

CITY OF BUSHNELL, ILLINOIS
ANNUAL FINANCIAL REPORT
YEAR ENDED APRIL 30, 2016

MYERS & MYERS CPAs, LTD
Certified Public Accountants

CITY OF BUSHNELL, ILLINOIS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Bushnell, Illinois

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bushnell, Illinois, as of April 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the schedule of funding progress and budgetary comparison information on pages 46 – 48 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 audit standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Management has omitted the management discussion and analysis information that accounting principles generally accepted in the United States of America require to be present to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bushnell, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of tax levies, rates, extensions, and collections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and also not a required part of the basic financial statements.

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

The schedule of tax levies, rates, extensions, and collections 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 September 1, 2016, on our consideration of the City of Bushnell, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bushnell, Illinois' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Myers & Myers CPAs, Ltd." The signature is written in a cursive, flowing style.

Myers & Myers CPAs, LTD.
Beardstown, Illinois
September 1, 2016

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 931,663	\$ 1,793,405	\$ 2,725,068
Certificates of deposit	122,848	1,519,672	1,642,520
Receivables, net of allowance for uncollectible accounts:			
Accounts receivable	20,691	573,518	594,209
Property taxes	177,701	-	177,701
State taxes	180,982	-	180,982
Federal awards	-	169,569	169,569
Other	1,452	524	1,976
Unbilled receivables	7,400	150,723	158,123
Notes receivable	106,286	-	106,286
Internal balances	-	146,903	146,903
Restricted assets:			
Cash	26,119	505,190	531,309
Certificates of deposit	74,080	-	74,080
Capital assets:			
Non-depreciable	-	610,598	610,598
Depreciable, net	463,359	10,947,029	11,410,388
Total assets	2,112,581	16,417,131	18,529,712
LIABILITIES			
Accounts payable	68,088	501,038	569,126
Accrued expenses payable	13,013	42,473	55,486
Customer deposits	-	81,192	81,192
Other liabilities	-	23,676	23,676
Internal balances	146,903	-	146,903
Noncurrent liabilities:			
Due within 1 year	-	111,888	111,888
Due in more than one year	-	2,362,814	2,362,814
Total liabilities	228,004	3,123,081	3,351,085

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF NET POSITION (Continued)
APRIL 30, 2016

	<u>Primary Government</u>		<u>Total</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
DEFERRED INFLOWS OF RESOURCES			
Property taxes levied for the next fiscal year	\$ 177,701	\$ -	\$ 177,701
Total deferred inflows of resources	<u>177,701</u>	<u>-</u>	<u>177,701</u>
NET POSITION			
Investment in capital assets	\$ 463,359	\$ 9,082,925	\$ 9,546,284
Restricted	967,877	505,190	1,473,067
Unrestricted	<u>275,640</u>	<u>3,705,935</u>	<u>3,981,575</u>
Total net position	<u>\$ 1,706,876</u>	<u>\$ 13,294,050</u>	<u>\$ 15,000,926</u>

**CITY OF BUSHNELL
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED APRIL 30, 2016**

	Program Revenues			
	Expenses	Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions
Function/Program Activities				
Primary Government				
Governmental Activities:				
General government	\$ 202,633	\$ 26,749	-	-
Public safety	401,776	26,506	399	-
Public works	438,595	-	-	79,729
Sanitation	195,027	205,440	-	-
Culture and recreation	42,037	8,254	40	-
Social services	13,260	-	-	13,260
Capital outlay	-	-	-	-
Total governmental activities	1,293,328	266,949	439	92,989
Business-type activities:				
Sewer	376,084	360,050	-	526,821
Water	443,641	584,537	-	-
Electricity	3,439,835	3,654,387	-	-
Gas	1,395,158	1,488,288	-	-
Total business-type activities	5,654,718	6,087,262	-	526,821
Total primary government	6,948,046	6,354,211	439	619,810

CITY OF BUSHNELL
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Function/Program Activities:			
Primary Government			
Governmental Activities:			
General government	\$ (175,884)	-	\$ (175,884)
Public safety	(374,871)	-	(374,871)
Streets and highways	(358,866)	-	(358,866)
Sanitation	10,413	-	10,413
Culture and recreation	(33,743)	-	(33,743)
Community development	-	-	-
Capital outlay	-	-	-
Total governmental activities	(932,951)	-	(932,951)
Business-type activities:			
Sewer	-	510,787	510,787
Water	-	140,896	140,896
Electricity	-	214,552	214,552
Gas	-	93,130	93,130
Total business-type activities	-	959,365	959,365
Total primary government	(932,951)	959,365	26,414
General Revenues			
Taxes:			
Property	173,907	-	173,907
Income	315,947	-	315,947
Sales	221,350	-	221,350
Non-home rule sales	84,897	-	84,897
Use	71,953	-	71,953
Replacement	36,052	-	36,052
Video gaming	11,691	-	11,691
Franchise tax	20,473	-	20,473
Interest income	21,311	4,196	25,507
Reimbursements	1,293	-	1,293
Sale of capital assets	-	-	-
Miscellaneous	39,074	-	39,074
Total general revenues	997,948	4,196	1,002,144
Change in net position	64,997	963,561	1,028,558
Net position - beginning, as restated (Note A)	1,641,879	12,330,489	13,972,368
Net position - ending	\$ 1,706,876	\$ 13,294,050	\$ 15,000,926

**CITY OF BUSHNELL, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2016**

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 30,064	\$ 902,895	\$ 932,959
Certificates of deposit	66,518	56,330	122,848
Property taxes receivable	177,701	-	177,701
State taxes receivable	142,395	18,264	160,659
Accounts receivable	20,691	-	20,691
Other receivables	472	980	1,452
Unbilled receivables	7,400	-	7,400
Notes receivable	-	106,286	106,286
Restricted assets:			
Cash	24,823	-	24,823
Certificates of deposit	74,080	-	74,080
	<u>544,144</u>	<u>1,084,755</u>	<u>1,628,899</u>
Total assets			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	68,088	-	68,088
Accrued expenses	13,013	-	13,013
Due to other funds	146,903	-	146,903
	<u>228,004</u>	<u>-</u>	<u>228,004</u>
Total liabilities			
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	177,701	-	177,701
	<u>177,701</u>	<u>-</u>	<u>177,701</u>
Total deferred inflows of resources			

CITY OF BUSHNELL, ILLINOIS
BALANCE SHEET (Continued)
GOVERNMENTAL FUNDS
APRIL 30, 2016

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:			
Nonspendable - general government	\$ -	\$ 106,286	\$ 106,286
Assigned	-	274,186	274,186
Committed	31,691	-	31,691
Restricted:			
Tax levies	39,360	-	39,360
Public works	-	255,141	255,141
Community projects	74,080	-	74,080
Public safety	3,442	3,076	6,518
Employee benefits	21,381	-	21,381
Revolving loan	-	446,066	446,066
Unassigned	<u>(31,515)</u>	<u>-</u>	<u>(31,515)</u>
 Total fund balances	 <u>138,439</u>	 <u>1,084,755</u>	 <u>1,223,194</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 544,144</u>	 <u>\$ 1,084,755</u>	 <u>\$ 1,628,899</u>

**CITY OF BUSHNELL, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
APRIL 30, 2016**

Fund balances - total governmental funds		\$ 1,223,194
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Amounts reported for governmental activities in the statement of net position are different because:

State income tax revenues earned but not available is not reported in the governmental funds.		20,323
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets	787,544	
Less accumulated depreciation	<u>(324,185)</u>	<u>463,359</u>

Net position of governmental activities		<u><u>\$ 1,706,876</u></u>
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CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Property taxes	\$ 173,907	\$ -	\$ 173,907
Intergovernmental:			
Income tax	374,702	-	374,702
Sales tax	221,350	-	221,350
Restricted sales tax	-	84,897	84,897
Use tax	71,953	-	71,953
Replacement tax	36,052	-	36,052
Video gaming tax	11,691	-	11,691
Motor fuel taxes	-	79,729	79,729
Franchise tax	20,473	-	20,473
Federal awards	-	351,780	351,780
License and permits	3,955	-	3,955
Traffic fines	17,524	-	17,524
Vehicle impound charges	8,462	-	8,462
Garbage service charges	205,440	-	205,440
Rent	13,000	-	13,000
Interest income	1,119	20,192	21,311
Recreation center	18,088	-	18,088
Donations	-	399	399
Reimbursements	1,293	-	1,293
Other	17,010	22,584	39,594
	<u>1,196,019</u>	<u>559,581</u>	<u>1,755,600</u>
EXPENDITURES			
Current:			
General government	202,583	50	202,633
Public safety	387,774	1,190	388,964
Public works	268,911	106,361	375,272
Sanitation	195,027	-	195,027
Culture and recreation	42,037	-	42,037
Social service	-	351,780	351,780
Capital outlay	33,867	-	33,867
	<u>1,130,199</u>	<u>459,381</u>	<u>1,589,580</u>
Excess (deficiency) in revenues over expenditures	65,820	100,200	166,020

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance, beginning of year	<u>\$ 72,619</u>	<u>\$ 984,555</u>	<u>\$ 1,057,174</u>
Fund balance, end of year	<u>\$ 138,439</u>	<u>\$ 1,084,755</u>	<u>\$ 1,223,194</u>

CITY OF BUSHNELL, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

Net change in fund balances - total governmental funds	\$	166,020
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	24,659	
Less current year depreciation	<u>(66,927)</u>	(42,268)

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Change in state income tax revenues receivable	<u>(58,755)</u>	<u>(58,755)</u>
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Changes in net position of governmental activities	\$	<u><u>64,997</u></u>
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CITY OF BUSHNELL, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
APRIL 30, 2016

	Business-type Activities				Total
	Enterprise Funds				
	Sewer Fund	Water Fund	Municipal Electric Utility Fund	Municipal Gas Utility Fund	
ASSETS					
Current assets:					
Cash	\$ 105,390	\$ 372,051	\$ 464,381	\$ 851,583	\$ 1,793,405
Certificates of deposit	-	-	424,851	1,094,821	1,519,672
Cash - restricted	-	-	-	-	-
Accounts receivable (net of allowance for uncollectibles)	9,812	81,705	325,369	156,632	573,518
Unbilled receivables	11,370	18,321	87,389	33,643	150,723
Federal award receivable	169,569	-	-	-	169,569
Other receivables	-	-	298	226	524
Total current assets	296,141	472,077	1,302,288	2,136,905	4,207,411
Non-current assets:					
Restricted:					
Cash	111,940	393,250	-	-	505,190
Due from other funds	-	-	-	146,903	146,903
Capital assets:					
Capital assets not being depreciated	532,266	-	78,332	-	610,598
Capital assets being depreciated, net	3,085,620	3,434,262	3,031,133	1,396,014	10,947,029
Total non-current assets	3,729,826	3,827,512	3,109,465	1,542,917	12,209,720
Total assets	4,025,967	4,299,589	4,411,753	3,679,822	16,417,131
LIABILITIES					
Current liabilities:					
Accounts payable	197,522	12,870	228,566	62,080	501,038
Accrued expenses payable	20,070	7,653	9,005	5,745	42,473
Other current liabilities	-	-	81,192	4,590	85,782
Customer deposits	-	-	19,086	-	19,086
Current portion of long-term debt	20,000	91,888	-	-	111,888
Total current liabilities	237,592	112,411	337,849	72,415	760,267

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
APRIL 30, 2016

	Business-type Activities				Total
	Enterprise Funds				
	Sewer Fund	Water Fund	Municipal Electric Utility Fund	Municipal Gas Utility Fund	
Non-current liabilities					
Notes payable	\$ -	\$ 521,198	\$ -	\$ -	\$ 521,198
Revenue bonds	1,369,479	472,137	-	-	1,841,616
Total non-current liabilities	1,369,479	993,335	-	-	2,362,814
Total liabilities	1,607,071	1,105,746	337,849	72,415	3,123,081
NET POSITION					
Investment in capital assets	2,228,407	2,349,039	3,109,465	1,396,014	9,082,925
Restricted	111,940	393,250	-	-	505,190
Unrestricted	78,549	451,554	964,439	2,211,393	3,705,935
Total net position	\$ 2,418,896	\$ 3,193,843	\$ 4,073,904	\$ 3,607,407	\$13,294,050

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	Business-type Activities				Total
	Enterprise Funds				
	Sewer Fund	Water Fund	Municipal Electric Utility Fund	Municipal Gas Utility Fund	
Operating revenues:					
Charges for services	\$ 360,050	\$ 584,537	\$ 3,654,387	\$ 1,471,960	\$ 6,070,934
Total operating revenues	360,050	584,537	3,654,387	1,471,960	6,070,934
Operating expenses:					
Production, power and fuel	-	72,986	2,704,711	909,033	3,686,730
Salaries and employee benefits	56,843	58,225	314,819	228,522	658,409
Contractual services	153,520	143,834	126,561	63,741	487,656
System repairs and maintenance	17,572	46,821	41,984	51,330	157,707
Office supplies and service	221	3,142	48,446	30,716	82,525
Building expenses, utilities and telephone	29,277	17,044	9,152	10,244	65,717
Depreciation	74,773	86,694	186,536	90,353	438,356
Other operating expenses	8,380	-	7,626	11,219	27,225
Total operating expenses	340,586	428,746	3,439,835	1,395,158	5,604,325
Operating income (loss)	19,464	155,791	214,552	76,802	466,609
Nonoperating revenues (expenses):					
Interest income	67	178	1,291	2,660	4,196
Federal grant award	526,821	-	-	-	526,821
Rent income	-	-	-	16,328	16,328
Interest expense	(35,498)	(14,895)	-	-	(50,393)
Total nonoperating revenues (expenses)	491,390	(14,717)	1,291	18,988	496,952
Change in net position	510,854	141,074	215,843	95,790	963,561
Net position, beginning of year	1,908,042	3,052,769	3,858,061	3,511,617	12,330,489
Net position, end of year	\$ 2,418,896	\$ 3,193,843	\$ 4,073,904	\$ 3,607,407	\$ 13,294,050

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	Business-type Activities - Enterprise Funds				Total
	Sewer Fund	Water Fund	Municipal Electric Utility Fund	Municipal Gas Utility Fund	
Cash flows from operating activities:					
Receipts from customers	\$ 362,366	\$ 589,172	\$ 3,576,715	\$ 1,501,572	\$ 6,029,825
Other operating receipts	-	-	31,925	33,330	65,255
Payments to suppliers	(77,751)	(286,536)	(2,966,694)	(1,118,044)	(4,449,025)
Payments for payroll taxes	(3,291)	(3,547)	(21,008)	(13,862)	(41,708)
Payments to employees	(43,352)	(49,852)	(246,584)	(176,005)	(515,793)
Net cash provided (used) by operating activities	<u>237,972</u>	<u>249,237</u>	<u>374,354</u>	<u>226,991</u>	<u>1,088,554</u>
Cash flows from noncapital financing activities:					
Interfund financing	-	-	-	57,579	57,579
Net cash used by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,579</u>	<u>57,579</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(1,143,314)	-	(174,261)	-	(1,317,575)
Revenue bonds issued	710,000	-	-	-	710,000
Principal paid on debt	(210,521)	(90,461)	-	-	(300,982)
Interest paid on debt	(28,186)	(15,550)	-	-	(43,736)
Capital grants	357,252	-	-	-	357,252
Net cash provided (used) by capital and related financing activities	<u>(314,769)</u>	<u>(106,011)</u>	<u>(174,261)</u>	<u>-</u>	<u>(595,041)</u>
Cash flows from investing activities:					
Interest income received	68	176	1,295	2,660	4,199
Redemption (purchase) of certificates of deposit	-	-	(545)	(911)	(1,456)
Land rental income received	-	-	-	16,328	16,328
Net cash provided by investing activities	<u>68</u>	<u>176</u>	<u>750</u>	<u>18,077</u>	<u>19,071</u>
Net change in cash and cash equivalents	(76,729)	143,402	200,843	302,647	570,163
Cash and cash equivalents, beginning of year	<u>294,059</u>	<u>621,899</u>	<u>263,538</u>	<u>548,936</u>	<u>1,728,432</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	Business-type Activities				Total
	Enterprise Funds				
	Sewer Fund	Water Fund	Municipal Electric Utility Fund	Municipal Gas Utility Fund	
Cash and cash equivalents, end of year	<u>\$ 217,330</u>	<u>\$ 765,301</u>	<u>\$ 464,381</u>	<u>\$ 851,583</u>	<u>\$ 2,298,595</u>
Classified as in the statement of net position:					
Cash	\$ 105,390	\$ 372,051	\$ 464,381	\$ 851,583	\$ 1,793,405
Restricted assets	111,940	393,250	-	-	505,190
Totals	<u>\$ 217,330</u>	<u>\$ 765,301</u>	<u>\$ 464,381</u>	<u>\$ 851,583</u>	<u>\$ 2,298,595</u>
Reconciling of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	19,464	155,791	214,552	76,802	466,609
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	74,773	86,694	186,536	90,353	438,356
(Increase) decrease in current assets	1,570	4,866	(44,420)	62,942	24,958
Increase (decrease) in current liabilities	142,165	1,886	17,686	(3,106)	158,631
Total adjustments	<u>218,508</u>	<u>93,446</u>	<u>159,802</u>	<u>150,189</u>	<u>621,945</u>
Net cash provided (used) by operating activities	<u>\$ 237,972</u>	<u>\$ 249,237</u>	<u>\$ 374,354</u>	<u>\$ 226,991</u>	<u>\$ 1,088,554</u>

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. The Reporting Entity

The City of Bushnell, Illinois (The "City") was incorporated in 1854, under the provisions of the State of Illinois. The City operates under an Aldermanic form of government and provides the following services to its citizens: general government, public safety (police), streets, sanitation, culture and recreation, community development and water, sewer, gas and electric utilities.

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

The City's financial statements include the accounts of all City operations. The criteria for including organizations within the City's reporting entity, as set forth in GASB No. 14, "The Financial Reporting Entity" is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Based upon the application of the criteria for inclusion as set forth in GASB No. 14, there are no component units.

2) Basis of Presentation

Government-wide Financial Statements:

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

Program revenues include 1) charges for services which report fees, fines and forfeitures, and other charges to users of the City's services; 2) operating grants and contributions which finance annual operating activities included restricted investment income; and 3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs. Taxes and other revenue sources not properly included with program revenues

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies (continued)
2) Basis of Presentation (continued)

are reported as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, net position/fund equity, revenues, and expenditure/expenses.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

The City has the following major funds:

Major Governmental Funds:

- General Fund - is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Major Enterprise Funds:

- Sewer Utility Fund - is used to account for the revenues and expenses of providing sewer sanitation service on a user charge basis to the general public.
- Water Utility Fund - used to account for the revenues and expenses of providing water services on a user charge basis to the general public.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies (continued)

2) Basis of Presentation (continued)

- Gas Utility Fund - is used to account for the revenues and expenses of providing natural gas services on a user charge basis to the general public.
- Electric Utility Fund - is used to account for the revenues and expenses of providing electric power services on a user charge basis to the general public.

The City reports the following non-major funds:

Non-Major Governmental Funds:

- Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, as follows:

- D.A.R.E. Fund
 - Motor Fuel Tax Fund
 - Revolving Loan Fund
 - Non Home Rule Sales Tax Fund

3. Measurement Focus/Basis of Accounting

Government-Wide Financial Statements:

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. 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 are met. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies (continued)

3. Measurement Focus/Basis of Accounting (continued)

Soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are provided. Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Revenues susceptible to accrual include property taxes, intergovernmental taxes, franchise taxes, and utility charges for sales and services. Other general revenues are recognized when received in cash or when measureable and available under the criteria above.

The City reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied for the in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are presorted using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board guidance issued after November 30, 1989. The proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary funds relates to charges to customers for sales and services. Proprietary funds also recognize the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies

4. Cash and Cash Equivalents

For purposes of the combined statement of cash flows, the enterprise (business-type) funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

5. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. These types of transactions are classified as “due to and from other funds” in the fund financial statements. During the year, the general fund borrowed \$126,062 and repaid 58,579 to the municipal gas utility fund. The balance owed the municipal gas utility fund at year-end is \$204,483.

6. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for governmental activities include sales and use tax, income tax, property tax, replacement tax, video gaming tax and garbage service charges. Business-type activities report utilities (sewer service, water usage, electric power usage and gas power usage) as their major receivables.

In the fund financial statements, material receivables in governmental funds include only those revenue accruals that are both “measurable” and “available”. Proprietary fund material receivables are reported in the same manner as in the government-wide statements. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

7. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government - wide Statements:

Capital assets which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the City with the following capitalization amounts and estimated useful lives:

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies

7. Capital Assets (continued)

Class	Minimum Capitalization Amount	Estimated Useful Life
Tools, Machinery, Equipment and Appliances	\$ 5,000	10 years
Vehicles	\$ 10,000	10 years
Buildings	\$ 50,000	40 years
Water & Sewer System	\$ 100,000	40 years
Road Improvements	\$ 100,000	20 years
Infrastructure	\$ 100,000	40 years
Other Improvements	\$ 50,000	20 years

All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

8. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement section element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item which arises under both the accrual basis of accounting and the modified accrual

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies

8. Deferred Inflows of Resources (continued)

basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *property taxes levied for next fiscal year*, is reported in the government-wide statement of net position and the governmental funds balance sheet. The deferred revenues are from property taxes levied as of January 1, 2016, to be collected and used for the following fiscal year operations.

9. Long-Term Obligations

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable. Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt obligations is reported as other financing sources and payments of principal and interest are reported as expenditures. Premiums received on debt issuance are reported as other financing sources. The accounting in proprietary funds is the same as it is in the government-wide statements.

10. Compensated Absences

Employees after one year of service receive one week's vacation time. Additional vacation time is earned as number of service years increases, to a maximum of 4 weeks of vacation after 20 years of employment. All vacation time to which an employee is entitled to must be taken during the current year and cannot be carried over to another year. Employees are allowed five sick leave days a year for accumulation of 30 working days. Accrued compensated absences for all city workers as of April 30, 2016, totaled \$26,827.

11. Equity Classifications

Government-Wide Statements

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

1. Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
2. Restricted – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
3. Unrestricted – All other net position that does not meet the definition of “restricted” or “investment in capital assets.”

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies

11. Equity Classifications (continued)

Fund Statements

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Standards Board Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

1. **Nonspendable** – Includes fund balance amounts that cannot be spent either because they are not in spendable form (inventories) or because legal or contractual requirements mandate funds be maintained intact (contractual obligations).
2. **Restricted** – Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
3. **Committed** – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action at the highest level of decision making authority. The City Council through a formal action (ordinance or resolution) commits fund balance amounts for the City. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which is subject to the constraints, may be determined in a subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
4. **Assigned** – Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. Fund balance is assigned through formal action (ordinance or resolution) by the City Council for specific purposes. Assignments may take place after the end of the reporting period.
5. **Unassigned** – Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any other governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified in the same manner as in the government-wide statements.

12. Property Taxes

Property Taxes attach as an enforceable lien as of January 1. Taxes are assessed on January 1, and are due and payable in two installments. Installments are due June and September. The property tax levy ordinance for 2013 collected in 2014 was adopted by the City Council on December 1, 2014.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note A – Summary of Significant Accounting Policies

12. Property Taxes (continued)

The Office of the McDonough County Treasurer bills and collects the tax and remits to the City its portion. Distributions are received each month from June through November. In the fund financials statements, property tax revenues are recorded as revenue in the period they are collected. The tax levy passed in the current fiscal is to be used for expenditures incurred in the following fiscal year. As a result, the amount of the tax levy is recorded as a deferred of year-end. For the amount of any additional property taxes receivable after the 60-day period, an additional accrual is made in the government-wide financial statements.

13. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

14. Policy Regarding Restricted Resources

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

NOTE B. CASH AND INVESTMENTS

1. Authorization of Investments

Illinois Compiled Statutes (30 ILCS 235/) Public Funds Investment Act authorizes local governments to invest in (1) bonds, notes, certificates of indebtedness, treasury bills or other securities of the United States of America or which are guaranteed by the United States of America; (2) in interest-bearing savings accounts, interest-bearing certificates of deposit or interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; (3) in short term obligations of corporations organized in the United States of America with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the 3 highest

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note B – Cash and Investments

1. Authorization of Investments (continued)

classifications established by at least 2 standard rating services and which mature not later than 270 days from the date of purchase, (ii) such purchases do not exceed 10% of the corporation's outstanding obligations and (iii) no more than one-third of the public agency's funds may be invested in short term obligations of corporations; or (4) in money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in (1) above and to agreements to repurchase such obligations, (5) in interest bearing bonds of any county, township, city, village, incorporated town, municipal corporation, or school district of the state of Illinois, of any other state, or of any political subdivision or agency of the State of Illinois or of any other state, whether the interest earned thereon is taxable or tax-exempt under federal law, (6) in a Public Treasurers Investment Pool created under Section 17 of the State Treasurer Act, or (7) in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advice regarding the investment of any public funds.

2. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount up to \$250,000. At April 30, 2016, the City's bank account balances totaled \$4,973,817. Of this amount, \$1,170,000 was insured by FDIC. The amount pledged as collateral by the financial institution in the name of the City was \$3,703,605. The amount of uninsured/unsecured balance was \$100,212. The shortfall in pledged collateral resulted from a large deposit at the end of the fiscal year. The financial institution pledged an additional \$628,000 on May 4, 2016 to fully cover the City's account balances.

The City's cash and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Bank Balance</u>
Demand deposits	\$3,255,972	\$3,257,217
Certificates of deposit	1,716,600	1,716,600
Petty Cash	<u>405</u>	<u>--</u>
	<u>4,972,977</u>	<u>4,973,817</u>

**Reconciliation to Government-Wide
Statement of Net Position:**

Cash and cash equivalents	\$ 2,725,068
Cash and cash equivalents restricted	531,309
Certificates of deposit	1,642,520
Certificates of deposit restricted	<u>74,080</u>
	<u>\$ 4,972,977</u>

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note B - Cash and Investments

2. Custodial Credit Risk (continued)

The treasurer of the City is also an officer of the local bank where the majority of the City's funds are deposited.

NOTE C. RESTRICTED ASSETS

Restricted assets include cash and certificates of deposit of special purpose tax levies that are legally restricted as to their use, donor imposed restrictions, grant awards, and debt issuance requirements.

Governmental fund types:

Property tax levies	\$39,360
Contributions restricted for community projects	74,080
Employee benefits	21,381
Public safety	<u>3,442</u>
 Total	 <u>\$138,263</u>

Proprietary fund types:

Water fund bond reserve	\$ 89,302
Water fund bond depreciation	189,971
Water fund bond and interest	67,168
Sewer fund bond reserve	11,807
Sewer fund bond depreciation	9,979
Sewer fund bond and interest	90,154
Water fund employee benefits	7,659
Sewer fund employee benefits	<u>7,659</u>
 Total	 <u>\$473,699</u>

NOTE D. NOTES RECEIVABLE - REVOLVING LOAN FUND

Receivables have been recorded in the fiduciary fund type - expendable trust fund for loans to local businesses. This community development project was funded by grants from the Illinois Department of Commerce and Economic Opportunity. The terms of the grant require that repayments of principal and interest be deposited in a revolving loan fund for future economic development.

A summary of the notes receivable with balances due as of April 30, 2014 are as follows:

- (1) Loan dated June 1, 1998 for \$25,000 with a maturity date of June 1, 2005 extended to June 1, 2016. Terms include 7% interest rate with monthly principal and interest payments in the amount of \$150 up to the maturity date, with a balloon payment of \$7,083 due at maturity. The loan is secured by real estate. The balance due at April 30, 2016 was \$2,826.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note D – Notes Receivable – Revolving Loan Fund (continued)

(2) Loan dated February 11, 2005 for \$40,000 with a maturity date of March 15, 2012, extended to December 15, 2020. Terms of the loan include 5% interest rate with monthly principal and interest payments in the amount of \$150 up to the maturity date, with a balloon payment of \$16,008 as such time. The loan is secured by real estate. The balance due at April 30, 2016 was \$13,626.

(3) Loan which, for financial statement purposes, has been reduced to \$200,000 (the estimated value of collateral) and consists of a loan dated December 1, 1999 for \$485,000 with a maturity date of December 1, 2019. Terms of the note include 3% interest rate with monthly principal and interest payments of \$2,690. This note is secured by real estate mortgage and equipment. The borrower began to remit monthly payments of \$2,500 in November, 2011. Prior to this time, the last payment made by the borrower was November, 2001. The revised loan agreement terms include interest at a rate of 3%, monthly principal and interest payments of \$2,500 with a final payment due on September 1, 2031. The balance due at April 30, 2016 was \$370,824.

(4) Loan dated April 6, 2010 for \$35,000 with a maturity date of January 15, 2017. Terms of the loan include 5% interest rate with monthly principal and interest payments in the amount of \$441. The loan is secured by real estate. The balance due at April 30, 2016 was \$3,736.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE E. NET POSITION/FUND BALANCES

Governmental Activities Net Position:

Governmental activities net position reported on the government -wide statement of net position at April 30, 2016, includes the following:

Investment in capital assets:		
Other capital assets, net of accumulated depreciation	\$ 463,359	
Total investment in capital assets		463,359
Restricted for:		
Tax levies	39,360	
Culture and recreation	74,080	
Employee benefits	21,381	
Streets and highways	255,141	
Economic development	552,352	
Public safety	6,518	
Other - non-home rule sales tax fund	274,186	
Total restricted		1,223,018
Unrestricted		20,499
Total governmental activities net position		\$ 1,706,876

Business-type Activities Net Position:

Business-type activities net position reported on the government-wide statement of net position at April 30, 2016 includes the following:

Investment in capital assets:		
Land	\$ 78,332	
Construction in progress	532,266	
Other capital assets, net of accumulated depreciation	10,947,029	
Subtotal	11,557,627	
Less related long-term debt	(2,474,702)	
Total investment in capital assets		9,082,925
Restricted for:		
Bond ordinance reserves		505,190
Unrestricted		3,705,935
Total business-type activities net position		\$ 13,294,050

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note E - Net Position/Fund Balances (Continued)

Governmental Fund Balances:

Governmental fund balances reported on the fund financial statements at April 30, 2016, include the following:

Nonspendable:		
Non-major funds:		
Revolving loan - notes receivable	\$ 106,286	
Total nonspendable		106,286
Assigned:		
Non-major funds:		
Non-home rule sales tax fund	274,186	
Total assigned		274,186
Committed:		
Major Funds:		
General fund - vehicle replacement	31,691	
Total committed		31,691
Restricted:		
Major Funds:		
Property tax levies	39,360	
Culture and recreation	74,080	
Public safety	3,442	
Employee benefits	21,381	
Special revenue funds:		
Motor fuel tax fund - public works	255,141	
D.A.R.E. fund - police safety and education	3,076	
Revolving loan fund - current portion of notes receivable	446,066	
Total restricted		842,546
Unassigned:		
General fund		<u>(31,515)</u>
Total governmental fund balances		<u><u>\$ 1,223,194</u></u>

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE F. RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES.

Receivables as of April 30, 2016 for the City of Bushnell, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>	<u>Business- Type Activities</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 177,701	\$ -	\$ 177,701	\$ -	\$ 177,701
State of Illinois	142,395	18,264	160,659	-	160,659
Federal grant award	-	-	-	169,569	169,569
Customers	28,091	-	28,091	724,241	752,332
Other	472	980	1,452	524	1,976
Net receivables	<u>348,659</u>	<u>19,244</u>	<u>367,903</u>	<u>894,334</u>	<u>1,262,237</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	<u>Unavailable</u>
2015 property tax levy	<u>\$ 177,701</u>

The allowance for doubtful accounts balance for business-type activities was \$21,400 at April 30, 2016.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE G. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2016, is as follows:

	Balance May 1, 2015	Additions	Deletions	Balance April 30, 2016
Governmental activities:				
Infrastructure	\$ 179,756	\$ -	\$ -	\$ 179,756
Equipment	332,799	-	-	332,799
Vehicles	250,332	24,659	-	274,991
Total at historical cost	<u>762,887</u>	<u>24,659</u>	<u>-</u>	<u>787,546</u>
Less accumulated depreciation for:				
Infrastructure	44,746	4,494	-	49,240
Equipment	70,016	33,280	-	103,296
Vehicles	142,498	29,153	-	171,651
Total accumulated depreciation	<u>257,260</u>	<u>66,927</u>	<u>-</u>	<u>324,187</u>
Governmental activities Capital assets, net	<u>505,627</u>	<u>(42,268)</u>	<u>-</u>	<u>463,359</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	470,357	-	-	470,357
Construction in progress	1,542,387	532,266	1,542,387	532,266
Total capital assets not being depreciated	<u>2,012,744</u>	<u>532,266</u>	<u>1,542,387</u>	<u>1,002,623</u>
Capital assets being depreciated:				
Buildings and infrastructure	14,584,067	2,153,435	-	16,737,502
Vehicles	278,825	-	-	278,825
Machinery and equipment	444,632	174,261	-	618,893
Total capital assets being depreciated	<u>15,307,524</u>	<u>2,327,696</u>	<u>-</u>	<u>17,635,220</u>
Less accumulated depreciation for:				
Buildings and infrastructure	6,130,460	377,161	-	6,507,621
Vehicles	235,850	17,618	-	253,468
Machinery and equipment	287,033	43,577	-	330,610
Total accumulated depreciation	<u>6,653,343</u>	<u>438,356</u>	<u>-</u>	<u>7,091,699</u>
Total capital assets being depreciated, net	<u>8,654,181</u>	<u>1,889,340</u>	<u>-</u>	<u>10,543,521</u>
Business-type activities capital assets, net	<u>\$ 10,666,925</u>	<u>\$ 2,421,606</u>	<u>\$ 1,542,387</u>	<u>\$ 11,546,144</u>

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note G - Capital Assets (continued)

Depreciation expense was charged as a direct expense to programs of the primary government as follows:

Governmental activities:

Public safety	\$ 12,812
Public works	54,115

Total depreciation expense - governmental activities	<u>\$ 66,927</u>

Business-type activities:

Sewer	74,773
Water	86,694
Electric utility	186,536
Gas utility	90,353

Total depreciation expense - business-type activities	<u>\$ 438,356</u>

NOTE H. LONG-TERM DEBT

Changes in Long-Term Debt.

The following is a summary of enterprise revenue bonds and notes payable transactions of the City for the year ended April 30, 2016:

	Beginning Balance	Principal Advances	Principal Retired	Ending Balance
(1) Note payable - IEPA	\$ 539,585	\$ -	\$ 33,724	\$ 505,861
(2) Water revenue bonds	636,099	-	56,737	579,362
(3) Sewerage revenue bonds	890,000	710,000	210,521	1,389,479
Totals	\$ 2,065,684	\$ 710,000	\$ 300,982	\$ 2,474,702
 Due within one year	 \$ 111,888			

Note Payable - Illinois Environmental Protection Agency.

(1) No interest loan received through the Illinois Environmental Protection Agency:

Original loan proceeds	\$ 915,316
Less principal forgiveness	(257,697)
Balance to be repaid	657,619
 Maturity date	 11/08/2030
Balance due at April 30, 2016	\$ 505,861
Balance due within one year	\$ 33,724

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note H - Long-Term Debt (continued)

Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 33,724
2018	33,724
2019	33,724
2020	33,724
2021	33,724
2022 - 2026	168,620
2027 - 2031	168,621
	\$ 505,861

Waterworks Revenue Bonds.

Original bond issue	\$ 1,110,271
Interest rate	2.5%
Final payment date	November 15, 2024
Bonds mature semiannually	November 1 and May 1
Balance due at April 30, 2016	\$ 579,362
Principal due within the next 12 months	\$ 58,164
Bonds are payable to the Illinois Environmental Protection Agency	

Annual debt service requirements to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 58,164	\$ 14,123	\$ 72,287
2018	59,627	12,670	72,297
2019	61,127	11,160	72,287
2020	62,665	9,622	72,287
2021	64,241	8,045	72,286
2022-2025	273,538	15,610	289,148
	579,362	71,230	650,592

Sewerage System Revenue Bonds.

In July, 2014, the City began issuing revenue bonds to finance infrastructure replacement of its sewerage system. The last of the revenue bonds were issued in August 2015. The total issue was \$1,600,000. Upon completion of the project, unspent funds of \$210,521 remained, which was used to pay towards the retirement of the bonds. The bonds bear interest at a rate of 2.75%. Principal payments are due annually each May 1st. Interest payments are due semi-annually each May 1st and November 1st. The maturity date is May 1, 2054.

Principal balance due April 30, 2016	\$ 1,389,479
Principae due within the next 12 monts	\$ 20,000

**CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016**

Note H - Long-Term Debt (continued)

Annual debt service requirements to maturity are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 20,000	\$ 37,936	\$ 57,936
2018	20,000	37,386	57,386
2019	20,000	36,836	56,836
2020	20,000	36,286	56,286
2021	30,000	35,598	65,598
2022-2026	150,000	165,616	315,616
2027-2031	150,000	144,991	294,991
2032-2036	190,000	122,166	312,166
2037-2041	210,000	94,666	304,666
2042-2046	250,000	62,491	312,491
2047-2051	290,000	25,916	315,916
2052 - 2055	39,479	542	40,021
	<u>\$ 1,389,479</u>	<u>\$ 800,430</u>	<u>\$ 2,189,909</u>

Legal Debt Margin:

The City of Bushnell has a legal debt limitation not to exceed 8.625% of the total equalized assessed valuation of the taxable property within the city's boundaries. This means that the total of bonds, notes, warrants or any other type of general obligation debt issued or outstanding will not be greater than 8.625%. The following types of obligations are not considered in determining the debt limitations: certain revenue bonds, special assessment bonds, special service area bonds, and alternative revenue bonds.

The City's legal debt margin at April 30, 2016 is calculated as follows:

Assessed valuation - 2015 tax levy	\$ 19,726,608
Legal debt margin percentage	8.625%
Legal debt limit	<u>1,701,420</u>
General obligation debt at April 30, 2016	-
Remaining debt limit	<u><u>1,701,420</u></u>

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE I. SINKING FUND REQUIREMENTS

1. Waterworks Revenue Bonds and IEPA Note Payable

Operation and Maintenance Account: There shall be paid into the Operation and Maintenance Account an amount sufficient to pay the reasonable expenses of the operation, maintenance and repair of the System for the current month, including, without limiting the generality of the foregoing, salaries, wages, taxes, costs of materials and supplies, insurance, power, fuel, reasonable repairs and extensions necessary to render efficient service.

Bond Principal and Interest Account: There shall be deposited and credited to the Bond Principal and Interest Account, on the last business day next preceding the first business day of each month, after the required payment has been determined, a fractional amount of the principal and/or interest becoming due on the next succeeding principal and/or interest payment date on all outstanding debt service obligations authorized to be issued under the terms of this ordinance and including the principal and/or interest to become due on all debt service obligations as may be issued in the future on a parity with and to share ratably and equally in the earnings of the System with the outstanding bonds and the debt service obligations hereinafter set out. In addition, there shall be paid into the Bond and Interest Account on the first business day of each month not less than a fractional amount of the principal and/or interest due date of all the debt service obligations issued under the terms of the bond ordinance and including the principal and/or interest to become due on all debt service obligations as may be hereafter issued and on a parity with the debt service obligations herein authorized until there shall have been accumulated in the Bond Interest and Principal Account on or before the day preceding such current maturity date of interest or principal, or both, an amount sufficient to pay such principal or interest, or both, of all debt service obligations hereafter issued and on a parity with the debt service obligations herein authorized and maturing by their terms on such current maturity or due date.

In computing the fractional amount to be set aside each month in such Bond and Interest Account, the fraction shall be so computed that a sufficient amount will be set aside in such Account and will be available for the prompt payment of such principal of and interest on all

Outstanding Bonds and shall be not less than one-sixth (1/6) of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth (1/12) of the principal becoming due (or subject to mandatory redemption) on the next succeeding principal payment date on all Outstanding Bonds until there is sufficient money in such Account to pay such principal or interest, or both.

Credits into such Bond Principal and Interest Account may be suspended in any fiscal year at such time as there shall be a sufficient sum held in cash and investments in such Bond and Interest Account to meet principal and interest requirements in such Bond and Interest Account for the balance of such Fiscal Year, but such credits shall again be resumed at the beginning of the next Fiscal year. All moneys in such Bond and Interest Account shall be used only for the purpose of paying interest and principal and applicable premium on Outstanding Bonds. At the time of the delivery of any of the Bonds, such amount, if any, determined necessary by the

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note I – Sinking Fund Requirements

1. Waterworks Revenue Bonds and IEPA Note Payable (continued)

Corporate Authorities to be deposited into such Bond Principal and Interest Account from the proceeds of the Bonds.

Bond Reserve Account: There shall be deposited in and credited to such Bond Reserve Account, an amount equal to 1/24th of the Maximum Annual Debt Service related to the debt service obligations until the amount to the credit of such Account aggregates the amount of Maximum Annual Debt Service. This requirement is in addition to any other reserve or applicable funding requirement. Thereafter, if any amounts are withdrawn from the Bond Reserve Account, such withdrawals shall be restored by monthly deposits in an amount equal or greater of 1/12th of the amount so withdrawn or 1/24th of the Reserve Requirement until the Reserve Requirement has accumulated. Amounts to the credit of such Bond Reserve Account, if any, shall be used to pay principal of or interest and applicable premium on the Outstanding Bonds at any time when there are insufficient funds available in the Bond and Interest Account to pay the same.

Depreciation Account: There shall be credited to the Depreciation Account a sum equal to 1/120 of 10% of the then outstanding principal balance of the bond hereunder until such Depreciation Account accumulates the total sum of 10% of the outstanding balance of the subordinate lien bond hereunder. Thereafter no additional funds need be credited to such Account, except that when any amount is paid out and charged to such Account, credits to such Account shall be resumed at such monthly rate and continued until such Account has been restored to the required aggregate amount.

Amounts to the credit of such Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service and (ii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default and shall be transferred to the Bond and Interest Account for such purpose.

Whenever an amount is withdrawn from such Account for the purpose stated in clause (ii) of the preceding paragraph, one-twelfth (1/12th) of the amount so transferred shall each month be added to the amount to be next and thereafter credited to such Depreciation Account until full reimbursement to such Account has been made. Each expenditure to be made for such Account for the purpose stated in clause (i) of the preceding paragraph shall be made only after a consulting engineer employed for that purpose or the operator or superintendent of the Waterworks System has certified that such expenditure is necessary to the continued effective and efficient operation of the Waterworks System.

Surplus Account: All moneys remaining in the System Fund, after crediting the required amounts to the respective accounts hereinabove provided for, and after making up any deficiency in the above Accounts described in subsections (a) to (d), inclusive, shall be credited to the Surplus Account and shall first be used to make up any subsequent deficiencies in any of the

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note I – Sinking Fund Requirements (continued)

1. Waterworks Revenue Bonds and IEPA Note Payable (continued)

Accounts hereinabove named and then, at the discretion of the Board of Trustees of the City, shall be used, if at all, for one or more of the following purposes (and not for any general corporate purposes) without any priority among them:

- 1) For the purpose of constructing or acquiring repairs, replacements, renewals, improvements or extensions to the System; or
- 2) For the purpose of calling and redeeming Outstanding Bonds which are callable at the time; or
- 3) For the purpose of paying principal and interest and applicable premium on any subordinate bonds or obligations issued for the purpose of acquiring or construction repairs, replacements, renewals, improvements and extensions to the System; or
- 4) For any other lawful System purpose, including the purchase of Outstanding Bonds at a price of not to exceed par and applicable premium plus accrued interest.

Investments: Money to the credit of the System Fund prior to the monthly accounting and to the credit of the Operation and Maintenance Account may be invested pursuant to any authorized granted to any municipal corporations by the Illinois statute or court decision. Money to the credit of the Operation and Maintenance Account, Bond and Interest Account, Bond Reserve Account and Depreciation Account may be invested from time to time by the Treasurer of the City in (i) interest-bearing bonds, notes, or other direct full faith and credit obligations of the United States of America maturing in not more than ten years after the purchase date thereof, (ii) obligations unconditionally guaranteed as to both principal and interest by the United States of America, or (iii) certificates of deposit or time deposits of any bank or savings and loan association, as defined by Illinois laws, provided such bank or savings and loan association is insured by the Federal Deposit Insurance Corporation or a successor corporation to the Federal Deposit Insurance Corporation and mature in not more than ten years after the purchase date thereof. Such investments may be sold from time to time by the Treasurer of the City as funds may be needed for the purpose for which such Accounts have been created.

Moneys in each of the several accounts and sub-accounts above described shall be kept separate and apart from all other funds and moneys of the City and shall be deposited in a bank duly designated by the City.

All interest on any funds so invested shall be credited to the applicable Account of the System Fund and is hereby deemed and allocated as expended with the next expenditures of money from the applicable Account of the System Fund.

2. Waterworks and Sewerage System Revenue Bonds

Operation and Maintenance Account: There shall be paid into the Operation and Maintenance Account after the delivery of any bond (or draw or advance) an amount sufficient to pay the reasonable expenses of the operation, maintenance and repair of the System for the current month, including, without limiting the generality of the foregoing, salaries, wages, taxes, costs of

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note I – Sinking Fund Requirements (continued)

2. Waterworks and Sewerage System Revenue Bonds (continued)

materials and supplies, insurance, power, fuel, reasonable repairs and extensions necessary to render efficient service.

Bond and Interest Account: There shall be paid into to the Bond and Interest Account, on the first business day of each month, after the required payment has been determined, a fractional amount of the interest becoming due on the next succeeding interest payment date on all outstanding bonds authorized to be issued under the terms of this ordinance and including the interest to become due on all bonds as may be issued in the future on a parity with and to share ratably and equally in the earnings of the System with the bonds herein authorized and under the conditions hereinafter set out (such bonds to be issued in the future being hereinafter referred to as “bonds hereafter issued and on a parity with the bonds herein authorized”), and there shall be paid into such Bond and Interest Account on the first business day of each month not less than a fractional amount of the principal and/or interest becoming due on the next succeeding principal maturity date and/or interest due date of all the bonds issued under the terms of the bond ordinance and including the principal and/or interest to become due on all bonds as may be hereafter issued and on a parity with the bonds herein authorized until there shall have been accumulated in the Bond and Interest Account on or before the day preceding such current maturity date or due date of interest or principal, or both, an amount sufficient to pay such principal or interest, or both, of all bonds hereafter issued and on a parity with the bonds herein authorized and maturing by their terms on such current maturity or due date.

In computing the fractional amount of interest and principal requirements of the bonds herein authorized and to be set aside each month in the Bond and Interest Account for the payment thereof, the fraction shall be computed that sufficient funds will be set aside in the Bond and Interest Account and be available for the prompt payment of such principal of and interest on the revenue bonds herein authorized as the same will become due.

Payments into the Bond and Interest Account may be suspended in any fiscal year at such time as there shall have been paid into such Account sufficient moneys to pay the total principal and interest for such pertinent fiscal year, but such payments shall again be resumed at the beginning of the new fiscal year. All moneys in such Account shall be used only for the purpose of paying interest and principal on the bonds hereby authorized as the same shall become due and including principal and interest on all bonds hereafter issued and on a parity with the bonds herein authorized.

Bond Reserve Account: In addition to any other required deposits for the System, there shall be paid into the Reserve Account after the last to occur of: (1) Project construction is completed; (2) the Project is operational; and (3) the interest-only period has expired, the sum of \$562 on the first day of each month until such account accumulates a total amount of \$67,408. After \$67,408 has accumulated in such Reserve Account, no further deposits need be made therein except to replace withdrawals at such \$562 monthly rate.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note I – Sinking Fund Requirements (continued)
2. Waterworks and Sewerage System Revenue Bonds (continued)

The moneys in such Reserve Account shall be used to the extent necessary for maintenance and emergency repairs and to prevent or remedy a default in the payment of the interest on or principal of bonds of the Municipality which by their terms are payable from the revenues of the System and shall be transferred to, as applicable, the payment of such emergency maintenance and repairs and/or to the Bond and Interest Account, and whenever such an amount is withdrawn from such Reserve Account and so transferred to, the amount so transferred shall be added to the amount to be next and thereafter paid into such Reserve Account to again be paid monthly at the foregoing rate until full reimbursement to such Reserve Account has been made.

Depreciation Account: In addition to any other required deposits for the System, there shall be deposited after the last to occur of: (1) Project construction is completed; (2) the Project is operational; and (3) the interest-only period has expired, the sum of \$475 on the first day of each month. The moneys in such Depreciation Account shall be used to the extent necessary to make any needful repairs or replacements to the System, constituting short-lived assets, and, although not reasonable expected, to prevent or remedy a default in the payment of the interest on or principal of any bonds or obligations of the Municipality which by their terms are payable from the revenues of such System.

Surplus Account: After all the required payments into the accounts hereinabove described have been made, including the payments of any deficiencies, and when there is on deposit in the above-described Reserve Account the full maximum amount required to be accumulated in such Reserve Account, then all moneys remaining in the Fund may be used for the purpose of calling and redeeming and prepaying any outstanding bonds of the Municipality which by their terms are payable from the income and revenues of such System as such bonds become redeemable or prepayable according to their terms, or such moneys may to the extent permitted by law be used for the purpose of constructing extensions and improvements to the System or debt service in connection therewith.

Investments: The moneys in any of the Accounts created above may by resolution adopted by the Corporate Authorities be invested from time to time by the Treasurer of the Municipality in interest bearing bonds or other direct and general obligations of the United States Government maturing in not more than ten (10) years after the purchase date thereof and in certificates of deposit or time deposits constituting direct obligations of any savings and loan association or of any bank as defined in the Illinois Banking Act to the extent such certificates or deposits are insured by the Federal Deposit Insurance Corporation or its successor and mature in not more than ten (10) years after the purchase date thereof, and such investments shall be sold from time to time by such Treasurer pursuant to a resolution of the Corporate Authorities as funds may be needed for the purpose for which said Accounts have been created. All accrued interest received from any such investments shall be considered and treated as income and revenues of the System and be deposited as received in the Municipality's Fund.

Moneys in each of the several Accounts above described shall be kept separate and apart from all other funds and moneys of the Municipality and shall be deposited in Farmers & Merchants Bank

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note I – Sinking Fund Requirements (continued)

2. Waterworks and Sewerage System Revenue Bonds (continued)

of Bushnell, Bushnell, Illinois (the “Depository”), which bank is located and doing business in the State of Illinois, and whose deposits are insured under the provisions of the Federal Deposit Insurance Act, or its successor.

NOTE J. EMPLOYER PENSION PLANS

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

Funding Policy. As set by statute, the City’s Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2015 was 11.32 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2015 was \$105,785.

Three-Year Trend Information for the Regular Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage Net Pension Contributed	Obligation
12/31/15	\$105,785	100%	\$0
12/31/14	103,886	100%	0
12/31/13	105,673	100%	0

The required contribution for 2015 was determined as part of the December 31, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2013 included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City’s regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

Note J– Employer Pension Plan (continued)

the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2013 is being amortized as a level percentage of projected payroll on an open 28 year basis.

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the Regular plan was 67.37 percent funded. The actuarial accrued liability for benefits was \$1,678,307 and the actuarial value of assets was \$1,130,658, resulting in an underfunded actuarial accrued liability (UAAL) of \$547,649. The covered payroll for calendar year 2015 (annual payroll of active employees covered by the plan) was \$934,499 and the ratio of the UAAL to the covered payroll was 59 percent.

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

NOTE K. FARM LAND LEASE AGREEMENT

The City has entered into a lease agreement with a local farm business to lease City land for agricultural purposes. The initial terms of the lease agreement are for three years. The lease shall continue from year to year after the initial term unless written notice to terminate is given by either party to the other at least four (4) months before the beginning of the next lease year. The annual cash rent for the current year was \$16,328, which represents 50.24 tillable acres of cropland at \$325 per acre. Fifty percent (50%) of the lease payment is due on March 1st and November 1st. The City is responsible for real estate taxes on the land and insurance at a fair replacement value on the residence and all buildings owned by the City and used by the lessee in storing or housing grain, feed, and livestock.

NOTE L. COMMITMENTS

The City has an agreement with Total Environmental Service Technologies, Inc. (TEST) to provide management and supervision of the City's wastewater treatment and waterworks plants. Beginning January 1, 2015, the agreement requires monthly payments by the City of \$20,250 with annual increases of 1.5% on each anniversary date, January 1. The agreement expires on December 31, 2017. The total payments made to TEST during the fiscal year totaled \$243,608.

The City's contract for garbage disposal service includes payment terms of \$12.95 per residential unit per month. The contract expires on August 31, 2020. The unit price is scheduled to increase each September 1st. Total payments made to the contractor for the year totaled \$178,775

The City has commitments to purchase electric power and natural gas from its member owned cooperative sources - Illinois Municipal Electric Agency (IMEA) and Illinois Public Energy Agency (IPEA). Rates are set by the agency's board of directors with provision for commodity price fluctuation. The commitment with IMEA runs through September 2035 while the commitment with IPEA ends March 31, 2028.

CITY OF BUSHNELL, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE M. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

To insure for property loss, worker's compensation and liability, the City has become a member of the Illinois Municipal League Risk Management Association (the Association).

The Association is a public entity risk pool that operates a common risk management and insurance program. Membership consists of Illinois municipalities that have elected to participate. The insurance pool is to be self-sustaining through member premiums and reinsurance through commercial companies for claims in excess of \$1,500,000 for general liability, property coverage and worker's compensation, for each insured event. Certain special liability coverages have lower self-insurance limits. The "each occurrence" coverage limits are \$8,000,000 for general liability and property damage, and \$3,000,000 for employer's liability. There have been no significant reductions in insurance for any risk of loss in the past year and settled claims have not exceeded the insurance coverage in any of the past three years.

NOTE N. SUBSEQUENT EVENTS

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management has evaluated the activity of the City through September 1, 2016, the date which the financial statements were available to be issued, and concluded that no subsequent events occurred that would require disclosure in the notes to the financial statements:

**CITY OF BUSHNELL, ILLINOIS
 EMPLOYER NUMBER: 06744R
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Fund Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2015	\$ 1,130,658	\$1,678,307	\$ 547,649	67.37	\$ 934,499	58.60%
12/31/2014	958,533	1,558,081	599,548	61.52	912,078	65.73%
12/31/2013	806,167	1,319,906	513,739	61.08	882,075	58.24%

On a market value basis, the actuarial value of assets as of December 31, 2015 is \$1,106,668.
 On a market basis, the funded ratio would be 65.94%

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

**CITY OF BUSHNELL, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 173,350	\$ 173,350	\$ 173,907	\$ 557
Intergovernmental taxes:				
Income tax	300,000	300,000	374,702	74,702
Sales tax	245,800	245,800	221,350	(24,450)
Use taxes	47,000	47,000	71,953	24,953
Replacement tax	28,000	28,000	36,052	8,052
Video gaming tax	11,000	11,000	11,691	691
Franchise tax	20,000	20,000	20,473	473
License and permits	5,200	5,200	3,955	(1,245)
Traffic fines	13,100	13,100	17,524	4,424
Vehicle impound charges	9,000	9,000	8,462	(538)
Garbage service charges	195,000	195,000	205,440	10,440
Rental income	12,000	12,000	13,000	1,000
Interest income	403	403	1,119	716
Recreational center	7,750	7,750	18,088	10,338
Reimbursements	60,000	60,000	1,293	(58,707)
Other revenues	150	150	17,010	16,860
Total revenues	1,127,753	1,127,753	1,196,019	68,266
EXPENDITURES				
Current:				
General government	164,350	164,350	202,583	(38,233)
Public safety	404,050	404,050	387,774	16,276
Public works	319,681	319,681	268,911	50,770
Sanitation	190,000	190,000	195,027	(5,027)
Culture and recreation	46,320	46,320	42,037	4,283
Capital outlay	39,750	39,750	33,867	5,883
Total expenditures	1,164,151	1,164,151	1,130,199	33,952
Excess (deficiency) in revenues over expenditures	(36,398)	(36,398)	65,820	102,218

CITY OF BUSHNELL, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance, beginning of year	<u>\$ 72,619</u>	<u>\$ 72,619</u>	<u>\$ 72,619</u>	<u>\$ -</u>
Fund balance, end of year	<u><u>\$ 36,221</u></u>	<u><u>\$ 36,221</u></u>	<u><u>\$ 138,439</u></u>	<u><u>\$ 102,218</u></u>

CITY OF BUSHNELL, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
APRIL 30, 2016

ANNUAL APPROPRIATION

In conformity with Illinois State law, the City adopts an annual accrual basis appropriation ordinance during the first quarter of its fiscal year. A certified copy of the appropriation ordinance, along with an estimate of anticipated annual revenue for the period covering the appropriation ordinance, is required to be filed with the County Clerk within thirty days of its adoption. In accordance with governmental accounting standards the City's appropriation ordinance and related estimated revenues serve as its appropriated budget for the purpose of presenting budgetary comparison information for the fiscal year.

The City cannot legally overspend its appropriation ordinance. The appropriation ordinance must be published or posted within ten days after it is passed. The appropriation ordinance does not take effect until ten days after it is published or posted. The City adopted its appropriation ordinance on May 4, 2015.

The appropriation ordinance must be itemized and specific as to what will be needed. The appropriation ordinance sets a limit on expenditures thus actual expenditures cannot exceed the appropriated amount. Bond, special assessment and motor fuel tax funds are exempted from the appropriation process. If the City overspends its appropriation then any such expenditures shall be null and void and no money should be paid. The control test for over/under expenditures is made at the Fund level.

The City may adopt a supplemental appropriation ordinance at any time during the fiscal year in an amount not in excess of any additional revenue that becomes available to the City. The City may also transfer budget items within departments if approved by 2/3 vote of the council. Finally, the appropriation ordinance may be amended by 2/3 vote if an "emergency" situation arises that requires additional expenditure/appropriations lapse at year-end. The budget was not amended during the year.

The City's actual expenditures exceeded its appropriations for the following funds:

<u>Fund</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Sewer	\$349,050	\$373,919	(\$ 24,869)
D.A.R.E.	1,100	1,190	(490)

The excess expenditures were covered by fund balance/net position.

City of Bushnell, Illinois
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2016

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<i>Other Programs</i>		
Department of Housing and Urban Development		
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	365,280
Total Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		365,280
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)		
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	532,266
Total Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)		532,266
<i>Total Department of Housing and Urban Development</i>		532,266
United States Department of Agriculture		
Water and Waste Disposal Systems for Rural Communities		
Water and Waste Disposal Systems for Rural Communities	10.760	710,000
Total Water and Waste Disposal Systems for Rural Communities		710,000
<i>Total United States Department of Agriculture</i>		710,000
<i>Total Other Programs</i>		1,607,546
<i>Total Expenditures of Federal Awards</i>		\$ 1,607,546

CITY OF BUSHNELL, ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED APRIL 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of City of Bushnell, Illinois (the Government's) under programs of the federal government for the year ended April 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Government

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported in accordance with the modified-accrual basis of accounting for CFDA Numbers 14-228 and 14-269, and in accordance with the accrual basis of accounting for CFDA Number 10-760.

NOTE C – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed subsequently are administered directly by the Government, and balances and transactions relating to these programs are included in the Governments basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at April 30, 2016, consist of:

CFDA Number	Program/Cluster Name	Outstanding Balance at April 30, 2016
10.760	Water and Waste Disposal Systems for Rural Communities	\$1,389,479.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the Government to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

To the City Council
City of Bushnell, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bushnell, Illinois, as of and for the year ended April 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Bushnell, Illinois's basic financial statements, and have issued our report thereon dated September 1, 2016.

Internal Control over Financial Reporting

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

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

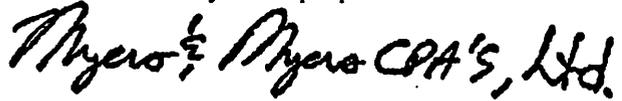
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in black ink that reads "Myers & Myers CPA's, Ltd." in a cursive script.

Myers & Myers CPA's, LTD.
Beardstown, Illinois
September 1, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council
City of Bushnell, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Bushnell, Illinois's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bushnell, Illinois's major federal programs for the year ended April 30, 2016. City of Bushnell, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bushnell, Illinois's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bushnell, Illinois's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bushnell, Illinois's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bushnell, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2016.

Report on Internal Control over Compliance

Management of the City of Bushnell, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Bushnell, Illinois's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in

accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Bushnell, Illinois's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Myers & Myers CPAs, LTD.

Beardstown, Illinois
September 1, 2016

**CITY OF BUSHNELL, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED APRIL 30, 2016**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of City of Bushnell, Illinois.
2. No instances of noncompliance material to the financial statements of City of Bushnell, Illinois, were disclosed during the audit.
3. No material weaknesses were identified during the audit of the major federal award program.
4. The auditors' report on compliance for the major federal award program for the City of Bushnell, Illinois, expresses an unqualified opinion for the major federal program.
5. There were no audit findings relative to the major federal award program for City of Bushnell, Illinois.
6. The program tested as a major program includes:

 United States Department of Agriculture
 Water and Waste Disposal System for Rural Communities
 C.F.D.A. #10.760
7. The threshold for distinguishing Type A and B programs was \$750,000.
8. City of Bushnell, Illinois did not qualify as a low-risk auditee

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

**FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

The audit of the major federal award program did not disclose any findings or questioned costs.

**CITY OF BUSHNELL, ILLINOIS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2016**

	Motor Fuel Tax Fund	D.A.R.E. Fund	Non-Home Rule Sales Tax Fund	Revolving Loan Fund	Total
ASSETS					
Cash	\$ 191,717	\$ 3,076	\$ 263,016	\$ 445,086	\$ 902,895
Certificates of deposit	56,330	-	-	-	56,330
State taxes receivable	7,094	-	11,170	-	18,264
Other receivables	-	-	-	980	980
Notes receivable	-	-	-	106,286	106,286
Total assets	255,141	3,076	274,186	552,352	1,084,755
FUND BALANCE:					
Nonspendable - revolving loan	-	-	-	106,286	106,286
Restricted:					
Public works	255,141	-	-	-	255,141
Public safety	-	3,076	-	-	3,076
Sales tax fund	-	-	274,186	-	274,186
Revolving loan	-	-	-	446,066	446,066
Total fund balances	\$ 255,141	\$ 3,076	\$ 274,186	\$ 552,352	\$ 1,084,755

CITY OF BUSHNELL
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Motor Fuel Tax Fund</u>	<u>D.A.R.E. Fund</u>	<u>Non-Home Rule Sales Tax Fund</u>	<u>Revolving Loan Fund</u>	<u>Housing Rehabilitation Fund</u>	<u>Total</u>
REVENUES						
Intergovernmental taxes:						
Motor fuel tax	\$ 79,729	\$ -	\$ -	\$ -	\$ -	\$ 79,729
Sales tax	-	-	84,897	-	-	84,897
Federal awards	-	-	-	-	351,780	351,780
Interest income	195	-	127	19,870	-	20,192
Donations	-	399	-	-	-	399
Collections from accounts previously written off	-	-	-	22,584	-	22,584
Total revenues	<u>79,924</u>	<u>399</u>	<u>85,024</u>	<u>42,454</u>	<u>351,780</u>	<u>559,581</u>
EXPENDITURES						
Current:						
General government	-	-	-	50	-	50
Public safety	-	1,190	-	-	-	1,190
Public works	37,709	-	68,652	-	-	106,361
Social services	-	-	-	-	351,780	351,780
Total expenditures	<u>37,709</u>	<u>1,190</u>	<u>68,652</u>	<u>50</u>	<u>351,780</u>	<u>459,381</u>
Excess (deficiency) in revenues over expenditures	42,215	(791)	16,372	42,404	-	100,200
Fund balance, beginning of year	<u>212,926</u>	<u>3,867</u>	<u>257,814</u>	<u>509,948</u>	<u>-</u>	<u>984,555</u>
Fund balance, end of year	<u>\$ 255,141</u>	<u>\$ 3,076</u>	<u>\$ 274,186</u>	<u>\$ 552,352</u>	<u>\$ -</u>	<u>\$ 1,084,755</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
SEWER FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 365,720	\$ 365,720	\$ 360,050	\$ (5,670)
Total operating revenues	<u>365,720</u>	<u>365,720</u>	<u>360,050</u>	<u>(5,670)</u>
Operating expenses:				
Salaries and employee benefits	61,550	61,550	56,843	4,707
Contractual services	159,700	159,700	153,520	6,180
System repairs and maintenance	22,850	22,850	17,572	5,278
Office supplies and service	150	150	221	(71)
Building expenses, utilities and telephone	29,500	29,500	29,277	223
Depreciation	70,000	70,000	74,773	(4,773)
Other operating expenses	5,300	5,300	8,380	(3,080)
Total operating expenses	<u>349,050</u>	<u>349,050</u>	<u>340,586</u>	<u>8,464</u>
Operating income (loss)	<u>16,670</u>	<u>16,670</u>	<u>19,464</u>	<u>2,794</u>
Nonoperating revenues (expenses):				
Federal grant award	526,821	526,821	526,821	-
Interest income			67	
Interest expense	-	-	(35,498)	(35,498)
Total nonoperating revenues (expenses)	<u>526,821</u>	<u>526,821</u>	<u>491,390</u>	<u>(35,498)</u>
Change in net position	543,491	543,491	510,854	(32,704)
Net position, beginning of year	<u>1,908,042</u>	<u>1,908,042</u>	<u>1,908,042</u>	<u>-</u>
Net position, end of year	<u>\$ 2,451,533</u>	<u>\$ 2,451,533</u>	<u>\$ 2,418,896</u>	<u>\$ (32,704)</u>
Other budgeted disbursements:				
Transfers to restricted assets	111,144	111,144	83,844	27,300
Total other budgeted disbursements	<u>\$ 111,144</u>	<u>\$ 111,144</u>	<u>\$ 83,844</u>	<u>\$ 27,300</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
WATER FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 591,050	\$ 591,050	\$ 584,537	\$ (6,513)
Total operating revenues	<u>591,050</u>	<u>591,050</u>	<u>584,537</u>	<u>(6,513)</u>
Operating expenses:				
Production, power and fuel	60,000	60,000	72,986	(12,986)
Salaries and employee benefits	66,650	66,650	58,225	8,425
Contractual services	153,500	153,500	143,834	9,666
System repairs and maintenance	80,450	80,450	46,821	33,629
Office supplies and service	2,750	2,750	3,142	(392)
Building expenses, utilities and telephone	20,900	20,900	17,044	3,856
Depreciation	83,000	83,000	86,694	(3,694)
Other operating expenses	12,950	12,950	-	12,950
Total operating expenses	<u>480,200</u>	<u>480,200</u>	<u>428,746</u>	<u>51,454</u>
Operating income (loss)	<u>110,850</u>	<u>110,850</u>	<u>155,791</u>	<u>44,941</u>
Nonoperating revenues (expenses):				
Interest income	100	100	178	78
Interest expense	(7,000)	(7,000)	(14,895)	(7,895)
Total nonoperating revenues (expenses)	<u>(6,900)</u>	<u>(6,900)</u>	<u>(14,717)</u>	<u>(7,817)</u>
Change in net position	103,950	103,950	141,074	37,124
Net position, beginning of year	<u>3,052,769</u>	<u>3,052,769</u>	<u>3,052,769</u>	<u>-</u>
Net position, end of year	<u>\$ 3,156,719</u>	<u>\$ 3,156,719</u>	<u>\$ 3,193,843</u>	<u>\$ 37,124</u>
Other budgeted disbursements:				
Transfers to restricted assets	121,920	121,920	118,920	3,000
Total other budgeted disbursements	<u>\$ 121,920</u>	<u>\$ 121,920</u>	<u>\$ 118,920</u>	<u>\$ 3,000</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
MUNICIPAL ELECTRIC FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 3,203,950	\$ 3,203,950	\$ 3,654,387	\$ 450,437
Total operating revenues	<u>3,203,950</u>	<u>3,203,950</u>	<u>3,654,387</u>	<u>450,437</u>
Operating expenses:				
Production, power and fuel	2,602,500	2,602,500	2,704,711	(102,211)
Salaries and employee benefits	330,200	330,200	314,819	15,381
Contractual services	121,500	121,500	126,561	(5,061)
System repairs and maintenance	107,300	107,300	41,984	65,316
Office supplies and service	29,100	29,100	48,446	(19,346)
Building expenses, utilities and telephone	9,300	9,300	9,152	148
Depreciation	190,000	190,000	186,536	3,464
Other operating expenses	12,050	12,050	7,626	4,424
Total operating expenses	<u>3,401,950</u>	<u>3,401,950</u>	<u>3,439,835</u>	<u>(37,885)</u>
Operating income (loss)	<u>(198,000)</u>	<u>(198,000)</u>	<u>214,552</u>	<u>412,552</u>
Nonoperating revenues (expenses):				
Interest income	1,200	1,200	1,291	91
Total nonoperating revenues (expenses)	<u>1,200</u>	<u>1,200</u>	<u>1,291</u>	<u>91</u>
Change in net position	(196,800)	(196,800)	215,843	412,643
Net position, beginning of year	<u>3,858,061</u>	<u>3,858,061</u>	<u>3,858,061</u>	<u>-</u>
Net position, end of year	<u>\$ 3,661,261</u>	<u>\$ 3,661,261</u>	<u>\$ 4,073,904</u>	<u>\$ 412,643</u>
Other budgeted disbursements:				
Capital expenditures	207,700	207,700	6,257	201,443
Total other budgeted disbursements	<u>\$ 207,700</u>	<u>\$ 207,700</u>	<u>\$ 6,257</u>	<u>\$ 201,443</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
BUDGET AND ACTUAL
MUNICIPAL GAS FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services	\$ 1,572,300	\$ 1,572,300	\$ 1,471,960	\$ (100,340)
Total operating revenues	<u>1,572,300</u>	<u>1,572,300</u>	<u>1,471,960</u>	<u>(100,340)</u>
Operating expenses:				
Production, power and fuel	964,900	964,900	909,033	55,867
Salaries and employee benefits	274,400	274,400	228,522	45,878
Contractual services	62,500	62,500	63,741	(1,241)
System repairs and maintenance	63,450	63,450	51,330	12,120
Office supplies and service	33,000	33,000	30,716	2,284
Building expenses, utilities and telephone	10,300	10,300	10,244	56
Depreciation	90,000	90,000	90,353	(353)
Other operating expenses	21,250	21,250	11,219	10,031
Total operating expenses	<u>1,519,800</u>	<u>1,519,800</u>	<u>1,395,158</u>	<u>124,642</u>
Operating income (loss)	<u>52,500</u>	<u>52,500</u>	<u>76,802</u>	<u>24,302</u>
Nonoperating revenues (expenses):				
Rental income	16,000	16,000	16,328	328
Equipment rent income	-	1,000	-	(1,000)
Interest income	2,500	2,500	2,660	160
Total nonoperating revenues (expenses)	<u>18,500</u>	<u>19,500</u>	<u>18,988</u>	<u>(512)</u>
Change in net position	71,000	72,000	95,790	23,790
Net position, beginning of year	<u>3,511,617</u>	<u>3,511,617</u>	<u>3,511,617</u>	
Net position, end of year	<u>\$ 3,582,617</u>	<u>\$ 3,583,617</u>	<u>\$ 3,607,407</u>	<u>\$ 23,790</u>
Other budgeted disbursements:				
Capital expenditures	29,000	29,000	21,491	7,509
Total other budgeted disbursements	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ 21,491</u>	<u>\$ 7,509</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MOTOR FUEL TAX FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 116,000	\$ 116,000	\$ 79,729	\$ (36,271)
Interest on investments	50	50	195	145
Total revenues	<u>116,050</u>	<u>116,050</u>	<u>79,924</u>	<u>(36,126)</u>
Expenditures				
Current:				
Public works	<u>133,000</u>	<u>133,000</u>	<u>37,709</u>	<u>95,291</u>
Excess (deficiency) in revenues over expenditures	(16,950)	(16,950)	42,215	59,165
Fund balance, beginning of year	<u>212,926</u>	<u>212,926</u>	<u>212,926</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 195,976</u></u>	<u><u>\$ 195,976</u></u>	<u><u>\$ 255,141</u></u>	<u><u>\$ 59,165</u></u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
D.A.R.E. FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions	\$ 100	\$ 100	\$ 399	\$ 299
Total revenues	<u>100</u>	<u>100</u>	<u>399</u>	<u>299</u>
Expenditures				
Current:				
Public safety	<u>700</u>	<u>700</u>	<u>1,190</u>	<u>(490)</u>
Excess (deficiency) in revenues over expenditures	(600)	(600)	(791)	(191)
Fund balance, beginning of year	<u>3,867</u>	<u>3,867</u>	<u>3,867</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,267</u>	<u>\$ 3,267</u>	<u>\$ 3,076</u>	<u>\$ (191)</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
NON HOME RULE SALES TAX FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental:				
Sales tax	\$ 92,375	\$ 92,375	\$ 84,897	\$ (7,478)
Interest on investments	-	-	127	127
Total revenues	<u>92,375</u>	<u>92,375</u>	<u>85,024</u>	<u>(7,351)</u>
Expenditures				
Current:				
Public works	<u>100,000</u>	<u>100,000</u>	<u>68,652</u>	<u>31,348</u>
Excess (deficiency) in revenues over expenditures	(7,625)	(7,625)	16,372	23,997
Fund balance, beginning of year	<u>257,814</u>	<u>257,814</u>	<u>257,814</u>	<u>-</u>
Fund balance, end of year	<u>\$ 250,189</u>	<u>\$ 250,189</u>	<u>\$ 274,186</u>	<u>\$ 23,997</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
REVOLVING LOAN FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 16,000	\$ 16,000	\$ 19,870	\$ 3,870
Collections from accounts previously written off	-	-	22,584	22,584
Total revenues	<u>-</u>	<u>-</u>	<u>42,454</u>	<u>22,584</u>
Expenditures				
Current:				
Community development	-	-	50	(50)
Total expenditures	<u>-</u>	<u>-</u>	<u>50</u>	<u>(50)</u>
Excess (deficiency) in revenues over expenditures	-	-	42,404	22,534
Fund balance, beginning of year	<u>509,948</u>	<u>509,948</u>	<u>509,948</u>	<u>-</u>
Fund balance, end of year	<u>\$ 509,948</u>	<u>\$ 509,948</u>	<u>\$ 552,352</u>	<u>\$ 22,534</u>
Other budgeted disbursements				
Issuance of new loans	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total other budgeted disbursements	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>

CITY OF BUSHNELL, ILLINOIS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING REHABILITATION FUND
FOR THE FISCAL YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal awards	\$ 351,780	\$ 351,780	\$ 351,780	\$ -
Total revenues	<u>351,780</u>	<u>351,780</u>	<u>351,780</u>	<u>-</u>
Expenditures				
Current:				
Social services	<u>351,780</u>	<u>351,780</u>	<u>351,780</u>	<u>-</u>
Excess (deficiency) in revenues over expenditures	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BUSHNELL
SCHEDULE OF PROPERTY TAX RATES, EXTENSIONS, AND COLLECTIONS

	Tax Levy Year			
	2012	2013	2014	2015
Assessed valuation	\$ 20,206,993	\$ 20,241,452	\$ 18,850,437	\$ 19,726,608
Tax rates				
Corporate	0.24767	0.25937	0.28594	0.27310
Social Security	0.14480	0.16192	0.17833	0.18586
Police Protection	0.11443	0.12074	0.13154	0.12714
School Crossing Guards	0.01843	0.02100	0.02294	0.02217
Audit	0.02863	0.02940	0.03112	0.03009
Civil Defense	0.02342	0.02888	0.03003	0.02903
Liability Insurance	0.27368	0.27088	0.28497	0.27440
	<u>0.85106</u>	<u>0.89219</u>	<u>0.96487</u>	<u>0.94179</u>
Tax extensions				
Corporate	\$ 50,047	\$ 51,387	\$ 52,219	\$ 53,873
Social Security	27,555	30,186	31,492	34,501
Police Protection	21,776	22,503	23,229	23,601
School Crossing Guards	3,507	3,915	4,051	4,115
Audit	5,448	5,481	5,496	5,586
Civil Defense	4,457	5,385	5,303	5,389
Liability Insurance	52,080	50,497	50,324	50,937
	<u>\$ 164,870</u>	<u>\$ 169,354</u>	<u>\$ 172,114</u>	<u>\$ 178,002</u>
Collections:				
Corporate	47,194	48,183	48,770	
Social Security	27,591	30,063	31,384	
Police Protection	21,804	22,412	23,149	
School Crossing Guards	3,512	3,899	4,037	
Audit	5,455	5,458	5,477	
Civil Defense	4,462	5,363	5,285	
Liability Insurance	52,148	50,292	50,151	
Road and Bridge	5,128	5,501	5,654	
	<u>167,294</u>	<u>171,171</u>	<u>173,907</u>	