,000.
- The City has contracted with the school district to maintain a school resource officer in the schools and will share fifty percent of the total cost. Eureka College is continuing the contract with the City for police services for reimbursement of \$65,000 annually.
- As of December 31, 2014, the most recent actuarial valuation date, the City's defined benefit pension plan affiliated with the Illinois Municipal Retirement Fund (IMRF) was 90-percent funded, and the underfunded actuarial accrued liability (UAAL) for the plan was \$227,087. The City's UAAL has decreased from \$431,987 as of December 31, 2013. In addition, the funded ratio has increased from 78.93 percent as of December 31, 2013. The police officers in this plan were transferred to a separate Police Pension Fund during fiscal year 2013. The City anticipates increased future pension obligations, and consequently annual pension funding requirements, resulting from the establishment of the separate Police Pension Fund and from the underfunded IMRF liability.

#### Contacting the City's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Eureka Administrative office at 128 North Main, Eureka, IL 61530, telephone number 309-467-2113.

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Scott Punke, Mayor

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Melissa Brown, Administrator



CITY OF EUREKA, ILLINOIS  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
APRIL 30, 2015

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Cash and cash equivalents	\$ 2,725,267	\$ 947,371	\$ 3,672,638
Investments	491,115	-	491,115
Restricted cash	-	536,943	536,943
Notes receivable	-	29,686	29,686
Capital assets not being depreciated	1,413,656	129,440	1,543,096
Capital assets, net of accumulated depreciation	3,009,169	5,935,221	8,944,390
	\$ 7,639,207	\$ 7,578,661	\$ 15,217,868
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Utility customer deposits	\$ -	\$ 21,684	\$ 21,684
Current maturities of long-term debt	-	90,873	90,873
Other	-	1,137	1,137
	-	113,694	113,694
<b>NONCURRENT LIABILITIES</b>			
Long-term debt, net of current maturities	-	485,492	485,492
	-	599,186	599,186
<b>NET POSITION</b>			
Net investment in capital assets	4,422,825	5,488,296	9,911,121
Restricted for:			
Debt service	-	112,130	112,130
Other purposes	263,046	424,813	687,859
Unrestricted	2,953,336	954,236	3,907,572
	7,639,207	6,979,475	14,618,682
	\$ 7,639,207	\$ 7,578,661	\$ 15,217,868

See accompanying notes.



CITY OF EUREKA, ILLINOIS  
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS  
YEAR ENDED APRIL 30, 2015

FUNCTION/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities				
General government	\$ 451,078	\$ 94,220	\$ -	\$ 28,600
Public safety	612,788	152,179	2,095	-
Streets	605,306	-	5,560	3,455
Park	113,536	1,480	2,056	-
Emergency services	3,431	-	-	-
Economic development	18,011	-	-	-
Total governmental activities	1,804,150	247,879	9,711	32,055
Business-type activities	1,238,239	1,279,217	-	53,762
TOTAL	\$ 3,042,389	\$ 1,527,096	\$ 9,711	\$ 85,817

See accompanying notes.

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
	\$ (328,258)	\$ -	\$ (328,258)
	(458,514)	-	(458,514)
	(596,291)	-	(596,291)
	(110,000)	-	(110,000)
	(3,431)	-	(3,431)
	(18,011)	-	(18,011)
	(1,514,505)	-	(1,514,505)
	-	94,740	94,740
	(1,514,505)	94,740	(1,419,765)
General Revenues			
Taxes			
Property	436,689	-	436,689
Other local	55,911	-	55,911
Replacement	29,882	-	29,882
Sales	716,218	-	716,218
State income	616,139	-	616,139
Motor fuel	173,901	-	173,901
Interest	5,199	1,323	6,522
Other	3,793	-	3,793
Operating transfers	(4,229)	4,229	-
Contributions to Police Pension Fund	(30,000)	-	(30,000)
Total general revenues and transfers	2,003,503	5,552	2,009,055
Change in net position	488,998	100,292	589,290
NET POSITION - BEGINNING	7,150,209	6,879,183	14,029,392
NET POSITION - ENDING	\$ 7,639,207	\$ 6,979,475	\$ 14,618,682

CITY OF EUREKA, ILLINOIS  
BALANCE SHEET – MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
APRIL 30, 2015

ASSETS	GENERAL	MOTOR FUEL TAX	TOTAL
Cash and cash equivalents	\$ 2,486,676	\$ 238,591	\$ 2,725,267
Investments	491,115	-	491,115
	\$ 2,977,791	\$ 238,591	\$ 3,216,382
	\$ 2,977,791	\$ 238,591	\$ 3,216,382

FUND BALANCES

Fund balances			
Restricted	\$ 24,455	\$ 238,591	\$ 263,046
Assigned	606,964	-	606,964
Unassigned	2,346,372	-	2,346,372
	\$ 2,977,791	\$ 238,591	3,216,382
Total fund balances	\$ 2,977,791	\$ 238,591	3,216,382

RECONCILIATION TO THE STATEMENT OF NET POSITION:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	4,422,825
	4,422,825
Net position of governmental activities	\$ 7,639,207
	\$ 7,639,207

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2015

	GENERAL	MOTOR FUEL TAX	TOTAL
<b>Revenues</b>			
Property taxes	\$ 436,689	\$ -	\$ 436,689
Other local taxes	55,911	-	55,911
Replacement taxes	29,882	-	29,882
Sales taxes	716,218	-	716,218
State income taxes	616,139	-	616,139
Motor fuel taxes	-	173,901	173,901
Federal and state grants	39,710	-	39,710
Interest	5,168	31	5,199
Licenses, fees, and fines	247,879	-	247,879
Contributions	2,056	-	2,056
Other	5,639	-	5,639
	<u>2,155,291</u>	<u>173,932</u>	<u>2,329,223</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	297,211	-	297,211
Public safety	453,909	-	453,909
Streets	366,102	-	366,102
Park	75,170	-	75,170
Emergency services	2,688	-	2,688
Economic development	17,533	-	17,533
Employee retirement	353,353	-	353,353
Capital outlay	531,712	88,515	620,227
	<u>2,097,678</u>	<u>88,515</u>	<u>2,186,193</u>
Excess of revenues over expenditures	57,613	85,417	143,030
<b>Other financing uses</b>			
Operating transfers out	(4,229)	-	(4,229)
Contributions to Police Pension Fund	(30,000)	-	(30,000)
	<u>(34,229)</u>	<u>-</u>	<u>(34,229)</u>
Net change in fund balances	23,384	85,417	108,801
Fund balances, beginning of year	2,954,407	153,174	3,107,581
Fund balances, end of year	<u>\$ 2,977,791</u>	<u>\$ 238,591</u>	<u>\$ 3,216,382</u>

See accompanying notes.



CITY OF EUREKA, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS – GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2015

RECONCILIATION TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances - governmental funds	\$ 108,801
Governmental funds report capital outlays as expenditures; however, they are capitalized and depreciated in the Statement of Activities	
Capital asset purchases capitalized	620,227
Loss on disposal of capital assets	(1,846)
Depreciation expense	<u>(238,184)</u>
	<u>380,197</u>
Change in net position of governmental activities	<u><u>\$ 488,998</u></u>

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
ENTERPRISE FUND  
APRIL 30, 2015

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 947,371
Notes receivable	1,931
Total current assets	949,302
NONCURRENT ASSETS	
Restricted cash	536,943
Notes receivable	27,755
Capital assets not being depreciated	129,440
Capital assets, net of accumulated depreciation	5,935,221
Total noncurrent assets	6,629,359
	\$ 7,578,661

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Utility customer deposits	\$ 21,684
Current maturities of long-term debt	90,873
Other	1,137
Total current liabilities	113,694
NONCURRENT LIABILITIES	
Long-term debt, net of current maturities	485,492
Total liabilities	599,186
NET POSITION	
Net investment in capital assets	5,488,296
Restricted for:	
Debt service	112,130
Other	424,813
Unrestricted	954,236
Total net position	6,979,475
	\$ 7,578,661

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
MODIFIED CASH BASIS – ENTERPRISE FUND  
YEAR ENDED APRIL 30, 2015

Operating revenues	
Charges for services and sales	\$ 1,260,130
Penalties and miscellaneous	<u>19,087</u>
	<u>1,279,217</u>
Operating expenses	
Personnel services	341,387
Contractual services	260,589
Commodities	183,363
Depreciation	<u>432,937</u>
	<u>1,218,276</u>
Operating income	60,941
Nonoperating (revenues) expenses	
Interest income	(1,323)
Interest and fiscal charges on debt	19,963
Grant income	<u>(53,762)</u>
	<u>(35,122)</u>
Income before operating transfers	96,063
Transfers in	<u>(4,229)</u>
Change in net position	100,292
Total net position, beginning of year	<u>6,879,183</u>
Total net position, end of year	<u><u>\$ 6,979,475</u></u>

See accompanying notes.



CITY OF EUREKA, ILLINOIS  
STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS  
ENTERPRISE FUND  
YEAR ENDED APRIL 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 1,279,217
Payments to suppliers	(443,952)
Payments to employees	(341,387)
Receipt of utility deposits and other current liabilities	6,533
Refunds of utility customer deposits	<u>(5,956)</u>
Net cash provided by operating activities	<u>494,455</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from General Fund	<u>4,229</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(93,000)
Interest paid on debt	(18,836)
Grant proceeds	53,762
Acquisition of capital assets	<u>(258,120)</u>
Net cash used in capital and related financing activities	<u>(316,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	1,323
Note receivable advances	(63,798)
Note receivable repayments	<u>77,237</u>
Net cash provided by investing activities	<u>14,762</u>
INCREASE IN CASH AND CASH EQUIVALENTS	197,252
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (including \$467,243 of revenue bond reserves reported in restricted cash)	<u>1,287,062</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (including \$536,943 of revenue bond reserves reported in restricted cash)	<u>\$ 1,484,314</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 60,941
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	432,937
Increase in customer deposits and other	<u>577</u>
Net cash provided by operating activities	<u>\$ 494,455</u>

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF FIDUCIARY NET POSITION  
MODIFIED CASH BASIS  
APRIL 30, 2015

	POLICE PENSION TRUST	AGENCY (ECONOMIC DEVELOPMENT GRANT PROGRAM)
<b>ASSETS</b>		
Cash and cash equivalents	\$ 411,830	\$ 75,314
Notes receivable	-	78,684
	\$ 411,830	\$ 153,998
<b>LIABILITIES</b>		
Due to State	\$ -	\$ 153,998
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	\$ 411,830	\$ -

See accompanying notes.

CITY OF EUREKA, ILLINOIS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
MODIFIED CASH BASIS – POLICE PENSION TRUST FUND  
YEAR ENDED APRIL 30, 2015

Additions	
Investment income	
Interest income	\$ 276
Less investment expense	<u>-</u>
Net investment income	276
Members' contributions	24,444
Employer contributions	30,000
Other income	<u>10</u>
Total additions	<u>54,730</u>
Deductions	
Benefits paid to participants	4,911
Refund of contributions	7,886
Administrative expenses	1,760
Professional expenses	<u>10,669</u>
Total deductions	<u>25,226</u>
Net increase	29,504
Net position held in trust for pension benefits	
Beginning of year	<u>382,326</u>
End of year	<u><u>\$ 411,830</u></u>

See accompanying notes.



CITY OF EUREKA, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the use of a modified cash basis of accounting as described later, accounting policies of the City of Eureka, Illinois (City), conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant policies. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements.

A. Financial Reporting Entity

Generally accepted accounting principles require the financial reporting entity to include the primary government and other organizations for which the primary government is financially accountable (component units). Financial accountability includes the primary government's ability to appoint a voting majority of the organization's governing body and the ability to impose will on an organization if an organization is fiscally dependent on the primary government.

The City is not a component unit of any other entity. However, based on these criteria, management has determined the Police Pension Fund is a blended component unit of the City. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations; therefore, data from this unit is combined with data of the primary government. The Police Pension Fund was established to provide retirement, death, and disability payments to the police of the City or their beneficiaries and is a single-employer defined benefit pension plan. Contribution levels are mandated by Illinois Statutes and may be amended only by the Illinois legislature. The fiscal year-end for the Police Pension Fund is April 30, and it is reflected as a fiduciary fund in the financial statements.

Complete financial statements for this component unit may be obtained at the following address:

City of Eureka Police Pension Fund  
Lynn Hinnen, Treasurer  
128 N. Main Street  
Eureka, IL 61530

B. Basis of Presentation

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

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

*Fund Financial Statements* - Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a

separate set of self-balancing accounts that constitutes its assets, liabilities, fund balance/net position, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the City or if it meets the following criteria:

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

*Other Information* - Budgetary comparison schedules, Police Pension Fund information, and analysis of funding progress – IMRF are presented. The original and final budget for revenues and expenditures is presented in comparison with the actual final budgetary revenues and expenditures.

The funds of the financial reporting entity are described below:

#### Governmental Funds

**General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources and expenditures not required by law or contractual agreement to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following special revenue fund:

**Motor Fuel Tax Fund** - Accounts for the operations of the City's Street Department in connection with highway construction and maintenance projects authorized by the Illinois Department of Transportation. Financing is provided by the City's share of the State Motor Fuel Tax.

#### Proprietary Funds

**Enterprise Funds** - Enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or increase in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains the following enterprise fund:

**Waterworks and Sewerage Fund** - Accounts for the water and wastewater operations. Revenue is provided through user charges that are designed to pay operating expenses (including depreciation of the Fund's capital assets) and provide for an increase in net position to finance the continued operations of the system.



## Fiduciary Funds

Agency Funds - Agency funds are used to account for assets held by the City in a custodial capacity (i.e., assets equal liabilities). Agency funds do not involve the measurement of results of operations. The City includes the following agency fund:

Economic Development Grant Program Fund - Accounts for community development assistance program funds awarded by the Illinois Department of Commerce and Community Affairs (DCCA); the City is acting as custodial agent for the State of Illinois.

Police Pension Trust Fund - Accounts for the activities of the City of Eureka Police Pension Fund, which accumulates resources for retirement, death and disability benefits to the police of the City or their beneficiaries.

### C. Measurement Focus and Basis of Accounting

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

#### Measurement Focus

The government-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in Item 2 below. The agency fund does not have a measurement focus, as it is custodial in nature.

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

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

#### Basis of Accounting

In the government-wide financial statements and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with provisions for depreciation and amortization in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Fiduciary fund financial statements are accounted for using the modified cash basis.

#### D. Budgets and Budgetary Accounting

The budget for all governmental fund types is prepared on the modified cash basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. The original and final budget was passed through an appropriations ordinance on March 17, 2014. For each fund, total fund expenditures may not legally exceed the budgeted expenditures. The budget lapses at the end of each fiscal year. Encumbrances accounting is not employed.

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

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

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

#### E. Cash and Cash Equivalents

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

The Illinois Funds Money Market Fund is a money market fund created in 1975 by the Illinois General Assembly. The Fund is administered by the Illinois State Treasurer. The City maintains a separate investment account representing a proportionate share of the Fund assets and its respective collateral;

therefore, no collateral is identified with the City's account. The Fund's audit report is available through the Illinois State Treasurer's office.

F. Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity exceeds three months. Investments are carried at cost, which approximates fair value. The City is allowed to invest in securities as authorized by Chapter 30, Paragraph 235/2 of the Illinois Compiled Statutes. Generally, allowable investments consist of interest-bearing deposits in financial institutions; the Illinois Funds Money Market Fund; notes and bonds guaranteed by the United States of America; and, subject to certain restrictions, short-term corporate obligations and repurchase agreements with financial institutions.

G. Real Estate Taxes

Real estate taxes are a lien on individual properties from January 1 in the year in which the taxes are levied. The levy must be filed with the County Clerk by the last Tuesday in December each year. The tax levy for amounts received in the fiscal year ended April 30, 2015, was passed December 23, 2013. Due dates, by statute, are June 1 and September 1 of the following year. Generally, collections of tax monies are made within 30 to 60 days of the due dates.

The following are the tax rate limits permitted by state law and local referendum and the actual rates levied for 2013 per \$100 of assessed valuation:

City valuation	<u>\$ 67,887,003</u>			
Type of Tax	Limit	Rate	Extension	
Corporate	.3330	.1066	\$ 72,368	
Police protection	.1500	.0752	51,051	
Park	.1000	.0195	13,238	
Civil defense	.0500	.0015	1,018	
Police pension	As Needed	.0442	30,006	
IMRF/Social Security	As Needed	.2137	145,074	
Audit	As Needed	.0221	15,003	
Liability insurance	As Needed	.1606	109,027	
		<u>.6434</u>	<u>\$ 436,785</u>	

The City is limited under state law to aggregate indebtedness of 2.875 percent of assessed valuation. This limitation does not apply to indebtedness used to finance water and wastewater treatment facilities. The available legal debt margin approximated \$2.0 million at April 30, 2015.

H. Compensated Absences

As a result of using the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the government-wide or fund financial statements. Expenditures/Expenses



related to compensated absences are recorded when paid. The City's policy is to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation.

The estimated liability for unused vacation and sick leave of the City at April 30, 2015, was approximately \$82,000 (not reflected in the financial statements).

#### I. Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

#### J. Capital Assets

The City's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

#### Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost, if actual is unavailable. Prior to May 1, 2004, governmental funds infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004, are capitalized at cost.

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

	Useful Life	Capitalization Threshold
Buildings and utility plant	20-50 years	\$ 25,000
Land improvements	15-40 years	10,000
Water and sewer extensions	30-40 years	25,000
Equipment	5-30 years	1,000
Infrastructure	20 years	25,000

#### Fund Financial Statements

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

## K. Long-Term Debt

All long-term debt arising from cash transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

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

## L. Equity Classification

### Government-Wide Statements

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

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

Restricted net position for the business-type activities and governmental activities are described in Note 3 and 6, respectively.

### Fund Financial Statements

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance is classified in five categories, as applicable:

- (1) Non-spendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- (2) Restricted fund balance - Amounts with constraints placed on their use by external groups or by law through constitutional provisions or enabling legislation.
- (3) Committed fund balance - Amounts that can only be used for specific purposes as determined by formal action (an ordinance) of the City's highest level of decision-making authority (the City Council). The committed amounts cannot be used for any other purpose unless the City Council takes the same formal action to remove or change the imposed constraints.
- (4) Assigned fund balance - Amounts intended for a specific purpose that does not meet the criteria to be classified as restricted or committed. The City Council, through ordinance establishing the City's fund balance policy, has delegated to the City Administrator the authority to assign amounts to specific purposes. Pursuant to the City's fund balance policy, any fund balance assigned by the City Administrator must be reported to the City Council at its next regular meeting. The City Council has the authority to remove or change the assigned fund balance with a simple majority vote.
- (5) Unassigned fund balance - Amounts in the general fund that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes in the general fund. In other governmental funds, the unassigned fund balance classification is only used, as applicable, to report a deficit balance in that fund.



As of April 30, 2015, the City's fund balances are classified as restricted, assigned, and unassigned (see Note 6).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the City considers restricted amounts to have been spent first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, the City considers committed amounts to have been spent first, followed by assigned amounts and then unassigned amounts.

The City's formally adopted minimum fund balance policy is to maintain a minimum unassigned fund balance in its general fund equal to seven months of the subsequent year's budgeted expenditures and outgoing transfers.

#### M. Program Revenues

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

General Government - Licenses and permits and specific donations

Public Safety - Fine revenue and grants from the U.S Department of Justice and State of Illinois

Streets - Reimbursements and grants received from the Illinois Department of Transportation

Park - Rental income, recreation fees, concession sales, and specific donations

All other governmental revenues are reported as general. All taxes are classified as general revenue, even if restricted for a specific purpose.

#### N. Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

#### O. Interfund Balances and Activities

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements.

### NOTE 2. CASH AND INVESTMENTS

It is the City's policy to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned or the City will be unable to recover collateral securities in possession of an outside party. The City's

investment policy is that funds on deposit exceeding FDIC limits must be secured by collateral and held at an independent, third-party institution in the name of the municipality. Unless matched to a specific cash flow, the City will not directly invest in securities maturing beyond one year from the purchase date. Deposits of the City (primary government) are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the City. At April 30, 2015, the City (primary government) had approximately \$3,680,000 in deposits collateralized by pledged securities. At April 30, 2015, approximately \$160,000 in deposits of the Police Pension Fund were collateralized by pledged securities.

The City's cash and cash equivalents at April 30, 2015, consisted of deposits with financial institutions and the Illinois Funds Money Market Fund. The Illinois Funds have a credit rating of AAAM, by an independent rating agency, indicating an extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and liquidity risks. The Illinois Funds Money Market Fund has weighted average days to maturity of 40 days. The amount invested in this fund was \$242,848 at April 30, 2015.

Investments consist of a certificate of deposit and money market account at two different financial institutions. Neither has been rated by an independent rating agency. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City's certificate of deposit has an original maturity of six months.

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

Government-wide statement of net position:	
Cash and cash equivalents	\$ 3,672,638
Investments	491,115
Restricted cash	536,943
Statement of fiduciary net position:	
Cash and cash equivalents	<u>487,144</u>
	<u>\$ 5,187,840</u>

NOTE 3. RESTRICTED CASH

Ordinances 05-05 provided for the issuance of General Obligation Bonds. As outlined in the ordinance, certain assets are required to be restricted and used only for specific purposes. Restricted cash at April 30, 2015, is as follows:

Bond and interest reserve	\$ 112,130
Depreciation, improvements, and equipment reserve	<u>424,813</u>
	<u>\$ 536,943</u>

NOTE 4. CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2015, was as follows:

	Balance May 1, 2014	Additions	Deletions	Balance April 30, 2015
<i>Governmental activities:</i>				
Capital assets not being depreciated				
Land	\$ 1,413,656	\$ -	\$ -	\$ 1,413,656
Construction in process	51,274	-	51,274	-
	<hr/>			
Total capital assets not being depreciated	1,464,930	-	51,274	1,413,656
	<hr/>			
Other capital assets				
Land improvements	673,664	6,891	-	680,555
Buildings	449,196	9,345	-	458,541
Equipment and vehicles	1,627,314	108,513	145,405	1,590,422
Infrastructure	1,919,345	546,752	-	2,466,097
Utility plant	2,000	-	-	2,000
	<hr/>			
Total other capital assets	4,671,519	671,501	145,405	5,197,615
	<hr/>			
Less accumulated depreciation for:				
Land improvements	332,750	21,575	-	354,325
Buildings	267,215	11,857	-	279,072
Equipment and vehicles	1,083,939	107,555	143,559	1,047,935
Infrastructure	409,612	97,130	-	506,742
Utility plant	305	67	-	372
	<hr/>			
Total accumulated depreciation	2,093,821	238,184	143,559	2,188,446
	<hr/>			
Other capital assets, net	2,577,698	433,317	1,846	3,009,169
	<hr/>			
Governmental activities, net	\$ 4,042,628	\$ 433,317	\$ 53,120	\$ 4,422,825
	<hr/> <hr/>			



	Balance May 1, 2014	Additions	Deletions	Balance April 30, 2015
<i>Business-type activities:</i>				
Capital assets not being depreciated				
Land	\$ 106,473	\$ -	\$ -	\$ 106,473
Construction in process	66,297	22,967	66,297	22,967
	<hr/>			
Total capital assets not being depreciated	172,770	22,967	66,297	129,440
	<hr/>			
Other capital assets				
Land improvements	7,736	-	-	7,736
Buildings	100,000	-	-	100,000
Utility plant	9,486,536	22,549	-	9,509,085
Water main extensions	2,028,788	4,500	-	2,033,288
Equipment and vehicles	1,588,979	90,179	74,999	1,604,159
Sewer extensions	1,353,168	184,222	-	1,537,390
	<hr/>			
Total other capital assets	14,565,207	301,450	74,999	14,791,658
	<hr/>			
Less accumulated depreciation for:				
Land improvements	7,739	-	-	7,739
Buildings	86,664	3,333	-	89,997
Utility plant	6,165,669	244,415	-	6,410,084
Water main extensions	605,995	67,753	-	673,748
Equipment and vehicles	856,202	67,487	74,999	848,690
Sewer extensions	776,230	49,949	-	826,179
	<hr/>			
Total accumulated depreciation	8,498,499	432,937	74,999	8,856,437
	<hr/>			
Other capital assets, net	6,066,708	(131,487)	-	5,935,221
	<hr/>			
Business-type activities, net	\$ 6,239,478	\$ (108,520)	\$ 66,297	\$ 6,064,661
	<hr/> <hr/>			

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

General government	\$ 6,660
Public safety	39,238
Streets	161,544
Park	29,521
Emergency services	743
Economic development	478
	<hr/>
Total depreciation expense for governmental activities	\$ 238,184
	<hr/> <hr/>



NOTE 5. LONG-TERM DEBT

The City's long-term debt arising from cash transactions is segregated between amounts to be paid from governmental activities and amounts repaid from business-type activities.

The changes in the City's long-term debt for the year ended April 30, 2015, are as follows:

	Balance May 1, 2014	Additions	Reductions	Balance April 30, 2015	Amount Due Within One Year
Business-type activities:					
Bonds payable	\$ 675,000	\$ -	\$ 93,000	\$ 582,000	\$ 92,000
Refunded bond discount	(6,762)	-	1,127	(5,635)	(1,127)
Total business-type activities	<u>\$ 668,238</u>	<u>\$ -</u>	<u>\$ 94,127</u>	<u>\$ 576,365</u>	<u>\$ 90,873</u>

During fiscal year 2006, the City issued \$1,400,000 in general obligation bonds. These bonds were issued for the purpose of defraying the cost of improving the waterworks and sewerage system. The issue date on the bonds was June 13, 2005, with interest rates ranging from 3.125 to 4.150 percent. On May 15, 2013, the City refunded these obligation bonds, paying down an additional \$300,000 of principal as part of the transaction. The refinanced amount of general obligation refunding bonds was \$686,000, with interest rates ranging from 1.25 to 2.40 percent and maturities through December 15, 2020.

The schedule of principal and interest requirements of the general obligation bonds are as follows:

Fiscal Year	Interest	Principal	Total
2016	\$ 11,782	\$ 92,000	\$ 103,782
2017	10,264	96,000	106,264
2018	8,680	95,000	103,680
2019	6,780	99,000	105,780
2020	4,800	103,000	107,800
2021	2,328	97,000	99,328
	<u>\$ 44,634</u>	<u>\$ 582,000</u>	<u>\$ 626,634</u>

The bonds were refunded at a discount of \$7,889. This discount is being amortized using the straight-line method over the term of the bonds. Amortization expense was \$1,127 during the year ended April 30, 2015.

NOTE 6. GOVERNMENTAL FUND BALANCES

The following is a summary of fund balance classifications as presented in the Balance Sheet for the Governmental Funds.

Restricted fund balances as of April 30, 2015:

Restricted for:	
Street repair and improvements	\$ 238,591
Law enforcement	22,140
Parks and recreation	1,624
Other purposes	<u>691</u>
	<u>\$ 263,046</u>

Assigned fund balances as of April 30, 2015:

Assigned to:	
Pension	\$ 490,873
Law enforcement	116,001
Parks and recreation	<u>90</u>
	<u>\$ 606,964</u>

NOTE 7. INTERFUND TRANSFERS

	Transfer In	Transfer Out
General Fund	\$ -	\$ 4,229
Enterprise Fund	<u>4,229</u>	<u>-</u>
	<u>\$ 4,229</u>	<u>\$ 4,229</u>

The interfund transfer from the General Fund to the Enterprise Fund represents expenses incurred by the Enterprise Fund but paid by the General Fund.

NOTE 8. RETIREMENT PLANS AND OTHER POSTEMPLOYMENT BENEFITS

A. Illinois Municipal Retirement Fund - Regular

*Plan Description.* The City's defined benefit pension plan for regular employees (Regular Plan) 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 4.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of their own employees. The City's annual required contribution rate for calendar year 2014 was 16.21 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* For the calendar year ending December 31, 2014, the City's actual contributions for these pension costs were equal to the required contribution of \$88,615 for calendar year 2014.

Three-Year Trend Information

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	\$ 88,615	100%	\$ -
12/31/2013	68,805	100%	-
12/31/2012	75,818	100%	-

The required contribution for 2014 was determined as part of the December 31, 2012, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5-percent investment rate of return (net of administrative and direct investment expenses); (b) projected salary increases of 4 percent a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4 to 10 percent per year, depending on age and service, attributable to seniority/merit; and (d) postretirement benefit increases of 3 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-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 90-percent funded. The actuarial accrued liability for benefits was \$2,271,374, and the actuarial value of assets was \$2,044,287, resulting in an underfunded actuarial accrued liability (UAAL) of \$227,087. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the Plan) was \$546,666, and the ratio of the UAAL to the covered payroll was 42 percent.



The Schedule of Funding Progress, presented as “Other 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.

**B. Illinois Municipal Retirement Fund - Sheriff’s Law Enforcement Personnel**

*Plan Description.* The City’s defined benefit pension plan for Sheriff’s Law Enforcement Personnel (Sheriff’s Law Enforcement Personnel Plan) 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 Sheriff’s Law Enforcement Personnel Plan members are required to contribute 7.5 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of their own employees. The City’s annual required contribution rate for calendar year 2014 was 20.57 percent. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* There was no required contribution for calendar year 2014.

**Three-Year Trend Information**

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2014	\$ -	- %	\$ -
12/31/2013	7,734	100%	-
12/31/2012	-	- %	-

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 percent a year, attributable to inflation; (c) additional projected salary increases ranging from 0.4 to 10 percent per year, depending on age and service, attributable to seniority/merit; and (d) postretirement benefit increases of 3 percent annually. The actuarial value of the City’s Sheriff’s Law Enforcement Personnel Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20-percent corridor between the actuarial and market value of assets. The City’s Sheriff’s Law Enforcement Personnel 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 Sheriff's Law Enforcement Personnel Plan was 44.47-percent funded. The actuarial accrued liability for benefits was \$33,993, and the actuarial value of assets was \$15,117, resulting in an underfunded actuarial accrued liability (UAAL) of \$18,876. There was no covered payroll for calendar year 2014 (annual payroll of active employees covered by the Plan), and the ratio of the UAAL to covered payroll was 0 percent.

The Schedule of Funding Progress, presented as "Other 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.

C. Police Pension Fund

The City contributes to the Police Pension Fund, a single-employer plan. The Plan was established by municipal ordinance on July 16, 2012. There are six active plan members. Benefits vest as stipulated in Illinois Compiled Statutes. Further information about the pension fund is provided in Note 1 and as follows.

The components of the net pension liability of the Plan at April 30, 2015, were as follows:

Total pension liability	\$ 357,331
Plan fiduciary net position	<u>(411,830)</u>
Fund's net pension liability (asset)	<u>\$ (54,499)</u>
Plan fiduciary net position as a percentage of the total pension liability	115.25%

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of May 1, 2014, updated to April 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Service based with increases ranging from 11% to 4%
Investment rate of return	5% per year compounded annually, net of investment-related expenses

Mortality rates were based on the RP-2000 Combined Healthy Annuitant Mortality Table, with no projection, and the RP-2000 Disabled Retiree Annuitant Mortality Table, with no projection.

The actuarial assumptions used in the April 30, 2015, valuation were based on the results of actuarial experience studies for the period of May 1, 2013, to April 30, 2014, and were rolled forward to April 30, 2015, using the same assumptions.

The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of April 30, 2015, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash and cash equivalents	- %

*Discount Rate.* The discount rate used to measure the total pension liability was 5 percent. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that Fund contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the Fund, calculated using the discount rate of 5 percent, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4 percent) or one percentage point higher (6 percent) than the current rate:

	1% Decrease (4%)	Current Discount Rate (5%)	1% Increase (6%)
Fund's net pension liability (asset)	\$ 34,352	\$ (54,499)	\$ (124,440)

The Schedule of Changes in the Fund's Net Pension Liability and Related Ratios and the Schedule of Fund Contributions, presented as "Other Information" following the notes to the financial statements, present multiyear trend information about the Plan's current net pension liability and contribution deficiency or excess.

Covered employees are required to contribute 9.91 percent of their 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 interest. The City of Eureka is required to contribute the remaining amounts necessary to finance the Plan as actuarially determined by an enrolled actuary; the current rate is 28.73 percent of annual covered payroll. For the fiscal year ending April 30, 2015, the City's actual contributions for pension costs were \$30,000. The actuarially determined contribution (\$63,274 for 2015) includes an amount necessary to amortize the net pension liability over a 30-year closed period with a target funding of 90 percent by 2040.



#### D. Social Security

All City employees are covered under Social Security. The City paid social security taxes of \$70,327 for the year ended April 30, 2015.

#### E. Postemployment Health Insurance

All non-union City employees who retire with 20 or more years of continuous service are eligible for extended health care coverage. The City subsidizes the cost of premiums for the retired employee in accordance with the following formula:

- 1) 2.5 percent of monthly premium for each year of continuous service with the City, not to exceed 30 years (75 percent).
- 2) Effective upon the employee reaching 59.5 years of age and terminating upon the employee's eligibility for Medicare coverage.

As a result of using the modified cash basis of accounting, estimated liabilities related to postemployment health insurance are not recorded in the government-wide or fund financial statements. Expenditures/Expenses related to the Plan are recorded when paid. Expenditures of approximately \$10,100 were made during the year for postemployment health insurance. One retired employee was eligible to receive benefits during the year ended April 30, 2015.

#### NOTE 9. SEGMENT INFORMATION

The City maintains one Enterprise Fund (the Waterworks and Sewerage Fund), which provides water and sewer services. Therefore, the presentation of segment information is not necessary.

#### NOTE 10. 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; workers' compensation; and natural disasters. The City purchases commercial insurance for those risks of loss, with the exception of workers' compensation. For risk of loss related to workers' compensation, the City has joined the Illinois Public Risk Fund (IPRF), a public entity risk pool currently operating as a common risk management and workers' compensation insurance program for public entities and governmental agencies throughout Illinois. The City pays annual premiums for its insurance coverage, except for employees' health and accident insurance. The City carries insurance through Health Alliance for employees' health and accident risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



OTHER INFORMATION

CITY OF EUREKA, ILLINOIS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS  
 BUDGET AND ACTUAL – GENERAL AND MOTOR FUEL TAX FUND (UNAUDITED)  
 YEAR ENDED APRIL 30, 2015

	GENERAL FUND			MOTOR FUEL TAX FUND		
	Original and Final Budget	Actual	Over (Under) Budget	Original and Final Budget	Actual	Over (Under) Budget
<b>Revenues</b>						
Property taxes	\$ 436,528	\$ 436,689	\$ 161	\$ -	\$ -	\$ -
Other local taxes	55,000	55,911	911	-	-	-
Replacement taxes	28,100	29,882	1,782	-	-	-
Sales taxes	680,000	716,218	36,218	-	-	-
State income taxes	545,000	616,139	71,139	-	-	-
Motor fuel taxes	-	-	-	129,950	173,901	43,951
Federal and state grants	6,300	39,710	33,410	-	-	-
Interest	7,000	5,168	(1,832)	50	31	(19)
Licenses, fees, and fines	213,850	247,879	34,029	-	-	-
Contributions	-	2,056	2,056	-	-	-
Other	9,850	5,639	(4,211)	-	-	-
	<u>1,981,628</u>	<u>2,155,291</u>	<u>173,663</u>	<u>130,000</u>	<u>173,932</u>	<u>43,932</u>
<b>Expenditures</b>						
Current						
General government	429,600	297,211	(132,389)	-	-	-
Public safety	518,600	453,909	(64,691)	-	-	-
Streets	517,200	366,102	(151,098)	-	-	-
Park	406,750	75,170	(331,580)	-	-	-
Emergency services	4,000	2,688	(1,312)	-	-	-
Economic development	42,100	17,533	(24,567)	-	-	-
Employee retirement	377,000	353,353	(23,647)	-	-	-
Capital outlay	52,400	531,712	479,312	135,000	88,515	(46,485)
	<u>2,347,650</u>	<u>2,097,678</u>	<u>(249,972)</u>	<u>135,000</u>	<u>88,515</u>	<u>(46,485)</u>
Excess (deficiency) of revenues over expenditures	(366,022)	57,613	423,635	(5,000)	85,417	90,417
Other financing uses						
Operating transfers out	-	(4,229)	(4,229)	-	-	-
Contributions to Police Pension Fund	(30,000)	(30,000)	-	-	-	-
Excess (deficiency) of revenues and other financing uses over expenditures	\$ (396,022)	\$ 23,384	\$ 419,406	\$ (5,000)	\$ 85,417	\$ 90,417

CITY OF EUREKA, ILLINOIS  
ANALYSIS OF FUNDING PROGRESS – IMRF (UNAUDITED)  
APRIL 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Annual Covered Payroll [(b-a) / c]
<b>Regular:</b>						
12/31/2014	\$ 2,044,287	\$ 2,271,374	\$ 227,087	90.00%	\$ 546,666	41.54%
12/31/2013	1,618,279	2,050,266	431,987	78.93%	485,567	88.97%
12/31/2012	1,252,251	1,970,529	718,278	63.55%	596,053	120.51%
<b>Sheriff's Law Enforcement Personnel:</b>						
12/31/2014	\$ 15,117	\$ 33,993	\$ 18,876	44.47%	\$ -	- %
12/31/2013	13,995	29,931	15,936	46.76%	55,403	28.76%



CITY OF EUREKA, ILLINOIS  
SCHEDULE OF CHANGES IN THE FUND'S NET PENSION LIABILITY  
AND RELATED RATIOS – POLICE PENSION FUND (UNAUDITED)  
APRIL 30, 2015

	2015
Total pension liability	
Service cost	\$ 68,603
Interest	17,320
Change of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds of Plan member contributions	<u>(12,797)</u>
Net change in total pension liability	73,126
Total pension liability - beginning	<u>284,205</u>
Total pension liability - ending	<u><u>\$ 357,331</u></u>
Plan fiduciary net position	
Member contributions	\$ 24,444
Employer contributions	30,000
Net investment income	276
Benefit payments, including refunds of Plan member contributions	(12,797)
Administrative expenses	(1,760)
Other	<u>(10,659)</u>
Net change in Plan fiduciary net position	29,504
Plan fiduciary net position - beginning	<u>382,326</u>
Plan fiduciary net position - ending	<u><u>\$ 411,830</u></u>
Fund's net pension liability (asset)	<u><u>\$ (54,499)</u></u>
Plan fiduciary net position as a percentage of total pension liability	115.25%
Covered-employee payroll	\$ 220,229
Fund's net pension liability (asset) as a percentage of covered-employee payroll	-24.75%

CITY OF EUREKA, ILLINOIS  
 SCHEDULE OF FUND CONTRIBUTIONS – POLICE PENSION FUND (UNAUDITED)  
 APRIL 30, 2015

Fiscal Year	Actuarially Determined Contribution	Recognized Employer Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 63,274	\$ 30,000	\$ 33,274	\$ 220,229	13.62%
2014	66,598	30,000	36,598	191,410	15.67%
2013	-	300,000	(300,000)	143,297	209.36%

The actuarially determined contribution and recognized employer contribution are presented in accordance with GASB Statement No. 25 for fiscal years 2014 and prior.

The actuarially determined contribution and recognized employer contribution are presented in accordance with GASB Statement No. 67 for fiscal year 2015.

The employer contribution in fiscal year 2013 reflects the initial funding of the Plan.

CITY OF EUREKA, ILLINOIS  
SCHEDULE OF FUND CONTRIBUTIONS – POLICE PENSION FUND (UNAUDITED)  
APRIL 30, 2015

Notes to Schedule:

Valuation date: Actuarially determined contribution rates are calculated as of May 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	26 years (as of May 1, 2014)
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increases	Service-related table with rates grading from 11% to 4%
Investment rate of return	5%, net of Pension Plan investment expense
Retirement age	Assumed age 50 for tier 1; age 55 for tier 2
Mortality	Assumed life expectancies are determined using the RP-2000 Combined Healthy Annuitant Mortality Table, with no projection, and the RP-2000 Disabled Retiree Annuitant Mortality Table, with no projection.



CITY OF EUREKA, ILLINOIS  
SCHEDULE OF GENERAL FUND EXPENDITURES  
MODIFIED CASH BASIS – BUDGET AND ACTUAL  
YEAR ENDED APRIL 30, 2015

	Original and Final Budget	Actual
<b>EXPENDITURES</b>		
General government		
Personnel services	\$ 156,000	\$ 132,287
Contractual services	217,000	152,916
Commodities	3,600	4,853
Other expense	53,000	7,155
	<u>429,600</u>	<u>297,211</u>
Public safety		
Personnel services	421,000	366,255
Contractual services	57,900	54,844
Commodities	27,700	26,716
Other expense	12,000	6,094
	<u>518,600</u>	<u>453,909</u>
Streets		
Personnel services	261,000	242,141
Contractual services	209,200	95,039
Commodities	47,000	28,922
	<u>517,200</u>	<u>366,102</u>
Park		
Personnel services	35,000	23,531
Contractual services	339,450	24,515
Commodities	12,300	8,189
Other expense	20,000	18,935
	<u>406,750</u>	<u>75,170</u>
Emergency services		
Contractual services	3,700	1,944
Commodities	300	744
	<u>4,000</u>	<u>2,688</u>
Economic development		
Contractual services	38,100	17,533
Commodities	4,000	-
	<u>42,100</u>	<u>17,533</u>
Employee retirement	<u>377,000</u>	<u>353,353</u>
Capital outlay		
General government	1,200	1,020
Public safety	34,000	73,224
Streets	9,000	105,048
Park	3,000	344,845
Emergency services	200	7,575
Economic development	5,000	-
	<u>52,400</u>	<u>531,712</u>
Total General Fund Expenditures	<u>\$ 2,347,650</u>	<u>\$ 2,097,678</u>

CITY OF EUREKA, ILLINOIS  
INFORMATION REQUIRED BY GENERAL OBLIGATION BOND ORDINANCE  
ENTERPRISE FUND (UNAUDITED)  
APRIL 30, 2015

The following information is required to be included in the report by Section 17 of General Obligation Bond Ordinance 05-05.

1. Statement in detail of the income and expenditures of the system for the fiscal year. See the Statement of Revenues, Expenses and Changes in Fund Net Position – Modified Cash Basis – Enterprise Fund.
2. A balance sheet as of the end of the fiscal year, including a statement of the amount held in each of the accounts of the system fund. See the Statement of Net Position – Modified Cash Basis – Enterprise Fund and Note 3 to the financial statements.
3. A list of the insurance policies in force at the end of the fiscal year. See the Schedule of Insurance Policies in Force.
4. A summary of rates in effect at the end of the fiscal year for services of the system and any changes in such rates during the fiscal year.

	Rate per 1,000 gallons
Water	\$6.03
Sewer	4.06

5. The amounts and details of all outstanding bonds. See Note 5 to the financial statements.
6. Independent auditors' comments regarding the manner in which the municipality has carried out the requirements of the ordinance.

Ordinance requires the establishment of the following accounts:

- Operation and maintenance account
- Bond and interest account
- Depreciation, improvement, and extension account
- Surplus account

Restricted asset accounts have been established and transfers have been made to these accounts during the current year as required.

The restricted asset accounts are reported as restricted net position.

CITY OF EUREKA, ILLINOIS  
 SCHEDULE OF INSURANCE POLICIES IN FORCE (UNAUDITED)  
 APRIL 30, 2015

The City is insured with the Underwriters at Lloyds London and Citizens Insurance Company of America for all risks of loss other than workers' compensation insurance, which is insured with the Illinois Public Risk Fund. Policy coverage, effective through December 31, 2015, is as follows:

	Per Occurrence
General liability	\$1,000,000
Auto liability	\$1,000,000
Auto physical damage	Included per schedule on file with company
Building and personal property	\$5,468,468
Workers' compensation	Statutory
Public officials' liability	\$1,000,000
Flood and earthquake	\$5,000,000
Liquor liability	Host liquor included
Crime liability - employee theft per loss	\$500,000
Valuable papers and records coverage	\$250,000/occurrence \$50,000 away from premise
Premises medical	\$5,000
Fire legal liability - damage to premise rented by insured	\$1,000,000
Employers' liability	\$3,000,000
Auto medical	\$5,000
Uninsured/Underinsured motorist	\$1,000,000
Public Official Position Bond	Included on crime policy
Identity theft expense	\$5,000