

**City of Princeton, Illinois**  
**Annual Financial Report**  
**For the Fiscal Year Ended April 30, 2016**

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# STRIEGEL KNOBLOCH & COMPANY, L.L.C.

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## Independent Auditor's Report

The Honorable Mayor and City Council  
City of Princeton, Illinois

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Princeton, Illinois ("City"), as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Julia Rackley Perry Memorial Hospital Fund, which represents 36.65%, 44.40%, and 71.41%, respectively, of the assets, net position, and revenues of the business-type activities of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Princeton, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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**

The City's financial statements do not disclose the appropriate amount of detail for the Police and Fire pension liabilities as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* (see footnote 18).

### **Qualified Opinion**

In our opinion, except for the omission of the information discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of April 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, during the year ended April 30, 2016. Statement No. 68 expands disclosures related to pensions and requires the City to report the net pension liability in the statement of net position. The adoption of this Statement had no effect on any of the City's fund balances but decreased the City's governmental net position by \$5,175,833 and business-type net position by \$568,147 as of May 1, 2015, as disclosed in Note 16. While the net pension liabilities for the Police and Fire pensions have been recorded, the disclosure found in Note 18 does not comply with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, our opinion has been modified for this lack of disclosure.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which has been omitted; the Illinois Municipal Retirement Fund – Schedule of Changes in the City's Net Pension Liability and Related Ratios; the Illinois Municipal Retirement Fund – Schedule of Employer Contributions; and budgetary comparison information on pages on pages 62, 63 and 64 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016, on our consideration of the City of Princeton's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Princeton's internal control over financial reporting and compliance.

*Striegel Knobloch & Company LLC*

Bloomington, Illinois

October 24, 2016

## **BASIC FINANCIAL STATEMENTS**

**City of Princeton, Illinois**

**Statement of Net Position**

**April 30, 2016**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Component</u>
	<u>Activities</u>	<u>Activities</u>		<u>Unit</u>
<b>Assets</b>				
Cash and cash equivalents	\$ (395,843)	\$ 2,378,869	\$ 1,983,026	\$ 5,572,138
Investments	584,168	-	584,168	-
Receivables, net:				
Property taxes	1,259,100	-	1,259,100	-
Intergovernmental taxes	758,226	-	758,226	-
Accounts	176,920	886,774	1,063,694	5,603,340
Prepaid expenses	56,266	44,548	100,814	356,826
Inventory	-	748,108	748,108	380,412
Interfund balance	48,179	(48,179)	-	-
Notes receivable	742,663	-	742,663	7,038,936
Capital assets (net of accumulated depreciation)	<u>38,527,075</u>	<u>57,241,929</u>	<u>95,769,004</u>	<u>16,484,302</u>
Total assets	<u>41,756,754</u>	<u>61,252,049</u>	<u>103,008,803</u>	<u>35,435,954</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension obligations	<u>592,512</u>	<u>960,888</u>	<u>1,553,400</u>	<u>2,426,380</u>
Total assets and deferred outflows of resources	<u>\$ 42,349,266</u>	<u>\$ 62,212,937</u>	<u>\$ 104,562,203</u>	<u>\$ 37,862,334</u>

- Continued -

**City of Princeton, Illinois**  
**Statement of Net Position – Continued**

**April 30, 2016**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Liabilities</b>				
Accounts payable	\$ 715,825	\$ 514,838	\$ 1,230,663	\$ 1,363,698
Accrued expenses	674,710	449,477	1,124,187	2,652,592
Accrued interest	99,679	153,477	253,156	-
Deposits	-	99,459	99,459	-
Police and fire pension liability	5,029,289	-	5,029,289	-
IMRF pension liability	1,412,268	2,290,304	3,702,572	5,197,140
Notes payable:				
Due within one year	274,360	1,154,136	1,428,496	511,230
Due in more than one year	367,351	18,836,107	19,203,458	1,014,555
Bonds payable:				
Due within one year	714,000	930,000	1,644,000	-
Due in more than one year	<u>6,700,000</u>	<u>3,815,000</u>	<u>10,515,000</u>	<u>-</u>
Total liabilities	<u>15,987,482</u>	<u>28,242,798</u>	<u>44,230,280</u>	<u>10,739,215</u>
<b>Deferred Inflows of Resources</b>				
Property tax receivable	1,259,100	-	1,259,100	-
Deferred revenue	<u>45,962</u>	<u>-</u>	<u>45,962</u>	<u>-</u>
Total deferred outflows of resources	<u>1,305,062</u>	<u>-</u>	<u>1,305,062</u>	<u>-</u>
<b>Net Position</b>				
Invested in capital assets, net of related debt	30,471,364	32,506,686	62,978,050	14,958,517
Restricted for:				
Hospital	-	-	-	705,363
Motor fuel tax	403,296	-	403,296	-
Tax increment	-	-	-	-
Cemetery trust	-	-	-	-
Library trust	225,780	-	225,780	-
Library	362,203	-	362,203	-
Debt service	483,492	-	483,492	-
Garbage	326,486	-	326,486	-
Insurance	-	-	-	-
Unrestricted	<u>(7,215,899)</u>	<u>1,463,453</u>	<u>(5,752,446)</u>	<u>11,459,239</u>
Total net position	<u>25,056,722</u>	<u>33,970,139</u>	<u>59,026,861</u>	<u>27,123,119</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 42,349,266</u>	<u>\$ 62,212,937</u>	<u>\$104,562,203</u>	<u>\$ 37,862,334</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Statement of Activities**

**For the Year Ended April 30, 2016**

		Program Revenues		
	Expenses	Charges for Services	Fines, fees and permits	Operating Grants and Contributions
<b>Governmental Activities</b>				
General government	\$ 4,123,557	\$ 1,861,918	\$ 181,106	\$ 28,593
Public safety	4,198,338	901,388	30,198	8,081
Public works	2,585,463	-	-	-
Culture and recreation	730,732	32,424	19,264	201,244
Economic development	58,237	76,704	-	34,502
Building and zoning	247,551	-	-	-
Cemetery	240,504	74,307	-	-
Garbage	500,245	536,194	-	-
Interest on long-term debt	<u>253,008</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>12,937,635</u>	<u>3,482,935</u>	<u>230,568</u>	<u>272,420</u>
<b>Business-Type Activities</b>				
Water	2,829,887	2,627,461	-	-
Electric	11,941,774	11,007,988	-	-
Sewer	<u>1,518,230</u>	<u>1,834,616</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>16,289,891</u>	<u>15,470,065</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 29,227,526</u>	<u>\$ 18,953,000</u>	<u>\$ 230,568</u>	<u>\$ 272,420</u>
Component Unit:				
Hospital	<u>\$ 39,080,734</u>	<u>\$ 39,259,304</u>	<u>\$ -</u>	<u>\$ 148,832</u>

General revenues:

Taxes:

- Property tax
- Income tax
- Motor fuel tax
- Replacement tax
- Sales tax
- Use tax
- Excise tax
- Video gaming tax
- Hotel tax

Miscellaneous

Investment income

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

The accompanying notes are an integral part of this statement.

Program Revenues Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Governmental Activities	Business-Type Activities	Total	
\$ -	\$ (2,051,940)	\$ -	\$ (2,051,940)	\$ -
-	(3,258,671)	-	(3,258,671)	-
-	(2,585,463)	-	(2,585,463)	-
-	(477,800)	-	(477,800)	-
-	52,969	-	52,969	-
-	(247,551)	-	(247,551)	-
-	(166,197)	-	(166,197)	-
-	35,949	-	35,949	-
-	(253,008)	-	(253,008)	-
-	(8,951,712)	-	(8,951,712)	-
-	-	(202,426)	(202,426)	-
-	-	(933,786)	(933,786)	-
-	-	316,386	316,386	-
-	-	(819,826)	(819,826)	-
\$ -	\$ (8,951,712)	\$ (819,826)	\$ (9,771,538)	\$ -
\$ -	\$ -	\$ -	\$ -	\$ 327,402
	1,336,815	-	1,336,815	-
	833,460	-	833,460	-
	195,934	-	195,934	-
	102,927	-	102,927	-
	2,325,034	-	2,325,034	-
	176,823	-	176,823	-
	298,090	-	298,090	-
	117,700	-	117,700	-
	133,870	-	133,870	-
	438,027	-	438,027	-
	41,791	2,383	44,174	56,965
	-	-	-	-
	<u>6,000,471</u>	<u>2,383</u>	<u>6,002,854</u>	<u>56,965</u>
	(2,951,241)	(817,443)	(3,768,684)	384,367
	<u>28,007,963</u>	<u>34,787,582</u>	<u>62,795,545</u>	<u>26,738,752</u>
	\$ <u>25,056,722</u>	\$ <u>33,970,139</u>	\$ <u>59,026,861</u>	\$ <u>27,123,119</u>

**City of Princeton, Illinois**

**Balance Sheet – Governmental Funds**

**April 30, 2016**

	<u>General Fund</u>	<u>Library Fund</u>	<u>Motor Fuel Tax Funds</u>	<u>Garbage Fund</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 604,303	\$ 137,749	\$ 399,426	\$ 353,217
Investments	55,860	450,234	-	-
Receivables, net:				
Property taxes	811,000	334,500	-	-
Intergovernmental taxes	729,222	-	17,433	-
Accounts	156,383	-	-	20,537
Due from other funds	<u>4,576</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 2,361,344</u>	<u>\$ 922,483</u>	<u>\$ 416,859</u>	<u>\$ 373,754</u>
<b>Liabilities</b>				
Accounts payable	\$ 37,587	\$ -	\$ -	\$ 5,125
Accrued expenses	614,594	-	-	42,143
Due to other funds	<u>200,791</u>	<u>-</u>	<u>13,563</u>	<u>-</u>
Total liabilities	<u>852,972</u>	<u>-</u>	<u>13,563</u>	<u>47,268</u>
<b>Deferred inflows of Resources</b>				
Deferred property taxes	811,000	334,500	-	-
Deferred revenue	<u>45,962</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>856,962</u>	<u>334,500</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>				
Restricted:				
Motor fuel tax	-	-	403,296	-
Tax increment	-	-	-	-
Cemetery trust	-	-	-	-
Library trust	-	225,780	-	-
Library	-	362,203	-	-
Debt service	-	-	-	-
Assigned:				
Garbage	-	-	-	326,486
Unassigned	<u>651,410</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>651,410</u>	<u>587,983</u>	<u>403,296</u>	<u>326,486</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,361,344</u>	<u>\$ 922,483</u>	<u>\$ 416,859</u>	<u>\$ 373,754</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Balance Sheet – Governmental Funds – Continued**

**April 30, 2016**

	Economic Development Fund	Other Governmental Funds	Total
<b>Assets</b>			
Cash and cash equivalents	\$ (1,030,707)	\$ (523,236)	\$ (59,248)
Investments	-	78,074	584,168
Receivables, net:			
Property taxes	-	113,600	1,259,100
Intergovernmental taxes	11,571	-	758,226
Other	-	-	176,920
Due from other funds	-	443,710	448,286
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	\$ <u>(1,019,136)</u>	\$ <u>112,148</u>	\$ <u>3,167,452</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 19,076	\$ 61,788
Accrued expenses	-	17,973	674,710
Due to other funds	169,539	9,314	393,207
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>169,539</u>	<u>46,363</u>	<u>1,129,705</u>
<b>Deferred Inflows of Resources</b>			
Deferred property taxes	-	113,600	1,259,100
Deferred revenue	-	-	45,962
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deferred inflows of resources	<u>-</u>	<u>113,600</u>	<u>1,305,062</u>
<b>Fund Balance</b>			
Restricted:			
Motor fuel tax	-	-	403,296
Tax increment	-	-	-
Cemetery trust	-	-	-
Library trust	-	-	225,780
Library	-	-	362,203
Debt service	-	483,492	483,492
Assigned:			
Garbage	-	-	326,486
Unassigned	(1,188,675)	(531,307)	(1,068,572)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balance	<u>(1,188,675)</u>	<u>(47,815)</u>	<u>732,685</u>
Total liabilities, deferred inflows of resources, and fund balance	\$ <u>(1,019,136)</u>	\$ <u>112,148</u>	\$ <u>3,167,452</u>

The accompanying notes are an integral part of this statement.

City of Princeton, Illinois

Reconciliation of Fund Balance of Governmental Funds to the  
Statement of Net Position of Governmental Activities

April 30, 2016

Fund balance of governmental funds		\$	732,685
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets of \$61,643,488 net of accumulated depreciation of \$23,116,413 are not current financial resources and therefore are not reported in the governmental fund financial statements.			38,527,075
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			742,663
Other assets not available to defray the costs of current expenses are not reported in the fund financial statements.			56,266
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in government activities in the statement of net position.			(997,532)
Certain liabilities, including bonds payable, accrued interest and bond premiums are not due and payable in the current period and therefore are not reported in the funds:			
Police and fire pension liability	(5,029,289)		
Net IMRF pension obligation	(819,756)		
Accrued interest payable	(99,679)		
Bonds and notes payable	<u>(8,055,711)</u>		<u>(14,004,435)</u>
Net position of governmental activities		\$	<u>25,056,722</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Statement of Revenues, Expenditures and Change in Fund Balance – Governmental Funds**

**For the Year Ended April 30, 2016**

	<u>General Fund</u>	<u>Library Fund</u>	<u>Motor Fuel Tax Funds</u>	<u>Garbage Fund</u>
<b>Revenues:</b>				
Property taxes	\$ 911,249	\$ 318,212	\$ -	\$ -
Income tax	833,460	-	-	-
Motor fuel tax	-	-	195,934	-
Replacement tax	92,312	10,615	-	-
Sales tax	2,325,034	-	-	-
Use tax	176,823	-	-	-
Excise tax	298,090	-	-	-
Video gaming tax	-	-	-	-
Other taxes	133,870	-	-	-
Charges for services	901,388	32,424	-	536,194
Fines and fees	155,515	19,264	-	-
License and permits	55,789	-	-	-
Grants and donations	71,176	201,244	-	-
Interest	14,826	1,983	852	241
Revolving loan repayments	-	-	-	-
Other	<u>425,363</u>	<u>12,664</u>	<u>-</u>	<u>-</u>
Total revenues	<u>6,394,895</u>	<u>596,406</u>	<u>196,786</u>	<u>536,435</u>
<b>Current Expenditures:</b>				
General government	505,364	-	-	9,782
Public safety	3,734,193	-	-	-
Public works	1,105,984	-	103,701	-
Economic development	28,956	-	-	-
Culture and recreation	205,195	525,537	-	-
Building and zoning	247,551	-	-	-
Cemetery	-	-	-	-
Garbage	-	-	-	500,245
Debt service:				
Principal	261,687	-	77,000	35,599
Interest	25,368	-	11,526	1,394
Capital outlay	<u>412,403</u>	<u>-</u>	<u>-</u>	<u>142,900</u>
Total expenditures	<u>6,526,701</u>	<u>525,537</u>	<u>192,227</u>	<u>689,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(131,806)</u>	<u>70,869</u>	<u>4,559</u>	<u>(153,485)</u>
<b>Other financing sources:</b>				
Bond and loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,900</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,900</u>
Net changes in fund balance	(131,806)	70,869	4,559	(10,585)
Fund balance, beginning of year, as restated	<u>783,216</u>	<u>517,114</u>	<u>398,737</u>	<u>337,071</u>
Fund balance, end of year	<u>\$ 651,410</u>	<u>\$ 587,983</u>	<u>\$ 403,296</u>	<u>\$ 326,486</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Statement of Revenues, Expenditures and Change in Fund Balance –  
Governmental Funds – Continued**

**For the Year Ended April 30, 2016**

	<u>Economic Development Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Property taxes	\$ -	\$ 107,354	\$ 1,336,815
Income tax	-	-	833,460
Motor fuel tax	-	-	195,934
Replacement tax	-	-	102,927
Sales tax	-	-	2,325,034
Use tax	-	-	176,823
Excise tax	-	-	298,090
Video gaming tax	117,700	-	117,700
Other taxes	-	-	133,870
Charges for services	76,704	74,307	1,621,017
Fines and fees	-	-	174,779
License and permits	-	-	55,789
Grants and donations	-	-	272,420
Interest	16,498	7,252	41,652
Revolving loan repayments	92,165	-	92,165
Other	-	-	438,027
Total revenues	<u>303,067</u>	<u>188,913</u>	<u>8,216,502</u>
<b>Current Expenditures:</b>			
General government	-	1,767	516,913
Public safety	-	-	3,734,193
Public works	-	-	1,209,685
Economic development	293,981	10,751	333,688
Culture and recreation	-	-	730,732
Building and zoning	-	-	247,551
Cemetery	-	240,504	240,504
Garbage	-	-	500,245
Debt service:			
Principal	200,000	425,000	999,286
Interest	103,600	121,434	263,322
Capital outlay	-	-	555,303
Total expenditures	<u>597,581</u>	<u>799,456</u>	<u>9,331,422</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(294,514)</u>	<u>(610,543)</u>	<u>(1,114,920)</u>
<b>Other financing sources:</b>			
Bonds and loan proceeds	-	-	142,900
Total other financing sources (uses)	-	-	142,900
Net changes in fund balance	(294,514)	(610,543)	(972,020)
Fund balance, beginning of year, as restated	<u>(894,161)</u>	<u>562,728</u>	<u>1,704,705</u>
Fund balance, end of year	<u>\$ (1,188,675)</u>	<u>\$ (47,815)</u>	<u>\$ 732,685</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of Governmental Funds to the Governmental  
Activities in the Statement of Activities**

**For the Year Ended April 30, 2016**

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

Net change in fund balance – total governmental funds	\$ (972,020)
Capital outlays are reported as expenditures in the fund financial statements because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives; depreciation (\$1,620,868) for the year is more than capital outlays (\$488,901) reported in the governmental funds.	(1,131,967)
In the governmental funds, repayments of notes receivable are reported as revenues and disbursements of note receivable proceeds are reported as expenditures as these amounts increase or decrease financial resources. However, these amounts are applied toward the balance of the receivables in the statement of net position. Bad debt expense is not an expenditure because it does not use current financial resources, but is an expense on the statement of activities.	183,286
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	16,429
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	(1,230,143)
Repayment of loan principal is an expenditure in the governmental fund; however, the repayment reduces long-term liabilities in the statement of net position.	999,286
Loan proceeds are reported as an other financing source in the fund financial statement because they are a source of current financial resources; however, this is an increase to long-term liabilities in the statement of net position.	(142,900)
Net change in pension obligations is not recognized in the fund financial statements since it does not use current financial resources.	
IMRF pension	(401,628)
Police and fire pension	(271,584)
	<u>(673,212)</u>
Change in net position of governmental activities	\$ <u>(2,951,241)</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**  
**Statement of Net Position – Proprietary Funds**  
**April 30, 2016**

	<u>Business-type Activities – Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>	<u>Activities</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		<u>Internal</u>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 530,992	\$ 1,449,944	\$ 397,933	\$ 2,378,869	\$ (336,595)
Accounts receivable, net	129,555	679,304	77,915	886,774	-
Prepaid expenses	12,035	22,318	10,195	44,548	-
Inventory	40,000	708,108	-	748,108	-
Due from other funds	-	210,076	13,563	223,639	-
Total current assets	<u>712,582</u>	<u>3,069,750</u>	<u>499,606</u>	<u>4,281,938</u>	<u>(336,595)</u>
Capital assets:					
Land	44,597	146,456	43,762	234,815	-
Property and equipment, net	<u>26,829,318</u>	<u>15,451,258</u>	<u>14,726,538</u>	<u>57,007,114</u>	<u>-</u>
Total capital assets	<u>26,873,915</u>	<u>15,597,714</u>	<u>14,770,300</u>	<u>57,241,929</u>	<u>-</u>
Total assets	<u>27,586,497</u>	<u>18,667,464</u>	<u>15,269,906</u>	<u>61,523,867</u>	<u>(336,595)</u>
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pension obligations	<u>237,287</u>	<u>607,379</u>	<u>116,222</u>	<u>960,888</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 27,823,784</u>	<u>\$ 19,274,843</u>	<u>\$ 15,386,128</u>	<u>\$ 62,484,755</u>	<u>\$ (336,595)</u>

- Continued -

**City of Princeton, Illinois**

**Statement of Net Position – Proprietary Funds - Continued**

**April 30, 2016**

	<u>Business-type Activities – Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>	<u>Activities</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		<u>Internal</u>
					<u>Service</u>
<b>Liabilities</b>					
Current liabilities:					
Notes payable – current	\$ 812,426	\$ -	\$ 341,710	\$ 1,154,136	\$ -
Bonds payable – current	95,000	380,000	455,000	930,000	-
Accounts payable	12,483	466,636	35,719	514,838	654,037
Accrued expenses	104,366	280,642	64,469	449,477	-
Accrued interest	110,906	12,775	29,796	153,477	-
Deposits	16,961	82,498	-	99,459	-
Due to other funds	-	-	<u>271,818</u>	<u>271,818</u>	<u>6,900</u>
Total current liabilities	<u>1,152,142</u>	<u>1,222,551</u>	<u>1,198,512</u>	<u>3,573,205</u>	<u>660,937</u>
Non-current liabilities:					
Notes payable – less current maturities	14,711,513	-	4,124,594	18,836,107	-
Bonds payable – less current maturities	1,280,000	1,170,000	1,365,000	3,815,000	-
IMRF pension liability	<u>565,581</u>	<u>1,447,704</u>	<u>277,019</u>	<u>2,290,304</u>	<u>-</u>
Total non-current liabilities	<u>16,557,094</u>	<u>2,617,704</u>	<u>5,766,613</u>	<u>24,941,411</u>	<u>-</u>
Total liabilities	<u>17,709,236</u>	<u>3,840,255</u>	<u>6,965,125</u>	<u>28,514,616</u>	<u>660,937</u>
<b>Net Position</b>					
Invested in capital assets, net of related debt	9,864,070	14,034,939	8,454,200	32,353,209	-
Restricted for insurance	-	-	-	-	(997,532)
Unrestricted	<u>250,478</u>	<u>1,399,649</u>	<u>(33,197)</u>	<u>1,616,930</u>	<u>-</u>
Total net position	<u>10,114,548</u>	<u>15,434,588</u>	<u>8,421,003</u>	<u>33,970,139</u>	<u>(997,532)</u>
Total liabilities and net position	\$ <u>27,823,784</u>	\$ <u>19,274,843</u>	\$ <u>15,386,128</u>	\$ <u>62,484,755</u>	\$ <u>(336,595)</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds**

**For the Year Ended April 30, 2016**

	<u>Business-type Activities – Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>	<u>Activities</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		<u>Internal</u>
					<u>Service</u>
Operating revenues:					
Charges for services	\$ <u>2,627,461</u>	\$ <u>11,007,988</u>	\$ <u>1,834,616</u>	\$ <u>15,470,065</u>	\$ <u>1,861,918</u>
Total operating revenues	<u>2,627,461</u>	<u>11,007,988</u>	<u>1,834,616</u>	<u>15,470,065</u>	<u>1,861,918</u>
Operating expenses:					
Distribution	1,154,915	1,397,154	-	2,552,069	-
Treatment	403,219	-	967,476	1,370,695	-
General	103,957	666,999	1,358	772,314	3,092,200
Generation	-	8,539,017	-	8,539,017	-
Payment in lieu of tax	-	300,100	-	300,100	-
Depreciation	<u>883,776</u>	<u>1,003,153</u>	<u>449,845</u>	<u>2,336,774</u>	<u>-</u>
Total operating expenses	<u>2,545,867</u>	<u>11,906,423</u>	<u>1,418,679</u>	<u>15,870,969</u>	<u>3,092,200</u>
Operating income	<u>81,594</u>	<u>(898,435)</u>	<u>415,937</u>	<u>(400,904)</u>	<u>(1,230,282)</u>
Nonoperating revenue (expense)					
Interest income	349	2,034	-	2,383	139
Interest expense	<u>(284,020)</u>	<u>(35,351)</u>	<u>(99,551)</u>	<u>(418,922)</u>	<u>-</u>
Total nonoperating revenue (expense)	<u>(283,671)</u>	<u>(33,317)</u>	<u>(99,551)</u>	<u>(416,539)</u>	<u>139</u>
Changes in net position	(202,077)	(931,752)	316,386	(817,443)	(1,230,143)
Net position, beginning of year, as restated	<u>10,316,625</u>	<u>16,366,340</u>	<u>8,104,617</u>	<u>34,787,582</u>	<u>232,611</u>
Net position, end of year	\$ <u>10,114,548</u>	\$ <u>15,434,588</u>	\$ <u>8,421,003</u>	\$ <u>33,970,139</u>	\$ <u>(997,532)</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Statement of Cash Flows – Proprietary Funds**

**For the Year Ended April 30, 2016**

	<u>Business-type Activities – Enterprise Funds</u>				<u>Governmental Activities</u>
	<u>Water Fund</u>	<u>Electric Fund</u>	<u>Sewer Fund</u>	<u>Total</u>	<u>Internal Service</u>
Cash flows from operating activities:					
Cash received from customers	\$ 2,609,535	\$ 10,651,812	\$ 1,826,652	\$ 15,087,999	\$ 1,861,918
Cash payments to employees for services	(481,691)	(1,492,327)	(482,046)	(2,456,064)	-
Cash payment to suppliers for goods and services	<u>(959,761)</u>	<u>(8,520,419)</u>	<u>(360,866)</u>	<u>(9,841,046)</u>	<u>(2,621,507)</u>
Net cash provided by operating activities	<u>1,168,083</u>	<u>639,066</u>	<u>983,740</u>	<u>2,790,889</u>	<u>(759,589)</u>
Cash flows from non-capital financing activities:					
Cash from (to) interfund borrowing	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) non-capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Purchase of capital assets	(64,372)	(307,039)	(1,291,854)	(1,663,265)	-
Principal paid on bonds and notes payable	(895,932)	(370,000)	(783,718)	(2,049,650)	-
Interest paid on bonds and notes payable	<u>(289,366)</u>	<u>(38,400)</u>	<u>(104,900)</u>	<u>(432,666)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,249,670)</u>	<u>(715,439)</u>	<u>(2,180,472)</u>	<u>(4,145,581)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	<u>349</u>	<u>2,034</u>	<u>-</u>	<u>2,383</u>	<u>139</u>
Net cash provided by investing activities	<u>349</u>	<u>2,034</u>	<u>-</u>	<u>2,383</u>	<u>139</u>
Net increase in cash and cash equivalents	(81,238)	(74,339)	(1,196,732)	(1,352,309)	(759,450)
Cash and cash equivalents, beginning of year (as restated)	<u>612,230</u>	<u>1,524,283</u>	<u>1,594,665</u>	<u>3,731,178</u>	<u>422,855</u>
Cash and cash equivalents, end of year	<u>\$ 530,992</u>	<u>\$ 1,449,944</u>	<u>\$ 397,933</u>	<u>\$ 2,378,869</u>	<u>\$ (336,595)</u>

- Continued -

**City of Princeton, Illinois**

**Statement of Cash Flows – Proprietary Funds – Continued**

**For the Year Ended April 30, 2016**

	<u>Business-type Activities – Enterprise Funds</u>				<u>Governmental</u>
	<u>Water</u>	<u>Electric</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>		<u>Service</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income	\$ 81,594	\$ (898,435)	\$ 415,937	\$ (400,904)	\$ (1,230,282)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	883,776	1,003,153	449,845	2,336,774	-
Change in assets and liabilities:					
Accounts receivable, net	(18,406)	(355,949)	(7,964)	(382,319)	-
Prepaid expenses	1,766	6,243	780	8,789	-
Inventory	-	(3,380)	-	(3,380)	-
Accounts payable	(2,686)	403,422	34,872	435,608	470,693
Accrued expenses	34,254	(7,296)	7,842	34,800	-
Deposits	480	(227)	-	253	-
Net IMRF obligations	<u>187,305</u>	<u>491,535</u>	<u>82,428</u>	<u>761,268</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 1,168,083</u>	<u>\$ 639,066</u>	<u>\$ 983,740</u>	<u>\$ 2,790,889</u>	<u>\$ (759,589)</u>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Statement of Fiduciary Net Position – Pension Trust Funds**

**April 30, 2016**

	Pension Trust Funds		
	Police	Fireman	Total
<b>Assets</b>			
Cash	\$ 292,894	\$ 583,108	\$ 876,002
Investments	7,261,530	5,946,246	13,207,776
Receivables, net:			
Property taxes	307,400	274,400	581,800
Due from other funds	-	32,165	32,165
Total assets	7,861,824	6,835,919	14,697,743
<b>Liabilities</b>			
Due to other funds	32,165	-	32,165
Total liabilities	32,165	-	32,165
<b>Net position held in trust for pension benefits</b>	<b>\$ 7,829,659</b>	<b>\$ 6,835,919</b>	<b>\$ 14,665,578</b>

The accompanying notes are an integral part of this statement.

**City of Princeton, Illinois**

**Statement of Changes in Fiduciary Net Position – Pension Trust Funds**

**For the Year Ended April 30, 2016**

	Pension Trust Funds		Total
	Police	Fireman	
<b>Additions</b>			
Property taxes	\$ 309,791	\$ 276,588	\$ 586,379
Contributions	175,488	83,955	259,443
Investment income	93,875	4,826	98,701
Total additions to plan net position	579,154	365,369	944,523
<b>Deductions</b>			
Pension benefits	480,049	456,020	936,069
Administrative expenses	4,109	4,293	8,402
Total deductions	484,158	460,313	944,471
<b>Change in net position</b>	94,996	(94,944)	52
<b>Net position held in trust for pension benefits, beginning of year</b>	7,734,663	6,930,863	14,665,526
<b>Net position held in trust for pension benefits, end of year</b>	\$ 7,829,659	\$ 6,835,919	\$ 14,665,578

The accompanying notes are an integral part of this statement.

## City of Princeton, Illinois

### Notes to Financial Statements

April 30, 2016

#### Note 1 – Summary of Significant Accounting Policies:

##### Reporting Entity

For financial reporting purposes, the City of Princeton, Illinois (the primary government) includes all funds, agencies, boards, commissions and authorities that are controlled by or dependent upon the City. This was determined on the basis of taxing authority, authority to appoint members to the governing board of the component unit, budget adoption, outstanding debt secured by revenues or general obligation of the City, obligation of the City to finance any deficits that may occur or receipt of significant subsidies from the City. The component units discussed below are included in the City's reporting entity because of the significance of their operational and functional relationships with the City.

##### Blended Component Units

Based on the foregoing criteria, the Library Board, the Police Pension Board and the Firemen's Pension Board are included in the financial statements as blended component units. The Princeton City Council is responsible for the adoption of tax levies for these funds and has delegated the adoption of the annual operating budgets to the respective boards of these funds.

##### Discretely Presented Component Unit

The component unit column in the combined financial statements include the financial data of the City-owned hospital. These amounts are reported separately to emphasize that the hospital is legally a separate organization for which the elected officials of the city are financially accountable.

The Hospital obtained the majority interest of Partners Health System effective May 2002. Partners Health System is a not-for-profit corporation whose mission is to create an integrated healthcare delivery system. Prior to April 30, 2002, the Hospital accounted for its investment in Partners Health System on the equity method and the balance had been written down to zero. The Hospital collectively refers to the Partners Health System and the Hospital as the "Organization" in its audit report. For the purpose of this combined financial report, we will refer to the Organization as the Hospital.

##### Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

**City of Princeton, Illinois**  
**Notes to Financial Statements**

**April 30, 2016**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

**Government-Wide Financial Statements – Continued**

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

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

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

The funds are grouped into two fund types and five generic funds as described below:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

*General Fund* – This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

*Special Revenue Funds* – These funds are established to account for the proceeds of specific revenue sources other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

*Debt Service Funds* – These funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than that payable from enterprise funds.

*Capital Projects Fund* – This fund is established to account for major capital expenditures not financed by enterprise funds.

*Permanent Fund* – This fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry.

*Internal Service Fund* – This fund is used to account for the City's self-insured health plan. The purpose of the fund is to pay medical claims of the City's employees and certain retirees and their covered dependents, and to minimize the total cost of the annual insurance to the City. Medical claims exceeding \$150,000 per covered individual with aggregate limit are covered through a private insurance carrier.

*Fiduciary Funds* – These funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds.

*Enterprise Funds* – These funds are established to account for operations that are financed and conducted in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Fund, Sewer Fund, and Electric Fund are charges to customers for sales and services. The Water Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**City of Princeton, Illinois**  
**Notes to Financial Statements – Continued**  
**April 30, 2016**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

**Assets, Liabilities, and Net Position or Equity**

Deposits and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Public Funds Investment Act of the State of Illinois allows municipalities to invest in the following:

- U.S. Treasury obligations
- Direct obligations of any bank as defined by Illinois Banking Act
- Certain corporate short-term obligations
- Certain public agencies
- Public Treasurers’ Investment Pool
- Certain money market mutual funds

Investments are reported at fair market value.

The composition of pension trust investments, additional deposits and investment information, and fair values are presented in Note 2.

Due to and Due from Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. Any inter-fund receivables and payables outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “interfund balances.”

Property Tax Accrual

The City’s property taxes are levied the last Tuesday in December each year on all taxable real property located in the City on January 1. Property taxes attach as an enforceable lien on property January 1 and are payable in two installments in June and September.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Assets, Liabilities, and Net Position or Equity – Continued

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$50,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest expense was incurred by the City for construction projects during the current fiscal year.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	40
System infrastructure	40
Equipment	5-10

Inventories

Inventories of material and supplies in the Water and Electric Funds are stated at cost. Inventories of the Julia Rackley Perry Memorial Hospital Fund are stated at lower of cost or market, cost being determined using the first-in, first-out method. Unused inventories of materials and supplies in the General and Sewer Funds are not reflected in the financial statements because of their relative immateriality.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 1 – Summary of Significant Accounting Policies – Continued:

Assets, Liabilities, and Net Position or Equity – Continued

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. A liability is recognized for that portion of accumulated sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Net Position

The City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition or improvement of those assets.

Fund Equity – Fund Financial Statements

The City has implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 1 – Summary of Significant Accounting Policies – Continued:**

**Assets, Liabilities, and Net Position or Equity – Continued**

**Fund Equity – Fund Financial Statements – Continued**

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory, prepaid expenses, long-term receivables) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balances are established by the City through adoption or amendment of the budget as intended for specific purposes (such as the purchase of fixed assets, construction, debt service, or for other purposes).

**Note 2 – Deposits and Investments:**

The City maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the statement of net position as "cash and cash equivalents." In addition, investments are separately held by several of the City's funds. The investments of the pension trust funds are held separately from those of the other City funds.

## City of Princeton, Illinois

### Notes to Financial Statements – Continued

April 30, 2016

#### Note 2 – Deposits and Investments – Continued:

The City has adopted an investment policy authorizing a variety of investments including obligations of the U.S. Treasury and U.S. agency's securities, banker's acceptance, repurchase agreements, commercial paper, mutual funds, and the Illinois funds. Pension investments are governed by State statute and investment policies adopted by their respective boards rather than the City's investment policy. State statute authorizes the pension boards to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. The Illinois Funds was created by the Illinois State Legislature and is managed by the Illinois State Treasurer. It acts as a money market fund that maintains a \$1 per share value.

#### Deposits

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. To guard against credit risk for deposits with financial institutions, the City's investment policy requires that deposits with financial institutions in excess of FDIC insurance limits be collateralized with collateral in an amount of 110 percent of the uninsured deposits with the collateral held by an independent third party institution acting as the agent of the City.

#### Investments

As of April 30, 2016, the City had the following investments:

	<u>Fair Value</u>
Certificates of deposit	\$ 506,094
Mutual funds	<u>78,074</u>
	<u>\$ 584,168</u>

As of April 30, 2016, the Police Pension Trust Fund had the following investments:

	<u>Fair Value</u>
Certificates of deposit	\$ 1,897,017
Corporate bonds	1,692,917
U.S. government agency bonds	288,942
Mutual funds	<u>3,382,654</u>
	<u>\$ 7,261,530</u>

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 2 – Deposits and Investments – Continued:

Investments – Continued

As of April 30, 2016, the Fireman Pension Trust Fund had the following investments:

	<u>Fair Value</u>
Corporate bonds	\$ 225,422
U.S. government agency bonds	3,018,807
Mutual funds	<u>2,702,017</u>
	<u>\$ 5,946,246</u>

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City, Police Pension Fund and Fireman Pension Fund will not be able to recover the value of their investments that are in possession of an outside party. The City and the Pension Funds limit the exposure to credit risk by limiting investments to securities in accordance with the respective policies, prequalifying institutions the City and Pension Funds will do business with, and diversifying the portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates. In accordance with respective investment policies, the City, the Police Pension Fund, and the Fireman Pension Fund limit their exposure to interest rate risk by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with the policies.

In accordance with its investment policy, the City, the Police Pension Fund, and the Fireman Pension Fund limit their exposure to credit risk, the risk that the issue of a debt security will not pay its par value upon maturity, by primarily investing in U.S. Government securities and mutual funds holding U.S. Government securities.

Concentration of credit risk is the risk that the City has a high percentage of its investments invested in one type of investment. The investment policies of the City, the Police Pension Fund, and the Fireman Pension Fund require diversification of investment to avoid unreasonable risk.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 3 – Capital Assets:**

Capital assets for the year ended April 30, 2016, were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land and right-of-ways	\$ <u>6,970,609</u>	\$ _____ -	\$ _____ -	\$ <u>6,970,609</u>
Total capital assets not being depreciated	<u>6,970,609</u>	_____ -	_____ -	<u>6,970,609</u>
Capital assets being depreciated:				
Buildings	8,308,341	-	-	8,308,341
Machinery and equipment	4,938,356	375,341	-	5,313,697
Infrastructure	<u>40,937,281</u>	<u>113,560</u>	_____ -	<u>41,050,841</u>
Total capital assets being depreciated	<u>54,183,978</u>	<u>488,901</u>	_____ -	<u>54,672,879</u>
Less accumulated depreciation for:				
Buildings	(3,229,514)	(216,991)	-	(3,446,505)
Machinery and equipment	(1,865,019)	(323,091)	-	(2,188,110)
Infrastructure	<u>(16,401,012)</u>	<u>(1,080,786)</u>	_____ -	<u>(17,481,798)</u>
Total accumulated depreciation	<u>(21,495,545)</u>	<u>(1,620,868)</u>	_____ -	<u>(23,116,413)</u>
Total capital assets being depreciated, net	<u>32,688,433</u>	<u>(1,131,967)</u>	_____ -	<u>31,556,466</u>
Governmental activities capital assets, net	\$ <u>39,659,042</u>	\$ <u>(1,131,967)</u>	\$ _____ -	\$ <u>38,527,075</u>

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 3 – Capital Assets – Continued:**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ <u>234,815</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>234,815</u>
Total capital assets not being depreciated	<u>234,815</u>	<u>-</u>	<u>-</u>	<u>234,815</u>
Capital assets being depreciated:				
Buildings	4,754,230	-	-	4,754,230
Machinery and equipment	9,961,606	137,416	-	10,099,022
Infrastructure	<u>66,447,729</u>	<u>1,525,849</u>	<u>-</u>	<u>67,973,578</u>
Total capital assets being depreciated	<u>81,163,565</u>	<u>1,663,265</u>	<u>-</u>	<u>82,826,830</u>
Less accumulated depreciation for:				
Buildings	(1,891,127)	(118,856)	-	(2,009,983)
Machinery and equipment	(5,824,467)	(402,053)	-	(6,226,520)
Infrastructure	<u>(15,767,348)</u>	<u>(1,815,865)</u>	<u>-</u>	<u>(17,583,213)</u>
Total accumulated depreciation	<u>(23,482,942)</u>	<u>(2,336,774)</u>	<u>-</u>	<u>(25,819,716)</u>
Total capital assets being depreciated, net	<u>57,680,623</u>	<u>(673,509)</u>	<u>-</u>	<u>57,007,114</u>
Business-type activities capital assets, net	\$ <u>57,915,438</u>	\$ <u>(673,509)</u>	\$ <u>-</u>	\$ <u>57,241,929</u>

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

<u>Government Activities:</u>	
General government	\$ 118,931
Public safety	192,561
Public works	<u>1,309,376</u>
	\$ <u>1,620,868</u>
<u>Business-Type Activities:</u>	
Water	\$ 883,776
Electric	1,003,153
Sewer	<u>449,845</u>
	\$ <u>2,336,774</u>

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

**Note 4 – Property Taxes:**

Property taxes are assessed in December and become a lien on the property as of the preceding January 1 and are normally received in installments from the county in July, September, November, and January of the following year. Billing and collecting is done by the Bureau County Treasurer – Collector who in turn remits to the City its pro rata share. Taxes receivable presented in the financial statements represent extensions for the prior levy year reduced for anticipated losses.

In accordance with generally accepted accounting principles, property taxes are recognized as revenue in the budgetary year for which they are levied. Property taxes receivable are recorded as deferred revenue since they are budgeted to pay next year's expenses.

Property taxes receivable as of April 30, 2016, consist of the following:

	<u>2015 Tax</u> <u>Levy Year</u>
General Fund	\$ 811,000
Library Fund	334,500
Non-Major Governmental Funds	<u>113,600</u>
Total	<u>\$ 1,259,100</u>

**Note 5 – Long Term Debt:**

**Governmental Activities**

General Obligation Refunding Bonds (Sales Tax ARS), Series 2014B

During the year ended April 30, 2007, the City issued General Obligation Alternate Revenue Bonds, Series 2006 in conjunction with various capital improvement projects. This bond was refinanced on February 17, 2014, with General Obligation Refunding Bond (Sales Tax ARS), Series 2014B. Principal payments are due December 1, ranging from \$230,000 to \$265,000 annually beginning in fiscal year 2015 with final payment due in fiscal year 2023. Interest rates vary between 2.00% and 3.10%. The balance as of April 30, 2016, was \$1,730,000.

General Obligation Library Refunding Bonds, Series 2014C

During the year ended April 30, 2007, the City issued General Obligation Library Bonds, Series 2006A in conjunction with the purchase of an existing building and costs associated with remodeling. This bond was partially refinanced on February 17, 2014, with General Obligation Refunding Bond, Series 2014C. Principal payments are due December 1, ranging from \$125,000 to \$150,000 annually beginning in fiscal year 2015 with final payment due in fiscal year 2026. Interest rates vary between 2.00% and 3.40%. The balance as of April 30, 2016, was \$1,280,000.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 5 – Long Term Debt – Continued:**

**Governmental Activities – Continued**

General Obligation Alternative Revenue Bonds, Series 2013C – Continued

The balance of the Series 2006A Bond is payable in one principal installment on March 1, 2018. Interest is due semi-annually with a rate of 4.125%. The balance as of April 30, 2016, was \$35,000.

General Obligation Alternative Revenue Bonds, Series 2013C

During the year ended April 30, 2009, the City issued General Obligation Alternate Revenue Bonds, Series 2008 in conjunction with the purchase of land for future development of a business park. This bond was refinanced April 4, 2013. Principal payments are due January 1, ranging from \$200,000 to \$285,000 annually beginning in fiscal year 2014 with final payment due in fiscal year 2028. The interest rates vary between 2.00% and 4.00%. The balance as of April 30, 2016, was \$2,855,000.

General Obligation Alternative Revenue Bonds (Motor Fuel Tax), Series 2009

During the year ended April 30, 2010, the City issued General Obligation Alternate Revenue Bonds (Motor Fuel Tax), Series 2009 in conjunction with various street improvement projects. Principal payments are due January 1, ranging from \$67,000 to \$90,000 annually beginning in fiscal year 2011 with final payment due in fiscal year 2021. Interest rates vary between 2.15% and 4.40%. The balance as of April 30, 2016, was \$414,000.

General Obligation Refunding Bonds (ARS), Series 2014D

During the year ended April 30, 2010, the City issued General Obligation Alternate Revenue Bonds (Tax Increment Financing District), Series 2007 for the purpose of financing various city projects in the Tax Increment District. This bond was partially refinanced on February 17, 2014, with General Obligation Refunding Bond (ARS), Series 2014D. Principal payments are due December 1, ranging from \$20,000 to \$115,000 annually beginning in fiscal year 2011 with final payment due in fiscal year 2027. Interest rates vary between 2.00% and 3.40%. The balance as of April 30, 2016, was \$1,065,000.

The balance of the Series 2007 Bond is payable in one principal installment on March 1, 2019. Interest is due semi-annually with a rate of 4.20%. The balance as of April 30, 2016, was \$35,000.

The following is a summary of the City's general obligation and alternate revenue bonds future annual debt service principal and interest requirements:

**City of Princeton, Illinois**  
**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 5 – Long Term Debt – Continued:**

**Governmental Activities – Continued**

Year Ended <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 714,000	\$ 229,889	\$ 943,889
2018	733,000	214,108	947,108
2019	746,000	196,961	942,961
2020	770,000	179,336	949,336
2021	771,000	155,240	926,240
2022-2026	2,735,000	408,935	3,143,935
2027-2028	<u>945,000</u>	<u>53,850</u>	<u>998,850</u>
	<u>\$ 7,414,000</u>	<u>\$ 1,438,319</u>	<u>\$ 8,852,319</u>

**Bank Notes Payable and Capital Leases**

During the year ended April 30, 2016, the City borrowed \$142,900 as a commercial promissory note for the purchase of equipment. The note is due July 2018, bears an interest rate of 2.20%, and is payable in annual installments of principal ranging from \$20,000 to \$67,900. The balance as of April 30, 2016, was 142,900.

During the year ended April 30, 2013, the City borrowed \$785,375 as a commercial promissory note for the purchase of a fire truck. The note is due June 2018, bears an interest rate of 3.58%, and is payable in annual installments of principal and interest of \$128,828. The balance as of April 30, 2016, was \$361,591.

During the year ended April 30, 2015, the City borrowed \$189,109 as a commercial promissory note for the purchase of police vehicles. The note bears an interest rate of 2.40% and is payable in two annual installments of principal and interest of \$50,000, and one final payment of \$94,836, due August 2016. The balance as of April 30, 2016, was \$92,220.

During the year ended April 30, 2014, the City borrowed \$100,000 as a capital lease for the purchase of an ambulance. The capital lease bears an interest rate of 2.89% and is payable in three annual installments of varying amounts. The balance as of April 30, 2016, was \$45,000.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 5 – Long Term Debt – Continued:

Governmental Activities – Continued

The following is a summary of the City’s bank notes payable future annual debt service principal and interest requirements:

Year Ended <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 274,360	\$ 17,082	\$ 291,442
2018	175,076	11,455	186,531
2019	<u>192,275</u>	<u>5,947</u>	<u>198,222</u>
	<u>\$ 641,711</u>	<u>\$ 34,484</u>	<u>\$ 676,195</u>

Business-Type Activities

General Obligation Alternative Revenue Bonds (Water Fund), Series 2013A

During the year ended April 30, 2004, the City issued General Obligation Alternate Revenue Bonds, Series 2003 in conjunction with the construction of a new water tower. This bond was partially refinanced on April 4, 2013, with General Obligation Alternate Revenue Bonds Series 2013A. Principal payments are due December 1, ranging from \$115,000 to \$140,000 annually beginning in fiscal year 2021 with final payment due in fiscal year 2028. The interest rate varies between 2.00% and 4.00%. The balance as of April 30, 2016, was \$885,000.

General Obligation Alternative Revenue Bonds (Water Fund), Series 2014A

During the year ended April 30, 2004, the City issued General Obligation Alternate Revenue Bonds, Series 2003 in conjunction with the construction of a new water tower. This bond was partially refinanced on February 14, 2014, with General Obligation Alternate Revenue Bonds Series 2014A. Principal payments are due December 1, ranging from \$95,000 to \$100,000 annually beginning in fiscal year 2014 with final payment due in fiscal year 2020. Interest rates vary between 2.00% and 3.00%. The balance as of April 30, 2016, was \$490,000.

General Obligation Alternative Revenue Bonds (Sewer Fund), Series 2014E

During the year ended April 30, 2011, the City issued General Obligation Alternate Revenue Bonds, Series 2010 for the purpose of improvements to the sewer system. This bond was refinanced on February 14, 2014, with General Obligation Alternate Revenue Bond Series 2014E. Principal payments are due December 1, ranging from \$85,000 to \$90,000 annually beginning in fiscal year 2015 with final payment due in fiscal year 2020. Interest rates vary between 2.00% and 2.50%. The balance as of April 30, 2016, was \$350,000.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 5 – Long Term Debt – Continued:**

**Business-Type Activities – Continued**

General Obligation Alternative Revenue Bonds (Electric Fund), Series 2013D

During the year ended April 30, 2013, the City issued General Obligation Alternate Revenue Bonds, Series 2013D for the purpose of refinancing an existing bank note payable. Principal payments are due December 1, ranging from \$375,000 to \$390,000 annually beginning in fiscal year 2014 with final payment due in fiscal year 2020. Interest rate is fixed at 2.00%. The balance as of April 30, 2016, was \$1,550,000.

General Obligation Alternative Revenue Bonds (Sewer Fund), Series 2013B

During the year ended April 30, 2013, the City issued General Obligation Alternate Revenue Bonds, Series 2013B for the purpose of refinancing an existing Illinois Environmental Protection Agency note payable. Principal payments are due September 1, ranging from \$355,000 to \$390,000 with final payment due in fiscal year 2020. Interest rate is fixed at 2.00%. The balance as of April 30, 2016, was \$1,470,000.

The following is a summary of the City's general obligation bonds future annual debt service principal and interest requirements:

<u>Year Ended</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 930,000	\$ 106,528	\$ 1,036,528
2018	945,000	87,828	1,032,828
2019	975,000	68,828	1,043,828
2020	910,000	49,928	959,928
2021	100,000	34,078	134,078
2022-2026	605,000	121,411	726,411
2027-2028	<u>280,000</u>	<u>15,400</u>	<u>295,400</u>
	<u>\$ 4,745,000</u>	<u>\$ 484,001</u>	<u>\$ 5,229,001</u>

Bank Note Payable

During the year ended April 30, 2012, the City borrowed \$400,000 as a commercial promissory note for the purpose of capital improvements within the Sewer Department. The note was refinanced on June 29, 2013, bears an interest rate of 2.95%, and is payable in annual installments of \$100,000 plus interest. The balance as of April 30, 2016, was \$100,000.

The following is a summary of the City's bank notes payable future annual debt service principal and interest requirements:

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 5 – Long Term Debt – Continued:**

**Business-Type Activities – Continued**

Year Ended <u>April 30,</u> 2017	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	100,000	2,999	102,999
	<u>\$ 100,000</u>	<u>\$ 2,999</u>	<u>\$ 102,999</u>

Illinois Environmental Protection Agency Notes Payable

During the year ended April 30, 2010, the City began construction on a phase of a Water Treatment Facilities Improvement project which was completed in fiscal year 2013. Total borrowing from IEPA loan number L17-3083 totaled \$2,639,461 for this project. The note is due November 2030, bears an interest rate of 0%, and is payable in semi-annual installments of \$68,253. The balance of the note as of April 30, 2016, was \$2,047,604.

During the year ended April 30, 2011, the City began the construction on a Sewer Cannibal System Facilities project which was completed in fiscal year 2012. Total borrowing from IEPA loan number L17-2902 totaled \$2,105,316 for this project. The note is due September 2031, bears an interest rate of 1.25%, and is payable in semi-annual installments of principal and interest of \$60,282. The balance of the note as of April 30, 2016, was \$1,694,056.

During the year ended April 30, 2013, the City began construction on a phase of a Water Treatment Facilities Improvement project. Total borrowing from IEPA loan number L17-4560 for the completed project as of April 30, 2013, was \$7,603,145. The note is due November 2032, bears an interest rate of 1.25%, and is payable in semi-annual installments of principal and interest of \$220,282. The balance of the note as of April 30, 2016, was \$6,728,467.

During the year ended April 30, 2013, the City began the construction on a phase of a Wastewater Storm Sewer Improvement project. Total borrowing from IEPA loan number L17-3321 for the completed project as of April 30, 2013, was \$3,019,631. The note is due November 2032, bears an interest rate of 1.25%, and is payable in semi-annual installments of principal and interest of \$87,486. The balance of the note as of April 30, 2016, was \$2,672,247.

During the year ended April 30, 2013, the City began the construction on a phase of a Water Treatment Facilities Improvement project. Total borrowing from IEPA loan number L17-4851 for the completed project as of April 30, 2014, was \$6,621,576. The note is due June 2033, bears an interest rate of 2.295%, and is payable in semi-annual installments of principal and interest of \$211,556. The balance of the note as of April 30, 2016, was \$6,069,877.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 5 – Long Term Debt – Continued:**

**Business-Type Activities – Continued**

Illinois Environmental Protection Agency Notes Payable – Continued

During the year ended April 30, 2014, the City began the construction on a phase of a Water Treatment Facilities Improvement project. Total borrowing from IEPA loan number L17-4998 for the completed project as of April 30, 2014, was \$741,945. The note is due July 2033, bears an interest rate of 1.93%, and is payable in semi-annual installments of principal and interest of \$22,919. The balance of the note as of April 30, 2016, was \$677,991.

The following is a summary of the City’s IEPA notes payable future annual debt service principal and interest requirements:

<u>Year Ended</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,054,136	\$ 287,422	\$ 1,341,558
2018	1,068,878	272,680	1,341,558
2019	1,083,877	257,681	1,341,558
2020	1,099,140	242,418	1,341,558
2021	1,114,673	226,885	1,341,558
2022-2026	5,816,111	891,680	6,707,791
2027-2031	6,247,782	460,001	6,707,783
2032-2034	<u>2,405,646</u>	<u>58,075</u>	<u>2,463,721</u>
	<u>\$19,890,243</u>	<u>\$ 2,696,842</u>	<u>\$22,587,085</u>

Changes in general long-term liability activity for the year ended April 30, 2016, was as follows:

	<u>Balance</u> <u>at April 30,</u> <u>2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>at April 30,</u> <u>2016</u>	<u>Due Within</u> <u>One Year</u>
<i>Governmental Activities</i>					
General Obligation					
Bonds	\$ 1,430,000	\$ -	\$ (115,000)	\$ 1,315,000	\$ 115,000
General Obligation (Alternate Revenue)					
Bonds	6,686,000	-	(587,000)	6,099,000	599,000
Bank notes and capital lease payable	<u>796,096</u>	<u>142,900</u>	<u>(297,285)</u>	<u>641,711</u>	<u>274,360</u>
	<u>\$ 8,912,096</u>	<u>\$ 142,900</u>	<u>\$ (999,285)</u>	<u>\$ 8,055,711</u>	<u>\$ 988,360</u>

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 5 – Long Term Debt – Continued:**

	Balance at April 30, 2015	<u>Additions</u>	<u>Reductions</u>	Balance at April 30, 2016	Due Within One Year
<i>Business-Type Activities</i>					
General Obligation					
(Alt. Rev.) Bonds	\$ 5,655,000	\$ -	\$ (910,000)	\$ 4,745,000	\$ 930,000
Bank note payable	200,000	-	(100,000)	100,000	100,000
IEPA notes payable	<u>20,929,893</u>	<u>-</u>	<u>(1,039,650)</u>	<u>19,890,243</u>	<u>1,054,136</u>
	<u>\$26,784,893</u>	<u>\$ -</u>	<u>\$(2,049,650)</u>	<u>\$ 24,735,243</u>	<u>\$ 2,084,136</u>

**Note 6 – Defined Benefit IMRF Pension Plan:**

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

Plan Description

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Public Act 96-0889 created a second tier of IMRF’s Regular Plan. IMRF assigns a benefit tier to a member when they are enrolled in IMRF. The tier is determined by the member’s first IMRF participation date. If the member participated in IMRF before January 1, 2011, they participate in the *Regular Tier 1*. If the member participated in IMRF on or after January 1, 2011, they participate in *Regular Tier 2*.

For *Regular Tier 1*, pension benefits vest after eight years of qualifying service credit. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 <sup>2</sup>/<sub>3</sub> % of their final rate (average of the highest 48 consecutive months’ earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter to a maximum of 75% of their final rate of earnings. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

**Note 6 – Defined Benefit IMRF Pension Plan - Continued:**

Plan Description (continued)

For *Regular Tier 2*, pension benefits vest after ten years of service. Participating members who retire at age 62 (with reduced benefits) or after age 67 (with full benefits) with ten years of service, or age 62 with 35 years of service, are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to  $1\frac{2}{3}$  % of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings for each year of credited service up to 15 years and 2% for each year thereafter to a maximum of 75% of their final rate of earnings. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age of 67, by the lesser of 3% of the original pension amount or ½ of the increase in the Consumer Price Index of the original pension amount.

Plan Membership

At December 31, 2015, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	212
Inactive, non-retired members	62
Active members	<u>165</u>
Total	<u>439</u>

Contributions

As set by statute, City regular plan members are required to contribute 4.50% of their annual covered salary. The statutes require the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2015 was 12.68%. 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.

Net Pension Liability / (Asset)

The net pension liability / (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability / (asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability / (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

**Note 6 – Defined Benefit IMRF Pension Plan - Continued:**

Actuarial Assumptions

Total pension liabilities for the Regular plan were determined by actuarial valuations performed as of December 31, 2015, using the following actuarial methods and assumptions:

	<u>Regular Plan</u>
Actuarial cost method	Entry age normal
Asset valuation method	Market value

Actuarial assumptions:

Investment rate of return	7.47%
Inflation	3.50%
Salary increase	3.75% to 14.50%, including inflation
Price inflation	2.75%

Mortality

For non-disabled retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF-specific mortality table was used with fully generational projections scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Morality Table with the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 6 – Defined Benefit IMRF Pension Plan - Continued:**

Long-Term Expected Real Rate of Return

The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Returns/Risk</u>	
		<u>One Year Arithmetic</u>	<u>Ten Year Geometric</u>
Equities	38%	8.85%	7.39%
International equities	17%	9.55%	7.59%
Fixed income	27%	3.05%	3.00%
Real estate	8%	7.20%	6.00%
Alternatives	9%		
Private equity		13.15%	8.15%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1%	2.25%	2.25%

Discount Rate

The discount rate used to measure the total pension liability for IMRF was 7.47%. The discount rate calculated using the December 31, 2014, measurement date was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rate equal to the differences between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax-exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015, to arrive at a discount rate of 7.47% used to determine the total pension liability. The year ending December 31, 2083, is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 6 – Defined Benefit IMRF Pension Plan - Continued:**

Discount Rate Sensitivity

The following is a sensitivity analysis of the net position liability / (asset) to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.47% as well as what the net position liability / (asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.47%) or 1 percentage point higher (8.47%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 72,964,575	\$ 64,927,808	\$ 58,270,383
Plan fiduciary net position	<u>56,020,970</u>	<u>56,020,970</u>	<u>56,020,970</u>
Net position liability / (asset)	<u>\$ 16,943,605</u>	<u>\$ 8,906,838</u>	<u>\$ 2,249,413</u>

Change in Net Pension Liability / (Asset)

The City's change in net position liability / (asset) for the calendar year ended December 31, 2015, was as follows:

	<u>Increase / (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
	<u>(a)</u>	<u>(b)</u>	<u>( a) - (b)</u>
Balance at December 31, 2014	\$ 61,758,822	\$ 57,281,128	\$ 4,477,694
Service cost	1,001,826	-	1,001,826
Interest on total pension liability	4,544,860	-	4,544,860
Differences between expected and actual experience of the total pension liability	635,270	-	635,270
Change of assumptions	148,434	-	148,434
Benefit payments, including refunds of employee contributions	(3,161,404)	(3,161,404)	-
Contributions – employer	-	1,326,542	(1,326,542)
Contributions – employee	-	457,499	(457,499)
Net investment income	-	282,962	(282,962)
Other (Net transfer)	<u>-</u>	<u>(165,757)</u>	<u>165,757</u>
Balance at December 31, 2015	<u>\$ 64,927,808</u>	<u>\$ 56,020,970</u>	<u>\$ 8,906,838</u>

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 6 – Defined Benefit IMRF Pension Plan - Continued:**

Pension Expense and Deferred Inflows/Outflows of Resources

For the year ended December 31, 2015, the City recognized pension expense of \$2,018,853 for the Regular Plan. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Regular:</u>		
Difference between expected and actual experience	\$ 464,172	\$ -
Assumption changes	108,456	-
Net difference between projected and actual earnings on pension plan investments	<u>3,164,205</u>	<u>-</u>
Total	<u>\$ 3,736,833</u>	<u>\$ -</u>

The amounts reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net position liabilities / (asset) for the year ending December 31, 2015. The remaining amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 1,002,127
2017	1,002,127
2018	941,527
2019	791,052
2020	-
Thereafter	<u>-</u>
Total	<u>\$ 3,736,833</u>

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

**Note 7 – Revenue from Governmental Units:**

The City receives a substantial amount of its revenue from state and local governments. If a material reduction in the level of this revenue were to occur, it would have a significant effect on the City's activities.

**Note 8 – Interfund Loans and Transfers:**

Interfund loans consist of the following transactions:

General Fund

From		
Internal Service Fund		\$ <u>4,576</u>
To		
Electric Fund		\$ 38,213
Non-Major Governmental Funds		<u>162,578</u>
		\$ <u>200,791</u>

Motor Fuel Tax Fund

To		
Sewer Fund		\$ <u>13,563</u>

Economic Development Fund

To		
Electric Fund		\$ <u>169,539</u>

Non-Major Governmental Fund

From		
General Fund		\$ 162,578
Non-Major Governmental Funds		9,314
Sewer Fund		<u>271,818</u>
		\$ <u>443,710</u>
To		
Non-Major Governmental Funds		\$ <u>9,314</u>

Electric Fund

From		
General Fund		\$ 38,213
Economic Development Fund		169,539
Internal Service Fund		<u>2,324</u>
		\$ <u>210,076</u>

Sewer Fund

From		
Motor Fuel Tax Fund		\$ <u>13,563</u>

**City of Princeton, Illinois**  
**Notes to Financial Statements – Continued**  
**April 30, 2016**

**Note 8 – Interfund Loans and Transfers – Continued:**

To		
Non-Major Governmental Funds		\$ <u>271,818</u>
 <u>Internal Service Fund</u>		
To		
General Fund		\$ 4,576
Electric Fund		<u>2,324</u>
		\$ <u>6,900</u>
 <u>Police Pension Trust Fund</u>		
To		
Fireman Pension Trust Fund		\$ <u>32,165</u>
 <u>Fireman Pension Trust Fund</u>		
From		
Police Pension Trust Fund		\$ <u>32,165</u>

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 8 – Interfund Loans and Transfers – Continued:**

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services. The interfund receivables/payables owed to the various funds reflect advances made and received that are still outstanding as of April 30, 2016. All interfund balances are expected to be repaid in a future fiscal year.

Transfers are used to provide resources from unrestricted funds' revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 9 – Risk Management:**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Consequently, liability coverage has been obtained from a commercial insurance company. Tort liabilities are principally funded through property taxes. Taxes collected are recorded in the General Fund. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three years.

**Note 10 – Contingent Liability:**

The City is a party to various legal proceedings that normally occur in the course of governmental operations. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

**Note 11 – Landfill Closure:**

The City owned and operated a municipal solid waste landfill that was officially closed on August 31, 1993. Stricter Illinois Environmental Protection Agency and Environmental Protection Agency rules and regulations would have made continued operations of the landfill cost prohibitive for the remaining estimated life of 3 years for the landfill to be at full capacity. The City was required by the Illinois Environmental Protection Agency and the Environmental Protection Agency rules and regulations to cap and seed the landfill, all of which was completed as of October 1, 1994, and to monitor the landfill site for 15 years. Total closure costs of approximately \$395,000 were incurred in the fiscal year ended April 30, 1995, in the Garbage Fund of the City. Post-closure costs for maintenance and monitoring of the landfill are being financed from the operating revenue of the Garbage Fund. As of April 30, 2016, the City has determined that annual post-closure costs for the maintenance and monitoring of the landfill will be considered immaterial within the Garbage Fund.

**Note 12 – Deficit Fund Balance:**

Deficits related to the primary government not visible in the basic financial statements are as follows:

<u>Fund</u>	<u>Amount of Deficit</u>
Cemetery Fund	\$ (473,984)
Tax Increment Fund	(57,323)

Deficits in the other funds will be eliminated by transfers from the General Fund.

**Note 13 – Agreement with Princeton Rural Fire Protection District:**

The City entered into an agreement with the Princeton Rural Fire Protection District, effective July 1, 1982, whereby the City agreed to furnish ambulance services to the Princeton Rural Fire Protection District and pay all related expenses. In return the District agreed to turn over to the City annually 90% of the tax monies received from its tax levy. In addition, the District agreed to turn over to the City all of its existing assets, including investments in excess of \$50,000. The agreement covers a period of ten years; if not extended beyond that period, the City agrees to continue providing fire protection to the District and return to the District, in cash, the amount representing investments originally turned over to the City. The original agreement has been extended effective to July 1, 2014.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 14 – Illinois Municipal Electric Agency:**

On May 16, 1984, the City, along with other municipalities, formed the Illinois Municipal Electric Agency pursuant to the Illinois Joint Municipal Power Act which is contained at Division 119.1, Article 11 of the Illinois Municipal Code.

The Agency was formed to provide a method for its members to jointly plan, finance, own and operate facilities for the generation and transmission of electric power and energy and related facilities necessary or convenient for the planning and operation of a system for the production and transmission of electric power and energy to the fullest extent permitted by the Act.

Agency membership, by statute, is restricted to cities, villages and incorporated towns in the State of Illinois which own and operate an electric utility system furnishing retail electric services to the public.

Each member agrees to pay a \$1,000 fee upon submitting an application for membership. Upon being admitted to membership, a member pays an annual assessment, currently based upon its sales of electric energy in the preceding fiscal year, with a minimum assessment of \$1,500 and a maximum assessment of \$40,000.

The Agency agreement and the by-laws contain provisions dealing with members' obligations for assessments and liabilities upon permitted withdrawal from membership, as well as obligations of new members admitted after initial formation of the Agency. The Agency agreement (Article X) provides for the rights and obligations of members upon dissolution of the organization.

During the fiscal year ended April 30, 1987, the City and the Agency entered into a power supply agreement whereby the Agency agreed to supply the City's electric energy needs for an initial five year period. After the initial contract term, the agreement is subject to automatic annual renewal unless terminated by either party upon the giving of a one year notice of intent not to renew.

On April 7, 2003, the City entered into a power sales contract with the Agency that will expire on September 20, 2035. As part of that contract, the City's rate includes a pro rata share of the debt service funding for bonds issued by IMEA. If the City should leave the Agency, it would be contingently liable for a portion of the debt. The above is not a direct obligation of the City and is considered a part of the cost of purchased power as provided by IMEA.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 15 – Revolving Loan Fund:**

The City of Princeton, Illinois, was the recipient of a grant for the year ended April 30, 1987, from the State of Illinois in the amount of \$357,500. The purpose of the grant was to create a retail and industrial commercial Revolving Loan Fund, the principal of which is loaned to business borrowers located within the City to finance economic activity, create employment opportunities, and to spur downtown development. Loans are to be collateralized by equipment or second mortgage on real estate acquired from loan proceeds. Each of the installment loans calls for annual interest of 5% and requires monthly principal and interest payments over periods varying from 3 to 10 years. As money is accumulated from the loan repayments, a committee periodically approves additional loans to other qualified applicants.

**Note 16 – Restatement of Net Assets and Fund Balances:**

During the year ended April 30, 2016, the City discovered that errors had been made in recording certain amounts; net assets have been restated to reflect the corrected balances.

The following financial statement items were affected by this error correction as of April 30, 2015:

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
<i>Balance Sheet – Governmental Funds – General Fund</i>			
Cash	\$ (282,659)	\$ 776,501	\$ 1,059,160
Fund balance	(275,944)	783,216	1,059,160
<i>Balance Sheet – Governmental Funds – General Obligation Bond Fund</i>			
Cash	\$ (708,926)	\$ 468,692	\$ 1,177,618
Fund balance	(265,216)	912,402	1,177,618
<i>Balance Sheet – Governmental Funds – Garbage Fund</i>			
Cash	\$ 530,983	\$ 330,983	\$ (200,000)
Fund balance	537,071	337,071	(200,000)
<i>Statement of Net Position – Proprietary Funds – Self Insurance Fund</i>			
Accounts payable	\$ 54,000	\$ 183,344	\$ 129,344
Net position	361,955	232,611	(129,344)

**City of Princeton, Illinois**  
**Notes to Financial Statements – Continued**  
**April 30, 2016**

**Note 16 – Restatement of Net Assets and Fund Balances – Continued:**

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
<i>Statement of Net Position – Proprietary Funds – Water Fund</i>			
Cash	\$ 1,432,350	\$ 612,230	\$ (820,120)
Deferred outflows related to pension obligations	-	137,386	\$ 137,386
IMRF pension liability	-	278,374	278,374
Net position	11,277,733	10,316,625	(961,108)
<i>Statement of Net Position – Proprietary Funds – Electric Fund</i>			
Cash	\$ 4,169,229	\$ 1,524,283	\$ (2,644,946)
Deferred outflows related to pension obligations	-	339,878	\$ 339,878
IMRF pension liability	-	688,668	688,668
Bond premium	138,113	-	(138,113)
Net position	19,221,963	16,366,340	(2,855,623)
<i>Statement of Net Position – Proprietary Funds – Sewer Fund</i>			
Cash	\$ (85,448)	\$ 1,594,665	\$ 1,680,113
Deferred outflows related to pension obligations	-	76,365	\$ 76,365
IMRF pension liability	-	154,734	154,734
Net position	11,277,733	10,316,625	(961,108)

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 16 – Restatement of Net Assets and Fund Balances – Continued:**

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
<i>Statement of Net Position – Governmental Activities</i>			
Cash	\$ (497,706)	\$ 1,539,072	\$ 2,036,778
Deferred outflows related to pension obligations	-	407,444	407,444
IMRF pension liability	-	825,572	825,572
Police and fire pension liability	-	4,757,705	4,757,705
Bonds payable	8,086,880	8,156,880	70,000
Net position	31,217,018	28,007,963	(3,209,055)
 <i>Statement of Net Position – Business-Type Activities</i>			
Cash	\$ 5,516,131	\$ 3,731,178	\$ (1,784,953)
Deferred outflows related to pension obligations	-	553,629	\$ 553,629
IMRF pension liability	-	1,121,776	1,121,776
Other long-term debt	138,113	-	(138,113)
Net position	37,002,569	34,787,582	(2,214,987)

**Note 17 – Self-Insurance:**

The City is exposed to various risks related to health insurance, for which the City is self-insured and carries supplemental insurance. The City maintains internal service funds for its self-insured employees' health insurance program.

For medical claims, self-insurance is in effect up to a stop loss of \$40,000 per covered person, \$50,000 specific aggregate overall for the City and \$1,000,000 aggregate stop loss per policy term. Coverage from a private insurance company is maintained for losses in excess of the stop loss amount. An independent claims administrator performs all claim handling procedures.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. The claim liability as of April 30, 2016, was \$654,037.

City of Princeton, Illinois

Notes to Financial Statements – Continued

April 30, 2016

Note 18 – Defined Benefit Pension Plan:

**Police and Fire Pension – Single Employer Plans**

Plan Descriptions

In accordance with the provisions of the Illinois Compiled Statutes, the City has established separate Police and Fire pension trusts administered by separate Boards of Trustees. These single-employer defined benefit retirement plans are available to all full-time City police officers and firefighters. The Police and Fire pension plans provide retirement, disability, and death benefits to plan members and their beneficiaries. The Illinois General Assembly has the authority to establish and amend the benefit provisions of the plans. The Police and Fire pension plans do not issue stand-alone financial reports.

The number of employees covered and current memberships are classified in the following categories:

	<u>Police</u>	<u>Fire</u>
Retirees and beneficiaries currently receiving benefits	8	10
Vested terminated employees	-	2
Active employees:		
Fully vested	10	7
Non-vested	8	6

City employees covered under the Police and Fire pension trusts hired before January 1, 2011, who retire at or after the age of 50 with 20 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their monthly salary attached to the rank held by them at retirement or one year prior to the last day, whichever is greater. For creditable service over 20 years, the monthly pension benefit is increased 1/12 of 2.5% for each additional month up to 30 years of service, not to exceed 75% of their salary. These trusts also provide death and disability benefits.

For Police and Fire participants who retire at age 60 or more and have at least 8 but less than 20 years of creditable service, a pension is payable for life equal to years of creditable service multiplied by 2 ½% of the salary attached to the rank on the last day of service or one year prior, whichever is greater.

**City of Princeton, Illinois**  
**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 18 – Defined Benefit Pension Plan – Continued:**

Plan Descriptions – Continued

City employees covered under the Police and Fire Pension Trust, hired after January 1, 2011, who retire at or after age 50 with 10 or more years of creditable service are entitled to a monthly pension equal to 2 ½% of the final average salary for each year of creditable service, subject to the maximum of 75% of salary. The final average salary shall not exceed \$106,800, which shall be adjusted annually by statute. The benefit will be reduced by ½ of 1% for each month that the participant's age is under 55.

Contributions and Funding

Police pension plan members are required to contribute 9.91% of their annual salary to the Police Pension Trust; Fire pension plan members are required to contribute 9.455% of their annual salary to the Fire Pension Trust. Tier two benefits are provided to those participants hired on or after January 1, 2011. Tier two benefits are capped on the first \$106,800 of pensionable salary (cap may be adjusted annually by statute). The City is required to contribute the remaining amounts necessary to fund the trusts using the actuarial basis specified by statute. Contribution requirements of the plan members are established and may be amended by the Illinois General Assembly.

The pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of plan net assets. Pension trust fund operating statements present increases (e.g., additions) and decreases (e.g., deductions) in plan net assets. Benefits and refunds of the defined benefit pension plan are recognized when due and payable in accordance with the terms of the plan.

The accrual basis of accounting is utilized by the pension trust fund. Under this method, additions are recorded when earned and deductions are recorded at the time liabilities are incurred.

Administrative costs of the plans are financed through investment earnings. Actuarial assumptions and other information used to determine the annual required contributions (ARC) are located in the Required Supplementary Information section of this report.

**City of Princeton, Illinois**

**Notes to Financial Statements – Continued**

**April 30, 2016**

**Note 18 – Defined Benefit Pension Plan – Continued:**

Annual Pension Cost and Net Pension Obligation and Reserves

	<u>Police Pension</u>	<u>Firefighters' Pension</u>
Actual Valuation Date	May 1, 2015	May 1, 2015
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Asset Valuation Method	Gains/losses recognized over five years	Gains/losses recognized over five years
Amortization Method	Level Percentage of Pay	Level Percentage of Pay
Amortization Period	25 years	25 years
Rate of Return on Present and Future Assets	6.5% compounded annually	6.5% compounded annually
Projected Salary Increase Attributable to Inflation	4.5% compounded annually plus additional increases at various service dates	4.5% compounded annually plus additional increases at various service dates

Changes in Actuarial Methods and Assumptions

There were no significant changes in the actuarial assumptions since the May 1, 2014, actuarial valuation.

Reserves

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. Government and U. S. Government guaranteed obligations) whose market value exceeds 5% or more of net assets available for benefits. There are no long-term contracts for contributions.

As of May 1, 2015, the most recent actuarial valuation date, the Police Pension Plan was 77.02% funded. The actuarial accrued liability for benefits was \$9,718,262 and the actuarial value of assets was \$7,484,580, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,233,682. The covered payroll of active employees covered by the plan was \$1,193,903 and the ratio of the UAAL to the covered payroll was 187.09%.

As of May 1, 2015, the most recent actuarial valuation date, the Fire Pension Plan was 70.57% funded. The actuarial accrued liability for benefits was \$9,498,647 and the actuarial value of assets was \$6,703,040, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,795,607. The covered payroll of active employees covered by the plan was \$876,797 and the ratio of the UAAL to the covered payroll was 318.84%.

**City of Princeton, Illinois**  
**Notes to Financial Statements – Continued**  
**April 30, 2016**

**Note 19 – Subsequent Events:**

On July 18, 2016, the City authorized a loan from Midland States Bank in an amount not to exceed \$273,000, for the purchase of an aerial bucket truck and a diesel chipper. The final amount of the loan provided by Midland was in the amount of \$262,781. The date of the loan was July 20, 2016.

On August 15, 2016, the City authorized the issuance of debt certificates in an amount not to exceed \$655,000, for the purchase of a fire engine. The debt certificates were issued by Heartland Bank and Trust Company in the final amount of \$644,706. The certificate date was August 18, 2016.

No events have occurred subsequent to April 30, 2016, that are required to be disclosed in these financial statements other than those noted above. This evaluation was made as of October 24, 2016, which is the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PRINCETON**

**Illinois Municipal Retirement Fund  
Schedule of Changes in the City's Net Pension  
Liability and Related Ratios**

**Most Recent Calendar Year**

	2015
<b>Total pension liability:</b>	
Service cost	\$ 1,001,826
Interest on the total pension liability	4,544,860
Changes in benefit terms	-
Differences between expected and actual experience on the total pension liability	635,270
Changes in assumptions	148,434
Benefit payments, including refunds of employee contributions	<u>(3,161,404)</u>
Net change in total pension liability	\$ 3,168,986
Total pension liability – beginning	<u>61,758,822</u>
Total pension liability – ending (a)	<u>\$ 64,927,808</u>
<b>Plan fiduciary net position:</b>	
Employer contributions	\$ 1,326,542
Employee contributions	457,499
Net investment income	282,962
Benefit payments, including refunds of member contributions	(3,161,404)
Other (net transfer)	<u>(165,757)</u>
Net change in plan fiduciary net position	(1,260,158)
Plan fiduciary net position – beginning	<u>57,281,128</u>
Plan fiduciary net position – ending (b)	<u>\$ 56,020,970</u>
Employer's net pension liability – ending – (a) - (b)	<u>\$ 8,906,838</u>
Plan fiduciary net position as a percentage of the total pension liability	86.28%
Covered-employee payroll	9,457,958
Employer's net pension liability as a percentage of covered-employee payroll	94.17%

**Note to schedule:**

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

**CITY OF PRINCETON**

**Illinois Municipal Retirement Fund  
Schedule of Employer Contributions**

**December 31, 2015**

<u>Calendar Year Ending December 31.</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2015	\$ 1,199,269	\$ 1,326,542	\$(127,273)	\$ 9,457,958	14.03%

**Note to schedule:**

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date

Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan Liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset valuation method	5-Year Smoothed Market, 20% Corridor
Wage growth	4.00%
Inflation	3.00%
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table
Other information	There were no benefit changes during the year.

**City of Princeton, Illinois**

**Budgetary Comparison Schedule – General Fund – Unaudited**

**For the Year Ended April 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 1,190,000	\$ 1,190,000	\$ 911,249	\$ (278,751)
Income taxes	850,000	850,000	833,460	(16,540)
Replacement taxes	90,000	90,000	92,312	2,312
Sales tax	2,450,000	2,450,000	2,325,034	(124,966)
Use tax	135,000	135,000	176,823	41,823
Telecommunications tax	265,000	265,000	298,090	33,090
Other taxes	130,000	130,000	133,870	3,870
Charges for service	714,000	714,000	901,388	187,388
Fines and fees	148,500	148,500	155,515	7,015
License and permits	45,000	45,000	55,789	10,789
Grants and donations	213,500	213,500	71,176	(142,324)
Interest	9,000	9,000	14,826	5,826
Other	<u>517,500</u>	<u>517,500</u>	<u>425,363</u>	<u>(92,137)</u>
<b>Total revenues</b>	<u>6,757,500</u>	<u>6,757,500</u>	<u>6,394,895</u>	<u>(362,605)</u>
<b>Expenditures:</b>				
General government	346,500	346,500	505,364	158,864
Public safety	3,786,900	3,786,900	3,734,193	(52,707)
Public works	1,112,400	1,112,400	1,105,984	(6,416)
Economic development	40,000	40,000	28,956	(11,044)
Culture and recreation	281,000	281,000	205,195	(75,805)
Building and zoning	303,000	303,000	247,551	(55,449)
Debt service:				
Principal	217,000	217,000	261,687	44,687
Interest	21,200	21,200	25,368	4,168
Capital outlay	<u>479,500</u>	<u>479,500</u>	<u>412,403</u>	<u>(67,097)</u>
<b>Total expenditures</b>	<u>6,587,500</u>	<u>6,587,500</u>	<u>6,526,701</u>	<u>(60,799)</u>
<b>Excess (deficit) of revenues over expenditures</b>	<u>170,000</u>	<u>170,000</u>	<u>(131,806)</u>	<u>(301,806)</u>
<b>Other financing sources (uses)</b>				
Bond proceeds	-	-	-	-
Transfer in	-	-	-	-
Transfer out	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>	<u>170,000</u>
<b>Total other financing sources (uses)</b>	<u>(170,000)</u>	<u>(170,000)</u>	<u>-</u>	<u>170,000</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(131,806)</u>	<u>(131,806)</u>
<b>Fund balance, beginning of year, as restated</b>	<u>783,216</u>	<u>783,216</u>	<u>783,216</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 783,216</u>	<u>\$ 783,216</u>	<u>\$ 651,410</u>	<u>\$ (131,806)</u>

**City of Princeton, Illinois**

**Budgetary Comparison Schedule – Library Fund – Unaudited**

**For the Year Ended April 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Over Under
Revenues:				
Property taxes	\$ 321,600	\$ 321,600	\$ 318,212	\$ (3,388)
Replacement taxes	8,000	8,000	10,615	2,615
Charges for service	29,150	29,150	32,424	3,274
Fines and fees	-	-	19,264	19,264
Grants and donations	24,575	24,575	201,244	176,669
Interest	2,000	2,000	1,983	(17)
Other	<u>51,420</u>	<u>51,420</u>	<u>12,664</u>	<u>(38,756)</u>
Total revenues	<u>436,745</u>	<u>436,745</u>	<u>596,406</u>	<u>159,661</u>
Expenditures:				
Salaries and payroll expense	314,660	314,660	318,116	3,456
Program materials	67,600	67,600	102,132	34,532
Administrative	97,300	97,300	105,289	7,989
Building payment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>479,560</u>	<u>479,560</u>	<u>525,537</u>	<u>45,977</u>
Net change in fund balance	(42,815)	(42,815)	70,869	113,684
Fund balance, beginning of year, as restated	<u>517,114</u>	<u>517,114</u>	<u>517,114</u>	<u>-</u>
Fund balance, end of year	<u>\$ 474,299</u>	<u>\$ 474,299</u>	<u>\$ 587,983</u>	<u>\$ 113,684</u>

**City of Princeton, Illinois**

**Budgetary Comparison Schedule – Motor Fuel Fund – Unaudited**

**For the Year Ended April 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Motor fuel tax	\$ 190,000	\$ 190,000	\$ 195,934	\$ 5,934
Interest	-	-	852	852
Other	-	-	-	-
Total revenues	<u>190,000</u>	<u>190,000</u>	<u>196,786</u>	<u>6,786</u>
Expenditures:				
Public works	92,798	92,798	103,701	10,903
Debt service:				
Principal	77,000	77,000	77,000	-
Interest	<u>20,202</u>	<u>20,202</u>	<u>11,526</u>	<u>(8,676)</u>
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>192,227</u>	<u>2,227</u>
Excess (deficit) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,559</u>	<u>4,559</u>
Other financing sources (uses)				
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	4,559	4,559
Fund balance, beginning of year	<u>398,737</u>	<u>398,737</u>	<u>398,737</u>	<u>-</u>
Fund balance, end of year	<u>\$ 398,737</u>	<u>\$ 398,737</u>	<u>\$ 403,296</u>	<u>\$ 4,559</u>

**City of Princeton, Illinois**

**Budgetary Comparison Schedule – Garbage Fund – Unaudited**

**For the Year Ended April 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Over (Under)
<b>Revenues:</b>				
Charges for services	\$ 500,000	\$ 500,000	\$ 536,194	\$ 36,194
Interest	-	-	241	241
<b>Total revenues</b>	<u>500,000</u>	<u>500,000</u>	<u>536,435</u>	<u>36,435</u>
<b>Expenditures:</b>				
General government	-	-	9,782	9,782
Garbage	479,743	479,743	500,245	20,502
Debt service:				
Principal	34,000	34,000	35,599	1,599
Interest	1,257	1,257	1,394	137
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>142,900</u>	<u>122,900</u>
<b>Total expenditures</b>	<u>535,000</u>	<u>535,000</u>	<u>689,920</u>	<u>154,920</u>
Excess (deficit) of revenues over expenditures	<u>(35,000)</u>	<u>(35,000)</u>	<u>(153,485)</u>	<u>(118,485)</u>
<b>Other financing sources (uses)</b>				
Bond proceeds	-	-	142,900	142,900
Transfer in	-	-	-	-
Transfer out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>142,900</u>	<u>142,900</u>
Net change in fund balance	(35,000)	(35,000)	(10,585)	24,415
Fund balance, beginning of year, as restated	<u>337,071</u>	<u>337,071</u>	<u>337,071</u>	<u>-</u>
Fund balance, end of year	<u>\$ 302,071</u>	<u>\$ 302,071</u>	<u>\$ 326,486</u>	<u>\$ 24,415</u>

**City of Princeton, Illinois**

**Budgetary Comparison Schedule – Economic Development Fund – Unaudited**

**For the Year Ended April 30, 2016**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Over (Under)
Revenues:				
Video gaming tax	\$ 85,000	\$ 85,000	\$ 117,700	\$ 32,700
Charges for service	75,000	75,000	76,704	1,704
Interest	11,000	11,000	16,498	5,498
Revolving loan repayments	-	-	92,165	92,165
Other	-	-	-	-
Total revenues	<u>171,000</u>	<u>171,000</u>	<u>303,067</u>	<u>132,067</u>
Expenditures:				
Economic development	12,400	12,400	293,981	281,581
Debt service:				
Principal	200,000	200,000	200,000	-
Interest	<u>103,600</u>	<u>103,600</u>	<u>103,600</u>	<u>-</u>
Total expenditures	<u>316,000</u>	<u>316,000</u>	<u>597,581</u>	<u>281,581</u>
Excess (deficit) of revenues over expenditures	<u>(145,000)</u>	<u>(145,000)</u>	<u>(294,514)</u>	<u>(149,514)</u>
Other financing sources (uses)				
Transfer in	145,000	145,000	-	(145,000)
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>145,000</u>	<u>145,000</u>	<u>-</u>	<u>(145,000)</u>
Net change in fund balance	-	-	(294,514)	(294,514)
Fund balance, beginning of year, as restated	<u>(894,161)</u>	<u>(894,161)</u>	<u>(894,161)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (894,161)</u>	<u>\$ (894,161)</u>	<u>\$ (1,188,675)</u>	<u>\$ (294,514)</u>

**City of Princeton, Illinois**

**Notes to Required Supplementary Information**

**April 30, 2016**

**Note 1 – Budget Policy and Practice:**

The City Manager serves the City as the Budget Officer.

The City Manager shall prepare an annual budget and an annual long-range capital improvement program for presentation to the city council.

The Manager shall prepare and submit to the Mayor and City Council, at monthly intervals, reports which will advise the City Council of the financial condition and future needs of the city, and the Manager may make such other recommendations as deemed appropriate. The Manager shall assemble and make available such other information concerning the fiscal matters of the City as the Mayor or City Council shall periodically request.

The Manager shall further work with all City officials in helping to prepare information as may be necessary to enable the preparation of the annual tax levy ordinance.

The Manager shall be responsible for the preparation of the annual budget ordinance and the annual tax levy ordinance.

The Mayor and City Council will evaluate the operations budget, capital budget, property tax levy, and any requests for expenditures that exceed staff authority. This council is responsible for the cash position of the City and will assist with rate evaluations.

**Note 2 – Expenditures in Excess of Budget:**

The following funds had expenditures in excess of original budgetary amounts for the fiscal year ended April 30, 2016:

<u>Fund</u>	<u>Excess Amount</u>
Garbage	\$ 154,920
Library	45,977
Motor Fuel Tax	2,227
Economic Development	281,581
Cemetery	43,504

## **OTHER SCHEDULES**

**City of Princeton, Illinois**

**Combining Balance Sheet – Non-Major Governmental Funds**

**April 30, 2016**

	Special Revenue Funds		Debt Service Fund	
	Cemetery Fund	Tax Increment Financing Fund	General Obligation Bond Fund	Total
<b>Assets</b>				
Cash and cash equivalents	\$ (515,009)	\$ (48,009)	\$ 39,782	\$ (523,236)
Investments	78,074	-	-	78,074
Receivables, net:				
Property taxes	-	113,600	-	113,600
Intergovernmental taxes	-	-	-	-
Accounts	-	-	-	-
Due from other funds	-	-	443,710	443,710
 Total assets	<u>\$ (436,935)</u>	<u>\$ 65,591</u>	<u>\$ 483,492</u>	<u>\$ 112,148</u>
<b>Liabilities</b>				
Accounts payable	\$ 19,076	\$ -	\$ -	\$ 19,076
Accrued expenses	17,973	-	-	17,973
Due to other funds	-	9,314	-	9,314
 Total liabilities	<u>37,049</u>	<u>9,314</u>	<u>-</u>	<u>46,363</u>
<b>Deferred Inflows of Resources</b>				
Deferred property tax	-	113,600	-	113,600
Deferred revenue	-	-	-	-
 Total deferred inflows of resources	<u>-</u>	<u>113,600</u>	<u>-</u>	<u>113,600</u>
<b>Fund Balance</b>				
Restricted:				
Cemetery trust	-	-	-	-
Tax increment	-	-	-	-
Debt service	-	-	483,492	483,492
Assigned:				
Garbage	-	-	-	-
Unassigned	<u>(473,984)</u>	<u>(57,323)</u>	<u>-</u>	<u>(531,307)</u>
 Total fund balance (deficit)	<u>(473,984)</u>	<u>(57,323)</u>	<u>483,492</u>	<u>(47,815)</u>
 Total liabilities, deferred inflows of resources, and fund balance (deficit)	<u>\$ (436,935)</u>	<u>\$ 65,591</u>	<u>\$ 483,492</u>	<u>\$ 112,148</u>

**City of Princeton, Illinois**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance –  
Non-Major Governmental Funds**

**For the Year Ended April 30, 2016**

	<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	
		Tax	General	
	Cemetery	Increment	Obligation	
	<u>Fund</u>	<u>Fund</u>	<u>Bond Fund</u>	<u>Total</u>
Revenues:				
Property taxes	\$ -	\$ 107,354	\$ -	\$ 107,354
Charges for services	74,307	-	-	74,307
Interest	<u>7,250</u>	<u>2</u>	<u>-</u>	<u>7,252</u>
 Total revenues	<u>81,557</u>	<u>107,356</u>	<u>-</u>	<u>188,913</u>
Current expenditures:				
General government	-	666	1,101	1,767
Economic development	-	10,751	-	10,751
Cemetery	240,504	-	-	240,504
Debt service:				
Principal	-	85,000	340,000	425,000
Interest	<u>-</u>	<u>33,625</u>	<u>87,809</u>	<u>121,434</u>
 Total expenditures	<u>240,504</u>	<u>130,042</u>	<u>428,910</u>	<u>799,456</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(158,947)</u>	<u>(22,686)</u>	<u>(428,910)</u>	<u>(610,543)</u>
Net change in fund balance	(158,947)	(22,686)	(428,910)	(610,543)
Fund balance, beginning of year, as restated	<u>(315,037)</u>	<u>(34,637)</u>	<u>912,402</u>	<u>562,728</u>
Fund balance, end of year	<u>\$ (473,984)</u>	<u>\$ (57,323)</u>	<u>\$ 483,492</u>	<u>\$ (47,815)</u>

**City of Princeton, Illinois**

**Electric and Water Services – Billing Data – Unaudited**

**For the Year Ended April 30,**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Electric Services</u>				
Billings – metered services	\$ 10,923,263	\$ 10,972,766	\$ 11,762,418	\$ 11,575,230
Billings – kilowatt hours	100,306,856	100,092,388	107,916,750	105,595,463
Average billing per kilowatt hour	0.1089	0.1096	0.1090	0.1096
Rounded to nearest cent	0.11	0.11	0.11	0.11
<u>Water Services</u>				
Billings – metered services	\$ 2,579,751	\$ 2,723,227	\$ 2,518,593	\$ 2,042,953
Billings – gallon	199,780,071	222,569,295	226,300,960	302,671,962
Average billing per hundred gallons	1.2913	1.2235	1.1129	0.6750
Rounded to nearest cent	1.29	1.22	1.11	0.67

**City of Princeton, Illinois**  
**Insurance Coverage – Unaudited**  
**For the Year Ended April 30, 2016**

	<u>Amount</u>
<b>Coverage – Other than Hospital</b>	
Buildings and contents, per statement of value on file – fire and extended coverage – N/A coinsurance (\$5,000 deductible) (special form)	\$ 97,364,547
Fleet policy covering all city vehicles, including those of the utilities:	
Liability – bodily injury	1,000,000
Uninsured and underinsured motorists	1,000,000
Comprehensive	Physical damage
Collision (\$5,000) deductible	A.C.V.
Auto medical payments	10,000
Earthquake and flood (\$50,000 deductible)	7,000,000
Workers’ compensation – all city employees	Statutory
Commercial inland marine:	
Contractors equipment (\$5,000 deductible)	5,683,325
Excess liability (\$5,000 self-insured retention)	5,000,000
Comprehensive general liability:	
General liability	1,000,000/3,000,000
Wrongful acts (\$5,000 deductible)	1,000,000
Police indemnity – law enforcement liability (\$5,000 deductible)	1,000,000
Employee benefits injury (\$5,000 deductible)	1,000,000/3,000,000
Employee dishonesty (\$5,000 deductible)	10,000
Forgery or alteration (\$5,000 deductible)	50,000
EDP coverage	250,000
Public officials liability (\$5,000 deductible)	1,000,000
Cemetery professional liability	1,000,000/3,000,000
Pesticide / herbicide liability	50,000
jPosition Schedule Bond	50,000
<b>Coverage – Hospital</b>	
Hospital professional liability	\$15,000,000/each claim
Comprehensive general liability	15,000,000/each claim
Specific contractual liability	15,000,000/each claim
Directors, officers, and trustees liability	10,000,000
Blanket buildings and contents replacement cost	80,210,015
Earthquake coverage	10,000,000
Business income	22,500,000
Workers’ compensation	Statutory
Employer’s liability	1,000,000
Business auto, hired & no-owned auto and property damage	1,000,000
Uninsured motorist	1,000,000
Employee dishonesty coverage – commercial blanket coverage	500,000
Workers’ compensation employers	Statutory
Employer’s liability	1,000,000
Helipad	10,000,000

**City of Princeton, Illinois**

**Schedule of Assessed Valuation, Property Tax Rates and Tax Extensions – Unaudited**

	Tax Levy Years				
	2015	2014	2013	2012	2011
Assessed Valuation	<u>\$133,705,639</u>	<u>\$133,259,671</u>	<u>\$134,915,915</u>	<u>\$136,628,001</u>	<u>\$148,632,159</u>
Tax Rates:					
Corporation	0.04212	0.03319	0.03332	0.03354	0.06315
Fire protection	0.01555	0.01508	0.01515	0.01445	0.01346
Library	0.24000	0.24000	0.23224	0.23943	0.23710
Police pension	0.23220	0.22524	0.21911	0.20124	0.17316
Fireman pension	0.20733	0.20111	0.18781	0.17028	0.14448
Retirement	0.09335	0.09050	0.07977	0.07999	0.05212
Streets and bridges	0.00522	0.00505	0.00254	0.00000	0.00000
Police protection	0.00000	0.00000	0.00000	0.00000	0.00000
School crossing guards	0.00831	0.00804	0.00808	0.00774	0.00706
Social security	0.08086	0.07843	0.07472	0.06864	0.06257
Workmen's compensation	0.14517	0.14078	0.14641	0.14448	0.12861
Insurance	0.05184	0.05028	0.06058	0.06192	0.05894
Bonds – library	<u>0.11339</u>	<u>0.24013</u>	<u>0.00109</u>	<u>0.12077</u>	<u>0.10988</u>
Total Tax Rates	<u>1.23534</u>	<u>1.32783</u>	<u>1.06082</u>	<u>1.14248</u>	<u>1.05053</u>
Taxes levied					
Corporation	\$ 56,300	\$ 44,220	\$ 44,954	\$ 45,825	\$ 93,861
Fire protection	20,780	20,100	20,440	19,743	20,006
Library	330,800	321,600	313,326	327,128	352,407
Police pension	310,460	300,160	295,612	274,950	257,371
Fireman pension	277,200	268,000	253,384	232,650	214,744
Retirement	124,800	120,600	107,622	109,289	77,467
Streets and bridges	6,960	6,700	3,427	-	-
Police protection	-	-	-	-	-
School crossing guards	11,100	10,720	10,901	10,575	10,493
Social security	108,100	104,520	100,808	93,781	92,999
Workmen's compensation	194,100	187,600	197,529	197,400	191,156
Insurance	69,300	67,000	81,731	84,600	87,604
Bonds – library	<u>151,600</u>	<u>320,000</u>	<u>1,471</u>	<u>165,006</u>	<u>163,317</u>
Tax Collections	<u>\$ 1,661,500</u>	<u>\$ 1,771,220</u>	<u>\$ 1,431,205</u>	<u>\$ 1,560,947</u>	<u>\$ 1,561,425</u>

**City of Princeton, Illinois**  
**Schedule of Legal Debt Margin - Unaudited**  
**April 30, 2016**

Total Assessed Valuation – 2015 Tax Year	\$ <u>134,962,679</u>
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ 11,640,531
Deduct:	
General Obligation Bonds	<u>(1,315,000)</u>
Available Legal Debt Margin	\$ <u>10,325,531</u>