

**HALPIN & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

**320 LOCUST STREET, P.O. BOX 33 • PROPHETSTOWN, IL 61277 • 815-537-2380**

---

**CITY OF PROPHETSTOWN, ILLINOIS**

**FINANCIAL STATEMENTS**

**APRIL 30, 2018**

## Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	2-6
Statement of Net Assets	7
Statement of Activities – Governmental Funds	8
Balance Sheet – Government Funds	9
Statement of Revenues, Expenditures and Changes In Fund Balances – Governmental Funds	10
Statement of Revenues, Expenditures and Changes In Retained Earnings – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Notes to Financial Statements	13-19
 <b>SUPPLEMENTAL INFORMATION:</b>	
Budgeted and Actual Cash Receipts and Expenses – Governmental Funds	20
Schedule of Assessed Valuation, Tax Rates and Extensions	21
Henry C. Adams Library Fund – Balance Sheet	22
Henry C. Adams Library Fund – Cash Receipts and Disbursements	23
City of Prophetstown Tax Increment Finance District – Statement of Cash Receipts and Disbursements	24

**HALPIN & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS

320 LOCUST STREET, P.O. BOX 33 • PROPHETSTOWN, IL 61277 • 815-537-2380

**INDEPENDENT AUDITOR'S REPORT**

Mayor and City Council  
City of Prophetstown, Illinois

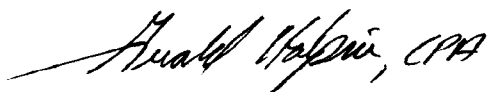
We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Prophetstown, Illinois, as of and for the year ended April 30, 2018, which collectively comprise the City's financial statements as listed in the table of contents. These financial statements are the responsibility of the City Council. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 of the Notes to Financial Statements, the City prepares its government-wide financial statements on the modified cash basis, and its fund financial statements on the cash basis, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Prophetstown, Illinois as of April 30, 2018 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended on the basis of accounting described in Note 1.

Management's Discussion and Analysis that precedes the financial statements is not a part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Prophetstown, Illinois  
October 3, 2018

**CITY OF PROPHETSTOWN, ILLINOIS**  
**Management's Discussion and Analysis**  
Year ended April 30, 2018

---

Management's Discussion and Analysis (MD&A) for the City of Prophetstown, Illinois (the City) is generally intended to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activities, (3) identify changes in the City's financial position (its ability to meet future financial demands and conditions), (4) identify any material deviations from the governmental unit's financial plan (approved budget), and (5) identify individual fund issues or concerns.

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

**GOVERNMENTAL FINANCIAL HIGHLIGHTS FOR FY 2018**

- The City's assets exceeded its liabilities at the close of the fiscal year by \$1,811,532 (net assets). Of this amount \$878,755 (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$155,562 during fiscal year 2018 as reported in the statement of activities.
- The City's major tax revenue consisted of \$384,391 in property tax distributions and \$235,409 in Illinois state sales tax distributions.
- At the close of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$878,755, an increase of \$165,663 in comparison to the prior year.
- At the end of the fiscal year 2018, the unreserved fund balance in the general funds was \$878,755, which is 91% of the total governmental fund expenditures.

**BUSINESS-TYPE FINANCIAL HIGHLIGHTS FOR FY 2018**

- The City's business-type assets exceeded its liabilities at the close of the fiscal year by \$1,212,252 (net assets).
- The City's business-type net assets increased by \$96,932 during the fiscal year 2018 as reported in the statement of activities.
- The City's major business-type of revenue consisted of \$514,032 in charges for services.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This document serves as an introduction to the City's financial statements. This report contains other supplementary and statistical information.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**Management's Discussion and Analysis (Cont.)**  
Year ended April 30, 2018

---

These are designed to provide readers with a broad overview of the City of Prophetstown, Illinois' finances, in a manner similar to private-sector business. The financial statements are prepared under the modified cash basis of accounting, which is another comprehensive basis of accounting, whereby revenues and assets are generally recognized when received, regardless of when they were earned and expenditures/expenses and liabilities are generally recognized when payment is made, regardless of when they are incurred.

The statement of net assets-modified cash basis presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of improvements or deterioration of the financial position of the City.

The statement of activities-modified cash basis presents information that shows how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

These statements highlight the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City of Prophetstown, Illinois include general and administrative, public safety, highways and streets, garbage collection, health and welfare, culture and recreation, and interest. The business-type activities accounted for by the City are the Water Fund and the Sewer Fund.

The governmental-wide statement of net assets can be found on Page 7 of this report.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Prophetstown, Illinois, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City of Prophetstown, Illinois maintains some nine governmental funds and two business type funds. Information is presented separately in the governmental funds combined statements of assets, liabilities, and fund balances and in the governmental funds combined statements of cash receipts, cash disbursements, and changes in fund balances for governmental funds. All other non-major governmental funds are combined and presented in one column. The governmental funds combined financial statements can be found on Pages 9 and 10 of this report.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**Management's Discussion and Analysis (Cont.)**  
Year ended April 30, 2018

---

*Proprietary Fund.* Proprietary funds provide the same type of information as the government-wide financial statements. The City maintains two proprietary funds, the Water and Sewer Funds, which are in the form of enterprise funds.

The proprietary fund financial statements provide separate information for the Water and Sewer Funds, considered to be major funds of the City. The proprietary funds financial statements can be found on Pages 11 and 12 of this report.

Notes to the Financial Statements

These provide additional information that is essential to gaining a full understanding of the data provided in the Governmental-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City's net assets are reflected in its investments in monetary assets and capital assets (i.e., land, buildings, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services.

As previously addressed, net assets may serve the purpose over time as a useful indicator of a government's financial position. To that end, the City of Prophetstown, Illinois assets exceeded its liabilities by \$3,023,784 at April 30, 2018.

Changes in net assets

The net assets of the City increased by \$252,494 during the year ended April 30, 2018.

Governmental activities

See Page 8 for the condensed statement of activities.

Business –Type activities

For the fiscal year ended April 30, 2018 revenues from business-type activities totaled \$514,145. Charges for services of \$514,032 (99%) represent the largest source. These charges are mainly derived from fees for water and sewer service.

The City's major operating expenses are salaries and benefits.

**FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS**

The City of Prophetstown, Illinois uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**Management's Discussion and Analysis (Cont.)**  
Year ended April 30, 2018

---

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the City's governmental funds reported combined ending fund balances of \$878,755, an increase of \$165,663 in comparison with the previous fiscal year.

The general funds are the primary operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the general funds was \$878,755. As a measure of the general funds' liquidity, it may be useful to compare the unreserved fund balance to total fund expenditures. Unreserved fund balance represents 91% of the total general fund expenditures.

For the period, the fund balance of the general funds increased by \$165,663. Key factors for this increase are primarily increased receipts from sales tax and grants.

Budgetary Highlights

The City's budget is prepared according to Illinois law and is based on accounting for certain transactions on a cash basis of accounting. A budget to actual schedule is provided as required for the major governmental funds. Budget columns are provided for the original budget adopted for fiscal year 2018. See Page 20 for the budget to actual comparison.

**CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY**

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at year end totaled \$2,772,389 (net of accumulated depreciation). This investment in capital assets includes, land, buildings and improvements, equipment, vehicles, and infrastructure such as street construction and water and sewer systems. Street and road infrastructure only includes the past eight years. During fiscal 2018 capital asset additions of \$138,064 were recorded and \$136,440 of depreciation charges were expensed. The capital expenditures were primarily for vehicles and a wheel loader. See Note 7 for detail of capital assets.

Debt Administration

At April 30, 2018 the City had \$1,132,427 in long term debt which consisted of two notes payable and one capital lease. The amount due next year on these obligations is \$99,348. See Note 8 for details of this debt.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**Management's Discussion and Analysis (Cont.)**  
Year ended April 30, 2018

---

**ECONOMIC FACTORS**

The population of the City was approximately 2,080 in 2018.

The unemployment rate for Whiteside County at April 30, 2018 was approximately 4.0%, down 1.5% from the previous year's rate. The City of Prophetstown, Illinois is a part of Whiteside County, and the unemployment rate of the City is not available.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, and potential creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Prophetstown, Illinois  
Attn: City Clerk  
Prophetstown, IL 61261

815-537-5598



**CITY OF PROPHETSTOWN, ILLINOIS**  
**STATEMENT OF NET ASSETS**  
**MODIFIED CASH BASIS**  
**AS OF APRIL 30, 2018**

	<u>Governmental Activity Funds</u>	<u>Special Revenue</u>	<u>Business-Type Activity Funds</u> <u>Proprietary</u>	<u>Total (Memorandum Only)</u>	
	<u>General</u>			<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and Investments (Note 2)	\$409,930.20	\$468,824.53	\$505,067.13	\$1,383,821.86	\$1,147,946.71
Capital Assets (Note 6)					
Cost	1,174,330.81	0.00	4,555,901.95	5,730,232.76	5,592,168.49
Less: Accumulated Depreciation	(241,554.00)	0.00	(2,716,290.00)	(2,957,844.00)	(2,821,405.00)
<b><u>TOTAL ASSETS</u></b>	<b><u>1,342,707.01</u></b>	<b><u>468,824.53</u></b>	<b><u>2,344,679.08</u></b>	<b><u>4,156,210.62</u></b>	<b><u>3,918,710.20</u></b>
<b><u>LIABILITIES</u></b>					
Bank loans (Note 8 )	0.00	0.00	868,453.39	868,453.39	950,586.31
Capital Lease Note 8	0.00	0.00	78,326.14	78,326.14	0.00
Illinois EPA loans (Notes 8,12)	0.00	0.00	185,647.73	185,647.73	196,834.54
<b><u>Total Liabilities</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>1,132,427.26</u></b>	<b><u>1,132,427.26</u></b>	<b><u>1,147,420.85</u></b>
<b><u>NET ASSETS</u></b>					
Retained Earnings Unreserved	0.00	0.00	505,067.13	505,067.13	434,854.51
Invested in Capital Assets, net of debt	932,776.81	0.00	707,184.69	1,639,961.50	1,623,342.64
Unrestricted	409,930.20	468,824.53	0.00	878,754.73	713,092.20
<b><u>Total Net Assets</u></b>	<b><u>1,342,707.01</u></b>	<b><u>468,824.53</u></b>	<b><u>1,212,251.82</u></b>	<b><u>3,023,783.36</u></b>	<b><u>2,771,289.35</u></b>
<b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	<b><u>\$1,342,707.01</u></b>	<b><u>\$468,824.53</u></b>	<b><u>\$2,344,679.08</u></b>	<b><u>\$4,156,210.62</u></b>	<b><u>\$3,918,710.20</u></b>

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**STATEMENTS OF ACTIVITIES**  
**MODIFIED CASH BASIS**  
**FOR THE PERIOD MAY 1, 2017 THRU APRIL 30, 2018**

	<u>Expenses</u>	<u>Program Revenues</u> Charges for Services	<u>Governmental Activities</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u> Business-Type Activities	<u>Total</u>
<b>Functions/Programs</b>					
<b>Governmental Activities</b>					
General Administration	\$321,650.92	\$0.00	(\$321,650.92)		(\$321,650.92)
Public Safety	206,224.02	0.00	(206,224.02)		(206,224.02)
Public Works/Transportation	397,146.13	155,711.38	(241,434.75)		(241,434.75)
Culture and Recreation	47,776.69	5,136.71	(42,639.98)		(42,639.98)
Debt Service (interest)		0.00	0.00		0.00
<b>Total Governmental Activities</b>	<b>972,797.76</b>	<b>160,848.09</b>	<b>(811,949.67)</b>	<b>0.00</b>	<b>(811,949.67)</b>
<b>Business-type Activities</b>	<b>417,214.86</b>	<b>514,146.76</b>		<b>96,931.90</b>	<b>96,931.90</b>
General Revenues					
Intergovernmental:					
Property Tax			384,391.15		384,391.15
Income Tax			220,324.93		220,324.93
Sales Tax			235,409.44		235,409.44
Video Gaming Tax			14,708.02		14,708.02
Motor Fuel Tax			52,901.89		52,901.89
Replacement Tax			20,486.75		20,486.75
Grants (Note 10)			6,400.00		6,400.00
Interest			5,311.84		5,311.84
Miscellaneous			27,577.76		27,577.76
<b>Total General Revenues</b>			<b>967,511.78</b>	<b>0.00</b>	<b>967,511.78</b>
Proceeds from loans			0.00	0.00	0.00
Change in Net Assets			155,562.11	96,931.90	252,494.01
<b>Net assets - beginning</b>			<b>1,655,969.43</b>	<b>1,115,319.92</b>	<b>2,771,289.35</b>
<b>Net assets - ending</b>			<b>1,811,531.54</b>	<b>1,212,251.82</b>	<b>3,023,783.36</b>

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**COMBINED STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCES**  
**ARISING FROM CASH TRANSACTIONS**  
**GOVERNMENTAL FUNDS**  
**AS OF APRIL 30, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Investments (Note 2)	\$409,930.20	\$468,824.53	\$878,754.73
Other assets	0.00	0.00	0.00
TOTAL ASSETS	409,930.20	468,824.53	878,754.73
<b><u>LIABILITIES</u></b>	0.00	0.00	0.00
<b><u>FUND BALANCE</u></b>			
Unrestricted	409,930.20	468,824.53	878,754.73
TOTAL LIABILITIES & FUND BALANCE	\$409,930.20	\$468,824.53	\$878,754.73

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN ILLINOIS**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND**  
**CHANGES IN FUND BALANCES -- ALL GOVERNMENTAL FUND TYPES**  
**FOR THE PERIOD MAY 1, 2017 THRU APRIL 30, 2018**

	General	Special Revenue	Total (Memorandum Only)	
			2018	2017
<b>RECEIPTS:</b>				
Taxes:				
Property	212,982.72	\$171,408.43	\$384,391.15	\$381,067.38
Intergovernmental:				
Income Tax	220,324.93		220,324.93	198,042.68
Sales Tax	235,409.44		235,409.44	241,977.53
Motor Fuel tax		52,901.09	52,901.09	52,900.63
Replacement Tax	20,486.75		20,486.75	25,134.06
Video Gaming Tax	14,078.02		14,078.02	12,622.84
Fines	6,539.34		6,539.34	8,364.88
Other Licenses and Permits	5,864.75		5,864.75	4,491.56
Charge For Services	155,711.38	5,136.71	160,848.09	161,495.67
Interest	1,175.01	4,136.83	5,311.84	2,382.94
Grants and Memorials	5,000.00	1,400.00	6,400.00	81,503.07
Rent income	7,875.00		7,875.00	8,175.00
Miscellaneous	7,928.67		7,928.67	9,341.14
<b>TOTAL RECEIPTS</b>	<b>893,376.01</b>	<b>234,983.06</b>	<b>1,128,359.07</b>	<b>1,187,499.38</b>
<b>DISBURSEMENTS:</b>				
General Government	277,878.67	1,820.25	279,698.92	419,556.40
Public Safety	221,875.11		221,875.11	231,054.18
Public Works/Transportation	333,627.86	79,717.96	413,345.82	418,639.32
Culture and Recreation	0.00	47,776.69	47,776.69	58,890.51
<b>TOTAL DISBURSEMENTS</b>	<b>833,381.64</b>	<b>129,314.90</b>	<b>962,696.54</b>	<b>1,128,140.41</b>
<b>EXCESS RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	<b>59,994.37</b>	<b>105,668.16</b>	<b>165,662.53</b>	<b>59,358.97</b>
<b>OTHER FINANCIAL SOURCES:</b>				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers Out	0.00	0.00	0.00	0.00
Proceeds From Bank Loans	0.00	0.00	0.00	0.00
<b>TOTAL OTHER FINANCIAL SOURCES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXCESS RECEIPTS AND OTHER FINANCIAL SOURCES OVER (UNDER) DISBURSEMENTS</b>	<b>59,994.37</b>	<b>105,668.16</b>	<b>165,662.53</b>	<b>\$59,358.97</b>
Fund Balance -- May 1, 2017	\$349,935.83	\$363,156.37	713,092.20	
Fund Balance -- April 30, 2018	\$409,930.20	\$468,824.53	\$878,754.73	

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN ILLINOIS**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND**  
**CHANGES IN RETAINED EARNINGS -- PROPRIETARY (ENTERPRISE) FUNDS ONLY**  
**FOR THE PERIOD MAY 1, 2017 THRU APRIL 30, 2018**

	<u>WATER</u>	<u>SEWER</u>	<u>Total</u> <u>(Memorandum Only)</u>
<b><u>RECEIPTS:</u></b>			
REVENUE COLLECTIONS	219,710.21	294,321.75	\$514,031.96
<b><u>Operating Expenses:</u></b>			
Operating Expenses	171,500.78	114,193.03	285,693.81
Depreciation	<u>18,684.00</u>	75,804.00	<u>94,488.00</u>
Total Operating Expenses	<u>190,184.78</u>	<u>189,997.03</u>	<u>380,181.81</u>
<b><u>Operating Income (Loss)</u></b>	<b>29,525.43</b>	<b>104,324.72</b>	<b>133,850.15</b>
<b><u>Non Operating Receipts (Disbursements):</u></b>			
Interest Income	0.00	113.07	113.07
Miscellaneous Income	0.00	0.00	0.00
Interest Expense	0.00	(37,032.95)	(37,032.95)
Proceeds from Long-Term Debt	0.00	0.00	0.00
Total Non Operating Receipts (Disbursements)	<u>0.00</u>	<u>(36,919.88)</u>	<u>(36,919.88)</u>
<b><u>Income Before Operating Transfers</u></b>	<b>29,525.43</b>	<b>67,404.84</b>	<b>96,930.27</b>
Operating Transfers - Net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>NET INCOME (LOSS)</b>	<b><u>\$29,525.43</u></b>	<b><u>\$67,404.84</u></b>	<b>\$96,930.27</b>
Increase in General Long Term Debt Principal			0.00
<b>NET ASSETS, MAY 1, 2017</b>			<u>1,115,319.92</u>
<b>NET ASSETS, APRIL 30, 2018</b>			<u>\$1,212,250.19</u>

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN ILLINOIS**  
**COMBINED STATEMENT OF CASH FLOWS -- ALL PROPRIETARY (ENTERPRISE) FUND TYPES**  
**INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS**  
**FOR THE PERIOD MAY 1, 2017 THRU APRIL 30, 2018**

	<u>WATER</u>	<u>SEWER</u>	<u>Total (Memorandum Only)</u>
Cash Flows From Operating Activities:			
Revenue From Collections Deposited	\$219,710.21	\$294,321.75	\$514,031.96
Cash Payments To Suppliers and Employees For Goods And Services	<u>(171,500.78)</u>	<u>(114,193.03)</u>	<u>(285,693.81)</u>
Net Cash Provided By/(Used For) Operating Activities	48,209.43	180,128.72	228,338.15
Cash Flows From Noncapital Financing Activities:			
Other Nonoperating Revenues/(Expenses)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Operating Transfers -- Net	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Cash Provided By/(Used For) Noncapital Financing Activities	0.00	0.00	0.00
Cash Flows From Capital And Related Financing Activities:			
New loans	0.00	90,013.00	90,013.00
Acquisition & Construction Of Capital Assets	0.00	(106,212.06)	(106,212.06)
Principal Paid on Government Loans	0.00	(11,186.81)	(11,186.81)
Principal Paid On Long Term Bank Loans	0.00	(93,819.78)	(93,819.78)
Interest Paid On Long Term Debt	<u>0.00</u>	<u>(37,032.95)</u>	<u>(37,032.95)</u>
Net Cash Provided By/(Used For) Capital And Related Financing Activities	0.00	(158,238.60)	(158,238.60)
Cash Flows From Investing Activities:			
Interest On Investments	<u>0.00</u>	<u>113.07</u>	<u>113.07</u>
Net Cash Provided By/(Used In) Investing Activities	<u>0.00</u>	<u>113.07</u>	<u>113.07</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u><u>48,209.43</u></u>	<u><u>22,003.19</u></u>	<u><u>70,212.62</u></u>
Cash and Cash Equivalents At May 1, 2017			<u>434,854.51</u>
Cash and Cash Equivalents At April 30, 2018			<u><u>\$505,067.13</u></u>
Reconciliation Of Operating Income To Net Cash Provided By/(Used For) Operating Activities:			
Operating Income/(Loss)	\$29,525.43	\$104,324.72	\$133,850.15
Adjustments to Reconcile Operating Income/(Loss) To Net Cash Provided By/(Used For) Operating Activities:			
Depreciation	<u>18,684.00</u>	<u>75,804.00</u>	<u>94,488.00</u>
Net Cash Provided By/(Used For) Operating Activities	<u><u>\$48,209.43</u></u>	<u><u>\$180,128.72</u></u>	<u><u>\$228,338.15</u></u>

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
April 30, 2018

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

A) Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The financial statements include all funds of the City. Accordingly, the criteria specified by the Governmental Accounting Standards Board have been applied in determining the scope of the reporting entity for financial reporting purposes. Specifically, those agencies, offices, organizations, commissions, and public authorities over which the City's elected officials exercise oversight responsibility are included in the financial statements. The criteria included, but are not limited to, whether the City exercises oversight responsibility (which includes: financial interdependency, selection of governing authority, designation of management, ability to significantly influence operation, and accountability for fiscal matters), scope of public service, and special financing relationships.

B) Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements, into two generic fund types, one account group and three broad categories as follows:

**GOVERNMENTAL FUNDS**

General Funds – 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 another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. As shown in the accompanying financial statements, these funds include the Motor Fuel Tax fund, the Henry C. Adams Library fund (Pages 22 and 23) and the City of Prophetstown Tax Increment Finance District fund (Page 24).

**PROPRIETARY FUNDS**

Enterprise Funds – Enterprise funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that

**CITY OF PROPHETSTOWN, ILLINOIS**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
April 30, 2018

periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. As shown in the accompanying financial statements, these funds include the Sewer and Water funds.

C) Basis of Accounting

Basis of accounting refers to when receipts and disbursements 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 funds and account groups are maintained on the cash basis of accounting whereby revenues and the related assets are recognized when received rather than when they become measurable and available, and expenditures are recognized when paid, rather than when the obligation is incurred.

D) Investments

Investments are stated at cost, which approximates market.

E) Capital Assets:

Capital assets, which include buildings, building improvements, equipments and infrastructure, are reported in the government-wide financial statements. The City defines capital assets as assets with an initial individual cost of more than \$1,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. 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. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, except land and construction in progress which are not depreciated, are being depreciated using the straight line method over the following useful lives.

Buildings	20 – 50 years
Equipment	5 – 20 years
Vehicles	5 – 10 years
Infrastructure	20 – 100 years

The City is not required to record the historical infrastructure of the City however; the City has included infrastructure for the water and sewer department. The City has only included the past eight years of street infrastructure.

F) Total Columns on Combined Statements – Overview

The total columns on Combined Statements Overview are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in financial position in conformity with cash basis accounting. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.



**CITY OF PROPHETSTOWN, ILLINOIS**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
 April 30, 2018

G) Statement of Cash Flows

For purposes of the statement of cash flows, the city considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Note 2 – Cash and Investments**

State statues authorize the City to make deposits in interest bearing depository accounts in federally insured and/or state chartered banks and savings and loan associations, or other financial institutions as designated by ordinances, and to invest available funds in direct obligations of, or obligations guaranteed by, the United States Treasury or agencies of the United States, money market mutual funds whose portfolios consist of government securities, Illinois Public Treasurers' Investment Pool, and annuities.

A. Deposits – As of the end of fiscal, the carrying amount of the City's deposits was \$1,193,240.01. The bank balances were \$1,193,840.31. The deposits are categorized in accordance with risk factors created by governmental reporting standards.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category #1	\$1,193,240.01	1,193,840.31
Category #2		
Category #3		

Category #1 includes deposits covered by deposit insurance or collateral held by the City in the City's name.

Category #2 includes deposits covered by collateral held by the financial institutions trust department in the City's name.

Category #3 includes deposits not collateralized or the collateral is held by the financial institution's trust department but not in the City's name.

B. Investments - The City invested only in bank certificates of deposit and repurchases agreements, and records all interest earned from these investments in the respective funds.

	<u>Carrying Amount</u>	<u>Market Value</u>
Category #1	\$190,581.85	190,581.85
Category #2		
Category #3		

**CITY OF PROPHETSTOWN, ILLINOIS**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
April 30, 2018

Category #1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category #2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or its trust department or agent in the City's name.

Category #3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or its trust department but not in the City's name.

**Note 3 – Comparative Combined Statements**

The statement on Page 10 reflects prior and current year's revenues and expenditures. This statement is for comparative purposes.

Comparative total data from the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in the City's financial position and operations. However, comparative (i.e., presentation of prior year's totals by fund type) data has not been presented in each of the statements.

**Note 4 - Budgets and Appropriation Ordinance and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A) City officers and departments present their budgeted expenditures to the City Council.
- B) After the requests are approved, they are integrated into a preliminary budget along with the budgeted revenues and proposed property tax levies.
- C) The preliminary budget is then presented to the City Council for approval.
- D) After the preliminary budget has been made available to the public for the required amount of time, the City Council formally adopts the final budget.

Budgets for the General, and Special Revenue Funds are adopted on the cash basis of accounting, which is the same basis that is used for financial reporting. Revenues are budgeted in the year that the applicable payments are expected to be made.

**Note 5 – Property Taxes**

Property taxes are attached as an enforceable lien on property as of January first. Taxes are payable in two installments in June and September. The County Treasurer bills and collects property taxes as they come due. The County then remits the property tax revenue to the City in

**CITY OF PROPHETSTOWN, ILLINOIS**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
 April 30, 2018

several installments, usually between June and November. Property tax revenues are recorded on the cash method of accounting.

**Note 6 – Proprietary Fixed Assets**

Proprietary fixed assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated proprietary fixed assets are valued at their estimated fair value at the date of donation. All proprietary funds are accounted for on a cost services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets.

**Note 7 – Changes in Fixed Assets and Related Accumulated Depreciation**

Assets consist of Property, Plant and Equipment, as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Balance, as of beginning of the fiscal year	\$1,142,479.23	\$4,449,689.26
Additions, during the current 12 month fiscal year	31,851.58	106,212.69
Subtotal	1,174,330.81	4,555,901.95
Deletions, during the current 12 month fiscal year	-0-	-0-
Ending Balance, as of the end of the fiscal year	\$1,274,330.91	4,555,901.95
<u>Accumulated Depreciation</u>		
Balance, as of beginning of the fiscal year	\$199,602.00	2,621,803.00
12 month current year’s depreciation expense	41,952.00	94,488.00
Subtotal	241,554.00	2,716,291.00
Deletions, during the current 12 month fiscal year	-0-	-0-
Ending Balance, as of the end of the fiscal year	\$241,554.00	\$2,716,291.00

**CITY OF PROPHETSTOWN, ILLINOIS**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
 April 30, 2018

**Note 8 – Changes In Long – Term Debt**

The following is a summary of debt transactions for the current fiscal year, the details of which are contained in these financial statements:

	<u>Beginning Balance</u>	<u>Issued or (Retired)</u>	<u>Ending Balance</u>
Long Term Bank Loans:			
Sewage Lagoon Project (a)	\$950,586.31	\$(82,132.92)	868,453.39
Capital Lease Obligations (b)	-0-	78,326.14	78,326.14
Illinois EPA Loan (c)	196,834.54	(11,186.81)	185,647.73
Total	<u>1,147,420.85</u>	<u>(14,993.59)</u>	<u>1,132,427.26</u>

- a) Bank note, 3.5% interest, monthly payments of \$9,500, due 3/1/27 – See Note 11.
- b) Capital lease with finance company, 3.2 % interest, quarterly payments of \$3,607, due 10/25/23
- b) Governmental note, 1.25% interest, semi-annual payments of \$6,806, due 3/28/33 – See Note 10.

Total obligations for principal payments on long-term debt for the years ended April 30, 2019 through April 30, 2024 are as follows:

<u>YEAR ENDING 4/30</u>	<u>TOTAL DUE</u>
2019	\$99,348
2020	102,504
2021	105,767
2022	109,141
2023	112,630
2024	603,037

**Note 9 – Retirement Commitments**

The City contributes to the Illinois Municipal Retirement Fund (“IMRF”) an agent-multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Pension benefits vest after eight years of service. Participating members who retire at or after age 60 with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to fifteen years, and 2% for each year thereafter. These benefit provisions and all other requirements are established by state statute.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**NOTES TO COMBINED FINANCIAL STATEMENTS**  
April 30, 2018

Participating members are required to contribute 4.5% of their annual salary to IMRF. The City is required to contribute the remaining amounts necessary to fund the system, using the actuarial funding method specified by statute.

The City's portion of IMRF contributions for the year ended April 30, 2018 was \$71,709.05. The required contribution rate for 2017 was 20.93% of participants' wages.

**Note 10 – Lift Station/Sewer Cleaning project**

During fiscal 2013, the City expended and capitalized \$743,320 for a sewer cleaning and lift station replacement project. The City received \$350,000 in state EPA grant funds for the project, and also borrowed \$309,016 from the State of Illinois EPA; the remainder of the cost was covered by existing funds. In 2013, the EPA forgave \$74,111 of the loan. The project was complete at the end of fiscal 2013. The remaining balance of this loan at April 30, 2018 is \$185,647.73.

**Note 11 – Sewage Lagoon Cleanup and Repair project**

During fiscal 2017, the City expended and capitalized \$1,142,383.65 for cleaning and repair of the City's sewer lagoon. The City borrowed \$1,000,000 from a local bank to finance the project. The project was complete at the end of fiscal 2017. The remaining balance of this loan at April 30, 2018 is \$868,453.39.

**Note 12 – Henry C. Adams Library Donations.**

During fiscal 2018, the Henry C. Adams Library received a bequest of \$500,000 from the Cleo Roth Estate. The library is owned by the City of Prophetstown. As these funds are restricted to use by the library, they are not included in the cash balance of the Special Revenue funds of the City of Prophetstown.

**CITY OF PROPHETSTOWN ILLINOIS**  
**COMBINED STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND CHANGES**  
**IN FUND BALANCES -- BUDGET TO ACTUAL -- ALL GOVERNMENTAL FUND TYPES**  
**FOR THE PERIOD MAY 1, 2017 THRU APRIL 30, 2018**

	<u>General Corporate Funds</u>			<u>Special Revenue Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>RECEIPTS:</u></b>						
<b>Taxes:</b>						
Property	\$211,128.00	\$212,982.72	\$1,854.72	\$155,700.00	\$171,408.43	\$15,708.43
<b>Intergovernmental:</b>						
Income Tax	200,000.00	220,324.93	20,324.93			0.00
Sales Tax	177,000.00	231,447.39	54,447.39			0.00
Motor Fuel tax	0.00	0.00	0.00	52,000.00	52,901.09	901.09
Replacement Tax	19,265.00	20,486.75	1,221.75			0.00
Video Gaming Tax	9,200.00	14,078.02	4,878.02			0.00
Other Intergovernmental	0.00	0.00	0.00			0.00
Fines	7,850.00	6,539.34	(1,310.66)			0.00
Other Licenses and Permits	7,610.00	5,864.55	(1,745.45)			0.00
Charge For Services	150,000.00	155,711.38	5,711.38	5,000.00	5,136.71	136.71
Interest	50.00	1,175.01	1,125.01	1,200.00	4,136.83	2,936.83
Grants	0.00	5,000.00	5,000.00	4,300.00	1,400.00	(2,900.00)
Rent Income	7,200.00	7,875.00	675.00			0.00
Miscellaneous	8,948.00	7,928.67	(1,019.33)			0.00
<b>TOTAL RECEIPTS</b>	<b>798,251.00</b>	<b>889,413.76</b>	<b>91,162.76</b>	<b>218,200.00</b>	<b>234,983.06</b>	<b>16,783.06</b>
<b><u>DISBURSEMENTS:</u></b>						
General Government	288,655.00	277,878.67	10,776.33	0.00	1,820.25	1,820.25
Public Safety	244,150.00	221,875.11	22,274.89			0.00
Public Works/Transportation	364,575.00	333,627.86	30,947.14	205,970.00	79,717.96	(126,252.04)
Culture and Recreation	0.00	0.00	0.00	45,919.00	47,776.69	(1,857.69)
<b>TOTAL DISBURSEMENTS</b>	<b>897,380.00</b>	<b>833,381.64</b>	<b>63,998.36</b>	<b>251,889.00</b>	<b>129,314.90</b>	<b>122,574.10</b>
<b>RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	<b>(99,129.00)</b>	<b>56,032.12</b>	<b>155,161.12</b>	<b>(33,689.00)</b>	<b>105,668.16</b>	<b>139,357.16</b>
<b><u>OTHER FINANCIAL SOURCES:</u></b>						
Operating Transfers In						
Operating Transfers Out						
Proceeds From Bank Loans						
<b>TOTAL OTHER FINANCIAL SOURCES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>RECEIPTS AND OTHER FINANCIAL SOURCES OVER (UNDER) DISBURSEMENTS</b>	<b>(99,129.00)</b>	<b>56,032.12</b>	<b>155,161.12</b>	<b>(33,689.00)</b>	<b>105,668.16</b>	<b>139,357.16</b>
Fund Balance -- April 30, 2017	349,935.83	349,935.83	0.00	363,156.37	363,156.37	
Fund Balance -- April 30, 2018	<b>\$250,806.83</b>	<b>\$405,967.95</b>	<b>155,161.12</b>	<b>\$329,467.37</b>	<b>\$468,824.53</b>	

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN, ILLINOIS**  
**SCHEDULE OF ASSESSED VALUATION, TAX RATES, AND EXTENSIONS**  
**AS OF APRIL 30, 2018**

2014 Assessed Valuation \$17,258,752.00

	<u>Levy</u>	<u>Rates</u>	<u>Extension</u>
General	\$42,789.00	0.2480	\$42,801.70
Social Security	24,167.00	0.1401	\$24,179.51
IMRF	74,800.00	0.4335	\$74,816.69
Liability Insurance (Tort)	16,037.00	0.0930	\$16,050.64
Audit	0.00	0.0000	\$0.00
Library	25,673.00	0.1488	\$25,681.02
Library Building	3,423.00	0.0199	\$3,434.49
Police Protection	12,837.00	0.0744	\$12,840.51
Forestry	0.00	0.0000	\$0.00
ESDA	0.00	0.0000	\$0.00
<b>Total (taxes payable 2015)</b>	<b>\$199,726.00</b>	<b>\$1.1577</b>	<b>\$199,804.56</b>

2015 Assessed Valuation \$17,184,123.00

	<u>Levy</u>	<u>Rates</u>	<u>Extension</u>
General	\$44,600.00	0.2500	\$42,960.31
Social Security	25,200.00	0.1467	\$25,209.11
IMRF	78,000.00	0.4540	\$78,015.92
Liability Insurance (Tort)	17,300.00	0.1007	\$17,304.41
Audit	0.00	0.0000	\$0.00
Library	26,700.00	0.1500	\$25,776.18
Library Building	3,500.00	0.0200	\$3,436.82
Police Protection	13,300.00	0.0750	\$12,888.09
Forestry	0.00	0.0000	\$0.00
ESDA	0.00	0.0000	\$0.00
<b>Total (taxes payable 2016)</b>	<b>\$208,600.00</b>	<b>\$1.1964</b>	<b>\$205,590.84</b>

2016 Assessed Valuation \$18,001,160.00

	<u>Levy</u>	<u>Rates</u>	<u>Extension</u>
General	\$52,157.00	0.2500	\$45,002.90
Social Security	26,000.00	0.1445	\$26,011.68
IMRF	79,000.00	0.4389	\$79,007.09
Liability Insurance (Tort)	17,300.00	0.0962	\$17,317.12
Audit	0.00	0.0000	\$0.00
Library	28,000.00	0.1500	\$27,001.74
Library Building	3,570.00	0.0199	\$3,582.23
Police Protection	13,000.00	0.0723	\$13,014.84
Forestry	0.00	0.0000	\$0.00
ESDA	0.00	0.0000	\$0.00
<b>Total (taxes payable 2017)</b>	<b>\$219,027.00</b>	<b>\$1.1718</b>	<b>\$210,937.60</b>

2017 Assessed Valuation \$18,640,252.00

	<u>Levy</u>	<u>Rates</u>	<u>Extension</u>
General	\$63,108.00	0.2500	\$46,600.63
Social Security	26,000.00	0.1395	\$26,003.15
IMRF	79,000.00	0.4239	\$79,016.03
Liability Insurance (Tort)	17,300.00	0.0929	\$17,316.79
Audit	0.00	0.0000	\$0.00
Library	28,000.00	0.1500	\$27,960.38
Library Building	3,570.00	0.0192	\$3,578.93
Police Protection	13,000.00	0.0698	\$13,010.90
Forestry	0.00	0.0000	\$0.00
ESDA	0.00	0.0000	\$0.00
<b>Total (taxes payable 2018)</b>	<b>\$229,978.00</b>	<b>\$1.1453</b>	<b>\$213,486.81</b>

**HENRY C. ADAMS MEMORIAL LIBRARY**  
**STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITIES --**  
**ARISING FROM CASH TRANSACTIONS**  
**AS OF APRIL 30, 2018**

ASSETS

Cash:		
Cash on Hand and Checking	\$99,436.24	
Investments	<u>44,505.34</u>	
TOTAL ASSETS		<u><u>\$143,941.58</u></u>

LIABILITIES AND FUND EQUITIES

Liabilities:	<u>\$0.00</u>	
Fund Equities:		
Fund Balance	<u>143,941.58</u>	
TOTAL LIABILITIES AND FUND EQUITIES		<u><u>\$143,941.58</u></u>

Notes to the Financial Statements are an integral part of this Statement.



**HENRY C. ADAMS MEMORIAL LIBRARY**  
**ALL FUNDS (COMBINED)**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**  
**FOR THE PERIOD FROM MAY 1, 2017 THRU APRIL 30, 2018**

Balance of Cash Available For Use, May 1, 2017	\$146,053.68
-	
Property taxes	34,409.00
Grants and Memorials	1,400.00
Interest	4,136.83
Service fees	5,136.71
	45,082.54
Total Receipts	45,082.54
TOTAL TO ACCOUNT FOR	191,136.22

Disbursements:

Salaries and Labor	22,388.37
Supplies and Services	17,714.42
Repairs and Maintenance	1,846.85
Grants and Memorials	5,245.00
	47,194.64
Total Disbursements	47,194.64
Balance of Cash Available For Use, April 30, 2018	143,941.58
	143,941.58

Notes to the Financial Statements are an integral part of this Statement.

**CITY OF PROPHETSTOWN  
TAX INCREMENT FINANCE DISTRICT  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD FROM MAY 1, 2017 THRU APRIL 30, 2018**

Balance of Cash Available For Use, May 1, 2017	\$189,350.92
 <u>Receipts:</u>	
Property taxes	136,999.43
Interest	0.00
Grants and Donations	0.00
Total Receipts	136,999.43
TOTAL TO ACCOUNT FOR	326,350.35
 <u>Disbursements:</u>	
Dues, training and education	550.00
Legal fees	1,270.25
Engineering fees	10,946.95
Interest expense	0.00
Development expense	49,818.12
Total Disbursements	62,585.32
Balance of Cash Available For Use, April 30, 2018	\$263,765.03

Notes to the Financial Statements are an integral part of this Statement.