

CITY OF GRANITE CITY, ILLINOIS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

APRIL 30, 2017

Prepared By:  
Scott Oney – Comptroller  
City of Granite City, Illinois

CITY OF GRANITE CITY, ILLINOIS  
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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Basis for Qualified Opinion on Financial Statements, Footnote Disclosures, and Required Supplementary Information**

Management has chosen not to report a net OPEB (other postemployment benefit) obligation for retirees' health insurance under GASB No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which requires the recording of a net OPEB obligation and the related expenditures for unfunded past service costs. Accounting principles generally accepted in the United States of America require that a net OPEB obligation be recorded, which would increase liabilities and decrease net assets and change the expenditures in the government-wide and enterprise fund activities. The amount by which this departure would affect the assets, net assets, expenditures of the government-wide and enterprise fund activities is not reasonably determinable.

For certain footnote disclosures and Required Supplementary Information related to the Firemen's Pension Fund and the Police Pension Fund, the City uses an actuarial valuation performed in accordance with the Illinois Compiled Statutes. The funding methodology used for an actuarial valuation in accordance with Illinois State Statutes is in variance from the methods required by the Governmental Accounting Standards Board *Pronouncement Number 67* (GASB 67). GASB 67 also requires additional disclosure and required supplementary information that is not made available by the actuarial valuation performed by the Illinois Department of Insurance. The amount by which this departure would affect the footnote disclosures and Required Supplementary information has not been determined.

Management has not adopted Governmental Accounting Standards Board *Pronouncement Number 68* (GASB 68), Accounting and Financial Reporting for Pensions for the Firemen's Pension Fund and the Police Pension Funds. GASB 68 requires the liability of employers and non-employers contributing entities to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributable to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net pension. The amount by which this departure would affect the liabilities, net assets, and expenditures of the government-wide activities is not reasonably determinable.

### **Qualified Opinions**

In our opinion, except for the effects of the omissions described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois, as of April 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (pages 46 to 48) and schedules of funding progress and employer contributions (pages 49 to 52g) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not presented the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Granite City, Illinois' basic financial statements as a whole. The combining financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Hughes, Cameron & Company, LLC*

Hughes, Cameron & Company, LLC  
September 28, 2017

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF NET POSITION  
APRIL 30, 2017

	<u>Governmental</u>	<u>Business-Type</u>	
ASSETS	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current Assets:			
Cash and Cash Equivalents	\$ 509,542	\$ 886,538	\$ 1,396,080
Certificates of Deposit	3,426,385	1,892,615	5,319,000
Restricted Investments	1,355,000	-	1,355,000
Investments	533,165	376,466	909,631
Receivables (Net of Allowance for Uncollectibles)	22,116,193	2,700,738	24,816,931
Internal Balances	(14,468)	14,468	-
Total Current Assets	27,925,817	5,870,825	33,796,642
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	353,386	-	353,386
Restricted Certificates of Deposit	-	361,000	361,000
Restricted Investments	2,601,781	5,140	2,606,921
General Real Estate Investment	1,481,929	-	1,481,929
Capital Assets (Net of Accumulated Depreciation)	48,352,390	30,238,673	78,591,063
Total Noncurrent Assets	52,789,486	30,604,813	83,394,299
Total Assets	80,715,303	36,475,638	117,190,941
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources:			
Prepaid Expenses and Deposits	574,071	120,435	694,506
Employer IMRF Contributions	1,088,315	540,851	1,629,166
Deferred Charge on Bond Refunding	1,611,970	-	1,611,970
Total Deferred Outflows of Resources	3,274,356	661,286	3,935,642
LIABILITIES			
Current Liabilities:			
Accounts Payable	304,799	229,071	533,870
Accrued Workman's Compensation	2,879,534	-	2,879,534
Accrued Vacation Leave	683,493	107,556	791,049
Accrued Interest Payable	91,428	16,842	108,270
Other Accrued Obligations	22,760	-	22,760
Bonds/Notes Payable - Current Portion (Net of Unamortized Costs)	1,603,815	906,410	2,510,225
Total Current Liabilities	5,585,829	1,259,879	6,845,708
Noncurrent Liabilities:			
Bonds/Notes Payable - Noncurrent Portion (Net of Unamortized Costs)	9,631,748	13,145,979	22,777,727
Accrued Sick Leave	3,055,417	142,702	3,198,119
Net Pension Liability (IMRF)	2,986,833	1,487,265	4,474,098
Net Pension Liability (Police and Fire Pension)	79,190,787	-	79,190,787
Total Noncurrent Liabilities	94,864,785	14,775,946	109,640,731
Total Liabilities	100,450,614	16,035,825	116,486,439
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources:			
Deferred Gain on Installment Sale	105,717	-	105,717
Deferred Real Estate Taxes	18,001,336	-	18,001,336
Total Deferred Inflows of Resources	18,107,053	-	18,107,053
NET POSITION			
Net Investment in Capital Assets	38,728,797	16,186,284	54,915,081
Restricted for:			
Debt Service	2,568,772	-	2,568,772
Development Loans	110,954	-	110,954
Drug Traffic Prevention	133,036	-	133,036
Redevelopment	5,003,758	-	5,003,758
Unrestricted	(81,113,325)	4,914,815	(76,198,510)
Total Net Position	\$ (34,568,008)	\$ 21,101,099	\$ (13,466,909)

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 4,927,156	\$ 734,127	\$ 429,928	\$ -	\$ (3,763,101)	\$ -	\$ (3,763,101)
Cinema	571,638	541,775	-	-	(29,863)	-	(29,863)
Public Safety	21,656,071	1,824,623	606,897	-	(19,224,551)	-	(19,224,551)
Public Works	5,430,285	379,166	756,567	73,135	(4,221,417)	-	(4,221,417)
Development	6,020,750	-	-	-	(6,020,750)	-	(6,020,750)
Interest on Long-Term Debt	629,170	-	-	-	(629,170)	-	(629,170)
Total Governmental Activities	<u>39,235,070</u>	<u>3,479,691</u>	<u>1,793,392</u>	<u>73,135</u>	<u>(33,888,852)</u>	<u>-</u>	<u>(33,888,852)</u>
<b>Business-Type Activities:</b>							
Wastewater	8,222,634	8,358,175	-	623,959	-	759,500	759,500
Total Business-Type Activities	<u>8,222,634</u>	<u>8,358,175</u>	<u>-</u>	<u>623,959</u>	<u>-</u>	<u>759,500</u>	<u>759,500</u>
5 Total	<u>\$ 47,457,704</u>	<u>\$ 11,837,866</u>	<u>\$ 1,793,392</u>	<u>\$ 697,094</u>	<u>(33,888,852)</u>	<u>759,500</u>	<u>(33,129,352)</u>
<b>General Revenues:</b>							
Property Tax, Levied for General Purposes					17,554,897	-	17,554,897
Home Rule Sales Tax					2,768,083	-	2,768,083
Sales and Use Tax					4,470,397	-	4,470,397
Replacement Tax					3,028,682	-	3,028,682
State Income Tax					2,814,397	-	2,814,397
Telecommunications Tax					914,011	-	914,011
Other State and Local Taxes					486,486	-	486,486
Investment Earnings					67,952	46,201	114,153
Miscellaneous					732,254	4,350	736,604
Total General Revenues and Transfers					<u>32,837,159</u>	<u>50,551</u>	<u>32,887,710</u>
Change in Net Position					(1,051,693)	810,051	(241,642)
Net Position - Beginning(As Originally Reported)					12,086,404	20,291,048	32,377,452
Restatement of Net Position (Note 23)					(45,602,719)	-	(45,602,719)
Net Position - Beginning (Restated)					<u>(33,516,315)</u>	<u>20,291,048</u>	<u>(13,225,267)</u>
Net Position - Ending					<u>\$ (34,568,008)</u>	<u>\$ 21,101,099</u>	<u>\$ (13,466,909)</u>

See accompanying notes to the basic financial statements.



CITY OF GRANITE CITY, ILLINOIS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
APRIL 30, 2017

	<u>General</u>	<u>Tax Increment</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Financing</u>	<u>Non-Major</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 113,370	\$ 230,815	\$ 165,357	\$ 509,542
Restricted Investments	-	1,355,000	-	1,355,000
Certificates of Deposit	2,580,621	492,754	353,010	3,426,385
Investments	364,931	98,016	70,218	533,165
Receivables (Net of Allowances for Uncollectibles):				
Property Taxes	8,009,057	9,992,279	-	18,001,336
Intergovernmental	2,862,302	80,008	121,284	3,063,594
Other	935,813	113,981	1,469	1,051,263
Due from Other Funds	2,375,640	72,441	13,244	2,461,325
Total Current Assets	<u>17,241,734</u>	<u>12,435,294</u>	<u>724,582</u>	<u>30,401,610</u>
Noncurrent Assets:				
Restricted Cash and Cash Equivalent	-	-	353,386	353,386
Restricted Certificates of Deposit	-	-	-	-
Restricted Investments	-	2,601,781	-	2,601,781
Rental Real Estate Investment	-	2,667,631	-	2,667,631
General Real Estate Investment	-	1,481,929	-	1,481,929
Total Noncurrent Assets	<u>-</u>	<u>6,751,341</u>	<u>353,386</u>	<u>7,104,727</u>
Total Assets	<u>17,241,734</u>	<u>19,186,635</u>	<u>1,077,968</u>	<u>37,506,337</u>
Deferred Outflows of Resources:				
Prepaid Expense	574,071	-	-	574,071
Total Deferred Outflows of Resources	<u>574,071</u>	<u>-</u>	<u>-</u>	<u>574,071</u>
Total Assets and Deferred Outflows of Resources	<u>17,815,805</u>	<u>19,186,635</u>	<u>1,077,968</u>	<u>38,080,408</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	227,912	8,432	68,455	304,799
Accrued Workman's Compensation	2,879,534	-	-	2,879,534
Due to Other Funds	173,911	1,457,723	844,159	2,475,793
Other Accrued Obligations	20,000	-	2,760	22,760
Total Liabilities	<u>3,301,357</u>	<u>1,466,155</u>	<u>915,374</u>	<u>5,682,886</u>
Deferred Inflows of Resources:				
Gain on Installment Sale	61,000	44,717	-	105,717
Deferred Income	1,070,907	-	-	1,070,907
Property Tax Revenue	8,009,057	9,992,279	-	18,001,336
Total Deferred Inflows of Resources	<u>9,140,964</u>	<u>10,036,996</u>	<u>-</u>	<u>19,177,960</u>
Fund Balance:				
Nonspendable:				
Prepaid Expenses	574,071	-	-	574,071
Restricted for:				
Redevelopment	-	5,003,758	-	5,003,758
Development Loans	-	110,954	-	110,954
Drug Traffic Prevention	-	-	133,036	133,036
Debt Service	-	2,568,772	-	2,568,772
Unassigned	4,799,413	-	29,558	4,828,971
Total Fund Balance	<u>5,373,484</u>	<u>7,683,484</u>	<u>162,594</u>	<u>13,219,562</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 17,815,805</u>	<u>\$ 19,186,635</u>	<u>\$ 1,077,968</u>	<u>\$ 38,080,408</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
YEAR ENDED APRIL 30, 2017

Amounts reported for governmental fund balances are different because:

Fund Balances - total governmental funds	\$	13,219,562
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.		48,352,390
Rental Real Estate Investments are recorded as capital assets and depreciated and not maintained as investment real estate.		(2,667,631)
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.		(3,738,910)
Long-term debt (e.g., bonds, net of unamortized costs, notes payable, capital leases) is not reported as a liability on the balance sheet of the governmental funds.		(11,235,563)
Net pension liabilities are not reported as a liability on the balance sheet of the governmental funds.		(2,986,833)
Net pension liabilities are not reported as a liability on the balance sheet of the governmental funds.		(79,190,787)
Pension contributions to be recongized in future periods are not recorded as deferred outflows on the balance sheet of the governmental funds.		1,088,315
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.		(91,428)
The governmental funds report deferred amount on refunding of bonds are not reported on the balance sheet of the governmental funds.		1,611,970
The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes.		<u>1,070,907</u>
Net position of governmental activities	\$	<u><u>(34,568,008)</u></u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2017

	<u>General</u>	<u>Tax Increment</u>	<u>Total</u>	
	<u>Fund</u>	<u>Financing</u>	<u>Non-Major</u>	<u>Total</u>
		<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
Revenues:				
Property Taxes	\$ 7,840,622	\$ 9,714,275	\$ -	\$ 17,554,897
Intergovernmental:				
Home Rule Sales Tax	2,770,129	-	-	2,770,129
Sales and Use Tax	4,306,116	-	174,176	4,480,292
Replacement Tax	3,028,682	-	-	3,028,682
State Income Tax	2,821,472	-	-	2,821,472
Motor Fuel Tax	-	-	756,567	756,567
Telecommunications Tax	912,911	-	-	912,911
Grants	433,158	-	680,032	1,113,190
Other	430,984	-	-	430,984
Other Local Taxes	55,502	-	-	55,502
Licenses and Permits	542,355	-	-	542,355
Charges for Services	2,670,073	-	-	2,670,073
Fines and Forfeits	236,270	-	30,993	267,263
Investment Earnings	42,252	21,289	4,411	67,952
Miscellaneous	330,953	400,101	1,200	732,254
Total Revenues	<u>26,421,479</u>	<u>10,135,665</u>	<u>1,647,379</u>	<u>38,204,523</u>
Expenditures:				
Current:				
General Government	4,017,025	-	160,868	4,177,893
Cinema	571,638	-	-	571,638
Public Safety	16,553,367	-	386,517	16,939,884
Public Works	4,696,746	-	222,368	4,919,114
Development	-	6,020,750	-	6,020,750
Debt Service:				
Principal	-	2,830,340	246,970	3,077,310
Interest	-	649,116	12,511	661,627
Capital Outlay	-	18,914	209,596	228,510
Total Expenditures	<u>25,838,776</u>	<u>9,519,120</u>	<u>1,238,830</u>	<u>36,596,726</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>582,703</u>	<u>616,545</u>	<u>408,549</u>	<u>1,607,797</u>
Other Financing Sources (Uses):				
Proceeds from Borrowings	319,686	-	-	319,686
Operating Transfers In	-	-	259,481	259,481
Operating Transfers (Out)	(194,481)	-	(65,000)	(259,481)
Total Other Financing Sources (Uses)	<u>125,205</u>	<u>-</u>	<u>194,481</u>	<u>319,686</u>
Net Change in Fund Balance	707,908	616,545	603,030	1,927,483
Fund Balance - Beginning	<u>4,665,576</u>	<u>7,066,939</u>	<u>(440,436)</u>	<u>11,292,079</u>
Fund Balance - Ending	<u>\$ 5,373,484</u>	<u>\$ 7,683,484</u>	<u>\$ 162,594</u>	<u>\$ 13,219,562</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2017

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

Net change in fund balances - total governmental funds	\$ 1,927,483
 Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets for which funds were expended this year.	760,843
 Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.	(1,591,689)
 The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balance that has been included in the statement of activities.	57,611
 The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.	2,757,624
 The governmental funds report the effect of issuance costs premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.	(215,159)
 Interest accrued but not paid is not recorded as an expense until paid. This is the change in accrued interest payable between years.	32,457
 Net pension obligations (IMRF) are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources; therefore, net pension obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	49,473
 The amount of deferred employer IMRF contributions are not recorded as an expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expnese categories. This amount is the difference between beginning and ending deferred employer IMRF contributions that has been included in the statement of activities.	(373,753)
 Net pension liabilities (Police & Fire Pension) are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources; therefore, net contribution deficiencies are not reported as expenditures in governmental funds. This is the change in the net pension liability between years.	(4,435,437)
 The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes. This is the difference of deferred revenue for the sales and use tax from the beginning and end of the year.	(21,146)
 Change in net position of governmental activities	<u>\$ (1,051,693)</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND TYPES  
APRIL 30, 2017

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 886,538
Certificates of Deposit	1,892,615
Investments	376,466
Accounts Receivable (Net of Allowance for Uncollectibles of \$564,877)	2,066,761
Grant Receivable	623,959
Due From Other Funds	257,379
Interest Receivable	10,018
Total Current Assets	<u>6,113,736</u>
Noncurrent Assets:	
Restricted Certificates of Deposit	361,000
Restricted Investments	5,140
Capital Assets:	
Construction in Process	1,957,836
Building and Improvements	45,023,304
Treatment Facility and Lines	7,813,396
Equipment	2,067,149
Vehicles	1,493,843
Total	<u>58,355,528</u>
Less Accumulated Depreciation	<u>(28,116,855)</u>
Net Capital Assets	<u>30,238,673</u>
Total Noncurrent Assets	<u>30,604,813</u>
Total Assets	<u>36,718,549</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources:	
Prepaid Expenses	120,435
Employer IMRF Contributions	540,851
Total Deferred Outflows of Resources	<u>661,286</u>
Total Deferred Outflows of Resources	<u>661,286</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	229,071
Accrued Vacation Leave	107,556
Due to Other Funds	242,911
Accrued Interest	16,842
Bonds/Notes Payable - Current Portion	906,410
Total Current Liabilities	<u>1,502,790</u>
Noncurrent Liabilities:	
Accrued Sick Leave	142,702
Bonds/Notes Payable - Non Current Portion	13,145,979
Net Pension Liability	1,487,265
Total Noncurrent Liabilities	<u>14,775,946</u>
Total Liabilities	<u>16,278,736</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	16,186,284
Unrestricted	4,914,815
Total Net Position	<u>\$ 21,101,099</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2017

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Operating Revenues:	
Charges for Services	\$ 8,358,175
Total Operating Revenues	8,358,175
Operating Expenses:	
Personal Services	3,446,859
Industrial Pretreatment	108,858
Billings and Collection	177,625
Sewer Collection	1,158,774
Solids Handling	701,472
BOD Treatment	336,413
Primary Treatment	41,585
General and Administration	318,010
Dry Weather Pumping	238,880
Wet Weather Pumping	192,713
Other	164,908
Depreciation	1,050,284
Total Operating Expenses	7,936,381
Operating Income	421,794
Non-Operating Revenues (Expenses)	
Investment Earnings	46,201
Other Income	4,350
Energy Efficiency Grant Income	623,959
Interest Expense and Fiscal Charges	(286,253)
Total Non-Operating Revenues (Expenses)	388,257
Change in Net Position	810,051
Net Position - Beginning	20,291,048
Net Position - Ending	\$ 21,101,099

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED APRIL 30, 2017

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 8,312,201
Cash Paid to Suppliers for Goods and Services	(3,326,402)
Cash Paid to Employees for Services	(3,690,700)
Net Cash Provided By Operating Activities	1,295,099
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(2,196,801)
Proceeds From Borrowings	483,832
Principal Paid on Borrowings	(837,785)
Amortization of Bond Premium	(11,893)
Interest Paid on Borrowings	(292,142)
Net Cash (Used) by Capital and Related Financing Activities	(2,854,789)
Cash Flows From Investing Activities:	
Purchase of Investments	(240,807)
Miscellaneous Income	4,349
Redemption of Investments	994,097
Investment Earnings	45,238
Net Cash Provided By Investing Activities	802,877
Net Decrease In Cash and Equivalents	(756,813)
Cash and Equivalents - Beginning	1,643,351
Cash and Equivalents - Ending	\$ 886,538
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 421,794
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	1,050,284
Increase in Allowance for Doubtful Accounts	19,707
Change in Assets and Liabilities:	
(Increase) in Accounts Receivable	(65,681)
Decrease in Prepaid Expenses	10,185
Decrease in Deferred Outflow - Employer IMRF Contributions	179,995
(Decrease) in Accounts Payable	(261,647)
(Decrease) in Net Pension Liability	(13,249)
(Decrease) in Accrued Vacation and Sick Pay	(46,289)
Net Cash Provided By Operating Activities	\$ 1,295,099

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF PLAN NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
APRIL 30, 2017

ASSETS

Cash and Cash Equivalents	\$ 1,791,772
Investments and Certificates of Deposit	28,150,807
Receivables:	
Property Taxes	1,551,130
Gaming Taxes	30,542
Accrued Interest	82,746
Total Assets	<u>31,606,997</u>

LIABILITIES

Liabilities	
Pension Payments Payable	439,641
Total Liabilities	<u>439,641</u>

NET POSITION

Net Position Held in Trust for Pension Benefits	<u>31,167,356</u>
Total Net Position	<u>31,167,356</u>
Total Liabilities and Net Position	<u><u>\$ 31,606,997</u></u>

See accompanying notes to the basic financial statements.



CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF CHANGES IN PLAN NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
APRIL 30, 2017

Additions:

Contributions:

Employee Contributions	\$ 776,525
Employer Contributions:	
Property Taxes	1,520,580
Gaming Taxes	238,742
Replacement Taxes	882,730
Total Contributions	3,418,577

Investment Income:

Interest and Dividends	920,664
Net Realized/Unrealized Gain on Investments	1,936,222
	2,856,886
Less: Investment Expense	(80,871)
Net Investment Income	2,776,015

Total Additions	6,194,592
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Deductions:

Benefits Paid to Participants:	
Service and Disability	5,098,817
Dependents	665,351
Refunded Contributions	79,582
Contractual Services	56,520
Total Deductions	5,900,270

Net Increase in Plan Net Position	294,322
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Net Position Held in Trust for Pension Benefits, Beginning of Year	30,873,034
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Net Position Held in Trust for Pension Benefits, End of Year	\$ 31,167,356
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The City of Granite City, Illinois (the City) was incorporated March 9, 1896 under the provisions of “an act to provide for the incorporation of cities and villages”. The City is a Home Rule Unit under the provision of Article 7 of the Illinois Constitution of 1970. The City operates under the aldermanic-city form of government and provides the following services as authorized by its charter: public improvements, planning and zoning, wastewater treatment and general administrative services.

The financial statements of the City of Granite City (government) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

A. Financial Reporting Entity

The City’s financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization’s board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

B. Government-Wide and Fund Financial Statements

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

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

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

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

*Government-Wide Financial Statements*

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

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

The major sources of revenue for the special revenue funds are: Motor Fuel Tax Fund is motor fuel taxes, TIF Fund is real estate taxes, Community Development is Madison County Community Development funds, and Drug Traffic Prevention is fines and forfeitures and federal drug funds.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Tax Increment Financing Fund accounts for incremental taxes and other revenues as well as all expenses related to improvements and promotional costs related to the tax increment financing areas.

The government reports the following major proprietary funds:

The Wastewater Treatment Plant and Sewer System Enterprise Funds account for all activities related to the billing, administration, and distribution and collection processes of the wastewater treatment plant. The City operates the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fiduciary fund type:

The Pension Trust Funds account for the activities of the police and firemen's pension funds, which accumulate resources for pension benefit payments to qualified public safety employees.

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

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from 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. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Position or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. Short-term cash surpluses are generally maintained in sweep accounts in the individual funds.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan association or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United State of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. The Pension Trust Funds are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

The Illinois Funds is an investment pool managed by the Illinois Public Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Although not registered with the SEC, Illinois Funds operates in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at the share price, the price for which the investment could be sold. See <http://www.treasurer.il.gov/programs/illinois-funds/about-illinois-funds.aspx> for information on the Illinois Funds.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

The City measures and records its investments using fair value measurement guidelines established by general accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market principles; and,
- Level 3: Unobservable inputs.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal advances to other funds.”

The primary purpose of these interfund receivables and payables is to provide temporary loans for cash flow needs; all amounts are expected to be repaid within the next fiscal year.

All intergovernmental and property tax receivables are shown net of an allowance for uncollectible amounts. All accounts receivable related to the enterprise fund are shown at net of an allowance for uncollectible accounts based on management’s estimate of collectability.

Unbilled sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The City levied its property taxes in December 2016, based upon the expected assessed valuation as of the December 31, 2016. Property taxes are due in four installments in the following year, and are considered delinquent after the due dates. Property taxes for 2016 become an enforceable lien in January 2017. The County has not mailed tax bills as of April 30, 2017 and past mailing practices of the County have generally been subsequent to April 30 of each year. The City receives significant distributions of tax receipts beginning in late June or early July of each year.

At fiscal year-end, the receivables represent 2016 taxes to be collected between June and December 2017. Taxes collected during the current year were from the 2015 tax levy.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories

Inventory has not been recorded in the General Fund, Special Revenue Funds or Enterprise Funds. This cost is recorded as an expenditure and charged to operations at the time the items are purchased.

Investment in Real Estate

Through the use of tax increment financing, the City has purchased several parcels of land to be held for resale to developers or individuals in an effort to create future economic growth within the tax increment financing areas of the City. Such investments are recorded at cost.

In addition, the City has certain parcels of improved and unimproved real estate, which are rented to businesses within the tax increment financing areas.

Capital Assets

Capital assets, which include property, buildings, equipment and vehicles, are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 100
Treatment Facility	20 - 50
Equipment	5 - 18
Vehicles	5 - 10

Amortization

Bond issuance cost are capitalized and amortized over the life of the bond.

Compensated Absences

Under terms of the various City ordinances and negotiated contracts, City employees are granted vacation based on continuous employment service. Employee vacations vest as of their anniversary date. Employees are entitled to sick leave based on completed months of service. The City's policies and negotiated contract provisions regarding sick leave permit employees to accumulate a maximum accumulation of sick leave, usually ninety days. The City cancels accumulated sick leave on the date of employee termination except in the case of qualified retirement or employee death wherein 50% of the accumulated sick leave is paid.

At April 30, 2017, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$683,493 and \$3,055,417, respectively. Amounts reflected in the financial statements at April 30, 2017 for enterprise fund employees related to unused vacation and sick leave benefits totaled \$107,556 and \$142,702, respectively.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position represents the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets (net of accumulated depreciation) reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent proceeds. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The City first applies expenses to restricted positions when both restricted and unrestricted positions are available.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following are descriptions and amounts of all reserves and designations recorded by the City in the fund financial statements:

Governmental Funds

Restricted for Debt Service	\$ 2,568,772
Restricted for Development Loans	113,981
Restricted for Drug Traffic Prevention	133,036
Restricted for Redevelopment	5,000,731

Fiduciary Funds

Reserved for Employees' Pension Benefits	\$ 31,167,356
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Fund Balances

Fund balances are divided into five classifications, as presented in the financial statements, based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of any interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislations, such as City ordinances.

Enabling legislation authorized the City to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary system to use resources created by enabling legislation only for the purposes specified by legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action, such as an ordinance or resolution, of the City’s council. Those committed amounts cannot be used for any other purpose unless the City’s council removes or changes the specified use by taking the same type of action, such as an ordinance or resolution; it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City council, separate from the authorization to raise the underlying revenue: therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The City currently has no committed fund balances.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City council or a City official delegated that authority by City ordinance. The City currently has no assigned fund balances.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

E. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

F. Advertising

Advertising costs of the City are expensed as incurred.

NOTE 2. BUDGETARY AND LEGAL COMPLIANCE

Each year the City Comptroller submits to the City Council a proposed operating budget for the General Fund and the Capital Projects Fund for the fiscal year commencing May 1. The operating budgets include proposed expenditures and the means of financing them. The budgets are legally enacted by ordinance after public hearings are held to obtain taxpayer comments. Annual budgets for Special Revenue Funds are not formally adopted by ordinance at the beginning of the fiscal year, but are approved throughout the fiscal year by formal resolution of the City Council or by City Council approval for the payment of expenditures. Operations in these funds are controlled by project budgets.

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

- Prior to July 31, the City Comptroller submits to the City Council a proposed operating budget for the General Fund and the Capital Projects Fund for the Fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to August 1, the budget is legally enacted through passage of an ordinance.
- The City Comptroller is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Capital Projects Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- Budgets for all funds are adopted on the cash basis. For financial statement presentation, budgeted amounts are also presented on the cash basis.



CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 2. BUDGETARY AND LEGAL COMPLIANCE (Continued)

The major differences between the budgetary and GAAP basis of accounting are:

- Revenues are recorded when received in cash (budgetary) as opposed to when they are measurable and available (GAAP).
- Expenditures are recorded when paid or when a liability has been incurred which has been budgeted to be paid with expendable financial resources (budgetary), as opposed to when the obligation is incurred (GAAP).

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

1. General Government and Business-Like Activities

At April 30, 2017, the carrying amount of the City's deposits was \$8,175,466 and the bank balance was \$9,037,491. The deposits were comprised of checking, interest checking, savings, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name. As of April 30, 2017, all of the deposits of the City were covered by FDIC insurance or collateralized by the financial institution.

For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. The City's investment policy required that all investments in excess of insurance limits be collateralized. At year-end, the City's investment in the Illinois Funds is not subject to custodial credit risk.

As of April 30, 2017, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	-	\$ 909,631	\$ 909,631
Corporate Bonds	2.99	248,000	248,000
UMB Money Market	-	2,967,921	2,967,921
Total Investments		\$ 4,125,552	4,125,552
Deposits as Reported Above			8,175,466
Total Deposits and Investments			\$ 12,301,018

As Reported in the Statement of Net Position:

Cash and Cash Equivalents	\$ 1,396,080
Certificates of Deposit	5,319,000
Restricted Investments - Current	1,355,000
Investments - Current	909,631
Restricted Cash and Cash Equivalents - Noncurrent	353,386
Restricted Certificates of Deposit - Noncurrent	361,000
Restricted Investments - Noncurrent	2,606,921
	\$ 12,301,018

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2017, the credit rating of the City's investment was as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--
Corporate Bonds	--	--

Concentration of Credit Risk

As of April 30, 2017, the City's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Corporate Bonds	3.68%
UMB Money Market	71.94%

Foreign Currency Risk

As of April 30, 2017, the City did not have foreign currency risk.

Fair Value

As of April 30, 2017, the City's investments are all classified as Level 1.

Fire Pension Fund and Police Pension Fund

The Fire Pension Fund and the Police Pension Funds are authorized to invest in: direct obligations of the United States of America; certain United States of America agency securities; interest bearing savings accounts or certificates of deposit issued by federally chartered banks or savings and loan associations, and investments in credit unions, to the extent insured by agencies or instrumentals of the federal government; interest bearing bonds of the State of Illinois or an political subdivision of the State of Illinois, pooled accounts managed by the Illinois Public Treasurer's Investment Pool or by banks in accordance with the State of Illinois; Municipal and Corporate Bonds, General and separate accounts of life insurance; money market mutual funds managed by registered investment companies limited to specific portfolios and; Equity securities and mutual funds.

2. Fire Pension Fund

At April 30, 2017, the carrying amount of the Fire Pension Fund's deposits was \$620,465 and the bank balance was \$661,296. The deposits were comprised of interest checking, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Fire Pension's deposits may not be returned to it. The Fire Pension requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Fire Pension Fund's name.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of April 30, 2017, the City's Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Corporation	7.08	\$ 237,981	\$ 239,649
Federal National Mortgage Association	6.74	36,844	36,174
Freddie Mac	5.71	83,042	81,204
Governmental National Mortgage Association	12.81	362,148	371,805
U.S. V.A. REMIC	11.51	33,889	35,814
U.S. Treasury Notes	10.33	1,510,930	1,477,485
Municipal Bonds	3.17	80,000	81,916
Corporate Bonds	3.01	2,755,255	2,737,450
Money Market Mutual Funds	--	353,831	353,831
Common Stock	--	1,834,726	2,201,183
Mutual Funds	--	4,526,161	5,137,503
Total Investments		\$ 11,814,807	12,754,014
Deposits as Reported Above			620,465
Total Deposits and Investments			\$ 13,374,479

As Reported in the Combining Statement of Plan Net Position - Fiduciary Funds:

Cash and Cash Equivalents	\$ 620,465
Investments and Certificates of Deposit	12,754,014
	\$ 13,374,479

Interest Rate Risk

The Fire Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2017, the Fire Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal Home Loan Mortgage Corporation	AA+ to Aaa	Not Available
Federal National Mortgage Association	Not Available	Aaa
Freddie Mac	Not Available	Not Available
Government National Mortgage Association	Not Available	Not Available
U.S.V.A. REMIC	Not Available	Not Available
U.S. Treasury Notes	AAA	Not Available
Municipal Bonds	AAA	Not Available
Corporate Bonds	A+ to AA-	Not Available

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk

As of April 30, 2017, the Fire Pension Fund's investments had no reportable concentrations of credit risk.

The Fire Pension Fund's investment portfolio allocation was as follows:

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	2.83%
Federal National Mortgage Association	0.28%
Freddie Mac	0.62%
Municipal Bonds	0.62%
U.S. Treasury Notes	11.24%
US Department of Veteran Affairs Remic	0.27%
Federal Home Loan Mortgage Corporation	1.82%
Corporate Bonds	20.83%
Mutual Funds	39.10%
Common and Preferred Stocks	16.75%
Deposits & Money Market Mutual Funds	5.64%
Total	<u><u>100.00%</u></u>

Foreign Currency Risk

As of April 30, 2017, the Fire Pension Fund did not have foreign currency risk.

Fair Value

As of April 30, 2017, the Fire Pension Fund investments are all classified as Level 1.

3. Police Pension Fund

At April 30, 2017, the carrying amount of the Police Pension Fund's deposits was \$1,171,307 and the bank balance was \$1,180,712. The deposits were comprised of interest checking, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2017, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Inflation Index Note	9.72	\$ 300,680	\$ 302,773
Fannie Mae	10.58	264,724	319,310
Federal Home Loan Bank	3.66	782,784	896,839
Federal Farm Credit Bank	7.64	250,000	244,204
Government National Mortgage Association	15.34	420,365	466,422
Tennessee Valley Authority	3.80	296,702	323,086
Municipal Bonds	5.59	180,763	198,280
Corporate Bond	5.38	1,815,362	1,855,709
Schwab US Treasury Money Market	--	-	350,485
Mutual Funds	--	-	10,439,685
Total Investments		<u>\$ 4,311,380</u>	<u>15,396,793</u>
Deposits as Reported Above			<u>1,171,307</u>
Total Deposits and Investments			<u>\$ 16,568,100</u>
As Reported in the Combining Statement of Plan Net Position - Fiduciary Funds:			
Cash and Cash Equivalents			\$ 1,171,307
Investments			<u>15,396,793</u>
			<u>\$ 16,568,100</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2017, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Municipal Bonds	AA+	Aa1
Tennessee Valley Authority	AA+	Aaa
Fannie Mae	AA+	Aaa
Federal Home Loan Bank	AA+	Aaa
Federal Farm Credit Bank	AA+	Aaa
Governmental National Mortgage Association	Not Available	Not Available
Corporate Bond	AA+ to AAA	Aaa to Aa3

Concentration of Credit Risk

As of April 30, 2017, the Police Pension Fund's had no reportable concentrations of credit risk.

The Police Pension Fund's investment portfolio allocation was a follows:

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	2.82%
Federal Home Loan Bank	5.41%
U.S. Treasury Inflation Index Note	1.83%
Fannie Mae	1.93%
Federal Farm Credit Bank	1.47%
Tennessee Valley Authority	1.95%
Corporate Bonds	11.20%
Municipal Bonds	1.20%
Mutual Funds	63.01%
US Treasury Money Market	2.12%
Deposits	7.06%
	<u>100.00%</u>

Foreign Currency Risk

As of April 30, 2017, the Police Pension Fund did not have foreign currency risk.

Fair Value

As of April 30, 2017, the Police Pension Fund investments are all classified as Level 1.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 4. RISK MANAGEMENT

The City began a self-insured workers' compensation program in 2001 by which the City pays claims from general revenues up to a certain amount at which point the City carries excess coverage. Non-incremental claims adjustment expense has not been included as part of the liability for claims and judgments. The liability for claims experienced as of April 30, 2017 that are to be paid in the subsequent year is \$2,879,534 and is included in accrued workman's compensation.

Changes in the funds' claims liability amount during the fiscal year were as follows:

	Year Ending April 30,	
	<u>2017</u>	<u>2016</u>
Liability beginning balance	\$ 3,302,074	\$ 2,094,083
Claims and changes in estimates	521,099	3,107,538
Claim payments	<u>(943,639)</u>	<u>(1,899,547)</u>
Liability ending balance	<u>\$ 2,879,534</u>	<u>\$ 3,302,074</u>

The City is also exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There has been no significant reduction in coverage from the prior year and settlements have not exceeded coverage's in the past three years.

NOTE 5. RECEIVABLES

Receivables as of April 30, 2017 for the City, as reported in the statement of net position, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Receivables:			
Sewer User Fees	\$ -	\$ 3,275,304	\$ 3,275,304
Ambulance Fees	610,409	-	610,409
Real Estate Taxes	18,001,336	-	18,001,336
Intergovernmental	3,063,594	-	3,063,594
Interest	12,969	10,018	22,987
Other	<u>432,885</u>	<u>-</u>	<u>432,885</u>
Total Receivables	<u>22,121,193</u>	<u>3,285,322</u>	<u>\$ 25,406,515</u>
Allowance for Uncollectible Accounts	<u>(5,000)</u>	<u>(584,584)</u>	<u>(589,584)</u>
Net Total Receivables	<u>\$ 22,116,193</u>	<u>\$ 2,700,738</u>	<u>\$ 24,816,931</u>

Real estate taxes of \$18,001,336 were not available for collection and payment of current liabilities at April 30, 2017 and are reported as deferred inflows. The governmental financial statements reported an additional \$1,070,907 of intergovernmental revenue as deferred income at April 30, 2017.

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

IMRF 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 employer plan is managed by the Illinois Municipal Retirement (IMRF), the administrator of the multi-employer public pension fund. A summary of IMRF's pension benefit is provided in the "Benefit Provided" section of this document. Details of all benefits are available from IMRF. 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 Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net pension, and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the regular (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the OCO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired **before** January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired **on or after** January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of services credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

Number of:

Retirees and Beneficiaries currently receiving benefits	143
Inactive Plan Members entitled to but not yet receiving benefits	34
Active Plan Members	<u>116</u>
Total	<u><u>293</u></u>

Contributions

As set by statute, the City's Regular Plan Members are required to contribute 4.5% 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 contribution rate for calendar year 2016 was 11.84%. For the fiscal year ended April 30, 2017, the Employer contributed \$747,341 to the plan. The Employer 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 IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The Employer's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.75%.
- Salary Increases were expected to be 3.75% to 14.5%, including inflation.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates that are specific to the type of eligibility condition, last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
- The IMRF-specific rate for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	6.85%
International Equity	17%	6.75%
Fixed Income	27%	3.00%
Real Estate	8%	5.75%
Alternative Investments	9%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

Single Discount Rate

A Single Discount Rate of 7.5% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.



CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Changes in the Net Pension Liability

**A. Total Pension Liability**

1. Service Cost	\$ 675,179
2. Interest on the Total Pension Liability	3,019,848
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(184,504)
5. Changes of assumptions	(99,717)
6. Benefit payments, including refunds of employee contributions	(2,243,234)
7. Net change in total pension liability	<u>1,167,572</u>
8. Total pension liability - beginning	<u>41,156,324</u>
9. Total pension liability - ending	<u><u>\$ 42,323,896</u></u>

**B. Plan fiduciary net position**

1. Contributions - employer	\$ 863,262
2. Contributions - employee	290,802
3. Net investment income	2,503,329
4. Benefit payments, including refunds of employee contributions	(2,243,234)
5. Other (Net Transfer)	(183,866)
6. Net change in plan fiduciary net position	<u>1,230,293</u>
7. Plan fiduciary net position - beginning	<u>36,619,504</u>
8. Plan fiduciary net position - ending	<u><u>\$ 37,849,797</u></u>

**C. Net Position Liability/(Asset)** \$ 4,474,099

**D. Plan fiduciary net position as a percentage of the total pension liability** 89.43%

**E. Covered Valuation Payroll** \$ 6,462,248

**F. Net pension liability as a percentage of covered valuation payroll** 69.23%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Lower 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	<u>\$ 47,712,089</u>	<u>\$ 42,323,896</u>	<u>\$ 37,903,704</u>
Plan Fiduciary Net Position	<u>37,849,797</u>	<u>37,849,797</u>	<u>37,849,797</u>
Net Pension Liability/(Asset)	<u><u>\$ 9,862,292</u></u>	<u><u>\$ 4,474,099</u></u>	<u><u>\$ 53,907</u></u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2017, the Employer recognized pension expense of \$747,341. At April 30, 2017, the Employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	\$ -	\$ 253,381	\$ (253,381)
Changes of Assumptions	25,895	75,642	(49,747)
Net difference between projected and actual earnings on pension plan investments	<u>1,701,524</u>	<u>-</u>	<u>1,701,524</u>
Total Deferred Amounts to be recognized in pension expense in future periods	1,727,419	329,023	1,398,396
Pension Contributions made subsequent to the Measurement Date	<u>230,770</u>	<u>-</u>	<u>230,770</u>
Total Deferred Amounts Related to Pensions	<u>\$ 1,958,189</u>	<u>\$ 329,023</u>	<u>\$ 1,629,166</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
2017	\$ 677,903	\$ -
2018	447,133	-
2019	474,788	-
2020	29,342	-
2021	-	-
Thereafter	-	-
Total	<u>\$ 1,629,166</u>	<u>\$ -</u>

2. Police and Firemen Pension

Plan Description and Contributions Information

The Police Pension Plan covers police sworn personnel, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40, Act 5, Article 3) and may be amended only by the Illinois legislature.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2017 was \$4,080,869 out of a total payroll of \$15,785,381.

At April 30, 2017, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	56
Current employees:	
Vested	38
Nonvested	18
Total	<u>112</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Police officers hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The monthly pension shall be increased by one-twelfth of 2.5% of such salary for each additional month of service over 20 years up to 30 years to a maximum of 75% of such monthly salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

Police officers hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of credible service are entitled to receive an annual retirement benefit of 2.5% of final average salary for year of service. A police officer who is retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by ½ of 1% for each month that the employee's age is under age 55. The annual salary based on the plan year for the police officer shall not exceed \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter.

The monthly pension of a police officer hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

The monthly pension of a police officer hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the annual unadjusted percentage increase in the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute a sum sufficient to meet the annual actuarial requirements of the pension fund, as determined by an enrolled actuary. The annual actuarial requirements of the pension fund are equal to the normal cost of the pension fund of the salaries and wages to be paid to firefighters for the year involved, whichever is greater, plus an annual amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of municipal fiscal year 2040, as annually updated and determined by an enrolled actuary.

The Firemen's Pension Plan covers fire-sworn personnel, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40, Act 5, Article 4) and may be amended only by the Illinois legislature.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firemen's Pension Plan for the year ended April 30, 2017 was \$3,842,237 out of total payroll of \$15,785,381.

At April 30, 2016, the Firemen's Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	74
Current Employees:	
Vested	32
Nonvested	<u>21</u>
Total	<u><u>127</u></u>

The following is a summary of the Firefighters' Pension Plan as provided for in the Illinois Compiled Statutes:

The Firemen's Pension Plan provides retirement benefits as well as death and disability benefits. Firefighters hired before January 1, 2011, attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service up to 30 years to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

Firefighters hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of credible service are entitled to receive an annual retirement benefit of 2.5% of final average salary for year of service. A firefighter who is retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by ½ of 1% for each month that the firefighter's age is under age 55. The annual salary based on the plan year for the firefighter shall not exceed \$106,800 as of January 1, 2011. The maximum salary cap increases each year thereafter.

The monthly pension of a firefighter hired before January 1, 2011, who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

The monthly pension of a firefighter hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 60, by the lesser of 3% or ½ of the annual unadjusted percentage increase in the consumer price index. Employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit.

Covered employees are required to contribute 9.455% of their base salary to the Firemen's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute a sum sufficient to meet the annual actuarial requirements of the pension fund, as determined by an enrolled actuary. The annual actuarial requirements of the pension fund are equal to the normal cost of the pension fund, or 17.5% of the salaries and wages to be paid to firefighters for the year involved, whichever is greater, plus an annual amount sufficient to bring the total assets of the pension fund up to 90% of the total actuarial liabilities of the pension fund by the end of municipal fiscal year 2040, as annually updated and determined by an enrolled actuary.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Summary of Significant Accounting Policies and Plan Position Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Net Pension Liability

The City's net pension liability was determined by the Illinois Department of Insurance at May 1, 2016 the most current valuation date as follows:

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Accrued Pension Liability	\$ 53,756,382	\$ 58,395,488	\$ 112,151,870
Actuarial Value of Assets	<u>17,607,647</u>	<u>15,353,436</u>	<u>32,961,083</u>
Net Pension Liability	<u>\$ 36,148,735</u>	<u>\$ 43,042,052</u>	<u>\$ 79,190,787</u>

The Police Pension Fund and Firemen's Pension Fund's accrued liability consisted of the following as of May 1, 2016:

Police Pension and Firemen's Pension Fund Accrued Liability

	<u>Police Pension</u>		<u>Firemen's Pension</u>	
	<u>Head Count</u>	<u>Present Value</u>	<u>Head Count</u>	<u>Present Value</u>
Reserves for Annuities and Benefits in Force:				
Retirement Annuities	36	\$ 24,022,356	31	\$ 23,582,018
Disability Annuities	7	3,942,156	23	12,783,244
Surviving Spouse Annuities	12	2,763,027	11	2,135,107
Minor Dependent Annuities	-	-	6	11,371
Deferred Retirement Annuities	1	648,197	2	128,663
Terminated Liabilities	-	-	1	15,810
Total Reserves for Annuities and Benefits in Force	<u>56</u>	<u>31,375,736</u>	<u>74</u>	<u>38,656,213</u>
Accrued Liabilities for Active members:	<u>56</u>	<u>22,380,646</u>	<u>53</u>	<u>19,739,275</u>
Total Accrued Liabilities		<u>\$ 53,756,382</u>		<u>\$ 58,395,488</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The Police Pension Fund and Firemen's Pension Fund's actuarial value of assets consisted of the following as of May 1, 2016:

<u>Police Pension and Firemen's Pension Fund Accrued Liability</u>		
	<u>Police Pension</u>	<u>Firemen's Pension</u>
Current Year Gain/(Loss):		
Market Value of Assets as of April 30, 2015	\$ 17,275,339	\$ 16,250,594
Benefit Payments During Fiscal Year 2016	(2,244,272)	(3,197,248)
Total Contributions During Fiscal Year 2016	1,725,198	1,684,387
Expected Return During Fiscal Year 2016	<u>1,148,566</u>	<u>1,045,856</u>
Expected Market Value of Assets as of April 30, 2016	17,904,831	15,783,589
Actual Market Value of Assets as of April 30, 2016	<u>16,348,898</u>	<u>14,524,216</u>
Investment Gain/(Loss)	<u>\$ (1,555,933)</u>	<u>\$ (1,259,373)</u>
Development of Actuarial Value of Assets (Market Value Less Unrealized Amounts):		
Market Value of Assets as of April 30, 2016	\$ 16,348,898	\$ 14,524,216
Unrecognized Gain/(Loss) from Fiscal Year 2016	1,244,746	1,007,498
Unrecognized Gain/(Loss) from Fiscal Year 2015	179,392	(80,278)
Unrecognized Gain/(Loss) from Fiscal Year 2014	(103,280)	(81,847)
Unrecognized Gain/(Loss) from Fiscal Year 2013	<u>(62,110)</u>	<u>(16,153)</u>
Actuarial Value of Assets as of April 30, 2016	<u>\$ 17,607,646</u>	<u>\$ 15,353,436</u>

Actuarially Determined Employer Contributions

The Police Pension Fund and Firemen's Pension Fund's actuarially determined employer contributions as of May 1, 2016 are as follows:

	<u>Police Pension</u>	<u>Firemen's Pension</u>
Actuarially determined amount to provide the normal cost based on the annual payroll of active participants as of May 1, 2016.	\$ 852,668	\$ 684,259
Amount necessary to amortize the unfunded liability as determined by the State of Illinois Department of Insurance over the remaining 24 years as prescribed by Section 3-125 of the Illinois Pension Code.	1,620,473	1,959,037
Interest to the end of the fiscal year.	166,937	178,423
Total suggested amount of employer contributions to arrive at the annual requirements of the fund as prescribed by Section 3-125 of the Illinois Pension Code.	2,640,078	2,821,719
Total Normal Cost of Active Members	1,252,328	1,043,537
Total Normal Cost as a Percentage of Payroll	31%	27%

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Concentration

The City has a concentration of 5% or more investments in the following organizations:

Police Pension:	
Federal Home Loan Bank	\$ 1,250,321
Champlain Small Company Fund Inst Cl	854,599
Oakmark Fund	1,133,947
Primecap Odyssey Growth	1,400,732
Tweedy Browne Global Value Fund	965,776
Ishares Core S&P 500 EFT	2,052,807
Russell 2000 ETF	965,919
Vanguard FTSE Developed Markets ETF	1,109,707
Fire Pension:	
U.S. Treasury Notes	1,477,485
Developed Markets Index Fund Admiral	1,604,202
Ishares Trust S&P 500/Barra Value Index Fund	2,141,164

NOTE 7. CONTINGENCIES

The City has not contributed the required minimum contributions to the police and fire pension trust funds for the current and prior fiscal years. Beginning in the fiscal year 2016, if the City fails to contribute the required minimum contributions to the pension funds, the pension funds may certify to the State Comptroller the amounts of the delinquent payments, after giving notice to the City. The State Comptroller must deduct and deposit into the pension fund the certified amounts or a portion of those amounts from state funds to the City.

NOTE 8. WASTEWATER TREATMENT PLANT ENTERPRISE FUND

Regionalization of Wastewater Treatment Plant

Pursuant to an intergovernmental cooperation agreement originally agreed to in April 1984 between the City; the Metro East Sanitary District; Madison County, Illinois; and the Village of Glen Carbon, Illinois, the Wastewater Treatment Plant began to accept and treat wastewater from the Lansdown Service Area of the Metro East Sanitary District, Madison County Special Service Area No. 1, and from the Village of Glen Carbon, Illinois. The participants have agreed to purchase wastewater treatment services from the City at rates and charges established by the Granite City Regional Treatment Board. The rates and charges are intended to allocate the cost of services provided to each participant based on percentage of flow and wastewater content, which will reduce the City's operation cost burden. Total revenue earned by the Wastewater Treatment Plant Enterprise Fund from the three regional participants for the year ended April 30, 2017 was \$4,001,435.

NOTE 9. TRANSFERS

Transfers are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

NOTE 10. ACCOUNTS PAYABLE

Liabilities reported as Accounts Payable on the government-wide statement of net positions are comprised of the following components:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Current payables due to vendors	\$ 304,799	\$ 190,872
Retainage on contracts payable	-	38,199
Total Accounts Payable	<u>\$ 304,799</u>	<u>\$ 229,071</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 11. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at April 30, 2017:

<u>Funds Due To</u>	<u>Funds Due From</u>	<u>Balance</u> <u>4/30/2016</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>4/30/2017</u>
General Fund	Community Development	\$ 20,020	\$ (8,200)	\$ 11,820
General Fund	Capital Projects	44,287	-	44,287
General Fund	Drug Traffic Prevention	245,350	-	245,350
General Fund	Motor Fuel Tax Fund	542,702	-	542,702
General Fund	Tax Increment Financing Fund	1,494,627	(36,904)	1,457,723
General Fund	Wastewater Treatment Plant	73,757	-	73,757
Capital Projects	General Fund	10,484	-	10,484
TIF Funds	Sewer System Fund	29,797	-	29,797
TIF Funds	General Fund	42,645	-	42,645
Business District	General Fund	2,760	-	2,760
Sewer System Fund	Wastewater Treatment Plant	-	139,356	139,356
Sewer System Fund	General Fund	118,022	-	118,022
		<u>\$ 2,624,451</u>	<u>\$ 94,252</u>	<u>\$ 2,718,703</u>

The primary purpose of these interfund receivables and payables is to provide temporary loans for cash flow needs, all amounts are expected to be repaid within one year.

NOTE 12. COMMITMENTS

A commitment under a lease agreement for the Port District wastewater treatment plant provides for minimum annual rental payments of \$1.00 for land facilities, the lease expires May 31, 2035. The City will pay the costs to maintain Pump Station 408.

Minimum annual rental payments for the land facilities are as follows:

<u>Year</u> <u>Ending</u> <u>April 30,</u>	<u>Land</u> <u>Facilities</u>
2018	\$ 1
2019	1
2020	1
2021	1
2022	1
2023 and thereafter	13
Total	<u>\$ 18</u>

NOTE 13. COMMITMENTS UNDER CONSTRUCTION CONTRACTS

At April 30, 2017, the City had outstanding construction contracts for various projects totaling approximately \$351,369.

NOTE 14. DEFICIT NET POSITION

The City has deficit net positions in the following nonmajor funds: Capital Projects Fund of \$33,803 as of April 30, 2017.



CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 15. LEASE REVENUE

The City of Granite City leases certain properties to area businesses. These leases are non-cancelable operating leases. A summary of the leases is as follows:

<u>Location</u>	<u>Annual Payment</u>	<u>(Including Extensions)</u>
2679 Missouri Ave	\$ 12,000	November 2028
Iowa & 24th Street	3,900	September 2013
2001 Madison Avenue	226,600	January 2060
Signage	1,600	June 2011
1815 Delmar	1,200	October 2016

Minimum rentals on non-cancelable leases for the next five years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 244,493
2019	240,200
2020	240,200
2021	239,800
2022	238,600
2023 - 2027	1,193,000
2028 - 2032	1,151,000
2033 - 2037	1,133,000
2038 - 2042	1,133,000
2043 - 2047	1,133,000
2048 - 2052	1,133,000
2053 - 2057	1,133,000
2058 - 2060	623,150
Total	<u>\$ 9,835,443</u>

NOTE 16. BUSINESS DISTRICT SPECIAL REVENUE FUNDS

In August, 2014, the City approved the Bellemore Village Business District in order to help with major repairs to and modernizing the appearance of Bellemore Village. The anticipated source of funds to pay for development costs are those tax revenues raised by the retailers' occupation tax and the service occupation tax to be imposed by the Business District.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 17. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2017 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 9,585,458	\$ -	\$ -	\$ 9,585,458
Construction in Process	1,759,190	162,656	(1,599,034)	322,812
Total Capital Assets Not Being Depreciated	<u>11,344,648</u>	<u>162,656</u>	<u>(1,599,034)</u>	<u>9,908,270</u>
Capital Assets, being Depreciated				
Buildings and Improvements	17,582,304	20,998	-	17,603,302
Equipment	6,519,234	207,316	-	6,726,550
Vehicles	6,466,626	369,873	-	6,836,499
Infrastructure	24,455,476	1,599,034	-	26,054,510
Total Capital Assets being Depreciated	<u>55,023,640</u>	<u>2,197,221</u>	<u>-</u>	<u>57,220,861</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	5,515,893	426,024	-	5,941,917
Equipment	5,562,146	383,066	-	5,945,212
Vehicles	4,936,750	487,745	-	5,424,495
Infrastructure	1,170,263	294,854	-	1,465,117
Total Accumulated Depreciation	<u>17,185,052</u>	<u>1,591,689</u>	<u>-</u>	<u>18,776,741</u>
Total Capital Assets being Depreciated, Net	<u>37,838,588</u>	<u>605,532</u>	<u>-</u>	<u>38,444,120</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,183,236</u>	<u>\$ 768,188</u>	<u>\$ (1,599,034)</u>	<u>\$ 48,352,390</u>
Business-Type Activities				
Capital Assets:				
Construction in Process	\$ 5,940,769	\$ 1,867,185	\$ (5,850,118)	\$ 1,957,836
Buildings	1,764,561	-	-	1,764,561
Treatment Facility	44,847,069	6,225,070	-	51,072,139
Equipment	2,044,749	22,400	-	2,067,149
Vehicles	1,493,843	-	-	1,493,843
Total Capital Assets	<u>56,090,991</u>	<u>8,114,655</u>	<u>(5,850,118)</u>	<u>58,355,528</u>
Less Accumulated Depreciation for:				
Buildings	1,700,238	9,531	-	1,709,769
Treatment Facility	22,332,313	927,837	-	23,260,150
Equipment	1,730,863	67,728	-	1,798,591
Vehicles	1,303,157	45,188	-	1,348,345
Total Accumulated Depreciation	<u>27,066,571</u>	<u>1,050,284</u>	<u>-</u>	<u>28,116,855</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,024,420</u>	<u>\$ 7,064,371</u>	<u>\$ (5,850,118)</u>	<u>\$ 30,238,673</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 17. CAPITAL ASSETS (Continued)

Depreciation expense was charge to the various functions/programs of the City as follows:

Governmental Activities:	
General Government	\$ 409,146
Public Safety	763,839
Public Works	418,704
Total Depreciation Expense - Governmental Activities	<u>\$ 1,591,689</u>
Business-Type Activities:	
Wastewater Treatment Plant	\$ 576,131
Sewer System Fund	474,153
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,050,284</u>

NOTE 18. TAX INCREMENT FINANCING SPECIAL REVENUE FUND

On July 1, 1986, the City adopted and approved a Tax Increment Redevelopment Plan and Project and ordinances adopting Tax Increment Financing, aimed at financing, through incremental property and sales taxes, the public improvements of a plan to revitalize and develop a designated Redevelopment Project area in the City's Downtown Central Business District. On September 23, 1997, the City adopted and approved an Industrial Park Conservation Area Redevelopment Plan that also will use Tax Increment Financing to develop the project area along Route 3 as an industrial park. Four additional TIF Districts have also been formed that allows the incremental taxes to be returned to the business that generates the increment as a reimbursement for capital outlay until expiration of the TIF or a predetermined minimum dollar amount is reimbursed by the City.

In May of 2005, the Nameoki Village Tax Increment Financing District of the City issued a TIF Revenue Note, Series 2005 for \$700,000 and two Consumer Tax Revenue Notes, Series 2005 (Phase 1 for \$1,400,000 and Phase 2 for \$3,400,000). These notes were issued for the purpose of paying a portion of the costs of redevelopment projects in the Nameoki TIF and Business Districts. A portion, \$1,280,000 of the Consumer Tax Revenue Notes was retired by \$1,635,000 in Special Business District Sales Tax Revenue Bonds issued by the Southwestern Illinois Development Authority.

The TIF Revenue Note, Consumer Tax Revenue Notes and the Special Business District Sales Tax Revenue Bonds are payable solely from the incremental taxes or from other taxes generated by the development and are not an obligation of the City.

NOTE 19. LONG-TERM DEBT

GOVERNMENTAL ACTIVITY DEBT

Bonded Indebtedness

The City issued Southwestern Illinois Development Authority Local Government Program Revenue Bonds, Series 2009 (City of Granite City Project) in May 2009. The bonds, totaling \$3,640,000 are payable from the incremental taxes of the Route 3 Corridor Tax Increment Financing District (TIF 4). The bonds bear interest of 8.00% and mature in varying amounts from 2009 to 2019. The proceeds of the bond are to be used to finance redevelopment projects in the Route 3 Corridor Industrial Park Conservation Area including construction of commercial and retail development including a Lowe's Home Improvement store along with eight outlots. The balance of the bonds at April 30, 2017 is \$665,000.

The City issued Local Government Program Revenue Bonds, Series 2009-A in December 2009. The bonds, totaling \$4,210,000 are payable from the incremental taxes of the Route 203 Tax Increment Financing District (TIF 7). The bonds bear interest of 7.75% and mature in varying amounts from 2010 to 2022. The proceeds of the bond are to be used to finance redevelopment projects in the Route 203 Redevelopment Project Area including construction of street improvements and related costs. The bonds were renegotiated to bear interest at 3.75% on July 1, 2015, with the maturity schedule remaining the same. The balance of the bonds at April 30, 2017 is \$2,170,000.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 19. LONG-TERM DEBT (Continued)

The City issued Southwestern Illinois Development Authority Local Government Program Revenue Bonds, Series 2009-B (City of Granite City Project) in December 2009. The bonds, totaling \$3,805,000 are payable from the incremental taxes of the Route 3 Corridor Tax Increment Financing District (TIF 4). The bonds bear interest of 7.75% and mature in varying amounts from 2010 to 2022. The proceeds of the bond are to be used to finance redevelopment projects in the Route 3 Corridor Industrial Park Conservation Area including construction of water and sewer improvements, the construction of street improvements and related costs. The bonds were renegotiated to bear interest at 3.75% on July 1, 2015, with the maturity schedule staying the same. The balance of the bonds at April 30, 2017 is \$1,865,000.

On December 1, 2012, the City issued \$9,820,000 in General Obligation Alternative Source Bonds with an average interest of 5.25% to advance refund \$8,060,000 of outstanding 2008 Series bonds with an average interest rate of approximately 7.00%. The net proceeds of the issuance (after the addition of the bond premium of \$186,580 and subtraction of the cost of issuance and underwriter's discount totaling \$340,120) plus an additional \$1,325,805 of 2008 sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2008 Series bonds.

As a result, the 2008 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position. The balance of the defeased bond at April 30, 2017 is \$5,030,000. The balance of the 2012 refunding bond issue at April 30, 2017 is \$5,810,000.

The advance refunding resulted in an initial difference between the reacquisition price and the net carrying amount of the old debt of \$2,547,675. This difference is being charged to operations through the year 2023 using the effective-interest method. The unamortized balance at April 30, 2017 was \$1,611,970 and is reported in the accompanying financial statements as a deduction from bonds payable. The City completed the advance refunding to remove undesirable covenants of the old bond issue and reduce current annual debt service requirements resulted in an economic loss (difference between the present values of the old and new debt service payments) of \$570,984. The current year amortization of the deferred charge is \$260,244.

Notes Payable

The City entered into a loan with the Illinois Department of Transportation (IDOT) to construct rail track in the new industrial park in May 1999. The loan of \$725,914 is to be repaid by twenty annual installments through May 24, 2019. The annual installments, including interest at 3.00%, are \$48,793. The balance of the loan at April 30, 2017 is \$93,365.

The City entered into two lease purchases with the Bank of Edwardsville for two International trucks in January and February 2014. The loans of \$106,938 and \$105,538 are to be repaid in five annual installments through March 2018. The annual installments, including interest at 2.5%, are \$22,502 and \$22,239. The balance of the loans at April 30, 2017 is \$21,953 and \$21,698.

The City entered into a lease purchase agreement with the Bank of Edwardsville for three police cars in November 2014. The agreement was for \$100,162 and is to be repaid in three installments of \$34,388, including interest at 2.25%. The loan was paid in full as of April 30, 2017.

The City entered into a lease purchase agreement with First Cloverleaf Bank to purchase an ambulance in June 2013. The loan of \$118,000 is to be repaid in four annual installments through July 2016. The annual installments, including interest at 2.48%, are \$30,718. The loan was paid in full as of April 30, 2017.

The City entered into a loan with US Bancorp to purchase Ambulance, police vehicles, and public works trucks. The loan of \$319,686 is to be repaid by four annual installments through September 2019. The annual installments, including interest at 1.62%, are \$81,858. The balance of the loan at April 30, 2017 is \$237,828.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 19. LONG-TERM DEBT (Continued)

The City entered into a loan with Madison County Community Development to finance infrastructure improvements for relocating high-pressure gas line and electric lines in May 2010. The loan of \$750,000 is to be repaid in twenty-eight quarterly installments through May 2017. The quarterly installments, including interest at 3.0%, are \$29,797. The loan was paid in full as of April 30, 2017.

The City entered into a loan with Madison County Community Development to purchase a fire pumper truck in November 2015. The loan of \$369,995 is to be repaid in annual installments. The annual installments, including interest at 3.00%, are \$68,300. The balance of the loan at April 30, 2017 is \$253,879.

The City entered into an infrastructure loan with Madison County Community Development to finance projects in the City. The maximum amount of the loan is \$300,000, the City took no draws on the loan in fiscal year 2017. The loan is to be repaid in monthly installments including interest at 3.00%. The balance of the loan at April 30, 2017 is \$98,387.

BUSINESS TYPE ACTIVITY DEBT

The City was awarded a loan of \$3,938,240 through the State of Illinois Environment Protection Agency Bureau of Water in August 2003. This loan financed the upgrade of the City's Regional Wastewater Treatment Facilities. Payments are due semiannually on January 27 and July 27 through January 2025, including interest at 2.50%. As of April 30, 2017, the balance outstanding on the loan was \$1,842,965.

The City was awarded a loan of \$1,660,939 through the State of Illinois Environment Protection Agency Bureau of Water in October 2008. This loan financed manhole and sewer projects. Payments are due semiannually on March 1 and September 1 through September 2029, including interest at 2.50%. As of April 30, 2017, the balance outstanding on the loan was \$1,282,238.

The City was awarded a fourth loan of \$8,000,000 through the State of Illinois Environment Protection Agency Water Pollution Control Loan Program in September 2011. Upon completion of the project \$2,000,000 of the loan will be forgiven and the additional funds will be repaid with an interest rate of 1.25%. This loan financed sewer rehabilitation projects. Payments are due semiannually on May 1 and November 1 through 2032. As of April 30, 2017, the balance outstanding on the loan was \$5,509,601.

The City was awarded a fifth loan of \$2,000,000 through the State of Illinois Environment Protection Agency Water Pollution Control Loan Program in September 2011. Upon completion of the project \$500,000 of the loan was forgiven and the additional funds are to be repaid with an interest rate of 1.25%. This loan financed improvement to the wastewater treatment plant. Payments are due semiannually on March 1 and September 1 through 2032. As of April 30, 2017, the balance outstanding on the loan was \$1,277,643.

The City issued Local Government Program Revenue and Revenue Refunding Bonds, Series 2015 in August 2015. The bonds totaling \$4,080,000 are payable from the net revenues derived from the payments made pursuant to the Intergovernmental Agreements by the parties to the Intergovernmental Agreements. The bonds bear interest between 2.0% and 4.25% and mature in varying amounts from 2015 to 2030. The proceeds of the bonds are to be used to pay off the Series 2010 bonds and to finance the acquisition and construction of extensions, improvements, and additions to the system, including but not limited to the construction of improvements to the wastewater treatment plant. The balance of the bonds at April 30, 2017 is \$3,645,000.

The City entered into an infrastructure loan with Madison County Community Development to finance storm water projects in the City. The maximum amount of the loan is \$750,000, as of April 30, 2017 the City has borrowed \$336,868, which is to be repaid in monthly installments. The monthly installments include interest at 3.00%. The balance of the loan at April 30, 2017 is \$336,868.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 19. LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term liabilities, net of unamortized costs, for the year ended April 30, 2017:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Government Activities:					
Bond Payable:					
Tax Increment Revenue					
Bond Series 2012 Refunding	\$ 7,205,000	\$ -	\$ 1,395,000	\$ 5,810,000	\$ -
Deferred Charge on Refunding	(1,872,214)	-	(260,244)	(1,611,970)	-
Tax Increment Revenue					
Bonds Series 2009-C	2,205,000	-	340,000	1,865,000	375,000
Tax Increment Revenue					
Bonds Series 2009-B	1,110,000	-	445,000	665,000	465,000
Tax Increment Revenue					
Bonds Series 2009-A	2,630,000	-	460,000	2,170,000	515,000
Less Unamortized Costs:					
Bond Discount	(82,404)	-	(15,754)	(66,650)	-
Bond Premium	125,942	-	60,840	65,102	-
Total Bond Payable	<u>11,321,324</u>	<u>-</u>	<u>2,424,842</u>	<u>8,896,482</u>	<u>1,355,000</u>
Notes Payable:					
US Bancorp	-	319,686	81,858	237,828	78,005
IL Dept of Transportation	138,017	-	44,652	93,365	45,992
First Cloverleaf Bank	29,973	-	29,973	-	-
Bank of Edwardsville	33,633	-	33,633	-	-
Bank of Edwardsville	43,373	-	21,420	21,953	21,953
Bank of Edwardsville	42,867	-	21,169	21,698	21,698
First Midwest Bank	-	-	-	-	-
Madison County	145,689	-	145,689	-	-
Madison County	312,795	-	58,916	253,879	60,684
Madison County	98,387	-	-	98,387	20,483
Total Long-Term Liabilities	<u>12,166,058</u>	<u>319,686</u>	<u>2,862,152</u>	<u>9,623,592</u>	<u>1,603,815</u>
Other Liabilities:					
Net Pension Liability-IMRF	3,036,306	-	49,473	2,986,833	-
Net Pension Liability-Police and Fire Pension	74,755,350	4,435,437	-	79,190,787	-
Compensated Absences	3,796,520	1,243,656	1,301,266	3,738,910	683,493
Total Other Liabilities	<u>81,588,176</u>	<u>5,679,093</u>	<u>1,350,739</u>	<u>85,916,530</u>	<u>683,493</u>
Governmental Activities Long-Term Liabilities	<u>\$ 93,754,234</u>	<u>\$ 5,998,779</u>	<u>\$ 4,212,891</u>	<u>\$ 95,540,122</u>	<u>\$ 2,287,308</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 19. LONG-TERM DEBT (Continued)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Bond Payable:					
Revenue Bonds					
Series 2015	\$ 3,850,000	\$ -	\$ 205,000	\$ 3,645,000	\$ 210,000
Less Unamortized Costs:					
Bond Premium	169,967	-	11,893	158,074	-
Total Bond Payable	<u>4,019,967</u>	<u>-</u>	<u>216,893</u>	<u>3,803,074</u>	<u>210,000</u>
Notes Payable:					
IL EPA (1)	2,053,065	-	210,100	1,842,965	215,385
IL EPA (2)	1,361,194	-	78,956	1,282,238	80,942
IL EPA (3)	5,634,658	146,964	272,020	5,509,602	283,567
IL EPA (4)	1,349,352	-	71,710	1,277,642	72,608
Madison County	-	336,868	-	336,868	43,908
Total Long-Term Liabilities	<u>14,418,236</u>	<u>483,832</u>	<u>849,679</u>	<u>14,052,389</u>	<u>906,410</u>
Other Liabilities:					
Net Pension Liabilities	1,500,514	-	13,249	1,487,265	-
Compensated Absences	296,547	202,978	249,267	250,258	107,556
Total Other Liabilities	<u>1,797,061</u>	<u>202,978</u>	<u>262,516</u>	<u>1,737,523</u>	<u>107,556</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 16,215,297</u>	<u>\$ 686,810</u>	<u>\$ 1,112,195</u>	<u>\$ 15,789,912</u>	<u>\$ 1,013,966</u>

The annual requirements to retire the notes payable as of April 30, 2017 are as follows:

	<u>Fiscal</u>		<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Year Ended</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,603,815	\$ 525,315		\$ 906,410	\$ 298,252	
2019	1,392,593	446,922		924,666	279,671	
2020	1,218,789	392,808		943,207	259,607	
2021	905,589	349,399		967,038	239,008	
2022	284,712	317,840		986,166	217,920	
2023-2027	5,831,612	305,514		4,453,189	746,580	
2028-2032	-	-		3,677,978	254,786	
2033-2034	-	-		1,035,661	18,938	
	<u>\$ 11,237,110</u>	<u>\$ 2,337,798</u>		<u>\$ 13,894,315</u>	<u>\$ 2,314,762</u>	

NOTE 20. STATEMENT OF LEGAL DEBT MARGIN

Assessed Valuation as of December 31, 2016	<u>\$ 312,853,779</u>
Debt Limit, 8.625% of Assessed Valuation	\$ 26,983,638
Less, Contractual Indebtedness	<u>1,063,978</u>
Legal Debt Margin	<u>\$ 25,919,660</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2017

NOTE 21. CONDUIT DEBT OBLIGATIONS

During the year ended April 30, 2007, the City issued two Industrial Project Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The bonds for the two projects are \$1,800,000 and \$2,650,000 respectively. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entities served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

During the year ended April 30, 2006, the City issued \$1,000,000 of Industrial Project Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, these bonds are also not reported as liabilities in the accompanying financial statements.

NOTE 22. POST EMPLOYMENT BENEFITS

The City provides certain healthcare insurance benefits for retired and disabled employees who meet the eligibility requirements as described in the personnel policy, the premiums are paid entirely by the retired and/or disabled employee. The Governmental Accounting Standards Board (GASB) pronouncement Number 45, requires systematic accrual-basis measurement and recognition of *other post retirement benefit* (OPEB) costs over a period that approximates employees' years of service and provide information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is made in funding the plan.

The City has not calculated or recorded the other post employment benefit (OPEB) liability, but believes it to be immaterial to the financial statements. The City continues to expense the other post employment benefit expenses as they are incurred.

NOTE 23. RESTATEMENT OF NET POSITION

During the year ending April 30, 2017, the City adjusted the Net Pension Liability for the Police and Fire Pension Funds. Because of this change, Beginning Net Position has been restated as follows:

	<u>General</u> <u>Fund</u>
Beginning Net Position, as Originally Reported	\$ 12,086,404
Adjustment for Net Pension Liability - Police Pension	(20,278,935)
Adjustment for Net Pension Liability - Fire Pension	<u>(25,323,784)</u>
Beginning Net Position, as Restated	<u>\$ (33,516,315)</u>

NOTE 24. SUBSEQUENT EVENTS

The City has evaluated subsequent events through September 28, 2017, the date on which the financial statements were available to be issued.



CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under)</u> <u>Budget</u>
<b>Receipts:</b>				
Taxes	\$ 21,778,133	\$ 21,778,133	\$ 22,088,812	\$ 310,679
Intergovernmental Revenue (Grants)	555,000	555,000	415,605	(139,395)
Charges for Services	2,680,200	2,680,200	1,896,753	(783,447)
Cinema Charges	635,000	635,000	541,775	(93,225)
Licenses and Permits	868,650	868,650	542,355	(326,295)
Fines and Forfeits	370,250	370,250	236,270	(133,980)
Investment Earnings	60,000	60,000	41,197	(18,803)
Miscellaneous	122,493	122,493	331,438	208,945
<b>Total Receipts</b>	<u>27,069,726</u>	<u>27,069,726</u>	<u>26,094,205</u>	<u>(975,521)</u>
<b>Disbursements</b>				
Mayor	700,405	700,405	704,460	(4,055)
Alderman	86,816	86,816	86,306	510
Clerk	292,537	292,537	286,101	6,436
Treasurer	308,919	308,919	313,150	(4,231)
Informational Technology	447,710	447,710	401,265	46,445
Financial	2,932,345	2,932,345	2,885,493	46,852
Police	9,265,947	9,265,947	9,167,107	98,840
Fire	7,508,538	7,508,538	7,471,260	37,278
Public Works	3,641,159	3,641,159	3,550,375	90,784
Building & Zoning	1,006,448	1,006,448	1,005,199	1,249
Safety and Risk	166,057	166,057	207,297	(41,240)
Civil Defense	66,172	66,172	43,771	22,401
Cinema	633,721	633,721	574,818	58,903
Summer Help	50,000	50,000	48,798	1,202
<b>Total Disbursements</b>	<u>27,106,774</u>	<u>27,106,774</u>	<u>26,745,400</u>	<u>361,374</u>
Excess (Deficit) of Receipts over Disbursements	<u>(37,048)</u>	<u>(37,048)</u>	(651,195)	<u>(614,147)</u>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In (Out)	-	-	(194,481)	(194,481)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(194,481)</u>	<u>(194,481)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ (37,048)</u>	<u>\$ (37,048)</u>	(845,676)	<u>\$ (808,628)</u>
Change in Intergovernmental Revenue on Modified Accrual Basis			296,427	
Change in Prepaid Insurance			384,609	
Change in Interest Receivable			1,054	
Change in Accrued Workman's Compesation			422,540	
Change in Accounts Payable on Modified Accrual Basis			448,954	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 707,908</u>	

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)  
TAX INCREMENT FINANCING FUND  
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under)</u>
				<u>Budget</u>
Receipts:				
Real Estate Taxes - Downtown	\$ 1,424,000	\$ 1,424,000	\$ 1,560,161	\$ 136,161
Real Estate Taxes - GCS	1,094,000	1,094,000	1,088,111	(5,889)
Real Estate Taxes - AS	140,000	140,000	145,916	5,916
Real Estate Taxes - Rt 3	1,300,000	1,300,000	1,228,658	(71,342)
Real Estate Taxes - Port	39,000	39,000	47,998	8,998
Real Estate Taxes - Rt 203	5,400,000	5,400,000	5,643,431	243,431
Rent	226,600	226,600	226,600	-
Investment Earnings	69,494	69,494	22,073	(47,421)
Other	143,368	143,368	93,493	(49,875)
Total Receipts	<u>9,836,462</u>	<u>9,836,462</u>	<u>10,056,441</u>	<u>219,979</u>
Disbursements				
Downtown TIF	2,673,400	2,673,400	2,061,467	611,933
Granite City Steel TIF	1,094,000	1,094,000	1,088,077	5,923
American Steel TIF	119,186	119,186	-	119,186
Route 3 TIF	882,063	882,063	1,119,353	(237,290)
Port District TIF	-	-	12,834	(12,834)
Route 203 TIF	4,885,641	4,885,641	5,163,059	(277,418)
Total Disbursements	<u>9,654,290</u>	<u>9,654,290</u>	<u>9,444,790</u>	<u>209,500</u>
Excess (Deficit) of Receipts Over Disbursements	<u>182,172</u>	<u>182,172</u>	<u>611,651</u>	<u>429,479</u>
Other Financing Sources (Uses):				
Operating Transfers From (To) other Funds	<u>276,000</u>	<u>276,000</u>	<u>-</u>	<u>(276,000)</u>
Total Other Financing Sources (Uses)	<u>276,000</u>	<u>276,000</u>	<u>-</u>	<u>(276,000)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ 458,172</u>	<u>\$ 458,172</u>	611,651	<u>\$ 153,479</u>
Change in Revenue on Modified Accrual Basis			80,008	
Change in Accounts Payable on Modified Accrual Basis			(74,330)	
Change in Interest Receivable			(784)	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 616,545</u>	

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
APRIL 30, 2017

**BASIS OF ACCOUNTING**

The budget is prepared on the cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and expenditures are reported when they result from cash transactions.

**LINE ITEM EXPENDITURES IN EXCESS OF BUDGET**

During the year ended April 30, 2017, the City's expenditures exceeded budgetary guidelines in several departmental and line item categories as indicated on the required supplementary schedules at pages 46 to 47.

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FIRE AND POLICE PENSION  
FUNDING PROGRESS  
APRIL 30, 2017

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>-Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c.)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
Police Pension						
4/30/2016	\$ 17,607,646	\$ 53,756,382	\$ 36,148,736	32.75%	\$ 4,032,893	896.35%
4/30/2015	17,349,074	51,608,611	34,259,537	33.62%	4,073,149	841.11%
4/30/2014	16,739,157	48,597,827	31,858,670	34.44%	3,915,021	813.75%
4/30/2013	16,281,797	46,547,554	30,265,757	34.98%	3,967,820	762.78%
4/30/2012	16,026,355	46,310,766	30,284,411	34.61%	3,847,982	787.02%
4/30/2011			Not Available			
4/30/2010	14,021,247	43,257,835	29,236,588	32.41%	3,721,923	785.52%
4/30/2009	12,632,001	40,991,744	28,359,743	30.82%	3,470,340	817.20%
4/30/2008	15,670,001	39,273,366	23,603,365	39.90%	3,328,974	709.03%
Fire Pension						
4/30/2016	\$ 15,353,436	\$ 58,395,488	\$ 43,042,052	26.29%	\$ 3,799,877	1132.72%
4/30/2015	16,129,561	56,625,374	40,495,813	28.48%	3,824,742	1058.79%
4/30/2014	16,798,775	54,510,463	37,711,688	30.82%	3,754,274	1004.50%
4/30/2013	17,176,354	51,693,489	34,517,135	33.23%	3,786,805	911.51%
4/30/2012	17,393,812	50,248,085	32,854,273	34.62%	3,693,127	889.61%
4/30/2011			Not Available			
4/30/2010	16,636,316	45,691,321	29,055,005	36.41%	3,804,240	763.75%
4/30/2009	15,346,426	45,449,959	30,103,533	33.77%	3,597,302	836.84%
4/30/2008	18,735,007	43,281,975	24,546,968	43.29%	3,493,965	702.55%

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION -  
NOTES ON PENSION PLAN  
APRIL 30, 2017

**Schedule of Changes in Net Pension Liability and Related Ratios - IMRF**  
**Most Recent Calendar Year**

Calendar Year Ending December 31,	<u>2016</u>	<u>2015</u>
Total Pension Liability		
Service Cost	\$ 675,179	\$ 713,988
Interest on the Total Pension Liability	3,019,848	2,930,360
Benefit Changes	-	-
Difference between Expected and Actual Experience	(184,504)	(212,931)
Assumption Changes	(99,717)	48,613
Benefit Payments and Refunds	<u>(2,243,234)</u>	<u>(2,180,690)</u>
Net Change in Total Pension Liability	1,167,572	1,299,340
Total Pension Liability - Beginning	<u>41,145,324</u>	<u>39,856,984</u>
Total Pension Liability - Ending (A)	<u>\$ 42,312,896</u>	<u>\$ 41,156,324</u>
 Plan Fiduciary Net Position		
Employer Contributions	\$ 863,262	\$ 724,220
Employee Contributions	290,802	284,877
Pension Plan Net Investment Income	2,503,329	182,615
Benefit Payments and Refunds	(2,243,234)	(2,180,690)
Other	<u>(183,866)</u>	<u>499,682</u>
Net Change in Plan Fiduciary Net Position	1,230,293	(489,296)
Plan Fiduciary Net Position - Beginning	<u>36,649,504</u>	<u>37,108,800</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 37,879,797</u>	<u>\$ 36,619,504</u>
 Net Pension Liability - Ending (A) - (B)	<u>\$ 4,474,099</u>	<u>\$ 4,536,820</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>89.43%</u>	<u>88.98%</u>
 Covered Valuation Payroll	<u>\$ 6,462,248</u>	<u>\$ 6,330,593</u>
 Net Pension Liability as a Percentage of Covered Valuation Payroll	<u>69.23%</u>	<u>71.67%</u>

Notes to Schedule:

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION -  
NOTES ON PENSION PLAN  
APRIL 30, 2017

**Schedule of Employer Contributions - IMRF**  
**Most Recent Calendar Year**

<u>Calendar Year</u> <u>Ending</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual</u> <u>Contribution as</u> <u>a Percentage of</u> <u>Covered</u> <u>Valuation</u> <u>Payroll</u>
2015	\$ 724,220	\$ 724,220	\$ -	\$ 6,330,593	11.44%
2016	765,130	863,262	(98,132)	6,462,248	13.36%

Notes to Schedule:

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2016 Contribution Rate - IMRF\****

***Valuation Date:***

Notes

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

**Methods and Assumptions Used to Determine 2016 Contribution Rates - IMRF:**

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Wage Growth:	3.50%
Price Inflation:	2.75% - approximate: No explicit price inflation assumption issued in this valuation.
Salary Increases:	3.75% to 14.50% including inflation
Investment Rate of Return:	7.50%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updates for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION -  
NOTES ON PENSION PLAN  
APRIL 30, 2017

*Methods and Assumptions Used to Determine 2016 Contribution Rates - IMRF(continued)*

Mortality

For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projections scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

**Other Information:**

Notes

There were no benefits changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation.

CITY OF GRANITE CITY, ILLINOIS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
APRIL 30, 2017

	Special Revenue Funds					Total	Capital Projects	Debt Service	Total Non-Major Governmental Funds
	<u>Drug Traffic Prevention</u>	<u>Community Development</u>	<u>Bellemore Village Business District</u>	<u>Nameoki Business District</u>	<u>Motor Fuel Tax Fund</u>				
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>									
Current Assets:									
Cash and Cash Equivalents	\$ 17,962	\$ -	\$ 694	\$ 4,585	\$ 142,116	\$ 165,357	\$ -	\$ -	\$ 165,357
Certificates of Deposit	38,346	-	1,481	9,787	303,396	353,010	-	-	353,010
Investments	7,628	-	294	1,947	60,349	70,218	-	-	70,218
Receivables:									
Intergovernmental	-	11,820	14,499	29,611	65,354	121,284	-	-	121,284
Other	-	-	7	46	1,416	1,469	-	-	1,469
Due From Other Funds	-	-	-	2,760	-	2,760	10,484	-	13,244
Total Current Assets	<u>63,936</u>	<u>11,820</u>	<u>16,975</u>	<u>48,736</u>	<u>572,631</u>	<u>714,098</u>	<u>10,484</u>	<u>-</u>	<u>724,582</u>
Noncurrent Assets:									
Restricted Cash and Cash Equivalents	<u>353,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,386</u>	<u>-</u>	<u>-</u>	<u>353,386</u>
Total Noncurrent Assets	<u>353,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,386</u>	<u>-</u>	<u>-</u>	<u>353,386</u>
Total Assets	<u>417,322</u>	<u>11,820</u>	<u>16,975</u>	<u>48,736</u>	<u>572,631</u>	<u>1,067,484</u>	<u>10,484</u>	<u>-</u>	<u>1,077,968</u>
Deferred Outflows of Resources:									
Prepaid Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 417,322</u>	<u>\$ 11,820</u>	<u>\$ 16,975</u>	<u>\$ 48,736</u>	<u>\$ 572,631</u>	<u>\$ 1,067,484</u>	<u>\$ 10,484</u>	<u>\$ -</u>	<u>\$ 1,077,968</u>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>									
Liabilities:									
Accounts Payable	38,936	-	4,039	10,031	15,449	68,455	-	-	68,455
Due to Other Funds	245,350	11,820	-	-	542,702	799,872	44,287	-	844,159
Due to Other Governments	-	-	-	2,760	-	2,760	-	-	2,760
Total Liabilities	<u>284,286</u>	<u>11,820</u>	<u>4,039</u>	<u>12,791</u>	<u>558,151</u>	<u>871,087</u>	<u>44,287</u>	<u>-</u>	<u>915,374</u>
Deferred Inflows of Resources:									
Property Tax Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Restricted for:									
Drug Traffic Prevention	133,036	-	-	-	-	133,036	-	-	133,036
Unassigned	-	-	12,936	35,945	14,480	63,361	(33,803)	-	29,558
Total Fund Balances	<u>133,036</u>	<u>-</u>	<u>12,936</u>	<u>35,945</u>	<u>14,480</u>	<u>196,397</u>	<u>(33,803)</u>	<u>-</u>	<u>162,594</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 417,322</u>	<u>\$ 11,820</u>	<u>\$ 16,975</u>	<u>\$ 48,736</u>	<u>\$ 572,631</u>	<u>\$ 1,067,484</u>	<u>\$ 10,484</u>	<u>\$ -</u>	<u>\$ 1,077,968</u>



CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2017

	Special Revenue Funds					Total	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
	<u>Drug Traffic Prevention</u>	<u>Community Development</u>	<u>Bellemore Village Business District</u>	<u>Nameoki Business District</u>	<u>Motor Fuel Tax Fund</u>				
Revenues:									
Intergovernmental:									
Grants	\$ 256,492	\$ 350,405	\$ -	\$ -	\$ 73,135	\$ 680,032	\$ -	\$ -	\$ 680,032
Sales Tax	-	-	54,662	119,514	-	174,176	-	-	174,176
Motor Fuel Tax	-	-	-	-	756,567	756,567	-	-	756,567
Fines and Forfeitures	30,993	-	-	-	-	30,993	-	-	30,993
Investment Earnings	136	-	-	75	4,200	4,411	-	-	4,411
Miscellaneous	1,200	-	-	-	-	1,200	-	-	1,200
Total Revenues	<u>288,821</u>	<u>350,405</u>	<u>54,662</u>	<u>119,589</u>	<u>833,902</u>	<u>1,647,379</u>	<u>-</u>	<u>-</u>	<u>1,647,379</u>
Expenditures:									
General Government	-	-	50,951	109,917	-	160,868	-	-	160,868
Public Safety	101,112	285,405	-	-	-	386,517	-	-	386,517
Public Works	-	-	-	-	222,368	222,368	-	-	222,368
Debt Service	-	-	-	-	-	-	-	259,481	259,481
Capital Outlay	65,853	-	-	-	143,743	209,596	-	-	209,596
Total Expenditures	<u>166,965</u>	<u>285,405</u>	<u>50,951</u>	<u>109,917</u>	<u>366,111</u>	<u>979,349</u>	<u>-</u>	<u>259,481</u>	<u>1,238,830</u>
Revenues Over (Under) Expenditures	<u>121,856</u>	<u>65,000</u>	<u>3,711</u>	<u>9,672</u>	<u>467,791</u>	<u>668,030</u>	<u>-</u>	<u>(259,481)</u>	<u>408,549</u>
Other Financing Sources:									
Operating Transfers From Other Funds	-	-	-	-	-	-	-	259,481	259,481
Operating Transfers (To) Other Funds	-	(65,000)	-	-	-	(65,000)	-	-	(65,000)
Total other Financing Sources	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>259,481</u>	<u>194,481</u>
Net Change in Fund Balance	121,856	-	3,711	9,672	467,791	603,030	-	-	603,030
Fund Balance - Beginning	<u>11,180</u>	<u>-</u>	<u>9,225</u>	<u>26,273</u>	<u>(453,311)</u>	<u>(406,633)</u>	<u>(33,803)</u>	<u>-</u>	<u>(440,436)</u>
Fund Balance - Ending	<u>\$ 133,036</u>	<u>\$ -</u>	<u>\$ 12,936</u>	<u>\$ 35,945</u>	<u>\$ 14,480</u>	<u>\$ 196,397</u>	<u>\$ (33,803)</u>	<u>\$ -</u>	<u>\$ 162,594</u>

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND TYPES  
YEAR ENDED APRIL 30, 2017

	Business Type Activities		
	Enterprise Funds		
	<u>Wastewater Treatment Plant</u>	<u>Sewer System Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for Services	\$ 4,001,435	\$ 4,356,740	\$ 8,358,175
Total Revenues	<u>4,001,435</u>	<u>4,356,740</u>	<u>8,358,175</u>
Operating Expenses:			
Personal Services	3,446,859	-	3,446,859
Industrial Pretreatment	-	108,858	108,858
Billings and Collection	-	177,625	177,625
Sewer Collection	-	1,158,774	1,158,774
Solids Handling	701,472	-	701,472
BOD Treatment	336,413	-	336,413
Primary Treatment	41,585	-	41,585
General and Administrative	318,010	-	318,010
Dry Weather Pumping	238,880	-	238,880
Wet Weather Pumping	192,713	-	192,713
Other	164,908	-	164,908
Depreciation	576,131	474,153	1,050,284
Total Operating Expenses	<u>6,016,971</u>	<u>1,919,410</u>	<u>7,936,381</u>
Operating Income	<u>(2,015,536)</u>	<u>2,437,330</u>	<u>421,794</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	33,334	12,867	46,201
Other Income	4,200	150	4,350
Energy Efficiency Grant Income	623,959	-	623,959
Interest Expense and Fiscal Charges	(182,606)	(103,647)	(286,253)
Total Non-Operating Revenues (Expenses)	<u>478,887</u>	<u>(90,630)</u>	<u>388,257</u>
Net Income Before Transfers	(1,536,649)	2,346,700	810,051
Operating Transfers (Out)	-	-	-
Change in Net Position	(1,536,649)	2,346,700	810,051
Net Position - Beginning	<u>(5,222,893)</u>	<u>25,513,941</u>	<u>20,291,048</u>
Net Position - Ending	<u>\$ (6,759,542)</u>	<u>\$ 27,860,641</u>	<u>\$ 21,101,099</u>

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF PLAN NET POSITION  
FIDUCIARY FUNDS  
APRIL 30, 2017

	Pension Trust Funds		
ASSETS	Police	Firemen	Total
Cash and Cash Equivalents	\$ 1,171,307	\$ 620,465	\$ 1,791,772
Investments and Certificates of Deposits	15,396,793	12,754,014	28,150,807
Receivables:			
Property Taxes	775,565	775,565	1,551,130
Gaming Taxes	15,271	15,271	30,542
Accrued Interest	41,081	41,665	82,746
Total Assets	17,400,017	14,206,980	31,606,997
LIABILITIES			
Liabilities			
Pension Payments Payable	204,453	235,188	439,641
Total Liabilities	204,453	235,188	439,641
NET POSITION			
Net Position Held in Trust for Pension Benefits	17,195,564	13,971,792	31,167,356
Total Net Position	17,195,564	13,971,792	31,167,356
 Total Liabilities and Net Position	 \$ 17,400,017	 \$ 14,206,980	 \$ 31,606,997

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police</u>	<u>Firemen</u>	
Additions			
Contributions:			
Employee Contributions	\$ 404,596	\$ 371,929	\$ 776,525
Employer Contributions:			
Property Taxes	760,290	760,290	1,520,580
Video Gaming Tax	119,371	119,371	238,742
Replacement Taxes	441,365	441,365	882,730
Total Contributions	<u>1,725,622</u>	<u>1,692,955</u>	<u>3,418,577</u>
Investment Income:			
Interest and Dividends	574,109	346,555	920,664
Net Realized/Unrealized Gain(Loss) on Investments	1,122,320	813,902	1,936,222
	1,696,429	1,160,457	2,856,886
Less: Investment Expense	(27,459)	(53,412)	(80,871)
Net Investment Income	<u>1,668,970</u>	<u>1,107,045</u>	<u>2,776,015</u>
Total Additions	<u>3,394,592</u>	<u>2,800,000</u>	<u>6,194,592</u>
Deductions:			
Benefits Paid to Participants:			
Service and Disability	2,104,536	2,994,281	5,098,817
Dependents	353,463	311,888	665,351
Refunded Contributions	63,771	15,811	79,582
Contractual Services	26,075	30,445	56,520
Total Deductions	<u>2,547,845</u>	<u>3,352,425</u>	<u>5,900,270</u>
Net Decrease in Plan Net Position	846,747	(552,425)	294,322
Net Position - Beginning	<u>16,348,817</u>	<u>14,524,217</u>	<u>30,873,034</u>
Net Position - Ending	<u>\$ 17,195,564</u>	<u>\$ 13,971,792</u>	<u>\$ 31,167,356</u>

CITY OF GRANITE CITY, ILLINOIS  
COMBINING BALANCE SHEET  
TAX INCREMENT FINANCING FUNDS  
APRIL 30, 2017

	<u>TIF</u> <u>District #1</u>	<u>TIF</u> <u>District #2</u>	<u>TIF</u> <u>District #3</u>	<u>TIF</u> <u>District #4</u>	<u>TIF</u> <u>District #6</u>	<u>TIF</u> <u>District #7</u>	<u>Total</u>	<u>TIF</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Assets and Deferred Outflows of Resources</u>									
Current Assets:									
Cash and Cash Equivalents	\$ -	\$ 76,149	\$ 133,531	\$ -	\$ 19,996	\$ 1,139	\$ 230,815	\$ -	\$ 230,815
Certificates of Deposit	-	162,566	285,066	-	42,690	2,432	492,754	-	492,754
Restricted Investments	-	-	-	-	-	-	-	1,355,000	1,355,000
Investments	-	32,337	56,703	-	8,492	484	98,016	-	98,016
Receivables:									
Property Taxes	1,660,990	145,379	1,084,019	1,361,165	47,139	5,693,587	9,992,279	-	9,992,279
Intergovernmental Receivable	80,008	-	-	-	-	-	80,008	-	80,008
Development Loans	110,954	-	-	-	-	-	110,954	-	110,954
Accrued Interest	2,740	-	-	39	199	49	3,027	-	3,027
Due from Other Funds	29,797	-	-	-	42,644	-	72,441	-	72,441
Total Current Assets	<u>1,884,489</u>	<u>416,431</u>	<u>1,559,319</u>	<u>1,361,204</u>	<u>161,160</u>	<u>5,697,691</u>	<u>11,080,294</u>	<u>1,355,000</u>	<u>12,435,294</u>
Noncurrent Assets:									
Restricted Investments	-	-	-	28,483	-	1,359,526	1,388,009	1,213,772	2,601,781
Rental Real Estate Investment	2,667,631	-	-	-	-	-	2,667,631	-	2,667,631
General Real Estate Investment	1,405,044	-	-	76,885	-	-	1,481,929	-	1,481,929
Total Noncurrent Assets	<u>4,072,675</u>	<u>-</u>	<u>-</u>	<u>105,368</u>	<u>-</u>	<u>1,359,526</u>	<u>5,537,569</u>	<u>1,213,772</u>	<u>6,751,341</u>
Total Assets	<u>5,957,164</u>	<u>416,431</u>	<u>1,559,319</u>	<u>1,466,572</u>	<u>161,160</u>	<u>7,057,217</u>	<u>16,617,863</u>	<u>2,568,772</u>	<u>19,186,635</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>									
Liabilities:									
Accounts Payable	8,432	-	-	-	-	-	8,432	-	8,432
Due to Other Funds	1,341,798	-	-	115,925	-	-	1,457,723	-	1,457,723
Total Liabilities	<u>1,350,230</u>	<u>-</u>	<u>-</u>	<u>115,925</u>	<u>-</u>	<u>-</u>	<u>1,466,155</u>	<u>-</u>	<u>1,466,155</u>
Deferred Inflows of Resources:									
Gain on Sale of Property	44,717	-	-	-	-	-	44,717	-	44,717
Deferred Income	-	-	-	-	-	-	-	-	-
Property Tax Revenue	1,660,990	145,379	1,084,019	1,361,165	47,139	5,693,587	9,992,279	-	9,992,279
Total Deferred Inflows of Resource	<u>1,705,707</u>	<u>145,379</u>	<u>1,084,019</u>	<u>1,361,165</u>	<u>47,139</u>	<u>5,693,587</u>	<u>10,036,996</u>	<u>-</u>	<u>10,036,996</u>
Fund Balance:									
Restricted for:									
Debt Service	-	-	-	-	-	-	-	2,568,772	2,568,772
Development Loans	110,954	-	-	-	-	-	110,954	-	110,954
Redevelopment	2,790,273	271,052	475,300	(10,518)	114,021	1,363,630	5,003,758	-	5,003,758
Total Fund Balance	<u>2,901,227</u>	<u>271,052</u>	<u>475,300</u>	<u>(10,518)</u>	<u>114,021</u>	<u>1,363,630</u>	<u>5,114,712</u>	<u>2,568,772</u>	<u>7,683,484</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 5,957,164</u>	<u>\$ 416,431</u>	<u>\$ 1,559,319</u>	<u>\$ 1,466,572</u>	<u>161,160</u>	<u>7,057,217</u>	<u>\$16,617,863</u>	<u>\$ 2,568,772</u>	<u>\$19,186,635</u>

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
TAX INCREMENT FINANCING FUNDS  
FOR THE FISCAL YEAR ENDED APRIL 30, 2017

	<u>TIF</u> <u>District #1</u>	<u>TIF</u> <u>District #2</u>	<u>TIF</u> <u>District #3</u>	<u>TIF</u> <u>District #4</u>	<u>TIF</u> <u>District #6</u>	<u>TIF</u> <u>District #7</u>	<u>Total</u>	<u>TIF</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Revenues:</u>									
Property Taxes	\$ 1,560,161	\$ 145,916	\$ 1,088,111	\$ 1,228,658	\$ 47,998	\$ 5,643,431	\$ 9,714,275	\$ -	\$ 9,714,275
Intergovernmental	-	-	-	-	-	-	-	-	-
Investment Earnings	7,464	-	-	5,710	688	7,427	21,289	-	21,289
Miscellaneous	400,101	-	-	-	-	-	400,101	-	400,101
Total Revenues	<u>1,967,726</u>	<u>145,916</u>	<u>1,088,111</u>	<u>1,234,368</u>	<u>48,686</u>	<u>5,650,858</u>	<u>10,135,665</u>	<u>-</u>	<u>10,135,665</u>
<u>Expenditures:</u>									
Development	151,090	-	1,088,077	162,865	14,284	4,604,434	6,020,750	-	6,020,750
Debt Service - Interest	-	-	-	-	-	-	-	649,116	649,116
Debt Service - Principal	-	-	-	-	-	-	-	2,830,340	2,830,340
Capital Outlay	18,914	-	-	-	-	-	18,914	-	18,914
Total Expenditures	<u>170,004</u>	<u>-</u>	<u>1,088,077</u>	<u>162,865</u>	<u>14,284</u>	<u>4,604,434</u>	<u>6,039,664</u>	<u>3,479,456</u>	<u>9,519,120</u>
Excess of Revenues over Expenditures	1,797,722	145,916	34	1,071,503	34,402	1,046,424	4,096,001	(3,479,456)	616,545
<u>Other Financing Sources (Uses):</u>									
Proceeds from Borrowings	-	-	-	-	-	-	-	-	-
Operating Transfers From (To) other Fund	(1,673,810)	-	-	(1,005,280)	-	(558,625)	(3,237,715)	3,237,715	-
Total Other Financing Sources (Uses)	<u>(1,673,810)</u>	<u>-</u>	<u>-</u>	<u>(1,005,280)</u>	<u>-</u>	<u>(558,625)</u>	<u>(3,237,715)</u>	<u>3,237,715</u>	<u>-</u>
Net Change in Fund Balance	123,912	145,916	34	66,223	34,402	487,799	858,286	(241,741)	616,545
Fund Balance - Beginning	<u>2,777,315</u>	<u>125,136</u>	<u>475,266</u>	<u>(76,741)</u>	<u>79,619</u>	<u>875,831</u>	<u>4,256,426</u>	<u>2,810,513</u>	<u>7,066,939</u>
Fund Balance - Ending	<u>\$ 2,901,227</u>	<u>\$ 271,052</u>	<u>\$ 475,300</u>	<u>\$ (10,518)</u>	<u>\$ 114,021</u>	<u>\$ 1,363,630</u>	<u>\$ 5,114,712</u>	<u>\$ 2,568,772</u>	<u>\$ 7,683,484</u>

INDEPENDENT AUDITOR'S REPORT ON  
COMPLIANCE WITH TAX INCREMENT FINANCING ACT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the City of Granite City, Illinois as of and for the year ended April 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. 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 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 opinion.

**Other Matters**

The management of the City of Granite City, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the City of Granite City, Illinois, complied with Subsection (q) of Section 11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the City of Granite City, Illinois was not in compliance with Subsection (q) of Section 11-74.4-3, "Tax Increment Allocation Redevelopment Act".

*Hughes, Cameron + Company, LLC*

Hughes, Cameron & Company, LLC  
September 28, 2017