

City of Oregon

Oregon, Illinois

Annual Financial Report

April 30, 2014

City of Oregon, Illinois

Year Ended April 30, 2014

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City of Oregon, Illinois

Year Ended April 30, 2014

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Independent Auditor's Report on the Financial Statements

Honorable Mayor and Council
City of Oregon
Oregon, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, business type activities, each major fund, and aggregate remaining fund information of the City of Oregon, Illinois, as of April 30, 2014, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Disclaimer of Opinion on Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oregon, Illinois' basic financial statements. The Management's Discussion and Analysis on page 3 through 8 and the additional schedules listed in the table of contents as other information, pages 40 through 61, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Wipfli LLP

Freeport, Illinois
July 18, 2014

Management Discussion and Analysis

City of Oregon, Illinois

Management Discussion and Analysis

As management of City of Oregon, Illinois, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Oregon, Illinois for the year ended April 30, 2014.

The MD&A (other information) is provided at the beginning of the report to provide an overview of the City's financial position at April 30, 2014 and the results of operations for the year. This summary should not be taken as a replacement for the annual financial report, which consists of the financial statements, notes to the financial statements, and other information.

Using This Financial Report

The financial section of this annual report consists of four parts - Independent Auditor's Report, the MD&A (this section), the basic financial statements, and other information. The basic financial statements include two kinds of statements that present different views of the City:

Government -Wide Financial Statements

The first two statements are government-wide financial statements that provide both short term and long term information about the City's overall financial status, similar to a private sector business. In the government-wide financial statements the City's activities are shown in two categories - governmental activities and business-type activities. The City's governmental activities are general government, public safety, public works, and culture and recreation. These activities are largely financed with sales taxes, income taxes, property taxes, and user fees. The City's business-type activities include water and sewer. These activities are largely financed with user fees.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City you need to consider additional non-financial factors such as the condition of the City's buildings and facilities.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. The financial statements are prepared under the modified cash basis of accounting, whereby revenues are recognized when cash is received and expenditures when payment is made.

City of Oregon, Illinois

Management Discussion and Analysis

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds - not the City as a whole. Funds are accounting devices the City uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, while others are established to control and manage money for particular purposes or to show that the City is properly using certain revenues.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for each. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund statement of assets, liabilities, and fund balance and the governmental fund statement of revenues received, expenditures disbursed, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City maintains twenty-two individual governmental funds. Information is presented separately in the governmental fund statement of assets, liabilities, and fund balance and in the fund statement of revenues, expenditures, and the changes in fund balances for all these funds. Nine of these twenty-two funds are considered major funds. More detail of the individual revenues and expenditures for these funds is presented in the other information section of this report.

The City maintains one individual business-type fund. Information is presented separately in the proprietary statement of net position and in the proprietary statement of revenues, expenses, and the changes in net position for this fund. This fund is considered a major fund of the City. More detail of the individual revenues and expenditures for these funds is presented in the other information section of this report.

The City adopts annual budgets for all funds. The term budget, used throughout the financial statements, represents the estimated revenues and appropriations set forth in the City's annual appropriation ordinance. A budgetary comparison statement has been provided for the major funds only.

City of Oregon, Illinois

Management Discussion and Analysis

Financial Highlights

- The City's General Fund beginning balance as of May 1, 2013 was \$545,903. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$1,240,346 and the expenses were \$150,589, net transfers out of \$1,089,757, which leaves a balance of \$559,203.
- The City's Police Fund beginning balance as of May 1, 2013 was \$9,433. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$176,009 and the expenses were \$678,215, debt proceeds of \$33,864, transfers in of \$490,000, which leaves a balance of \$31,091.
- The City's Civil Defense Fund beginning balance as of May 1, 2013 was \$281,595. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$6,080 and the expenses were \$7,231, which leaves a balance of \$280,444.
- The City's IMRF Fund beginning balance as of May 1, 2013 was \$100,104. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$133,828 and the expenses were \$159,776, transfers in of \$34,000, which leaves a balance of \$108,156.
- The City's Economic Development Fund beginning balance as of May 1, 2013 was \$68,601. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$46,997 and the expenses were \$25,964, which leaves a balance of \$89,634.
- The City's Street and Alley Fund beginning balance as of May 1, 2013 was \$452. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$63,455 and the expenses were \$395,383, transfers in of \$345,000, which leaves a balance of \$13,524.
- The City's Motor Fuel Tax Fund beginning balance as of May 1, 2013 was \$243,722. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$109,080 and the expenses were \$69,140, which leaves a balance of \$283,662.
- The City's Group Insurance Fund beginning balance as of May 1, 2013 was (\$2,546). The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$55,811 and the expenses were \$332,813, transfers in of \$283,808, which leaves a balance of \$4,260.
- The City's Street and Bridge Fund beginning balance as of May 1, 2013 was \$28,112. The revenue during the fiscal year May 1, 2013 thru April 30, 2014 was \$214,909 and the expenses were \$61,959, which leaves a balance of \$181,062.

City of Oregon, Illinois

Management Discussion and Analysis

Condensed Financial Information

Net assets are summarized in the table below.

Condensed Statements of Net Position as of April 30, 2014 and April 30, 2013

	Governmental Activities		Business-type Activities	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets:				
Current Assets	\$1,860,866	\$1,566,411	\$1,401,124	\$ (396,308)
Non-current Assets:				
Capital (Fixed) assets	<u>1,683,183</u>	<u>1,714,433</u>	<u>5,689,984</u>	<u>4,861,898</u>
Total Assets	<u>3,544,049</u>	<u>3,280,844</u>	<u>7,091,108</u>	<u>4,465,590</u>
Liabilities:				
Current Liabilities	49,994	39,869	372,577	399,495
Non-current Liabilities	<u>62,699</u>	<u>83,018</u>	<u>5,528,588</u>	<u>4,737,139</u>
Total liabilities	<u>112,693</u>	<u>122,887</u>	<u>5,901,165</u>	<u>5,136,634</u>
Net Assets:				
Investments in capital assets, net of debt	1,570,490	1,591,546	2,068,875	2,242,237
Restricted	1,129,872	860,470	564,318	-
Unrestricted	<u>730,994</u>	<u>705,941</u>	<u>(1,443,250)</u>	<u>(2,913,281)</u>
Total net position	<u>\$3,431,356</u>	<u>\$3,157,957</u>	<u>\$1,189,943</u>	<u>\$ (671,044)</u>

Current assets consist of cash and investments.

One of the City's largest asset groups is its capital assets. This includes buildings and improvements, infrastructure, equipment, and vehicles.

Current liabilities consist mainly of refundable deposits and current portion of long term debt.

Bonds payable, notes payable, and the IEPA loan constitute the City's long-term debt.

The City's net position consists of capital assets net of related debt, restricted and unrestricted net assets.

City of Oregon, Illinois

Management Discussion and Analysis

Condensed Financial Information (Continued)

Revenues, expenses, and changes in net position are summarized in the table below.

Condensed Statement of Activities For Fiscal Year Ending April 30, 2014 and April 30, 2013

	Governmental Activities		Business-type Activities	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:				
Program:				
Charges for services	\$ 376,820	\$ 320,476	\$1,187,639	\$1,153,269
Operating grants & contributions	112,556	111,441	-	-
Capital grants & contributions	-	-	-	58,800
General:				
Property & other taxes	1,972,844	1,830,092	-	-
Interest	2,234	4,356	1,943	208
Other	<u>36,476</u>	<u>66,325</u>	<u>1,728,453</u>	<u>-</u>
Total revenue received	<u>2,500,930</u>	<u>2,332,690</u>	<u>2,918,035</u>	<u>1,212,277</u>
Expenses:				
General government	428,499	428,069	-	-
Public safety	1,215,336	1,205,050	-	-
Public works	653,557	596,800	-	-
Culture & recreation	41,509	39,888	-	-
Interest	3,251	3,942	-	-
Water & sewer	<u>-</u>	<u>-</u>	<u>942,427</u>	<u>878,583</u>
Total expenditures disbursed	2,342,152	2,273,749	942,427	878,583
Excess before transfers	158,778	58,941	1,975,608	333,694
Transfers	<u>114,621</u>	<u>-</u>	<u>(114,621)</u>	<u>-</u>
Change in net position	<u>\$ 273,399</u>	<u>\$ 58,941</u>	<u>\$1,860,987</u>	<u>\$ 333,694</u>

Major sources of operating revenues for the City include: Property and state taxes, charges for services, & fines & fees.

City of Oregon, Illinois

Management Discussion and Analysis

Management's Analysis of the City's Overall Financial Position and Results of Operations

Governmental reporting requirements affect the City's reporting model, but not the day-to-day operations or the budgeting process of the City. The City's total net position increased \$2,134,386 from the prior year. The General Fund had an increase in fund balance of \$13,300. The Water and Sewer Fund had an increase in net position of \$1,860,987. Fund balances in the other fund types are limited in use according to the source of revenue.

General Fund Budgetary Comparison

The City adopted the budget (annual appropriation ordinance) in July of 2013. The budget for all funds is prepared on the cash basis of accounting. This is the same basis used in budgetary comparisons. This allows for comparability between budget and actual amounts.

The General Fund revenues were \$52,054 less than budgeted due mainly to less utility tax than budgeted. General Fund expenses were \$465,511 under budget. Not including Inter-Fund Transfers, the General Fund had a net gain of \$1,089,757 for the fiscal year. Including Inter-Fund Transfers the General Fund had an increase of \$13,300.

Capital Assets/Long term Debt

The City has elected to prospectively report infrastructure assets. Therefore infrastructure assets constructed in years prior to 2004 are not included in capital assets. During fiscal year 2014, the City purchased a police vehicle for \$33,864 and incurred initial engineering costs on a future street project in the amount of \$41,800. In the Water and Sewer Fund, the City added \$907,383 for infrastructure at the waste water treatment plant, a vehicle for \$29,404, and well control panel upgrades of \$55,900. During year, the City issued bonds to repay a loan agreement with the Illinois Environmental Protection Agency for sewer and wastewater treatment plant upgrades. As of April 30, 2014, \$5,996,817 of principal is outstanding on various loans. See notes to financial statements for additional information on Capital Assets (Note 5) and on Long-Term Debt (Note 8).

Factors or Conditions Impacting Future Periods

Financial and budget planning is directly related to and supportive of the City's strategic plan and operational needs. The City's financial outlook is influenced by factors such as: the economy, employment, and commercial and residential growth.

Contacting the City's Financial Management

This financial report is designed to provide citizens, taxpayers and customers with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the City of Oregon, City Clerk, 115 N. Third St., Oregon, IL 61061.

Basic Financial Statements

City of Oregon, Illinois

Statement of Net Position - Modified Cash Basis

April 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,577,204	\$ 836,806	\$ 2,414,010
Restricted assets - cash	-	564,318	564,318
Internal balances	-	-	-
Investments	283,662	-	283,662
Total current assets	1,860,866	1,401,124	3,261,990
Noncurrent assets:			
Capital Assets (Net of accumulated depreciation)	1,683,183	5,689,984	7,373,167
Total assets	3,544,049	7,091,108	10,635,157
Liabilities			
Current liabilities			
Refundable deposits	-	17,041	17,041
Payroll withholdings	-	-	-
Current portion long term debt	49,994	355,536	405,530
Total current liabilities	49,994	372,577	422,571
Noncurrent liabilities			
Bonds payable	-	3,200,000	3,200,000
Loans - IEPA	-	2,328,588	2,328,588
Notes payable	62,699	-	62,699
Total noncurrent liabilities	62,699	5,528,588	5,591,287
Total liabilities	112,693	5,901,165	6,013,858
Net Position			
Net investment in capital assets	1,570,490	2,068,875	3,639,365
Restricted for:			
Debt	-	564,318	564,318
Other purposes	1,129,872	-	1,129,872
Unrestricted	730,994	(1,443,250)	(712,256)
Total net position	\$ 3,431,356	\$ 1,189,943	\$ 4,621,299

City of Oregon, Illinois

Statement of Activities - Modified Cash Basis

For the year ended April 30, 2014

Functions/Programs	Expenses	Charges for Services	Program Revenue	
			Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 428,499	\$ 118,644	\$ -	\$ -
Public safety and health	1,215,336	258,176	2,676	-
Public works	653,557	-	109,880	-
Culture and recreation	41,509	-	-	-
Interest	3,251	-	-	-
Total governmental activities	2,342,152	376,820	112,556	-
Business-type activities:				
Water and Sewer	\$ 942,427	\$ 1,187,639	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other				
Interest				
Miscellaneous				
Total general revenues				
Transfers				
Change in net position				
Net position - beginning				
Net position - ending				

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (309,855)	\$ -	\$ (309,855)
(954,484)	-	(954,484)
(543,677)	-	(543,677)
(41,509)	-	(41,509)
(3,251)	-	(3,251)
(1,852,776)	-	(1,852,776)
-	245,212	245,212

617,559	-	617,559
676,698	-	676,698
678,587	-	678,587
2,234	1,943	4,177
36,476	1,728,453	1,764,929
2,011,554	1,730,396	3,741,950
114,621	(114,621)	-
273,399	1,860,987	2,134,386
3,157,957	(671,044)	2,486,913
\$ 3,431,356	\$ 1,189,943	\$ 4,621,299

City of Oregon, Illinois

Statement of Assets, Liabilities, and Fund Balances Governmental Funds - Modified Cash Basis

April 30, 2014

	General Fund	Police Fund	Civil Defense Fund	IMRF Fund	Economic Development Fund
Assets					
Cash and cash equivalents	\$ 559,203	\$ 31,091	\$ 280,444	\$ 108,156	\$ 89,634
Investments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	\$ 559,203	\$ 31,091	\$ 280,444	\$ 108,156	\$ 89,634
Liabilities and Fund Balances					
Current liabilities					
Payroll withholdings	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balances:					
Restricted for:					
Special revenue funds	-	31,091	280,444	108,156	-
Committed	-	-	-	-	89,634
Assigned	-	-	-	-	-
Unassigned	559,203	-	-	-	-
Total fund balances	559,203	31,091	280,444	108,156	89,634
Total liabilities and fund balances	\$ 559,203	\$ 31,091	\$ 280,444	\$ 108,156	\$ 89,634

Street and Alley Fund	Motor Fuel Tax Fund	City Group Insurance Fund	Street and Bridge Fund	Other Governmental Funds	Total Governmental Funds
\$ 13,524	\$ -	\$ 4,260	\$ 181,062	\$ 309,830	\$ 1,577,204
-	283,662	-	-	-	283,662
-	-	-	-	-	-
\$ 13,524	\$ 283,662	\$ 4,260	\$ 181,062	\$ 309,830	\$ 1,860,866

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-

13,524	283,662	4,260	181,062	227,673	1,129,872
-	-	-	-	519	90,153
-	-	-	-	81,638	81,638
-	-	-	-	-	559,203
13,524	283,662	4,260	181,062	309,830	1,860,866
\$ 13,524	\$ 283,662	\$ 4,260	\$ 181,062	\$ 309,830	\$ 1,860,866

City of Oregon, Illinois

Reconciliation of the Governmental Funds Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis to the Statement of Net Position - Modified Cash Basis

April 30, 2014

Total fund balances - governmental funds	\$ 1,860,866
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$4,355,025 and the accumulated depreciation is \$2,671,842.	1,683,183
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(112,693)
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Total net position - governmental activities	\$ 3,431,356
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City of Oregon, Illinois

Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances Governmental Funds - Modified Cash Basis

For the year ended April 30, 2014

	General Fund	Police Fund	Civil Defense Fund	IMRF Fund
Revenues Received				
Taxes	\$ 1,155,789	\$ 89,939	\$ -	\$ 133,692
Intergovernmental receipts	-	2,676	-	-
Charges for services	7,811	-	-	-
Uses of money and property	1,107	-	-	136
Fines and penalties	-	72,938	-	-
Miscellaneous receipts	11,803	10,456	6,080	-
Licenses and permits	63,836	-	-	-
Total revenues received	1,240,346	176,009	6,080	133,828
Expenditures Disbursed				
Current:				
General government	150,336	-	-	19,081
Public safety	-	613,366	7,231	104,413
Public works and street maintenance	-	-	-	36,283
Culture and recreation	-	-	-	-
Debt service	-	14,871	-	-
Capital outlay:				
General government	253	-	-	-
Public safety	-	49,978	-	-
Public works and street maintenance	-	-	-	-
Culture and recreation	-	-	-	-
Total expenditures disbursed	150,589	678,215	7,231	159,776
Excess (deficiency) of revenues received over expenditures disbursed	1,089,757	(502,206)	(1,151)	(25,948)
Other Financing Sources (Uses)				
Debt proceeds	-	33,864	-	-
Transfers in	120,399	490,000	-	34,000
Transfers out	(1,196,856)	-	-	-
Total other financing sources and uses	(1,076,457)	523,864	-	34,000
Net change in fund balances	13,300	21,658	(1,151)	8,052
Fund balances - beginning	545,903	9,433	281,595	100,104
Fund balances - ending	\$ 559,203	\$ 31,091	\$ 280,444	\$ 108,156

Economic Development Fund	Street and Alley Fund	Motor Fuel Tax Fund	City Group Insurance Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 54,472	\$ -	\$ 55,811	\$ 214,909	\$ 268,232	\$ 1,972,844
-	846	109,034	-	-	-	112,556
-	-	-	-	-	174,212	182,023
-	-	46	-	-	945	2,234
-	-	-	-	-	11,026	83,964
-	8,137	-	-	-	-	36,476
46,997	-	-	-	-	-	110,833
46,997	63,455	109,080	55,811	214,909	454,415	2,500,930
-	-	-	39,745	-	183,074	392,236
-	-	-	217,491	-	235,430	1,177,931
-	328,001	69,140	75,577	-	15,000	524,000
-	-	-	-	-	40,386	40,386
-	32,438	-	-	-	-	47,309
-	-	-	-	-	-	-
25,964	-	-	-	-	-	26,217
-	-	-	-	-	-	49,978
-	34,944	-	-	61,959	-	96,903
-	-	-	-	-	-	-
25,964	395,383	69,140	332,813	61,959	473,890	2,354,960
21,033	(331,928)	39,940	(277,002)	152,950	(19,475)	145,970
-	-	-	-	-	-	33,864
-	345,000	-	283,808	-	44,048	1,317,255
-	-	-	-	-	(5,778)	(1,202,634)
-	345,000	-	283,808	-	38,270	148,485
21,033	13,072	39,940	6,806	152,950	18,795	294,455
68,601	452	243,722	(2,546)	28,112	291,035	1,566,411
\$ 89,634	\$ 13,524	\$ 283,662	\$ 4,260	\$ 181,062	\$ 309,830	\$ 1,860,866

City of Oregon, Illinois

Reconciliation of the Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balances of Governmental Funds to the Statement of Activities Modified Cash Basis

For the year ended April 30, 2014

Excess (deficiency) of revenues received and other sources over (under) expenditures disbursed and other uses- Governmental funds	\$ 294,455
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Amounts reported for governmental activities in the statement of activities
are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capitalized fixed assets \$75,664 exceeds depreciation expense and losses (\$106,914) in the period.	(31,250)
---	----------

Debt proceeds are reported in governmental funds as an other financing source.	(33,864)
--	----------

Debt payments are reported in governmental funds as expenditures. However, only the interest on the debt is recorded in the statement of activities. This is the amount of debt payments in the period.	44,058
---	--------

Change in net position of governmental activities	\$ 273,399
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City of Oregon, Illinois

Statement of Net Position - Modified Cash Basis Proprietary Funds

April 30, 2014

	Water and Sewer Fund
Assets	
Current assets:	
Cash	\$ 836,806
Restricted assets - cash	564,318
Total current assets	1,401,124
Noncurrent assets:	
Capital Assets (Net of accumulated depreciation):	5,689,984
Total Assets	7,091,108
Liabilities	
Current liabilities	
Refundable deposits	17,041
Payroll withholdings	-
Current portion of bonds payable	210,000
Current portion of IEPA loan payable	145,536
Total current liabilities	372,577
Noncurrent liabilities	
Bonds payable	3,200,000
Loans - IEPA	2,328,588
Total noncurrent liabilities	5,528,588
Total liabilities	5,901,165
Net Position	
Net investment in capital assets	2,068,875
Restricted	564,318
Unrestricted	(1,443,250)
Net position - unrestricted	\$ 1,189,943

City of Oregon, Illinois

Statement of Revenues Received, Expenses Disbursed and Changes in Net Position Modified Cash Basis - Proprietary Funds

For the year ended April 30, 2014

	Water and Sewer Fund
<i>Revenues Received</i>	
Charges for services	\$ 1,187,639
Intergovernmental receipts	-
Total revenue	1,187,639
<i>Expenses Disbursed</i>	
Personnel services	182,542
Contractual services	446,900
Commodities	5,945
Capital outlay	4,780
Miscellaneous	45,295
Depreciation	164,601
Total expenses	850,063
Operating income (loss)	337,576
Other financing sources (uses)	
Operating transfer out	(114,621)
Non-operating revenue received (expenses disbursed):	
Interest income	1,943
Settlement proceeds	1,618,655
Premium on issuance of bonds	169,911
Bond issuance costs	(60,113)
Interest expense	(92,364)
Total non-operating revenue received (expenses disbursed)	1,638,032
Capital grants	-
Increase (decrease) in net position	1,860,987
Net position - beginning	(671,044)
Net position - ending	\$ 1,189,943

City of Oregon, Illinois

Statement of Cash Flows - Modified Cash Proprietary Funds

For the year ended April 30, 2014

	Water and Sewer Fund
<i>Cash Flows From Operating Activities</i>	
Cash received for services	\$ 1,188,911
Cash received/paid to other funds	(510,929)
Cash payments to suppliers	(502,920)
Cash payments to employees	(182,542)
Net cash (used in) operating activities	(7,480)
<i>Cash Flows From Capital and Related Financing Activities</i>	
Interest expense	(92,364)
Settlement proceeds	1,618,655
Bond premium and costs	109,798
Purchase of capital assets	(992,687)
Principal receipts (payments) on borrowings	763,259
Net cash provided by capital financing activities	1,406,661
<i>Cash Flows From Investing Activities</i>	
Sale of investments	-
Interest income	1,943
Net cash provided by investing activities	1,943
Net increase in cash and cash equivalents	1,401,124
Cash and cash equivalents - beginning	-
Cash and cash equivalents - ending	\$ 1,401,124

Reconciliation of operating income to net cash provided (used) by operating activities:

Operating income (loss)	\$ 337,576
Adjustments to reconcile operating income to net cash provided by (used in) operations	
Increase (decrease) in due to/from	(396,308)
Increase (decrease) in refundable deposits	1,272
Increase (decrease) in payroll withholdings	-
Transfers out	(114,621)
Depreciation	164,601
Net cash provided by (used in) operations	\$ (7,480)

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

The City of Oregon was incorporated in 1870, under the provisions of the State of Illinois.

Reporting Entity

The City of Oregon operates under an elected Mayor/Commission form of government. The City's major operations include general government, public safety, water and sewer systems and streets.

In evaluating how to define the government, for financial reporting purposes, the City has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the City and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

This report includes all of the funds and account groups of the City, which is a primary reporting unit. It includes all activities considered to be part of (controlled by or dependent on) the City as set forth under the GAAP criteria.

Government Wide, Fund Financial Statements and Basis of Accounting

Financial statements are prepared using the modified cash basis of accounting for all of the City's activities.

The government wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from these statements.

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Government Wide, Fund Financial Statements and Basis of Accounting (Continued)

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Earnings on investments, not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds.

The government wide financial statements are reported using the economic resources measurement focus and the modified cash basis of accounting. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The various funds are grouped in the financial statements into five generic fund types as follows:

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Governmental Funds:

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes.

Debt Service Fund

The Bond and Interest Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds

The Capital Projects Funds account for all resources used for the acquisition or construction of a specific capital facility by the City, except those financed by the Enterprise Fund.

Proprietary Fund - Enterprise

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued):

Proprietary Fund - Enterprise (Continued)

Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major funds:

Governmental Funds:

General Fund

The general fund is the general operating fund of the City. It is used to account for all the financial resources except those required to be accounted for in another fund.

Police Protection Fund

The fund records the receipts of the City's levied property taxes for police protection and fines. These funds are then expended for cost of the police protection.

Civil Defense

This fund records the receipts and expenses for the City's preparation and the carrying out of all emergency functions.

IMRF

This fund records the receipt and expenses for the City's defined benefit pension plan.

Economic Development Fund

This fund encourages the rehabilitation of the business district. This fund records the receipts of the City's franchise licenses.

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued):

Streets and Alleys Fund

This fund records the receipts of property taxes for road and bridge. These funds are then expended for the maintenance of roads and bridges.

Motor Fuel Tax Fund

This fund records the receipts of the City's share of state gasoline taxes. These funds are then expended for the maintenance of roads and bridges. State of Illinois law requires separate accounting for such revenues and expenditures.

City Group Insurance Fund

This fund records the receipt and expenses for the City's group health insurance.

Road and Bridge Fund

This fund records the receipt of the City's levied sales tax and funds are expended for road and bridge capital projects.

Enterprise Funds:

Water and Sewer Fund To account for the costs related to the operation of the City's water and sewer system. Funding is provided by user fees.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental Funds and Proprietary Funds are accounted for using the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Revenues are recorded when cash is received and expenditures are recorded when checks are written. Therefore, accrued income and expenses, payables and deferred expenses, which may be material in amount, are not reflected in the accompanying financial statements. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All Proprietary Funds (Water and Sewer Enterprise Funds) are accounted for on the modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles, and not on a cost of services or "capital maintenance" measurement focus. Therefore, not all assets and liabilities (whether current or noncurrent) associated with the fund activities are included on the combined statements.

Budgets and Budgetary Accounting

The term budget, used throughout the financial statements represents the estimated revenues and appropriations set forth in the City's annual appropriation ordinance adopted for the fiscal year ended April 30, 2014.

The budgetary figures presented in the accompanying financial statements are presented on the cash basis method of accounting which is consistent with the basis used for the actual figures.

Unexpended budgeted amounts lapse at the end of each year. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at budgetary line items.

Budgeted amounts are as originally approved, or as amended by the City Council.

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Investments

Cash consists of demand deposits and savings accounts, both easily accessible and with short-term duration. Investments as of April 30, 2014 consist of certificates of deposit and deposits in the Illinois Public Treasurer's Investment Pool. Deposits and investments are stated at cost or amortized cost which approximates market.

Although money market accounts appear to be easily accessible, they are considered to be investments for the City's purposes. Statutes authorize the City to invest in: 1) securities guaranteed by the full faith and credit of the United States of America; 2) deposits or other investments constituting direct obligations of any bank as defined by the Illinois Banking Act; 3) short-term obligations of corporations organized in the United States which meet other restrictions as defined in Illinois Revised Statutes Chapter 35, Paragraph 902, as amended; 4) money market funds registered under the Investment Company Act of 1940; 5) short-term discount obligations of the Federal National Mortgage Association; 6) shares or other forms of securities legally issuable by savings and loan associations; 7) various share accounts of a credit union chartered under the laws of the State of Illinois or the laws of the United States provided the principal office of any such credit union is located within the State of Illinois; 8) a Public Treasurer's Investment Pool created under Section 17 of "An Act to revise the law in relation to the State Treasurer", approved April 23, 1873, as amended. Bank and savings and loan investments may only be made in institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

Investments are stated at cost, which approximates market.

For purposes of the statement of cash flows, cash equivalents include money market accounts and any highly liquid debt instruments purchased with a maturity of less than three months. There were no cash equivalents as of April 30, 2014.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance

Beginning with fiscal year 2012, the City implemented GASB Statement 54 "*Fund Balance and Reporting and Governmental Fund Type Definitions*". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Non-spendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. The City has the following balances that are restricted at year end.

a.	Police (tax levy)	\$ 31,091
b.	City Defense (restricted contributions)	280,444
c.	IMRF (tax levy)	108,156
d.	Street and Alley (tax levy)	13,524
e.	Motor Fuel Tax (motor fuel tax receipts)	283,662
f.	City Group Insurance (tax levy)	4,260
g.	Recreation (tax levy)	65,174
h.	Street Lighting (tax levy)	148
i.	School Crossing Guard (tax levy)	11,663
j.	Tort Liability (tax levy)	8,697
k.	Band Fund (tax levy)	7,563
l.	City Audit (tax levy)	18,302
m.	City Social Security (tax levy)	132
n.	Unemployment Insurance (tax levy)	39,490
o.	Coliseum (tax levy)	76,504
p.	Road and Bridge (tax levy)	<u>181,062</u>

Total \$1,129,872

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. The City has the following balances that are committed at year end.

City of Oregon, Illinois

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Equity (Continued)

a.	Economic Development	\$ 89,634
b.	City Hall	519
c.	Chlorination of Sewage	<u>-</u>
Total		<u>\$ 90,153</u>

- Assigned fund balances - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegate the authority. The City has the following balances that are assigned at year end.

Public Health	<u>\$81,638</u>
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- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purpose). When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: Committed, Assigned, and Unassigned.

Note 2 Proprietary Fund – Restricted Assets

The ordinance authorizing the bond issue of 2013 for \$3,605,000 imposed certain covenants and financial requirements on the City. The bond ordinance requires that all monies held in the proprietary fund be segregated and restricted in separate special reserve accounts, in the priority indicated by the order of the following:

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
Bond proceeds Account of 2013	The balance of all issued bond proceeds.	Moneys in the account shall be used for the finance and refinance of certain sewer repairs, rehabilitation and sewer system replacements and related improvements.

City of Oregon, Illinois

Notes to Financial Statements

Note 2 Proprietary Fund - Restricted Assets (Continued)

<u>Account</u>	<u>Amount</u>	<u>Purpose</u>
Operation and Maintenance	Sufficient amount to pay all reasonable and necessary costs for the current month.	Paying the cost of operation and maintenance of the system.
Bond and Interest	A fraction of the amount sufficient to pay principal and interest maturing during the next twelve months.	Paying principal and interest.
Sinking Fund	1/12 of the amount payable on the next installment date	Paying of sinking fund installments.
Depreciation	Amount to be adequate and reasonable.	Paying cost of any unusual and extraordinary maintenance, repairs, and/or replacements.
Surplus	All remaining funds after crediting above accounts.	All lawful purposes.

The City has established the following accounts to meet the ordinance requirements and to account for the bond proceeds restricted for Waterworks and Sewerage Improvements.

	Restricted Cash Balances <u>4/30/2014</u>
Restricted assets:	
Operations and Maintenance Account	\$ 65,444
Bond and Interest Account	130,106
Sinking Fund Account	204,167
Depreciation Account	<u>164,601</u>
Total restricted assets	<u>\$564,318</u>

City of Oregon, Illinois

Notes to Financial Statements

Note 2 Pension Plan

Plan Description

The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained 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 City's annual required contribution rate for calendar year 2013 was 15.09 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 2013 was \$157,462. For calendar year ending December 31, 2013, the City's annual pension cost and net pension obligation to the IMRF plan are:

Annual required contribution	\$157,462
Interest on net IMRF pension obligation	5,157
Adjustment to annual required contribution	<u>(3,508)</u>
Annual pension cost	159,111
Annual contributions made	(157,462)
Increase in IMRF pension obligation	1,649
Net IMRF pension obligation, beginning of year	<u>68,756</u>
Net IMRF pension obligation, end of year	<u>\$ 70,405</u>

The IMRF fund will liquidate the IMRF obligation in future years.

City of Oregon, Illinois

Notes to Financial Statements

Note 2 Pension Plan (Continued)

Annual Pension Cost (Continued)

Three-Year Trend Information for the Regular Plan

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>*Net Pension Obligation</u>
12/31/13	\$157,462	100%	\$70,405
12/31/12	160,792	91%	68,756
12/31/11	143,679	84%	52,861

*This amount was calculated due to the phased in contribution rate used by the City.

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5% 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 .4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 79.55 percent funded. The actuarial accrued liability for benefits was \$2,852,313 and the actuarial value of assets was \$2,268,932, resulting in an underfunded actuarial accrued liability (UAAL) of \$583,381. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$1,043,484 and the ratio of the UAAL to the covered payroll was 56 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.

City of Oregon, Illinois

Notes to Financial Statements

Note 3 Common Bank Account

Separate bank accounts are not maintained for all City funds; instead, certain funds maintain their cash balances in a common checking account and a common state investment pool account, with the accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain funds participating in the common bank account will incur overdrafts (deficit cash balances) in the account. A deficit in one fund restricts the cash available for use by other funds in the same common bank account. There were no deficit cash fund balances at fiscal year end.

Deficit cash balances are classified as due to other funds in the financial statements.

Note 4 Cash and Investments

Deposits As of April 30, 2014, the carrying amount of the City's deposits into checking, savings, money market accounts and certificates of deposit was \$2,978,328 and the bank balance was \$2,984,547. The City's total collateral, including Federal Deposit Insurance and collateral held by a pledging bank's trust department, was \$2,864,947.

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be recovered. Neither the state nor the City has a deposit policy for custodial credit risk. As of April 30, 2014, the City had \$119,600 that was exposed to custodial credit risk and was uninsured and uncollateralized. For financial statement purposes, certificates of deposit with maturity dates greater than 90 days are shown as investments.

Investments not subject to categorization:	<u>Carrying Value</u>	<u>Market Value</u>
Investments in Illinois Funds	<u>\$283,662</u>	<u>\$283,662</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the City investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

City of Oregon, Illinois

Notes to Financial Statements

Note 4 Cash and Investments (Continued)

Interest Rate Risk (Continued)

	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13-24 Months</u>	<u>25-60 Months</u>	
External investment pool	<u>\$283,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$283,662</u>

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustments in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the City's investment in the fund is the same as the value of the pool shares. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The City's investments in the Illinois funds are not required to be categorized because they are not securities. The relationship between the City and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

Concentration of Credit Risk

The City has no investments, other than an external investment pool that is exempted from this requirement, in any one issuer that represents 5% or more of the total City's investments.

Note 5 Property, Plant and Equipment

Capital assets, which include buildings and improvements, infrastructure, equipment and vehicles, are reported in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$5,000 for equipment and vehicles, \$10,000 for building and improvements, and \$50,000 for infrastructure assets, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. For those assets for which historical cost is not available, the City has estimated historical cost by using current costs and adjusting for inflation. Donated assets are stated at estimated fair market value as of the date of acquisition. The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the useful life are not capitalized.

City of Oregon, Illinois

Notes to Financial Statements

Note 5 Property, Plant and Equipment (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except construction in progress, are being depreciated using the straight line method over the following useful lives:

Buildings & Improvements	20 - 40 years
Infrastructure	40 years
Equipment & Vehicles	5 - 7 years

The City has elected to record infrastructure assets on a prospective basis.

Capital assets in the governmental fund financial statements are reported as expenditures when incurred.

The governmental activities capital asset activity for the year ended April 30, 2014 is as follows:

	<u>Balance</u> <u>May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>April 30, 2014</u>
Cost:				
Buildings and improvements	\$1,600,077	\$ -	\$ -	\$1,600,077
Infrastructure	1,570,835	41,800	-	1,612,635
Equipment	517,106	-	-	517,106
Vehicles	<u>591,343</u>	<u>33,864</u>	<u>-</u>	<u>625,207</u>
	<u>\$4,279,361</u>	<u>\$75,664</u>	<u>\$ -</u>	<u>\$4,355,025</u>
Accumulated Depreciation:				
Buildings and improvements	\$1,413,713	\$ 10,046	\$ -	\$1,423,759
Infrastructure	214,134	39,271	-	253,405
Equipment	503,252	6,277	-	509,529
Vehicles	<u>433,829</u>	<u>51,320</u>	<u>-</u>	<u>485,149</u>
	<u>\$2,564,928</u>	<u>\$106,914</u>	<u>\$ -</u>	<u>\$2,671,842</u>

City of Oregon, Illinois

Notes to Financial Statements

Note 5 Property, Plant and Equipment (Continued)

	Balance May 1, 2013	Additions	Deletions	Balance April 30, 2014
Total Capital Assets, Net:				
Buildings and improvements	\$ 186,364	\$(10,046)	\$ -	\$ 176,318
Infrastructure	1,356,701	2,529	-	1,359,230
Equipment	13,854	(6,277)	-	7,577
Vehicles	<u>157,514</u>	<u>(17,456)</u>	<u>-</u>	<u>140,058</u>
	<u>\$1,714,433</u>	<u>\$(31,250)</u>	<u>\$ -</u>	<u>\$1,683,183</u>

The business-type activities capital asset activity for the year ended April 30, 2014 is as follows:

	Balance May 1, 2013	Additions	Deletions	Balance April 30, 2014
Cost:				
Buildings and improvements	\$ 420,641	\$ -	\$ -	\$ 420,641
Infrastructure	5,020,744	907,383	-	5,928,127
Equipment	747,818	55,900	-	803,718
Vehicles	<u>19,930</u>	<u>29,404</u>	<u>-</u>	<u>49,334</u>
	<u>\$6,209,133</u>	<u>\$992,687</u>	<u>\$ -</u>	<u>\$7,201,820</u>

Accumulated Depreciation:

Buildings and improvements	\$ 416,705	\$ 1,968	\$ -	\$ 418,673
Infrastructure	245,192	134,332	-	379,524
Equipment	665,408	25,361	-	690,769
Vehicles	<u>19,930</u>	<u>2,940</u>	<u>-</u>	<u>22,870</u>
	<u>\$1,347,235</u>	<u>\$164,601</u>	<u>\$ -</u>	<u>\$1,511,836</u>

Total Capital Assets, Net:

Buildings and improvements	\$ 3,936	\$ (1,968)	\$ -	\$ 1,968
Infrastructure	4,775,552	773,051	-	5,548,603
Equipment	82,410	30,539	-	112,949
Vehicles	<u>-</u>	<u>26,464</u>	<u>-</u>	<u>26,464</u>
	<u>\$4,861,898</u>	<u>\$828,086</u>	<u>\$ -</u>	<u>\$5,689,984</u>

City of Oregon, Illinois

Notes to Financial Statements

Note 5 Property, Plant and Equipment (Continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:

General government	\$ 10,046
Public safety	21,291
Streets and public improvements	74,454
Recreation and parks	<u>1,123</u>

Total depreciation expense, governmental activities	<u>\$106,914</u>
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Business-type activities:

Water and Sewer	<u>\$164,601</u>
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Total depreciation expense, business-type activities	<u>\$164,601</u>
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Note 6 Property Taxes

The City is responsible for assessing property taxes whereas the County in which the City resides is responsible for collecting and distributing property taxes in accordance with enabling state legislation. Property taxes attach as an enforceable lien on property as of January 1 and may be paid in two equal installments. The first installment is normally due on or before June 1 and the second installment is normally due on or before September 1. The City receives significant distributions of tax receipts approximately one month after these due dates. Payments made after the September 1 installment date are assessed interest at the rate of 1% for farmland and 1-1/2% for all others. The amounts reported in the financial statements relate entirely to the 2012 levy, the 2013 levy will be reported as revenue for the fiscal year ending April 30, 2015.

Note 7 Accumulated Unpaid Vacation and Sick Pay

The City follows the policy of allowing unused sick days to accumulate up to a maximum of 240 days. Unused sick days are not payable to an employee upon termination. However, the unused days are added to an employee's retirement benefits upon retirement. Unused vacation days may be carried over to the next year only upon approval by the City Council. At this time, a reasonable estimate for vacation days and of the total discounted liability for sick days unused at retirement is not being maintained.

City of Oregon, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt

Notes Payable

On January 12, 2011, the City borrowed \$99,283 at 3.75% interest from First National Bank and Trust Company to purchase a plow truck. The note is payable in quarterly installments of \$5,423 on January 12, 2011 with a final payment due October 12, 2015.

On March 17, 2011, the City borrowed \$41,201 at 3.10% interest from Midland States Bank to purchase two squad cars. The note is payable in monthly installments of \$917 and matures on March 1, 2015.

On December 3, 2012, the City borrowed \$50,114 at 2.75% interest from First National Bank and Trust Company to purchase a plow truck. The note is payable in annual installments of \$10,747 and matures on June 25, 2017.

On December 11, 2013, the City borrowed \$33,864 at 2.24% interest from First National Bank and Trust Company to purchase a squad car. The note is payable in monthly installments of \$739 and matures on December 11, 2017.

IEPA Loan

On March 5, 2001, the City entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section for the construction of new storm sewers and conversion of existing combined sewers. The note bears a fixed interest rate of 2.905%. The term of the loan is for 20 years with semi-annual repayments beginning in May, 2003.

For the original principal amount, the City had drawn \$4,403,521 on the loan to cover the construction costs in addition to \$173,984 of accrued interest which was added to the principal balance. Due to favorable interest rates during the fiscal year ending April 30, 2014, this loan was paid off with the issuance of the 2013 General Obligation Bonds.

On October 19, 2009, the City entered into a loan agreement with the Illinois Environmental Protection Agency Bureau of Water Infrastructure Financial Assistance Section for the wastewater treatment plant upgrade. The note is non-interest bearing. The term of the loan is for 20 years with semi-annual repayments.

As of April 30, 2014, the City had drawn \$2,814,141 of the IEPA loan amount.

The City passed an ordinance for the issuance of \$3,605,000 Bond Series of 2013. The purpose of the bonds is to fund various capital projects and to refund the 2003 IEPA loan. Serial retirement of principal occurs on December 1, with interest payable on December 1 and June 1 of each year at rates of 2.00% - 4.00%, commencing December 1, 2013. These bonds mature on December 1, 2027.

City of Oregon, Illinois

Notes to Financial Statements

Note 8 Long-Term Debt (Continued)

IEPA Loan (Continued)

Annual debt service requirements to maturity are as follows:

<u>Fiscal year ending April 30,</u>	<u>IEPA Loan Proprietary</u>		<u>Notes Payable General Long-Term Debt</u>		<u>2013 Alternate Revenue Source Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 145,536	\$ -	\$ 49,994	\$2,599	\$ 210,000	\$102,255
2016	145,536	-	30,433	1,258	215,000	98,055
2017	145,536	-	20,273	601	220,000	93,755
2018	145,536	-	11,993	113	225,000	89,355
2019	145,536	-	-	-	230,000	84,855
2020-2024	727,680	-	-	-	1,250,000	327,045
2025-2029	727,680	-	-	-	1,060,000	88,350
2030-2031	291,085	-	-	-	-	-
	<u>\$2,474,125</u>	<u>\$ -</u>	<u>\$112,693</u>	<u>\$4,571</u>	<u>\$3,410,000</u>	<u>\$883,670</u>

Changes in Long-Term Liabilities. During the year ended April 30, 2014, the following changes occurred in long-term liability accounts:

	<u>Balance May 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2014</u>
Business-type Activities:				
2003 IEPA loan	\$2,501,205	\$ -	\$2,501,205	\$ -
2010 IEPA loan	2,619,661	-	145,536	2,474,125
2013 G.O. Bonds	-	3,605,000	195,000	3,410,000
Governmental Activities:				
2011 note payable	21,283	-	11,364	9,919
2011 note payable	51,490	-	20,020	31,470
2012 note payable	50,114	-	9,966	40,148
2013 note payable	-	33,864	2,708	31,156
Total	<u>\$5,243,753</u>	<u>\$3,638,864</u>	<u>\$2,885,799</u>	<u>\$5,996,818</u>

The Street and Alley Fund and Police Fund are typically used to pay the debt relating to the governmental activities.

The City is subject to a debt limitation of 8.625% of its assessed valuation of \$47,308,298. As of April 30, 2014 the City had \$3,967,648 of remaining legal debt margin.

City of Oregon, Illinois

Notes to Financial Statements

Note 9 Net Position/Fund Balances

Net position reported on the government wide statement of net position at April 30, 2014:

Governmental Activities:

Net investment in capital assets

Capital assets, net of accumulated depreciation	\$1,683,183
Less: related long-term debt outstanding	<u>112,693</u>
Total net investment in capital assets	<u>1,570,490</u>

Restricted -

State statutes and enabling legislation	<u>1,129,872</u>
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Unrestricted	<u>730,994</u>
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Total governmental activities net position	<u>\$3,431,356</u>
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Note 10 Deficit Net Position/Fund Balances

As of April 30, 2014, the following funds had a deficit net position/fund balance:

<u>Fund</u>	<u>Amount</u>
None	

Note 11 Excess of Actual Expenditures/Expenses Over Budget in Individual Funds

No funds had an excess of actual expenditures/expenses (exclusive of depreciation and amortization) over budget for the fiscal year.

Note 12 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. In order to handle such risks of loss, the City purchases insurance coverage through the Illinois Municipal League Risk Management Association and self insures for unemployment insurance purposes (See Note 14). The deductibles in effect through these policies as of April 30, 2014 vary with the type of coverage and risk involved. The amounts of settlements have not exceeded insurance coverage for any of the past three years.

Potentially, the City could be assessed additional premiums for its share of any losses of the insurance pool. Historically, the City has not been assessed any additional premiums.

City of Oregon, Illinois

Notes to Financial Statements

Note 13 Contingency

The City is a defendant in claims relating to personal injury. Part of the claims may be insured but subject to varying deductibles and some of the claims may be uninsured. The amount of liability, if any, from the claims cannot be determined with certainty; however, management is of the opinion that the outcome of the claims will not have a material adverse impact on the City's financial position. Due to uncertainties in the settlement process, it is at least reasonably possible that management's estimate of the outcome will change within the next year.

Note 14 Self Insurance Plan

The City is self-insured for unemployment insurance. The City is therefore liable to the State for any payments made to any of its former employees claiming unemployment benefits. For the year ended April 30, 2014, there were no payments made for unemployment benefit claims.

Note 15 Transfers

Below are the interfund transfers as of April 30, 2014:

	<u>Operating Transfers in</u>	<u>Operating Transfers out</u>
General Fund:		
Police Fund	\$ -	\$ (490,000)
IMRF Fund	-	(34,000)
Street and Alley Fund	-	(345,000)
City Group Insurance Fund	-	(283,808)
Water and Sewer Fund	114,621	-
Non Major Governmental Funds	<u>5,778</u>	<u>(44,048)</u>
Total General Fund	<u>120,399</u>	<u>(1,196,856)</u>
Police Fund:		
General Fund	<u>490,000</u>	<u>-</u>
Street and Alley Fund:		
General Fund	<u>345,000</u>	<u>-</u>
IMRF Fund:		
General Fund	<u>34,000</u>	<u>-</u>
City Group Insurance Fund:		
General Fund	<u>283,808</u>	<u>-</u>
Water and Sewer Fund:		
General Fund	<u>-</u>	<u>(114,621)</u>
Non Major Governmental Funds:		
General Fund	<u>44,048</u>	<u>(5,778)</u>
Total all funds	<u>\$1,317,255</u>	<u>\$(1,317,255)</u>

City of Oregon, Illinois

Notes to Financial Statements

Note 15 Transfers (Continued)

The purpose of these transfers was to subsidize the costs provided by the various funds shown above to the General Fund.

Note 16 Other Postemployment Benefits

In July 2004, the Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement requires a systematic, accrual basis measurement and recognition of other postemployment benefit (OPEB) expense over a period that approximates employees' years of service. The Statement also requires the information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The City elected to not adopt the new standards related to other postemployment benefits and believe this amount to be immaterial to the financial statements.

Note 17 Tort Insurance Expenditures

The City had the following Tort insurance expenditures for the year ended April 30, 2014:

Insurance	\$78,954
Salaries	<u>30,000</u>
Total	<u>\$108,954</u>

Note 18 Pending GASB Statements

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." The City is required to implement this standard for the fiscal year ending April 30, 2016.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement 69 "Government Combinations and Disposals of Government Operations". The City is required to implement this standard for the fiscal year ending April 30, 2015.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". The City is required to implement this standard for the fiscal year ending April 30, 2015.

Management has not completed its assessment of these pending standards as to the effect, if any, they may have on the financial statements.

**Other Information
(Unaudited)**

City of Oregon, Illinois

Other Information

April 30, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll $\{(b-a)/c\}$
12/31/13	\$2,268,932	\$2,852,313	\$583,381	79.55%	\$1,043,484	55.91%
12/31/12	1,828,195	2,537,851	709,656	72.04	1,008,731	70.35%
12/31/11	1,503,749	2,240,474	736,725	67.12%	918,661	80.20%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$2,709,661. On a market basis, the funded ratio would be 95.00%.

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

City of Oregon, Illinois

General Fund

Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Taxes:			
State income tax	\$ 356,000	\$ 395,104	\$ 39,104
Replacement tax	67,000	52,570	(14,430)
Local taxes	58,000	63,521	5,521
Utility taxes	115,000	35,736	(79,264)
State telecommunications tax	107,000	100,922	(6,078)
State sales tax	520,000	507,936	(12,064)
Total taxes	1,223,000	1,155,789	(67,211)
Charges for services:			
Other	6,500	7,811	1,311
Total charges for services	6,500	7,811	1,311
Use of money and property:			
Interest on investments	2,000	1,107	(893)
Miscellaneous receipts:			
Miscellaneous receipts	27,400	11,803	(15,597)
Total miscellaneous receipts	27,400	11,803	(15,597)
Licenses and permits:			
Liquor license	11,000	14,596	3,596
Cable franchise fees	-	-	-
Other license fees	22,500	49,240	26,740
Total licenses	33,500	63,836	30,336
Total revenues received	\$ 1,292,400	\$ 1,240,346	\$ (52,054)

City of Oregon, Illinois

General Fund (Continued)

Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures disbursed			
General government:			
Personnel services:			
Salaries - city officials	\$ 53,500	\$ 40,040	\$ (13,460)
Salary - clerk/treasurer	70,000	60,834	(9,166)
Total personnel services	123,500	100,874	(22,626)
Contractual services:			
Dues	2,000	1,635	(365)
Legal service	54,000	24,734	(29,266)
Printing and publishing	5,000	206	(4,794)
Travel and training - council	5,000	40	(4,960)
Travel and training - clerk's office	6,000	1,824	(4,176)
Christmas lighting	-	-	-
Engineering services	55,000	-	(55,000)
Telephone	9,000	5,615	(3,385)
City Hall Clock Maintenance	600	551	(49)
Gas	2,000	-	(2,000)
Total contractual services	138,600	34,605	(103,995)
Commodities:			
Office supplies and postage	8,000	4,885	(3,115)
Gas and oil	10,000	6,233	(3,767)
Total commodities	18,000	11,118	(6,882)
Miscellaneous	6,000	3,739	(2,261)
Capital outlay:			
Building improvements	20,000	-	(20,000)
Purchase equipment	10,000	253	(9,747)
Total capital outlay	30,000	253	(29,747)
Contingency:			
Contingency	300,000	-	(300,000)
Total general government	\$ 616,100	\$ 150,589	\$ (465,511)
Other financing sources (uses):			
Operating transfers in	\$ -	\$ 120,399	\$ 120,399
Operating transfers out	-	(1,196,856)	(1,196,856)
Total other financing sources (uses)	\$ -	\$ (1,076,457)	\$ (1,076,457)

City of Oregon, Illinois

Police Fund

Schedule of Revenues Received and Expenditures Disbursed

Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Taxes:			
Property taxes - corporate	\$ 95,453	\$ 89,939	\$ (5,514)
Intergovernmental receipts:			
Cops fast grant/other	600	2,676	2,076
Charges for services:			
Oregon Park District	-	-	-
Fines and penalties:			
Police fines	45,200	51,444	6,244
Police reports	300	1,135	835
Towing fee	16,100	11,730.00	(4,370)
Parking fines	4,500	8,629	4,129
Total fines and penalties	66,100	72,938	6,838
Miscellaneous receipts	10,700	10,456	(244)
Total revenues received	\$ 172,853	\$ 176,009	\$ 3,156
Expenditures disbursed			
Public safety and health:			
Personnel services:			
Salaries - police	\$ 670,000	\$ 551,998	\$ (118,002)
Total personnel services	670,000	551,998	(118,002)
Contractual services:			
Maintenance - equipment	9,000	1,415	(7,585)
Maintenance - vehicles	20,000	12,591	(7,409)
Dues	2,000	2,384	384
Travel and training	28,000	9,373	(18,627)
Printing and publishing	1,500	1,459	(41)
Utilities - telephone	9,000	6,867	(2,133)
Total contractual services	69,500	34,089	(35,411)

City of Oregon, Illinois

Police Fund (Continued) Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Expenditures disbursed (Continued)			
Public safety and health (continued):			
Commodities:			
Office supplies and postage	6,500	1,059	(5,441)
Clothing and uniforms	11,000	1,358	(9,642)
Admin. towing disbursements	30,000	2,705	(27,295)
Gas and oil	40,000	31,200	(8,800)
Total commodities	87,500	36,322	(51,178)
Miscellaneous:			
Other miscellaneous expense	10,000	5,828	(4,172)
Capital outlay:			
Equipment	23,000	5,114	(17,886)
Vehicles	48,000	44,864	(3,136)
Office equipment	6,000	-	(6,000)
Total capital outlay	77,000	49,978	(27,022)
Contingencies	35,000	-	(35,000)
Total public safety and health	\$ 949,000	\$ 678,215	\$ (270,785)
Other financing sources:			
Debt proceeds		\$ 33,864	\$ 33,864
Operating transfers in		490,000	490,000
Total other financing sources	\$ -	\$ 523,864	\$ 523,864

City of Oregon, Illinois

Civil Defense Fund

Schedule of Revenues Received and Expenditures Disbursed

Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Miscellaneous receipts:			
Other income	\$ 4,200	\$ 6,080	\$ 1,880
Expenditures disbursed			
Public safety and health:			
Personnel services - salaries	\$ 200	\$ -	\$ (200)
Contractual services:			
Travel and training	200	37	(163)
Telephone	5,000	4,095	(905)
Total contractual services	5,200	4,132	(1,068)
Commodities:			
Miscellaneous	200	37	(163)
Supplies and materials	102,000	3,099	(98,901)
Total public safety and health	\$ 107,400	\$ 7,231	\$ (100,169)
Other financing sources:			
Operating transfers out	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -

City of Oregon, Illinois

IMRF Fund

Schedule of Revenues Received and Expenditures Disbursed

Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Taxes:			
Property tax	\$ 107,595	\$ 109,552	\$ 1,957
Replacement taxes	-	24,140	24,140
Total taxes	\$ 107,595	\$ 133,692	\$ 26,097
Use of money and property:			
Interest on investments	\$ 100	\$ 136	\$ 36
Expenditures disbursed			
Personnel services - IMRF	\$ 200,000	\$ 159,776	\$ (40,224)

City of Oregon, Illinois

Economic Development Fund Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Taxes:			
Telecommunication tax	\$ -	\$ -	\$ -
Intergovernmental receipts:			
State grants	-	-	-
Federal grant	-	-	-
Total intergovernmental receipts	-	-	-
Licenses and permits:			
Cablevision franchise	41,000	46,997	5,997
Use of money and property -			
Interest on investments	-	-	-
Miscellaneous receipts	-	-	-
Total revenues received	\$ 41,000	\$ 46,997	\$ 5,997

Expenditures disbursed

General government:			
Capital outlay:			
Economic development expense	\$ 371,000	\$ 25,964	\$ (345,036)
Other financing sources (uses):			
Debt proceeds	\$ -	\$ -	\$ -
Operating transfers out	-	-	-
Total other financing sources (uses)	\$ -	\$ -	\$ -

City of Oregon, Illinois

Street and Alley Fund

Schedule of Revenues Received and Expenditures Disbursed

Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Taxes:			
Property taxes - corporate	\$ 56,963	\$ 54,472	\$ (2,491)
Utility tax	32,000	-	(32,000)
Total intergovernmental receipts	88,963	54,472	(34,491)
Intergovernmental receipts:			
FEMA - Snow removal	-	-	-
State of Illinois - highway maintenance	-	846	846
Total intergovernmental receipts	-	846	846
Miscellaneous receipts	27,650	8,137	(19,513)
Total revenues received	\$ 116,613	\$ 63,455	\$ (53,158)
Expenditures disbursed			
Streets and public improvements:			
Personnel services - salaries	\$ 275,000	\$ 191,815	\$ (83,185)
Contractual services:			
Maintenance - buildings	40,000	-	(40,000)
Maintenance - equipment	20,000	1,426	(18,574)
Maintenance - vehicles	5,000	708	(4,292)
Travel and training	2,000	1,390	(610)
Contract labor	95,000	84,960	(10,040)
Telephone	3,500	2,545	(955)
Total contractual services	165,500	91,029	(74,471)
Commodities:			
Supplies and materials	75,000	43,074	(31,926)
Equipment maintenance materials	20,000	10,940	(9,060)
Gas and oil	33,500	20,532	(12,968)
Total commodities	128,500	74,546	(53,954)
Miscellaneous disbursements	70,000	3,049	(66,951)
Capital outlay:			
Equipment	107,000	34,944	(72,056)
Total streets and public improvements	\$ 746,000	\$ 395,383	\$ (350,617)
Other financing sources			
Debt proceeds	\$ -	\$ -	\$ -
Operating transfers in	-	345,000	345,000
Total other financing sources	\$ -	\$ 345,000	\$ 345,000

City of Oregon, Illinois

Motor Fuel Tax Fund

Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Intergovernmental receipts - motor fuel tax allotments and other	\$ 84,000	\$ 109,034	\$ 25,034
Use of money and property - Interest on investments	150	46	(104)
Total revenues received	\$ 84,150	\$ 109,080	\$ 24,930
Expenditures disbursed			
Streets and public improvements:			
Contractual services:			
Maintenance - grounds	\$ 175,000	\$ 60,346	\$ (114,654)
Engineering	40,000	8,542	(31,458)
Total contractual services	215,000	68,888	(146,112)
Commodities - maintenance materials	15,000	252	(14,748)
Total streets and public improvements	\$ 230,000	\$ 69,140	\$ (160,860)

City of Oregon, Illinois

City Group Insurance Fund

Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Taxes			
Property taxes	\$ 63,197	\$ 55,811	\$ (7,386)
Use of money and property - Interest on investments	-	-	-
Total revenues received	\$ 63,197	\$ 55,811	\$ (7,386)
Expenditures disbursed			
General Government:			
Personnel services:			
Group insurance	\$ 395,000	\$ 331,148	\$ (63,852)
Life insurance	10,000	1,665	(8,335)
Total personnel services	\$ 405,000	\$ 332,813	\$ (72,187)
Other financing sources:			
Operating transfers in	\$ -	\$ 283,808	\$ 283,808
Total other financing sources (uses)	\$ -	\$ 283,808	\$ 283,808

City of Oregon, Illinois

Road and Bridge Fund

Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Revenues received			
Taxes			
Property taxes	\$ 41,994	\$ 39,553	\$ (2,441)
Sales tax	140,000	168,762	28,762
Utility taxes	-	6,594	6,594
Total taxes	181,994	214,909	32,915
Intergovernmental receipts:			
Grant	350,000	-	(350,000)
Total intergovernmental receipts	350,000		(350,000)
Total revenues received	\$ 531,994	\$ 214,909	\$ (317,085)
Expenditures disbursed			
Public Works:			
Capital Outlay:			
Improvements	\$ 430,000	\$ 61,959	\$ (368,041)
Total capital outlay	\$ 430,000	\$ 61,959	\$ (368,041)
Other financing sources:			
Operating transfers	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ -	\$ -	\$ -

City of Oregon, Illinois

Water and Sewer Fund Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Operating revenues received			
Charges for services:			
Water - sewer receipts	\$ 1,110,670	\$ 1,158,268	\$ 47,598
Sale of meters	1,000	1,775	775
Turn on fees	750	1,404	654
Main taps	300	300	-
Sewer hook up fees	2,000	8,800	6,800
Water hook up fees	2,000	4,000	2,000
Other charges for services	5,530	13,092	7,562
Total charges for services	1,122,250	1,187,639	65,389
Intergovernmental receipts:			
IEPA grants	-	-	-
Total operating revenues received	\$ 1,122,250	\$ 1,187,639	\$ 65,389
Operating expenses disbursed			
Waterworks and sewerage:			
Personnel services:			
Salaries	\$ 250,000	\$ 182,542	\$ (67,458)
Contractual services - sewer:			
Engineering services	600,000	180,954	(419,046)
Maintenance	70,000	19,813	(50,187)
Professional services	2,109,000	246,133	(1,862,867)
Total contractual services - sewer	2,779,000	446,900	(2,332,100)
Contractual services - water:			
Engineering services	50,000	-	50,000
Contract labor	30,000	-	30,000
Power	120,000	-	120,000
Total contractual services - water	200,000	-	(200,000)
Total contractual services	2,979,000	446,900	(2,532,100)
Commodities - water & sewer:			
Office supplies and postage	10,000	5,945	(4,055)

City of Oregon, Illinois

Water and Sewer Fund (Continued)

Schedule of Revenues Received and Expenditures Disbursed Compared with Budget

Year ended April 30, 2014

	Original and Final Budget	Actual	Over (Under) Budget
Operating expenses disbursed (continued)			
Waterworks and sewerage (continued):			
Miscellaneous:			
Sewer	100,000	45,295	(54,705)
Water	-	-	-
Total miscellaneous	100,000	45,295	(54,705)
Depreciation	-	164,601	164,601
Capital outlay - Equipment:			
Water	-	-	-
Sewer	130,000	4,780	(125,220)
Total Capital outlay	130,000	4,780	(125,220)
Total waterworks and sewerage	\$ 3,469,000	\$ 850,063	\$ (2,618,937)
Other financing sources (uses):			
Operating transfers in	\$ -	\$ (114,621)	\$ (114,621)
Nonoperating revenue received (expenses disbursed)			
Interest on investments	\$ 250	\$ 1,943	\$ 1,693
Settlement proceeds	-	1,618,655	1,618,655
Premium on issuance of bonds	1,300,000	169,911	(1,130,089)
Bond issuance costs	-	(60,113)	(60,113)
Interest expense	(395,000)	(92,364)	302,636
Total nonoperating revenue received (expenses disbursed)	\$ 905,250	\$ 1,638,032	\$ 732,782
Other financing sources:			
Operating transfers out	\$ -	\$ 114,621	\$ 114,621
Total other financing uses	\$ -	\$ 114,621	\$ 114,621

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City of Oregon, Illinois

Nonmajor Governmental Funds Combining Schedule of Assets, Liabilities, and Fund Balances Arising From Cash Transactions

April 30, 2014

	Total Nonmajor Governmental Funds	Street Lighting Fund	Recreation Fund	School Crossing Guard Fund
Assets				
Cash	\$ 309,830	\$ 148	\$ 65,174	\$ 11,663
Due from other funds	-	-	-	-
Investments, at cost	-	-	-	-
Total assets	\$ 309,830	\$ 148	\$ 65,174	\$ 11,663
Liabilities				
Payroll withholdings	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances				
Fund balances	309,830	148	65,174	11,663
Total liabilities and fund balance	\$ 309,830	\$ 148	\$ 65,174	\$ 11,663

Tort Liability Fund	Band Fund	City Audit Fund	City Social Security Fund	Unemploy- ment Insurance Fund
\$ 8,697	\$ 7,563	\$ 18,302	\$ 132	\$ 39,490
-	-	-	-	-
-	-	-	-	-
\$ 8,697	\$ 7,563	\$ 18,302	\$ 132	\$ 39,490
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
8,697	7,563	18,302	132	39,490
\$ 8,697	\$ 7,563	\$ 18,302	\$ 132	\$ 39,490

City of Oregon, Illinois

Nonmajor Governmental Funds Combining Schedule of Assets, Liabilities, and Fund Balances Arising From Cash Transactions (Continued)

April 30, 2014

	Public Health Fund	Coliseum Fund	City Hall Fund
Assets			
Cash	\$ 81,638	\$ 76,504	\$ 519
Investments, at cost	-	-	-
Total assets	\$ 81,638	\$ 76,504	\$ 519
Liabilities			
Payroll withholdings	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Balances			
Fund balances	81,638	76,504	519
Total liabilities and fund balance	\$ 81,638	\$ 76,504	\$ 519

Chlorination of Sewage Fund		Capital Improvement Fund	
\$	-	\$	-
	-		-
\$	-	\$	-
\$	-	\$	-
	-		-
	-		-
\$	-	\$	-

City of Oregon, Illinois

Nonmajor Governmental Funds

Combining Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances

Year ended April 30, 2014

	Total Nonmajor Governmental Funds	Street Lighting Fund	Recreation Fund	School Crossing Guard Fund
Revenues received				
Taxes	\$ 268,232	\$ 26,210	\$ 8,912	\$ 9,823
Charges for service	174,212	-	-	-
Uses of money and property	945	-	-	-
Fines and penalties	11,026	-	-	-
Miscellaneous receipts	-	-	-	-
Total revenues received	454,415	26,210	8,912	9,823
Expenditures disbursed				
Current:				
General government	183,074	-	-	-
Public safety and health	235,430	36,143	-	-
Public works	15,000	-	-	-
Recreation and parks	40,386	-	16,477	-
Capital outlay:				
Streets and public improvements	-	-	-	-
Recreation and parks	-	-	-	-
Total expenditures disbursed	473,890	36,143	16,477	-
Excess of revenues received over (under) expenditures disbursed	(19,475)	(9,933)	(7,565)	9,823
Other financing sources (uses)				
Operating transfers in	44,048	10,000	-	-
Operating transfers out	(5,778)	-	-	-
Total other financing sources (uses)	38,270	10,000	-	-
Excess of revenues received and other sources over (under) expenditures disbursed and other uses	18,795	67	(7,565)	9,823
Fund balance - Beginning	291,035	81	72,739	1,840
Fund balance - Ending	\$ 309,830	\$ 148	\$ 65,174	\$ 11,663

Tort Liability Fund	Band Fund	City Audit Fund	City Social Security Fund	Unemploy- ment Insurance Fund
\$ 115,310	\$ 3,146	\$ 36,692	\$ 32,497	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
115,310	3,146	36,692	32,497	-
86,454	-	30,520	44,370	-
7,500	-	-	-	-
15,000	-	-	-	-
-	3,375	-	-	-
-	-	-	-	-
-	-	-	-	-
108,954	3,375	30,520	44,370	-
6,356	(229)	6,172	(11,873)	-
-	-	-	12,000	-
-	-	-	-	-
-	-	-	12,000	-
6,356	(229)	6,172	127	-
2,341	7,792	12,130	5	39,490
\$ 8,697	\$ 7,563	\$ 18,302	\$ 132	\$ 39,490

City of Oregon, Illinois

Nonmajor Governmental Funds (Continued) Combining Schedule of Revenues Received, Expenditures Disbursed and Changes in Fund Balances

Year ended April 30, 2014

	Public Health Fund	Coliseum Fund	City Hall Fund
Revenues received			
Taxes	\$ -	\$ 35,642	\$ -
Charges for service	174,212	-	-
Uses of money and property	135	810	-
Fines and penalties	11,026	-	-
Miscellaneous receipts	-	-	-
Total revenues received	185,373	36,452	-
Expenditures disbursed			
Current:			
General government	-	-	21,730
Public safety and health	191,787	-	-
Public works	-	-	-
Recreation and parks	-	20,534	-
Capital outlay:			
Streets and public improvements	-	-	-
Recreation and parks	-	-	-
Total expenditures disbursed	191,787	20,534	21,730
Excess of revenues received over (under) expenditures disbursed	(6,414)	15,918	(21,730)
Other financing sources (uses)			
Operating transfers in	-	-	22,048
Operating transfers out	-	-	-
Total other financing sources (uses)	-	-	22,048
Excess of revenues received and other sources over (under) expenditures dis- bursed and other uses	(6,414)	15,918	318
Fund balance - Beginning	88,052	60,586	201
Fund balance - Ending	\$ 81,638	\$ 76,504	\$ 519

Chlorination of Sewage Fund		Capital Improvement Fund	
\$	-	\$	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-
	(5,730)		-48
	(5,730)		(48)
	(5,730)		(48)
	5,730		48
\$	-	\$	-

City of Oregon, Illinois

Schedule of Tort Expenditures Disbursed

Year ended April 30, 2014

Insurance	\$ 78,954
Salaries	30,000
<hr/>	
Total	\$ 108,954
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City of Oregon, Illinois

Schedule of Long-Term Debt

Year ended April 30, 2014

Year ended April 30	2010 IEPA Loan Payable		2013 G.O. Bonds Payable	
	Principal	Interest	Principal	Interest
2015	\$ 145,536	\$ -	\$ 210,000	\$ 102,255
2016	145,536	-	215,000	98,055
2017	145,536	-	220,000	93,755
2018	145,536	-	225,000	89,355
2019	145,536	-	230,000	84,855
2020	145,536	-	235,000	80,255
2021	145,536	-	240,000	75,555
2022	145,536	-	250,000	65,955
2023	145,536	-	260,000	55,955
2024	145,536	-	265,000	49,325
2025	145,536	-	280,000	38,725
2026	145,536	-	290,000	27,525
2027	145,536	-	300,000	15,925
2028	145,536	-	190,000	6,175
2029	145,536	-	-	-
2030	145,536	-	-	-
2031	145,549	-	-	-
	\$ 2,474,125	\$ -	\$ 3,410,000	\$ 883,670

City of Oregon, Illinois

Assessed Valuations, Rates, Extensions, and Collections

April 30, 2014

Fund	2013 Levy	
	Rate	Extended
General	0.33300	\$ 157,537
Police protection	0.07500	35,481
Recreation	0.01911	9,041
Coliseum	0.07441	35,202
Illinois municipal retirement	0.26145	123,687
Audit	0.07522	35,585
Liability insurance	0.24134	114,174
Social security	0.08749	41,390
Band	0.00603	2,853
Street Lighting	0.05028	23,787
School Crossing Guard	0.02000	9,461
Totals	1.24333	\$ 588,198

Year	Valuations	Collections
2013	\$ 47,308,298	\$ -
2012	\$ 49,181,163	\$ 618,474
2011	\$ 52,531,310	\$ 635,664

Included in the collections is the City's share of Road & Bridge property taxes.

2012 Levy			2011 Levy		
Taxes			Taxes		
Rate		Extended	Rate		Extended
0.33300	\$	163,773	0.33300	\$	179,259
0.07500		36,886	0.07500		40,374
0.01816		8,931	0.05700		30,682
0.07263		35,720	0.06811		36,607
0.22324		109,792	0.17028		91,513
0.07477		36,773	0.07011		37,681
0.23499		115,571	0.22036		66,210
0.06622		32,568	0.06210		33,375
0.00641		3,152	0.00601		3,232
0.05341		26,268	0.05008		26,916
0.02000		9,836	0.02000		10,766
1.17783	\$	579,270	1.13205	\$	556,615

City of Oregon, Illinois

Schedule of Information Required by Alternate Revenue Source Bonds

April 30, 2014

Insurer	Coverage Period From/To	Coverage/ Amount
Illinois Municipal League Insurance Company	12/31/13-12/31/14	Crime - Forgery/ Theft/ Computer Fraud/ Employee Dishonesty \$100,000 - each occurrence
Illinois Municipal League Insurance Company	12/31/13-12/31/14	General Liability \$1,000,000- each occurrence
Illinois Municipal League Insurance Company	12/31/13-12/31/14	Umbrella \$7,000,000
Illinois Municipal League Insurance Company	12/31/13-12/31/14	Automobile Liability & Uninsured Motorist \$1,000,000
Illinois Municipal League Risk Fund	12/31/13-12/31/14	Worker's Compensation/ Statutory
Illinois Municipal League Insurance Company	12/31/13-12/31/14	Property & Inland Marine \$250,000 - each occurrence

**Independent Auditor's Report on Compliance with
General Obligation Bond (Alternate Revenue Source)
Bond Ordinance No. 2013-103**

The Honorable Mayor and
Council
City of Oregon, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements as listed in the table of contents, of the City of Oregon, Illinois as of April 30, 2014, and for the year then ended, and have issued our opinion thereon dated July 18, 2014.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the terms, covenants, provisions or conditions of Sewerage Revenue Bond Ordinance No. 2013-103 insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Ordinance, insofar as they relate to accounting matters.

This report is intended for the information of City Council, management, and bond holders. However, this report is a matter of public record and its distribution is not limited.

Wipfli LLP

Freeport, Illinois
July 18, 2014