

CITY OF GRANITE CITY, ILLINOIS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
APRIL 30, 2019

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

CITY OF GRANITE CITY, ILLINOIS  
TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS	3 - 4
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	5
Statement of Activities	6
Balance Sheet - Governmental Funds	7
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10 - 11
Statement of Net Position - Proprietary Fund Types	12
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund Types	13
Statement of Cash Flows - Proprietary Fund Types	14
Statement of Plan Net Position - Fiduciary Funds - Pension Trust Funds	15
Statement of Changes in Plan Net Position - Fiduciary Funds - Pension Trust Funds	16
NOTES TO BASIC FINANCIAL STATEMENTS	17 - 56
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule (Budgetary Basis) - General Fund	57
Budgetary Comparison Schedule (Budgetary Basis) - Tax Increment Financing Fund	58
Notes to Budgetary Comparison Schedules	59
Schedule of Firefighter's and Police Pension Funding Progress	60 - 63

OTHER SUPPLEMENTAL INFORMATION:

Schedule of Illinois Municipal Retirement Funding Progress	64 - 66
Combining Balance Sheet - Non-Major Governmental Funds	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	68
Combining Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds	69
Combining Statement of Plan Net Position - Fiduciary Funds	70
Combining Statement of Changes in Plan Net Position - Fiduciary Funds	71
Combining Balance Sheet - Tax Increment Financing Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Tax Increment Financing Funds	73
Independent Auditor's Report on Compliance with Tax Increment Financing Act	74



**HUGHES,  
CAMERON  
& COMPANY<sub>LLC</sub>**  
Your Partner In Financial Success

1321 D'ADRIAN PROFESSIONAL PARK  
GODFREY, ILLINOIS 62035  
PHONE: 618-466-6278  
FAX: 618-466-8663

---

## 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, 2019, 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 and the standards applicable for the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois, as of April 30, 2019, 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.

## **Emphasis of a Matter**

As discussed in Note 24 to the financial statements, the City restated the set position of the business-type activities. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (pages 57 to 58) and schedules of funding progress and employer contributions (pages 60 to 66) 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.

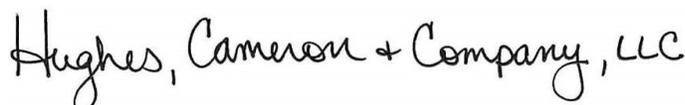
### *Supplementary Information*

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.

## **Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 5, 2019 on our consideration of the City of Granite City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Granite City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Granite City's internal control over financial reporting and compliance.



Hughes, Cameron & Company, LLC  
November 5, 2019

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 5, 2019.

**Internal Control Over Financial Reporting**

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

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

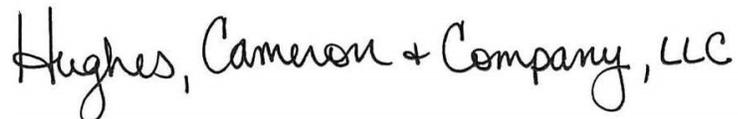
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Hughes, Cameron & Company, LLC". The signature is written in a cursive, flowing style.

Hughes, Cameron & Company, LLC  
November 5, 2019

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF NET POSITION  
APRIL 30, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Cash and Cash Equivalents	\$ 3,450,354	\$ 773,101	\$ 4,223,455
Restricted Cash and Cash Equivalents	670,340	25,899	696,239
Certificates of Deposit	6,000,212	928,426	6,928,638
Restricted Certificates of Deposit	-	353,000	353,000
Restricted Investments	15,339,862	-	15,339,862
Investments	1,541,175	345,321	1,886,496
Receivables (Net of Allowance for Uncollectibles)	23,955,462	2,336,763	26,292,225
Prepaid Expenses and Deposits	185,793	108,393	294,186
Internal Balances	(14,468)	14,468	-
General Real Estate Investment	1,272,210	-	1,272,210
Capital Assets (Net of Accumulated Depreciation)	49,630,874	29,114,805	78,745,679
Total Assets	102,031,814	34,000,176	136,031,990
Deferred Outflows of Resources:			
Deferred Amounts Related to Pensions - IMRF	3,977,910	2,054,447	6,032,357
Deferred Amounts Related to Pensions - Police & Firefighter's	915,918	-	915,918
Deferred Charge on Bond Refunding	1,074,647	-	1,074,647
Total Deferred Outflows of Resources	5,968,475	2,054,447	8,022,922
Total Assets and Deferred Outflows of Resources	108,000,289	36,054,623	144,054,912
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Liabilities:			
Accounts Payable	1,178,873	489,224	1,668,097
Accrued Workman's Compensation	2,131,087	-	2,131,087
Accrued Vacation Leave	702,844	114,840	817,684
Accrued Interest Payable	345,125	13,507	358,632
Other Accrued Obligations	303,154	-	303,154
Due to Other Governments	253,404	-	253,404
Bonds/Notes Payable:			
Due Within One Year	1,614,562	997,821	2,612,383
Due Beyond One Year	43,515,123	11,587,675	55,102,798
Accrued Sick Leave	3,082,946	138,446	3,221,392
Net Pension Liability (IMRF)	3,272,879	1,689,693	4,962,572
Net Pension Liability (Police & Firefighter's Pension)	125,789,686	-	125,789,686
Total Liabilities	182,189,683	15,031,206	197,220,889
Deferred Inflows of Resources:			
Deferred Gain on Installment Sale	94,259	-	94,259
Deferred Amounts Related to Pensions - IMRF	2,965,440	1,501,623	4,467,063
Deferred Amounts Related to Pensions - Police & Firefighter's	6,207,648	-	6,207,648
Deferred Real Estate Taxes	19,643,561	-	19,643,561
Total Deferred Inflows of Resources	28,910,908	1,501,623	30,412,531
Total Liabilities and Deferred Inflows of Resources	211,100,591	16,532,829	227,633,420
<b>NET POSITION</b>			
Net Investment in Capital Assets	45,575,836	16,529,309	62,105,145
Restricted for:			
Debt Service	2,500,093	-	2,500,093
Development Loans	105,746	-	105,746
Drug Traffic Prevention	170,890	-	170,890
Public Safety	13,424,345	-	13,424,345
Redevelopment	5,800,006	-	5,800,006
Unrestricted	(170,677,218)	2,992,485	(167,684,733)
Total Net Position	\$ (103,100,302)	\$ 19,521,794	\$ (83,578,508)

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF ACTIVITIES  
YEAR ENDED APRIL 30, 2019

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 5,734,320	\$ 796,853	\$ 189,478	\$ -	\$ (4,747,989)	\$ -	\$ (4,747,989)
Cinema	490,404	538,607	-	-	48,203	-	48,203
Public Safety	22,217,683	1,845,283	600,496	-	(19,771,904)	-	(19,771,904)
Public Works	5,974,579	243,751	1,061,981	654,293	(4,014,554)	-	(4,014,554)
Development	5,226,497	-	946,218	-	(4,280,279)	-	(4,280,279)
Interest on Long-Term Debt	2,104,543	-	-	-	(2,104,543)	-	(2,104,543)
Total Governmental Activities	41,748,026	3,424,494	2,798,173	654,293	(34,871,066)	-	(34,871,066)
Business-Type Activities:							
Wastewater	7,766,205	6,843,905	-	-	-	(922,300)	(922,300)
Total Business-Type Activities	7,766,205	6,843,905	-	-	-	(922,300)	(922,300)
Total	\$ 49,514,231	\$ 10,268,399	\$ 2,798,173	\$ 654,293	(34,871,066)	(922,300)	(35,793,366)
General Revenues:							
Property Tax, Levied for General Purposes					19,098,451	-	19,098,451
Home Rule Sales Tax					2,756,668	-	2,756,668
Sales and Use Tax					4,801,195	-	4,801,195
Replacement Tax					2,547,861	-	2,547,861
State Income Tax					3,086,111	-	3,086,111
Telecommunications Tax					1,072,544	-	1,072,544
Other State and Local Taxes					523,638	-	523,638
Investment Earnings					606,142	83,409	689,551
Miscellaneous					363,374	7,130	370,504
Total General Revenues and Transfers					34,855,984	90,539	34,946,523
Change in Net Position					(15,082)	(831,761)	(846,843)
Net Position - Beginning (As Originally Reported)					(103,085,220)	20,799,797	(82,285,423)
Restatement of Net Position (Note 24)					-	(446,242)	(446,242)
Net Position - Beginning (Restated)					(103,085,220)	20,353,555	(82,731,665)
Net Position - Ending					\$ (103,100,302)	\$ 19,521,794	\$ (83,578,508)

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
APRIL 30, 2019

	<u>General</u> <u>Fund</u>	<u>Tax Increment</u> <u>Financing</u> <u>Fund</u>	<u>Total</u> <u>Non-Major</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,693,057	\$ 1,309,808	\$ 447,489	\$ 3,450,354
Certificates of Deposit	3,391,851	2,070,966	537,395	6,000,212
Investments	756,240	585,054	199,881	1,541,175
Receivables (Net of Allowances for Uncollectibles):				
Property Taxes	10,686,999	9,468,940	-	20,155,939
Intergovernmental	2,775,157	-	124,200	2,899,357
Other	784,299	113,383	2,484	900,166
Prepaid Expenses	185,793	-	-	185,793
Due from Other Funds	2,038,239	72,441	13,244	2,123,924
Rental Real Estate Investment	-	2,667,631		
General Real Estate Investment	-			
Total Current Assets	<u>22,311,635</u>	<u>13,620,592</u>	<u>1,324,693</u>	<u>37,256,920</u>
Noncurrent Assets:				
Restricted Cash and Cash Equivalent	250,313	-	420,027	670,340
Restricted Investments	13,424,345	1,915,517	-	15,339,862
Rental Real Estate Investment	-	2,667,631	-	2,667,631
General Real Estate Investment	-	1,272,210	-	1,272,210
Total Noncurrent Assets	<u>13,674,658</u>	<u>5,855,358</u>	<u>420,027</u>	<u>19,950,043</u>
Total Assets	<u>35,986,293</u>	<u>19,475,950</u>	<u>1,744,720</u>	<u>57,206,963</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	851,663	199,343	127,867	1,178,873
Accrued Workman's Compensation	2,131,087	-	-	2,131,087
Due to Other Governments	-	253,404	-	253,404
Due to Other Funds	173,911	1,108,909	855,572	2,138,392
Other Accrued Obligations	300,394	-	2,760	303,154
Total Liabilities	<u>3,457,055</u>	<u>1,561,656</u>	<u>986,199</u>	<u>6,004,910</u>
Deferred Inflows of Resources:				
Gain on Installment Sale	54,750	39,509	-	94,259
Deferred Income	782,382	-	-	782,382
Property Tax Revenue	10,174,621	9,468,940	-	19,643,561
Total Deferred Inflows of Resources	<u>11,011,753</u>	<u>9,508,449</u>	<u>-</u>	<u>20,520,202</u>
Fund Balance:				
Nonspendable:				
Prepaid Expenses	185,793	-	-	185,793
Restricted for:				
Redevelopment	-	5,800,006	-	5,800,006
Development Loans	-	105,746	-	105,746
Drug Traffic Prevention	-	-	170,890	170,890
Public Safety	13,424,345	-	-	13,424,345
Debt Service	-	2,500,093	-	2,500,093
Unassigned	7,907,347	-	587,631	8,494,978
Total Fund Balance	<u>21,517,485</u>	<u>8,405,845</u>	<u>758,521</u>	<u>30,681,851</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 35,986,293</u>	<u>\$ 19,475,950</u>	<u>\$ 1,744,720</u>	<u>\$ 57,206,963</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, 2019

Amounts reported for governmental fund balances are different because:

Fund Balances - total governmental funds	\$ 30,681,851
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	49,630,874
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.	(3,785,790)
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.	(45,129,685)
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(3,272,879)
The net pension liability does not relate to current financial resources and is not reported in the governmental funds.	(125,789,686)
Differences between expected and actual experiences, assumptions changes, net differences between projected and actual earnings for IMRF are recognized as deferred outflows and inflows of resources on the statement of net position.	1,012,470
Differences between expected and actual experiences, assumptions changes, net differences between projected and actual earnings for Pension Trust Funds are recognized as deferred outflows and inflows of resources on the statement of net position.	(5,291,730)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(345,125)
The governmental funds report deferred amount on refunding of bonds are not reported on the balance sheet of the governmental funds.	1,074,647
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.	782,382
Net position of governmental activities	<u>\$ (103,100,302)</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, 2019

	<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>
Revenues:				
Property Taxes	\$ 10,034,925	\$ 9,063,526	\$ -	\$ 19,098,451
Intergovernmental:				
Home Rule Sales Tax	2,754,437	-	-	2,754,437
Sales and Use Tax	4,606,620	-	150,760	4,757,380
Replacement Tax	2,547,861	-	-	2,547,861
State Income Tax	3,086,111	-	-	3,086,111
Motor Fuel Tax	-	-	757,705	757,705
Telecommunications Tax	1,076,343	-	-	1,076,343
Grants	189,478	946,218	1,468,576	2,604,272
Other	477,578	-	-	477,578
Other Local Taxes	44,038	-	-	44,038
Licenses and Permits	613,886	-	-	613,886
Charges for Services	2,400,407	-	-	2,400,407
Fines and Forfeits	378,656	-	31,545	410,201
Investment Earnings	423,567	154,278	28,297	606,142
Miscellaneous	130,090	232,534	750	363,374
Total Revenues	<u>28,763,997</u>	<u>10,396,556</u>	<u>2,437,633</u>	<u>41,598,186</u>
Expenditures:				
Current:				
General Government	5,019,519	-	149,710	5,169,229
Cinema	603,124	-	-	603,124
Public Safety	20,675,193	-	305,803	20,980,996
Public Works	4,931,450	-	718,522	5,649,972
Development	-	5,101,351	-	5,101,351
Debt Service:				
Principal	-	3,400,062	592,495	3,992,557
Interest	-	316,702	2,178,534	2,495,236
Capital Outlay	-	1,338,225	1,070,267	2,408,492
Total Expenditures	<u>31,229,286</u>	<u>10,156,340</u>	<u>5,015,331</u>	<u>46,400,957</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,465,289)</u>	<u>240,216</u>	<u>(2,577,698)</u>	<u>(4,802,771)</u>
Other Financing Sources (Uses):				
Proceeds from Borrowings	761,065	-	-	761,065
Distributions of Surplus	-	(125,146)	-	(125,146)
Operating Transfers In	-	-	2,771,029	2,771,029
Operating Transfers (Out)	(2,706,029)	-	(65,000)	(2,771,029)
Total Other Financing Sources (Uses)	<u>(1,944,964)</u>	<u>(125,146)</u>	<u>2,706,029</u>	<u>635,919</u>
Net Change in Fund Balance	(4,410,253)	115,070	128,331	(4,166,852)
Fund Balance - Beginning	<u>25,927,738</u>	<u>8,290,775</u>	<u>630,190</u>	<u>34,848,703</u>
Fund Balance - Ending	<u>\$ 21,517,485</u>	<u>\$ 8,405,845</u>	<u>\$ 758,521</u>	<u>\$ 30,681,851</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, 2019

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

Net change in fund balances - total governmental funds	\$ (4,166,852)
 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.	 3,201,575
 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.	 (1,488,977)
 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.	 (127,358)
 The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, but debt issued increases long-term liabilities in the Statement of Net Position, and therefore is not reported on the Statement of Activities.	 (761,065)
 The repayment of long-term debt (e.g. bonds, leases) is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position, and therefore is not reported on the Statement of Activities.	 3,992,557
 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.	 (285,838)
 Interest accrued but not paid is not recorded as an expense until paid. This is the change in accrued interest payable between years.	 390,693
 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.	 (3,553,047)
 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 expense categories. This amount is the difference between beginning and ending deferred employer IMRF contributions that has been included in the statement of activities.	 3,358,387

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 (continued)  
YEAR ENDED APRIL 30, 2019

<p>Net pension liabilities (Police &amp; Firefighter's 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.</p>	4,777,466
<p>The amount of deferred employer Police and Firefighter's 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 expense categories. This amount is the difference between beginning and ending deferred employer Police and Firefighter's contributions that has been included in the statement of activities.</p>	(5,487,381)
<p>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.</p>	<u>134,758</u>
<p>Change in net position of governmental activities</p>	<u><u>\$ (15,082)</u></u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
STATEMENT OF NET POSITION  
PROPRIETARY FUND TYPES  
APRIL 30, 2019

Business Type  
Activities  
Wastewater

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets:	
Cash and Cash Equivalents	\$ 773,101
Certificates of Deposit	928,426
Investments	345,321
Restricted Certificates of Deposit	353,000
Restricted Cash	25,899
Accounts Receivable (Net of Allowance for Uncollectibles of \$627,417)	2,331,062
Prepaid Expenses	108,393
Due From Other Funds	257,379
Interest Receivable	5,701
Capital Assets (Net of Accumulated Depreciation)	<u>29,114,805</u>
Total Assets	<u>34,243,087</u>
Deferred Outflows of Resources:	
Deferred Amount Related to Pensions - IMRF	<u>2,054,447</u>
Total Deferred Outflows of Resources	<u>2,054,447</u>
Total Assets and Deferred Outflows of Resources	<u><u>36,297,534</u></u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Liabilities:	
Accounts Payable	489,224
Accrued Vacation Leave	114,840
Due to Other Funds	242,911
Accrued Interest	13,507
Accrued Sick Leave	138,446
Net Pension Liability	1,689,693
Bonds/Notes Payable:	
Due Within One Year	997,821
Due Beyond One Year	<u>11,587,675</u>
Total Liabilities	<u>15,274,117</u>
Deferred Inflows of Resources:	
Deferred Amounts Related to Pensions - IMRF	<u>1,501,623</u>
Total Deferred Inflows of Resources	<u>1,501,623</u>
Total Liabilities and Deferred Inflows of Resources	<u><u>16,775,740</u></u>

NET POSITION

Net Investment in Capital Assets	16,529,309
Unrestricted	2,992,485
Total Net Position	<u><u>\$ 19,521,794</u></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, 2019

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Operating Revenues:	
Charges for Services	\$ 6,843,905
Total Operating Revenues	6,843,905
Operating Expenses:	
Personal Services	3,352,475
Industrial Pretreatment	112,070
Billings and Collection	146,727
Sewer Collection	924,255
Solids Handling	776,513
BOD Treatment	255,898
Primary Treatment	44,861
General and Administration	232,238
Dry Weather Pumping	228,733
Wet Weather Pumping	140,000
Other	179,526
Depreciation	1,094,304
Total Operating Expenses	7,487,600
Operating (Loss)	(643,695)
Non-Operating Revenues (Expenses)	
Investment Earnings	83,409
Other Income	7,130
Interest Expense and Fiscal Charges	(278,605)
Total Non-Operating Revenues (Expenses)	(188,066)
Change in Net Position	(831,761)
Net Position - Beginning (As Originally Reported)	20,799,797
Net Position - Restatement (Note 24)	(446,242)
Net Position - Beginning (Restated)	20,353,555
Net Position - Ending	\$ 19,521,794

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, 2019

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 6,506,282
Cash Paid to Suppliers for Goods and Services	(3,426,197)
Cash Paid to Employees for Services	(3,225,681)
Net Cash Provided By Operating Activities	(145,596)
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(289,045)
Principal Paid on Borrowings	(977,659)
Amortization of Bond Premium	(11,893)
Interest Paid on Borrowings	(280,291)
Net Cash (Used) by Capital and Related Financing Activities	(1,558,888)
Cash Flows From Investing Activities:	
Purchase of Investments	(6,415)
Miscellaneous Income	7,130
Redemption of Investments	800,534
Investment Earnings	81,745
Net Cash Provided By Investing Activities	882,994
Net Decrease In Cash and Equivalents	(821,490)
Cash and Equivalents - Beginning	1,594,591
Cash and Equivalents - Ending	\$ 773,101
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ (643,695)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	1,094,303
Increase in Allowance for Doubtful Accounts	12,119
Change in Assets and Liabilities:	
(Increase) in Accounts Receivable	(349,742)
(Increase) in Prepaid Expenses	(36,190)
Decrease in Net Pension Asset	141,969
(Increase) in Deferred Outflow - Employer IMRF Contributions	(1,583,406)
(Decrease) in Accounts Payable	(349,186)
Increase in Net Pension Liability	1,501,623
Increase in Deferred Inflows - Amounts Related to IMRF	58,495
Increase in Accrued Vacation and Sick Pay	8,114
Net Cash Provided By Operating Activities	\$ (145,596)

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, 2019

ASSETS

Cash and Cash Equivalents	\$ 1,178,136
Investments and Certificates of Deposit	49,500,391
Receivables:	
Employer Contribution - Property Taxes	1,550,940
Employer Contribution - Gaming Taxes	37,320
Accrued Interest	131,629
Total Assets	52,398,416

LIABILITIES

Liabilities	
Pension Benefits Payable	-
Total Liabilities	-

NET POSITION

Net Position Held in Trust for Pension Benefits	52,398,416
Total Net Position	52,398,416
 Total Liabilities and Net Position	 \$ 52,398,416

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, 2019

Additions:	
Contributions:	
Employee Contributions	\$ 788,654
Employer Contributions:	
Property Taxes	1,532,004
Gaming Taxes	269,680
Replacement Taxes	4,517,146
Total Contributions	<u>7,107,484</u>
Investment Income:	
Interest and Dividends	1,615,729
Net Realized/Unrealized Gain on Investments	685,830
	<u>2,301,559</u>
Less: Investment Expense	(111,243)
Net Investment Income	<u>2,190,316</u>
Total Additions	<u>9,297,800</u>
Deductions:	
Benefits Paid to Participants:	
Service and Disability	5,575,921
Dependents	882,338
Refund of Contribution	105,411
Contractual Services	62,968
Total Deductions	<u>6,626,638</u>
Net Increase in Plan Net Position	2,671,162
Net Position Held in Trust for Pension Benefits, Beginning of Year	<u>49,727,254</u>
Net Position Held in Trust for Pension Benefits, End of Year	<u>\$ 52,398,416</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

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, 2019

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, 2019

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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

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 2018, based upon the expected assessed valuation as of the December 31, 2018. Property taxes are due in four installments in the following year and are considered delinquent after the due dates. Property taxes for 2018 become an enforceable lien in January 2019. The County has not mailed tax bills as of April 30, 2019 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 2018 taxes to be collected between June and December 2019. Taxes collected during the current year were from the 2017 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, 2019

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, 2019, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$702,844 and \$3,082,946, respectively. Amounts reflected in the financial statements at April 30, 2019 for enterprise fund employees related to unused vacation and sick leave benefits totaled \$114,840 and \$138,446, 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, 2019

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	\$ 2,500,093
Restricted for Development Loans	105,746
Restricted for Drug Traffic Prevention	170,890
Restricted for Public Safety	13,424,345
Restricted for Redevelopment	5,800,006

Fiduciary Funds

Reserved for Employees' Pension Benefits	\$ 52,398,416
--	---------------

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, 2019

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, 2019

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. FAIR VALUE MEASUREMENTS

The City reports its fair value measurements using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets in markets that are not active
  - Observable inputs other than quoted prices for the asset or liability
  - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means
- Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the City measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. The primary uses of fair value in the Village's financial statements are:

- Initial measurement of noncash assets
- Recurring measurement of investments
- Recurring measurement of pension investments

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS

1. General Government and Business-Like Activities

At April 30, 2019, the carrying amount of the City's deposits was \$12,201,332 and the bank balance was \$12,384,660. 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, 2019, all 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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of April 30, 2019, 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)	-	\$ 1,886,495	\$ 1,886,495
US Treasury	1.48	10,318,873	10,318,873
UMB Money Market	-	5,020,990	5,020,990
Total Investments		<u>\$ 17,226,358</u>	<u>17,226,358</u>
Deposits as Reported Above			<u>12,201,332</u>
Total Deposits and Investments			<u>\$ 29,427,690</u>
As Reported in the Statement of Net Position:			
Cash and Cash Equivalents			\$ 4,223,455
Restricted Cash and Cash Equivalents			696,239
Certificates of Deposit			6,928,638
Restricted Certificates of Deposit			353,000
Investments			1,886,496
Restricted Investments			15,339,862
			<u>\$ 29,427,690</u>

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, 2019, 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	--
US Treasury	--	Aaa

Concentration of Credit Risk

As of April 30, 2019, the City's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
US Treasury	59.90%
UMB Money Market	29.15%

Foreign Currency Risk

As of April 30, 2019, the City did not have foreign currency risk.

Fair Value

As of April 30, 2019, the City's investments are all classified as Level 1.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Firefighter's Pension Fund and Police Pension Fund

The Firefighter's 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. Firefighter's Pension Fund

At April 30, 2019, the carrying amount of the Firefighter's Pension Fund's deposits was \$80,544 and the bank balance was \$91,062. 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 Firefighter's Pension's deposits may not be returned to it. The Firefighter's Pension requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Firefighter's Pension Fund's name.

As of April 30, 2019, the City's Firefighter's 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	5.87	\$ 25,958	\$ 24,772
Federal National Mortgage Association	6.49	17,877	17,391
Freddie Mac	8.38	49,151	47,420
Governmental National Mortgage Association	11.94	242,964	243,337
U.S. V.A. REMIC	9.51	22,915	23,431
U.S. Treasury Notes	9.57	3,178,048	3,202,930
Municipal Bonds	1.17	80,000	80,218
Corporate Bonds	4.01	3,509,614	3,513,039
Money Market Mutual Funds	--	2,570,311	2,570,311
Common Stock	--	2,492,700	3,194,110
Mutual Funds	--	8,847,674	9,693,104
Total Investments		\$ 21,037,212	22,610,063
Deposits as Reported Above			80,544
Total Deposits and Investments			\$ 22,690,607
As Reported in the Combining Statement of Plan Net Position - Fiduciary Funds:			
Cash and Cash Equivalents			\$ 80,544
Investments and Certificates of Deposit			22,610,063
			\$ 22,690,607

Interest Rate Risk

The Firefighter's 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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

As of April 30, 2019, the Firefighter's Pension Fund's investments credit ratings were as follows:

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

Concentration of Credit Risk

As of April 30, 2019, the Firefighter's Pension Fund's investments had no reportable concentrations of credit risk.

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

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	1.07%
Federal National Mortgage Association	0.08%
Freddie Mac	0.21%
Municipal Bonds	0.35%
U.S. Treasury Notes	14.12%
US Department of Veteran Affairs Remic	0.10%
Federal Home Loan Mortgage Corporation	0.11%
Corporate Bonds	15.48%
Mutual Funds	42.72%
Common and Preferred Stocks	14.08%
Deposits & Money Market Mutual Funds	11.68%
Total	<u>100.00%</u>

Foreign Currency Risk

As of April 30, 2019, the Firefighter's Pension Fund did not have foreign currency risk.

Fair Value

As of April 30, 2019, the Firefighter's Pension Fund investments are all classified as Level 1.

3. Police Pension Fund

At April 30, 2019, the carrying amount of the Police Pension Fund's deposits was \$2,415,493 and the bank balance was \$2,415,493. 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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of April 30, 2019, 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	3.23	\$ 1,904,899	\$ 1,905,282
Fannie Mae	8.58	258,403	308,095
Federal Home Loan Bank	4.57	1,248,146	1,298,263
Federal Farm Credit Bank	6.15	1,290,341	1,290,425
Government National Mortgage Association	14.09	625,063	646,598
Tennessee Valley Authority	1.80	296,702	307,769
Municipal Bonds	3.59	180,763	194,282
Corporate Bond	3.77	3,147,615	3,220,450
Exchange Traded Funds	--	-	6,659,288
Mutual Funds	--	-	9,741,975
Total Investments		<u>\$ 8,951,932</u>	<u>25,572,427</u>
Deposits as Reported Above			2,415,493
Total Deposits and Investments			<u>\$ 27,987,920</u>
As Reported in the Combining Statement of Plan Net Position - Fiduciary Funds:			
Cash and Cash Equivalents			\$ 1,097,592
Investments			26,890,328
			<u>\$ 27,987,920</u>

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, 2019, 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 AA-	Aaa to Aa3

Concentration of Credit Risk

As of April 30, 2019, the Police Pension Fund's had no reportable concentrations of credit risk.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 4. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	2.31%
Federal Home Loan Bank	4.64%
U.S. Treasury	6.81%
Fannie Mae	1.10%
Federal Farm Credit Bank	4.61%
Tennessee Valley Authority	1.10%
Corporate Bonds	11.51%
Municipal Bonds	0.69%
Mutual Funds	34.81%
Exchange Traded Funds	23.79%
Deposits	8.63%
	<u>100.00%</u>

Foreign Currency Risk

As of April 30, 2019, the Police Pension Fund did not have foreign currency risk.

Fair Value

As of April 30, 2019, the Police Pension Fund investments are all classified as Level 1.

NOTE 5. 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, 2019 that are to be paid in the subsequent year is \$2,131,087 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>2019</u>	<u>2018</u>
Liability beginning balance	\$ 1,863,233	\$ 2,879,534
Claims and changes in estimates	2,750,089	804,453
Claim payments	<u>(2,482,235)</u>	<u>(1,820,754)</u>
Liability ending balance	<u>\$ 2,131,087</u>	<u>\$ 1,863,233</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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 6. RECEIVABLES

Receivables as of April 30, 2018 for the City, as reported in the statement of net position, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Receivables:			
Sewer User Fees	\$ -	\$ 2,958,479	\$ 2,958,479
Ambulance Fees	463,124	-	463,124
Real Estate Taxes	19,643,561	-	19,643,561
Intergovernmental	2,899,357	-	2,899,357
Interest	20,357	5,701	26,058
Other	934,063	-	934,063
Total Receivables	<u>23,960,462</u>	<u>2,964,180</u>	<u>\$ 26,924,642</u>
Allowance for Uncollectible Accounts	<u>(5,000)</u>	<u>(627,417)</u>	<u>(632,417)</u>
Net Total Receivables	<u>\$ 23,955,462</u>	<u>\$ 2,336,763</u>	<u>\$ 26,292,225</u>

Real estate taxes of \$19,643,561 were not available for collection and payment of current liabilities at April 30, 2019 and are reported as deferred inflows. The governmental financial statements reported an additional \$782,382 of intergovernmental revenue as deferred income at April 30, 2019.

NOTE 7. 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).

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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

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, 2018, the following employees were covered by the benefit terms:

Number of:	
Retirees and Beneficiaries currently receiving benefits	138
Inactive Plan Members entitled to but not yet receiving benefits	34
Active Plan Members	<u>113</u>
Total	<u><u>285</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 2018 was 10.88%. For the fiscal year ended April 30, 2019, the Employer contributed \$649,757 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, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2018:

- 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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

- 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, 2018:

<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, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Changes in the Net Pension Liability

**A. Total Pension Liability**

1. Service Cost	\$ 650,712
2. Interest on the Total Pension Liability	3,059,250
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(1,218,944)
5. Changes of assumptions	1,141,719
6. Benefit payments, including refunds of employee contributions	<u>(2,565,648)</u>
7. Net change in total pension liability	1,067,089
8. Total pension liability - beginning	<u>41,747,465</u>
9. Total pension liability - ending	<u><u>\$ 42,814,554</u></u>

**B. Plan fiduciary net position**

1. Contributions - employer	\$ 715,613
2. Contributions - employee	295,989
3. Net investment income	(2,392,033)
4. Benefit payments, including refunds of employee contributions	(2,565,648)
5. Other (Net Transfer)	<u>(371,541)</u>
6. Net change in plan fiduciary net position	(4,317,620)
7. Plan fiduciary net position - beginning	<u>42,169,602</u>
8. Plan fiduciary net position - ending	<u><u>\$ 37,851,982</u></u>

**C. Net Position Liability/(Asset)**

\$ 4,962,572

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

88.41%

**E. Covered Valuation Payroll**

\$ 6,575,104

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

75.46%

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>\$ 48,061,270</u>	<u>\$ 42,814,554</u>	<u>\$ 38,552,793</u>
Plan Fiduciary Net Position	<u>37,851,982</u>	<u>37,851,982</u>	<u>37,851,982</u>
Net Pension Liability/(Asset)	<u><u>\$ 10,209,288</u></u>	<u><u>\$ 4,962,572</u></u>	<u><u>\$ 700,811</u></u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. 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, 2019, the Employer recognized pension expense of \$649,757. At April 30, 2019, 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>
<u>Deferred Amounts to be Recognized in Pension Expense in Future Periods</u>			
Differences between expected and actual experience	\$ -	\$ 1,301,645	\$ (1,301,645)
Changes of Assumptions	879,719	768,212	111,507
Net difference between projected and actual earnings on pension plan investments	<u>4,979,261</u>	<u>2,398,106</u>	<u>2,581,155</u>
Total Deferred Amounts to be recognized in pension expense in future periods	5,858,980	4,467,963	1,391,017
 Pension Contributions made subsequent to the Measurement Date	 <u>173,377</u>	 <u>-</u>	 <u>173,377</u>
 Total Deferred Amounts Related to Pensions	 <u>\$ 6,032,357</u>	 <u>\$ 4,467,963</u>	 <u>\$ 1,564,394</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>
2019	\$ 470,160
2020	(148,663)
2021	154,870
2022	1,091,027
2023	-
Thereafter	-
Total	<u>\$ 1,567,394</u>

2. Police 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, 2019

NOTE 7. 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, 2019 was \$4,031,687 out of a total payroll of \$16,001,005.

At April 30, 2019, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	61
Current employees:	
Vested	38
Nonvested	18
Total	117

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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. 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.

Investment Policy

ILCS limits the Police Pension Fund's investments to those allowable by ILCS and require the Police Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Police Pension Fund's investment policy authorizes the Police Pension Fund to make deposits/invest 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. No changes to the investment policy were made during 2019.

The Police Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>
Equities	60.0%
Fixed Income	37.5%
Cash	2.5%

ILCS limits the Police Pension Funds' investments in equities to 65%.

The expected rate of return on the Police Pension Fund's investments is desired to earn a real return above inflation of 3% per year. It is desired that the total fund earns a rate of return above the actuarial assumption of 6.75%

Concentration

The Police Pension Fund has a concentration of 5% or more investments in the following organizations:

Police Pension:	
Exchange Traded Funds	23.79%
Corporate Bonds	11.51%
Mutual Funds	37.81%

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Net Pension Liability

The Police Pension’s net pension liability was measured as of April 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at April 30, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- Assumptions
  - Discount Rate used for the Total Pension Liability – 4.87%
  - Long-Term Expected Rate of Return on Plan Assets – 6.25%
  - High Quality 20 Year Tax-Exempt G.O. Bond Rate – 3.79%
  - Projected Individual Salary Increases – 4.00% - 31.23%
  - Projected Increase in Total Payroll – 3.25%
  - Consumer Price Index (Urban) – 2.5%
  - Inflation Rate Included – 2.5%.
- Mortality Table – RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Date, as Appropriate
  - Active Mortality follows the Sex District Raw Rates and Developed in the RP-2014 Study, with Blue Collar Adjustments. These rates are improved generationally using MP-2016 Improvement Rates.
  - Retiree Mortality follows the L&A Assumption Study for Police 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improvement Generationally using the MP-2016 Improvement Rates.
  - Disabled Mortality flows the Sex District Raw Rates as Developed in the RP-2014 Study for Disabled Participants with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.
  - Spouse Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2016 Improvement Rates.
- Retirement Rates – L&A 2016 Illinois Police Retirement Rates Capped as age 65
- Disability Rates – L&A 2016 Illinois Police Disability Rate
- Termination Rates – L&A 2016 Illinois Police Termination Rates
- Percent Married – 80%
- The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return on assets shown below have been provided by the investment professionals that work with the Pension Fund.

A summary of the best estimate of future real rates of return (annual arithmetic average) are included in the table below.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Long-Term Inflation Expectations</u>	<u>Long-Term Expected Real Rate of Return</u>
Equities	10.00%	2.90%	7.10%
Fixed Income	5.10%	2.90%	2.20%
Cash	3.30%	2.90%	40.00%

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

- Long-term expected real return under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The rates provided above are intended to estimate those figures. The long-term inflation expectation is 2.90% and is included in the total long-term expected rates of return. The long-term inflation expectation is from the same source as the long-term expected real rates of return and is not necessarily reflective of the inflation measures used for other purposes in the report. Geometric rates of return are equal to arithmetic rates of return when then annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. The higher the volatility, the greater the difference.
- The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Actuarial Assumption section is the April 25, 2019 rate. The 20-Bond GO Index is based on average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Discount Rate

The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are listed above. The expected contributions are based on the funding policy of the plan.

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.25%, the municipal bond rate is 3.79%, and the resulting discount rate is 4.87%.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Changes in the Net Pension Liability

**A. Total Pension Liability**

1. Service Cost	\$ 1,985,413
2. Interest on the Total Pension Liability	3,932,761
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension	(2,964)
5. Changes of assumptions	(3,454,445)
6. Benefit payments, including refunds of employee contributions	<u>(2,858,561)</u>
7. Net change in total pension liability	(397,796)
8. Total pension liability - beginning	<u>86,553,975</u>
9. Total pension liability - ending	<u><u>\$ 86,156,179</u></u>

**B. Plan fiduciary net position**

1. Contributions - employer	\$ 3,034,626
2. Contributions - employee	412,578
3. Net investment income	1,234,836
4. Benefit payments, including refunds of employee contributions	(2,858,561)
5. Administrative Costs	<u>(31,412)</u>
6. Net change in plan fiduciary net position	1,792,067
7. Plan fiduciary net position - beginning	<u>27,065,883</u>
8. Plan fiduciary net position - ending	<u><u>\$ 28,857,950</u></u>

**C. Net Position Liability/(Asset)** \$ 57,298,229

**D. Plan fiduciary net position as a percentage of the total pension liability** 33.49%

**E. Covered Valuation Payroll** \$ 4,162,717

**F. Net pension liability as a percentage of covered valuation payroll** 1376.46%

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

The following presents the plan's net pension liability, calculated using a Discount Rate of 4.87%, 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	Current Single Discount Rate Assumption	1% Increase
	<u>3.87%</u>	<u>4.87%</u>	<u>5.87%</u>
Employer Net Pension Liability	<u>\$ 72,473,678</u>	<u>\$ 57,298,229</u>	<u>\$ 45,322,470</u>

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

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

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the pension fund. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

<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	\$ 36,092	\$ 2,487	\$ 33,605
Changes of Assumptions	-	2,899,067	(2,899,067)
Net difference between projected and actual earnings on pension plan investments	<u>415,547</u>	<u>-</u>	<u>415,547</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 451,639</u>	<u>\$ 2,901,554</u>	<u>\$ (2,449,915)</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 April 30</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ (438,208)
2021	(438,208)
2022	(438,212)
2023	(457,153)
2024	(555,855)
Thereafter	<u>(122,279)</u>
Total	<u>\$ (2,449,915)</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

3. Firefighter's Pension

Plan Description and Contributions Information

The Firefighter'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.

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firefighter's Pension Plan for the year ended April 30, 2019 was \$3,871,773 out of total payroll of \$16,001,005.

At April 30, 2019, the Firefighter's Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	78
Current Employees:	
Vested	32
Nonvested	21
Total	131

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

The Firefighter'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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Covered employees are required to contribute 9.455% of their base salary to the Firefighter'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.

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.

Investment Policy

ILCS limits the Firefighter's Pension Fund's investments to those allowable by ILCS and require the Firefighter's Pension Fund's Board of Trustees to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The Firefighter's Pension Fund's investment policy authorizes the Firefighter's Pension Fund to make deposits/invest 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. The Investment policy was updated in October 2017.

The Firefighter's Pension Fund's investment policy in accordance with ILCS establishes the following target allocation across asset classes:

<u>Asset Class</u>	<u>Target</u>
Large Cap	32.5%
Mid-Small Cap	7.5%
Developed International	12.0%
Emerging Markets	3%
Fixed Income	43%
Cash	2%

ILCS limits the Firefighter's Pension Funds' investments in equities to 65%.

The expected rate of return on the Firefighter's Pension Fund's investments is desired to earn a real return above inflation of 3% per year. It is desired that the total fund earns a rate of return above the target return of 7.5%

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Concentration

The Firefighter's Pension Fund has a concentration of 5% or more investments in the following organizations:

Firefighter's Pension:	
U.S. Treasury Notes	14.12%
Corporate Bonds	15.48%
Mutual Funds	42.72%
Common and Preferred Stock	14.08%

Net Pension Liability

The Police Pension's net pension liability was measured as of April 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at April 30, 2019:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- Assumptions
  - Discount Rate used for the Total Pension Liability – 4.25%
  - Long-Term Expected Rate of Return on Plan Assets – 6.00%
  - High Quality 20 Year Tax-Exempt G.O. Bond Rate – 3.79%
  - Projected Individual Salary Increases – 4.00% - 13.11%
  - Projected Increase in Total Payroll – 3.25%
  - Consumer Price Index (Urban) – 2.5%
  - Inflation Rate Included – 2.5%.
- Mortality Table – RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as Appropriate
  - Active Mortality follows the Sex District Raw Rates and Developed in the RP-2014 Study, with Blue Collar Adjustments. These rates are improved generationally using MP-2016 Improvement Rates.
  - Retiree Mortality follows the L&A Assumption Study for Firefighters 2016. These Rates are Experience Weighted with the Raw Rates as Developed in the RP-2014 Study, with Blue Collar Adjustment and Improvement Generationally using the MP-2016 Improvement Rates.
  - Disabled Mortality flows the Sex District Raw Rates as Developed in the RP-2014 Study for Disabled Participants with Blue Collar Adjustment. These Rates are Improved Generationally using MP-2016 Improvement Rates.
  - Spouse Mortality follows the Sex Distinct Raw Rates as Developed in the RP-2014 Study. These Rates are Improved Generationally using MP-2016 Improvement Rates.
- Retirement Rates – L&A 2016 Illinois Firefighters Retirement Rates Capped as age 65
- Disability Rates – L&A 2016 Illinois Firefighters Disability Rate
- Termination Rates – L&A 2016 Illinois Firefighter Termination Rates
- Percent Married – 80%
- The long-term expected rate of return on assets is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy. The expected rates of return on assets shown here is from the State of Illinois Department of Insurance Actuarial Experience Study dated September 26, 2012. The best estimate of future real rates of return are developed for each of the major asset classes. Expected inflation as added back in. Adjustment is made to reflect geometric returns.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

A summary of the best estimate of future real rates of return (annual arithmetic average) are included in the table below.

<u>Asset Class</u>	<u>Long-Term Expected Real Rate</u>	<u>Long-Term Inflation</u>	<u>Long-Term Expected Real Rate</u>
Corporate Bonds	4.20%	2.50%	1.70%
US Government Fixed Income	3.20%	2.50%	0.70%
US Large Cap Equities	8.30%	2.50%	5.80%
US Mid Cap Equities	9.30%	2.50%	6.80%
US Small Cap Equities	9.30%	2.50%	6.80%
Non-US Developed Large Cap Equity	8.40%	2.50%	5.90%
Emerging Markets Equity Unhedged	10.50%	2.50%	8.00%
Global Real Estate - REITS	8.30%	2.50%	5.80%
Commodities - Long Only	4.90%	2.50%	2.40%

- Long-term expected real return under GASB are expected to reflect the period of time that begins when a plan member begins to provide service to the employer and ends at the point when all benefits to the plan member have been paid. The rates provided above are intended to estimate those figures. The expected rate of 2.5% and is included in the total long-term rate of return on investments. The inflation rate is from the same source as the long-term real rates of return and is not necessarily reflective of the inflation measures used for other purposes in the report. Geometric rates of return are equal to arithmetic rates of return when then annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. The higher the volatility, the greater the difference.
- The municipal bond rate assumption is based on The Bond Buyer 20-Bond GO Index. The rate shown earlier in the Actuarial Assumption section is the April 25, 2019 rate. The 20-Bond GO Index is based on average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

Discount Rate

The discount rate used in the determination of the Total Pension Liability is based on a combination of the expected long-term rate of return on plan investments and the municipal bond rate.

Cash flow projections were used to determine the extent which the plan's future net position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected net position, the expected rate of return on plan investments is used to determine the portion of the net pension liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected net position, the municipal bond rate is used to determine the portion of the net pension liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are listed above. The expected contributions are based on the funding policy of the plan.

For the purpose of the most recent valuation, the expected rate of return on plan investments is 6.00%, the municipal bond rate is 3.97%, and the resulting discount rate is 4.24%.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Changes in the Net Pension Liability

**A. Total Pension Liability**

1. Service Cost	\$ 1,983,002
2. Interest on the Total Pension Liability	3,896,046
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension	(699,276)
5. Changes of assumptions	(3,183,171)
6. Benefit payments, including refunds of employee contributions	<u>(3,705,109)</u>
7. Net change in total pension liability	(1,708,508)
8. Total pension liability - beginning	<u>93,740,431</u>
9. Total pension liability - ending	<u><u>\$ 92,031,923</u></u>

**B. Plan fiduciary net position**

1. Contributions - employer	\$ 3,284,204
2. Contributions - employee	376,076
3. Net investment income	955,480
4. Benefit payments, including refunds of employee contributions	(3,705,109)
5. Administrative Costs	<u>(31,556)</u>
6. Net change in plan fiduciary net position	879,095
7. Plan fiduciary net position - beginning	<u>22,661,371</u>
8. Plan fiduciary net position - ending	<u><u>\$ 23,540,466</u></u>

**C. Net Position Liability/(Asset)** \$ 68,491,457

**D. Plan fiduciary net position as a percentage of the total pension liability** 25.58%

**E. Covered Valuation Payroll** \$ 3,997,606

**F. Net pension liability as a percentage of covered valuation payroll** 1713.31%

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

The following presents the plan's net pension liability, calculated using a Discount Rate of 4.54%, 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	Current Single Discount Rate Assumption	1% Increase
	3.54%	4.54%	5.54%
Employer Net Pension Liability	<u>\$ 83,270,902</u>	<u>\$ 68,491,457</u>	<u>\$ 56,708,751</u>

The sensitivity of the Net Pension Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.
2. The funded percentage of the plan (ratio of the net position to the total pension liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 7. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

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

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources. Changes in total pension liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in pension expense over the expected remaining service life of all employees (active and retired) in the pension fund. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

<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	\$ -	\$ 652,569	\$ (652,569)
Changes of Assumptions	-	2,653,525	(2,653,525)
Net difference between projected and actual earnings on pension plan investments	<u>464,279</u>	<u>-</u>	<u>464,279</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 464,279</u>	<u>\$3,306,094</u>	<u>\$ (2,841,815)</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 April 30</u>	<u>Net Deferred Outflows of Resources</u>
2020	\$ (538,161)
2021	(538,161)
2022	(538,162)
2023	(574,879)
2024	(645,999)
Thereafter	<u>(6,453)</u>
Total	<u>\$ (2,841,815)</u>

NOTE 8. 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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 9. 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, 2019 was \$4,868,079.

NOTE 10. 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 11. 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>Business-type</u>
	<u>Activities</u>	<u>Activities</u>
Current payables due to vendors	\$ 1,173,520	\$ 489,224
Retainage on contracts payable	5,353	-
Total Accounts Payable	<u>\$ 1,178,873</u>	<u>\$ 489,224</u>

NOTE 12. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at April 30, 2019:

<u>Funds Due To</u>	<u>Funds Due From</u>	<u>Balance</u>	<u>Increase</u>	<u>Balance</u>
		<u>4/30/2017</u>	<u>(Decrease)</u>	<u>4/30/2018</u>
General Fund	Community Development	\$ 9,168	\$ 14,065	\$ 23,233
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	1,175,953	(67,043)	1,108,910
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>\$ 2,434,281</u>	<u>\$ (52,978)</u>	<u>\$ 2,381,303</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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 13. 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>
2020	\$ 1
2021	1
2022	1
2023	1
2024	1
2025 and thereafter	11
Total	<u>\$ 16</u>

NOTE 14. COMMITMENTS UNDER CONSTRUCTION CONTRACTS

At April 30, 2019, the City had outstanding construction contracts for various projects totaling approximately \$201,969.

NOTE 15. DEFICIT NET POSITION

The City has deficit net positions in the following nonmajor funds: Capital Projects Fund of \$33,803 as of April 30, 2019.

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.

NOTE 17. 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.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 17. TAX INCREMENT FINANCING SPECIAL REVENUE FUND (continued)

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 18. 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>
2020	\$ 244,622
2021	244,222
2022	243,022
2023	240,811
2024	238,600
2025 - 2029	1,187,000
2030 - 2034	1,133,000
2035 - 2039	1,133,000
2040 - 2044	1,133,000
2045 - 2049	1,133,000
2050 - 2054	1,133,000
2055 - 2059	1,133,000
2060	169,950
Total	<u>\$ 9,366,227</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 19. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2019 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	\$ 9,406,981	\$ -	\$ -	\$ 9,406,981
Construction in Process	729,888	2,401,480	(395,771)	2,735,597
Total Capital Assets Not Being Depreciated	<u>10,136,869</u>	<u>2,401,480</u>	<u>(395,771)</u>	<u>12,142,578</u>
Capital Assets, being Depreciated				
Buildings and Improvements	17,603,302	55,168	-	17,658,470
Equipment	7,013,816	219,006	-	7,232,822
Vehicles	7,369,899	525,921	(49,583)	7,846,237
Infrastructure	26,054,510	395,771	-	26,450,281
Total Capital Assets being Depreciated	<u>58,041,527</u>	<u>1,195,866</u>	<u>(49,583)</u>	<u>59,187,810</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	6,368,173	426,538	-	6,794,711
Equipment	6,194,289	219,402	-	6,413,691
Vehicles	5,926,583	531,031	(49,583)	6,408,031
Infrastructure	1,771,075	312,006	-	2,083,081
Total Accumulated Depreciation	<u>20,260,120</u>	<u>1,488,977</u>	<u>(49,583)</u>	<u>21,699,514</u>
Total Capital Assets being Depreciated, Net	<u>37,781,407</u>	<u>(293,111)</u>	<u>-</u>	<u>37,488,296</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,918,276</u>	<u>\$ 2,108,369</u>	<u>\$ (395,771)</u>	<u>\$ 49,630,874</u>
Business-Type Activities				
Capital Assets:				
Construction in Process	\$ 960,105	\$ 24,548	\$ (984,653)	\$ -
Buildings	1,764,561	18,547	-	1,783,108
Treatment Facility	52,829,406	1,128,490	-	53,957,896
Equipment	2,067,149	84,831	-	2,151,980
Vehicles	1,493,843	17,281	-	1,511,124
Total Capital Assets	<u>59,115,064</u>	<u>1,273,697</u>	<u>(984,653)</u>	<u>59,404,108</u>
Less Accumulated Depreciation for:				
Buildings	1,719,300	9,608	-	1,728,908
Treatment Facility	24,214,615	981,099	-	25,195,714
Equipment	1,869,119	59,669	-	1,928,788
Vehicles	1,391,966	43,927	-	1,435,893
Total Accumulated Depreciation	<u>29,195,000</u>	<u>1,094,303</u>	<u>-</u>	<u>30,289,303</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,920,064</u>	<u>\$ 179,394</u>	<u>\$ (984,653)</u>	<u>\$ 29,114,805</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 19. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 372,377
Public Safety	707,633
Public Works	408,967
Total Depreciation Expense - Governmental Activities	<u>\$ 1,488,977</u>
Business-Type Activities:	
Wastewater Treatment Plant	\$ 635,194
Sewer System Fund	459,110
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,094,304</u>

NOTE 20. 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 21. LONG-TERM DEBT

GOVERNMENTAL ACTIVITY DEBT

Bonded Indebtedness

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 was retired during the fiscal year ended April 30, 2019.

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, 2019 is \$1,075,000.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 21. LONG-TERM DEBT (Continued)

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 and 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 defeased bond were retired during the year ended April 30, 2019. The balance of the 2012 refunding bond issue at April 30, 2019 is \$3,215,000.

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, 2019 was \$1,074,647 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 \$268,662.

The City issued General Obligation Bonds Series 2017 in December 2017. The bonds, totaling \$40,000,000 are payable from the general real estate tax levy of the City. The bonds bear interest of 3.09 to 4.680% and mature in varying amounts from 2019 to 2047. The proceeds of the bond are to be used to finance the police and firefighter's pension plans of the City. The balance of the bonds at April 30, 2019 is \$39,620,000.

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 loan was paid in full as at April 30, 2019.

The City entered into a lease purchases with the Bank of Edwardsville for a three position Motorola MCC7500 console network in November 2018. The lease of \$334,000 is to be repaid in seven annual installments through October 2025. The annual installments of \$47,714 plus interest at 3.25%. The balance of the lease at April 30, 2019 is \$334,000.

The City entered into a lease purchase with US Bancorp to purchase an ambulance, police vehicles, and public works trucks. The lease 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 lease at April 30, 2019 is \$80,553.

The City entered into a lease purchase with US Bancorp to purchase an ambulance, police vehicles, and public works vehicle and tractor. The lease of \$291,042 is to be repaid by four annual installments through August 2020. The annual installments, including interest at 1.9%, are \$74,825. The balance of the lease at April 30, 2019 is \$145,496.

The City entered into a lease purchases with the Bank of Edwardsville to purchase four F150 trucks, three explorers, and two dump truck bodies with beds and plows in December 2018. The lease of \$427,065 is to be repaid in four annual installments through October 2022. The annual installments of \$106,766 plus interest at 3.1%. The balance of the lease at April 30, 2019 is \$427,065.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 21. LONG-TERM DEBT (Continued)

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, 2019 is \$130,691.

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 one draw on the loan of \$10,728 in fiscal year 2018. The loan is to be repaid in monthly installments including interest at 3.00%. The balance of the loan at April 30, 2019 is \$90,087.

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, 2019, the balance outstanding on the loan was \$1,406,776.

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, 2019, the balance outstanding on the loan was \$1,118,318.

The City was awarded a 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, 2019, the balance outstanding on the loan was \$4,938,932.

The City was awarded a 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, 2019, the balance outstanding on the loan was \$1,131,516.

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, 2019 is \$3,220,000.

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 \$750,000, which is to be repaid in monthly installments. The monthly installments include interest at 3.00%. The balance of the loan at April 30, 2019 is \$635,664.

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 21. 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, 2019:

	<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	\$ 4,485,000	\$ -	\$ 1,270,000	\$ 3,215,000	\$ -
Deferred Charge on Refunding	(1,343,309)	-	(268,662)	(1,074,647)	-
Tax Increment Revenue					
Bonds Series 2009-C	1,490,000	-	415,000	1,075,000	460,000
Tax Increment Revenue					
Bonds Series 2009-B	-	-	-	-	-
Tax Increment Revenue					
Bonds Series 2009-A	1,655,000	-	1,655,000	-	-
General Obligation Bond					
Series 2017	40,000,000	-	380,000	39,620,000	770,000
Less Unamortized Costs:					
Bond Discount	(45,434)	-	(28,517)	(16,917)	-
Bond Premium	40,051	-	11,341	28,710	-
Total Bond Payable	<u>46,281,308</u>	<u>-</u>	<u>3,434,162</u>	<u>42,847,146</u>	<u>1,230,000</u>
Notes Payable:					
US Bancorp	159,822	-	79,269	80,553	80,553
US Bancorp	216,217	-	70,721	145,496	72,064
IL Dept of Transportation	47,373	-	47,373	-	-
Bank of Edwardsville	-	334,000	-	334,000	47,714
Bank of Edwardsville	-	427,065	-	427,065	106,776
Madison County	193,195	-	62,504	130,691	64,379
Madison County	102,777	-	12,690	90,087	13,076
Total Long-Term Liabilities	<u>47,000,692</u>	<u>761,065</u>	<u>3,706,719</u>	<u>44,055,038</u>	<u>1,614,562</u>
Other Liabilities:					
Net Pension Liability-IMRF	-	3,553,047	-	3,553,047	-
Net Pension Liability-Police and Firefighter's Pension	130,567,152	-	4,777,466	125,789,686	-
Compensated Absences	3,658,432	1,317,991	1,190,653	3,785,770	702,844
Total Other Liabilities	<u>134,225,584</u>	<u>4,871,038</u>	<u>5,968,119</u>	<u>133,128,503</u>	<u>702,844</u>
Governmental Activities Long-Term Liabilities	<u>\$ 181,226,276</u>	<u>\$ 5,632,103</u>	<u>\$ 9,674,838</u>	<u>\$ 177,183,541</u>	<u>\$ 2,317,406</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 21. 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	\$ 3,435,000	\$ -	\$ 215,000	\$ 3,220,000	\$ 220,000
Less Unamortized Costs:					
Bond Premium	146,181	-	11,893	134,288	-
Total Bond Payable	<u>3,581,181</u>	<u>-</u>	<u>226,893</u>	<u>3,354,288</u>	<u>220,000</u>
Notes Payable:					
IL EPA (1)	1,627,580	-	220,804	1,406,776	226,358
IL EPA (2)	1,201,296	-	82,978	1,118,318	85,066
IL EPA (3)	5,226,045	-	287,112	4,938,933	290,723
IL EPA (4)	1,205,035	-	73,519	1,131,516	74,440
Madison County	733,910	-	98,245	635,665	101,234
Total Long-Term Liabilities	<u>13,575,047</u>	<u>-</u>	<u>989,551</u>	<u>12,585,496</u>	<u>997,821</u>
Other Liabilities:					
Net Pension Liabilities-IMRF	-	1,689,693	-	1,689,693	-
Compensated Absences	245,172	200,735	192,621	253,286	114,840
Total Other Liabilities	<u>245,172</u>	<u>1,890,428</u>	<u>192,621</u>	<u>1,942,979</u>	<u>114,840</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 13,820,219</u>	<u>\$ 1,890,428</u>	<u>\$ 1,182,172</u>	<u>\$ 14,528,475</u>	<u>\$ 1,112,661</u>

The annual requirements to retire the notes payable as of April 30, 2019 are as follows:

<u>Fiscal</u> <u>Year Ended</u> <u>April 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 1,614,553	\$ 2,014,754	\$ 997,821	\$ 270,498
2021	1,537,698	1,965,455	1,023,313	248,255
2022	1,173,364	1,913,281	1,044,153	225,409
2023	4,233,787	1,873,042	1,065,340	202,117
2024	968,060	1,667,259	1,303,507	180,879
2025-2029	5,055,430	7,761,479	4,001,723	539,943
2030-2034	6,160,000	6,523,224	2,841,615	107,324
2035-2039	7,715,000	5,004,948	173,736	1,086
2040-2044	9,690,000	3,033,108	-	-
2045-2047	6,970,000	2,952,963	-	-
	<u>\$ 45,117,892</u>	<u>\$ 34,709,513</u>	<u>\$ 12,451,208</u>	<u>\$ 1,775,511</u>

CITY OF GRANITE CITY, ILLINOIS  
NOTES TO BASIC FINANCIAL STATEMENTS  
APRIL 30, 2019

NOTE 22. STATEMENT OF LEGAL DEBT MARGIN

Assessed Valuation as of December 31, 2018	\$ 301,739,200
Debt Limit, 8.625% of Assessed Valuation	\$ 26,025,006
Less, Contractual Indebtedness	1,843,556
Legal Debt Margin	\$ 24,181,450

NOTE 23. 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 to what extent progress is made in funding the plan.

The City has calculated and recorded the other post-employment benefit (OPEB) liability but believes it to be immaterial to the financial statements.

NOTE 24. RESTATEMENT OF NET POSITION

During the year ending April 30, 2019, the City adjusted for a reduction in accounts receivable in the wastewater fund. The City recorded a restatement of beginning net position of the business-type activities in the current year for the recognition of the reduction in receivables. The beginning net position of business-type activities was restated as follows:

	<u>Business-Type</u> <u>Activities</u> <u>Wastewater</u>
Beginning Net Position, as Originally Reported	\$ 20,799,797
Adjustment for Regional Fee Billings	(446,242)
Beginning Net Position, as Restated	\$ 20,353,555

NOTE 25. SUBSEQUENT EVENTS

The City has evaluated subsequent events through November 5, 2019, 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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under) Budget</u>
<b>Receipts:</b>				
Taxes	\$ 21,651,653	\$ 21,651,653	\$ 24,263,425	\$ 2,611,772
Intergovernmental Revenue (Grants)	579,000	579,000	173,483	(405,517)
Charges for Services	2,150,993	2,150,993	1,937,212	(213,781)
Cinema Charges	515,000	515,000	538,607	23,607
Licenses and Permits	726,518	726,518	614,028	(112,490)
Fines and Forfeits	432,400	432,400	378,907	(53,493)
Investment Earnings	140,000	140,000	418,129	278,129
Miscellaneous	21,200	21,200	130,095	108,895
Total Receipts	<u>26,216,764</u>	<u>26,216,764</u>	<u>28,453,886</u>	<u>2,237,122</u>
<b>Disbursements</b>				
Mayor	666,257	666,257	738,448	(72,191)
Alderman	90,884	90,884	85,499	5,385
Clerk	271,620	271,620	270,915	705
Treasurer	340,694	340,694	603,939	(263,245)
Informational Technology	455,586	455,586	385,656	69,930
Financial	2,491,494	2,491,494	2,460,297	31,197
Police	8,816,514	8,816,514	11,204,348	(2,387,834)
Fire	7,344,766	7,344,766	9,347,997	(2,003,231)
Public Works	3,885,551	3,885,551	3,817,337	68,214
Building & Zoning	1,085,592	1,085,592	1,126,620	(41,028)
Safety and Risk	157,512	157,512	128,379	29,133
Civil Defense	39,726	39,726	22,649	17,077
Cinema	512,493	512,493	599,435	(86,942)
Summer Help	54,000	54,000	-	54,000
Total Disbursements	<u>26,212,689</u>	<u>26,212,689</u>	<u>30,791,519</u>	<u>(4,578,830)</u>
Excess (Deficit) of Receipts over Disbursements	<u>4,075</u>	<u>4,075</u>	<u>(2,337,633)</u>	<u>(2,341,708)</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Borrowings	-	-	761,065	761,065
Bond Expenses	-	-	-	-
Operating Transfers In (Out)	-	-	(2,706,029)	(2,706,029)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,944,964)</u>	<u>(2,706,029)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ 4,075</u>	<u>\$ 4,075</u>	<u>(4,282,597)</u>	<u>\$ (5,047,737)</u>
Change in Intergovernmental Revenue on Modified Accrual Basis			306,436	
Change in Prepaid Insurance			(35,329)	
Change in Interest Receivable			5,438	
Change in Accrued Workman's Compensation			(267,854)	
Change in Accounts Payable on Modified Accrual Basis			<u>(136,347)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (4,410,253)</u>	

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)  
TAX INCREMENT FINANCING FUND  
FOR THE YEAR ENDED APRIL 30, 2019

	<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>				
Real Estate Taxes - Downtown	\$ 1,425,756	\$ 1,425,756	\$ 1,457,663	\$ 31,907
Real Estate Taxes - GCS	1,084,000	1,084,000	1,060,803	(23,197)
Real Estate Taxes - AS	-	-	-	-
Real Estate Taxes - Rt 3	1,357,339	1,357,339	981,987	(375,352)
Real Estate Taxes - Port	51,000	51,000	48,177	(2,823)
Real Estate Taxes - Rt 203	5,622,000	5,622,000	5,514,896	(107,104)
Rent	226,600	226,600	226,600	-
Investment Earnings	47,750	47,750	160,290	112,540
Other	20,704	20,704	952,152	931,448
Total Receipts	<u>9,835,149</u>	<u>9,835,149</u>	<u>10,402,568</u>	<u>567,419</u>
<b>Disbursements</b>				
Downtown TIF	3,383,271	3,383,271	3,079,920	303,351
Granite City Steel TIF	1,084,000	1,084,000	266,197	817,803
American Steel TIF	-	-	-	-
Route 3 TIF	695,000	695,000	613,255	81,745
Port District TIF	16,185	16,185	151,281	(135,096)
Route 203 TIF	6,235,000	6,235,000	6,190,488	44,512
Total Disbursements	<u>11,413,456</u>	<u>11,413,456</u>	<u>10,301,141</u>	<u>1,112,315</u>
Excess (Deficit) of Receipts Over Disbursements	<u>(1,578,307)</u>	<u>(1,578,307)</u>	<u>101,427</u>	<u>1,679,734</u>
<b>Other Financing Sources (Uses):</b>				
Distributions of Surplus	\$ -	\$ -	(125,146)	(125,146)
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>(125,146)</u>	<u>(276,000)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ (1,302,307)</u>	<u>\$ (1,302,307)</u>	<u>(23,719)</u>	<u>\$ 1,403,734</u>
Change in Accounts Payable on Modified Accrual Basis			144,801	
Change in Interest Receivable			<u>(6,012)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 115,070</u>	

CITY OF GRANITE CITY, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO BUDGETARY COMPARISON SCHEDULES  
APRIL 30, 2019

**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, 2019, the City's expenditures exceeded budgetary guidelines in several departmental and line item categories as indicated on the required supplementary schedules at pages 57 to 58.

CITY OF GRANITE CITY, ILLIOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES ON PENSION PLAN  
APRIL 30, 2019

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Police Pension Fund**  
**Most Recent Fiscal Year**

Fiscal Year Ending April 30,	<u>2019</u>	<u>2018</u>
Total Pension Liability		
Service Cost	\$ 1,985,413	\$ 1,996,441
Interest on the Total Pension Liability	3,932,761	3,790,837
Benefit Changes	-	-
Difference between Expected and Actual Experience	(2,964)	57,578
Assumption Changes	(3,454,445)	-
Benefit Payments and Refunds	<u>(2,858,561)</u>	<u>(2,687,269)</u>
Net Change in Total Pension Liability	(397,796)	3,157,587
Total Pension Liability - Beginning	86,553,975	83,396,388
Total Pension Liability - Ending (A)	<u>\$ 86,156,179</u>	<u>\$ 86,553,975</u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 3,034,626	\$ 10,901,273
Employee Contributions	412,578	395,548
Pension Plan Net Investment Income	1,234,836	1,282,763
Benefit Payments and Refunds	(2,858,561)	(2,687,269)
Administrative Costs	<u>(31,412)</u>	<u>(21,996)</u>
Net Change in Plan Fiduciary Net Position	1,792,067	9,870,319
Plan Fiduciary Net Position - Beginning	27,065,883	17,195,564
Plan Fiduciary Net Position - Ending (B)	<u>\$ 28,857,950</u>	<u>\$ 27,065,883</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 57,298,229</u>	<u>\$ 59,488,092</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>33.49%</u>	<u>31.27%</u>
Covered Valuation Payroll	<u>\$ 4,162,717</u>	<u>\$ 4,213,497</u>
Net Pension Liability as a Percentage of Covered Valuation Payroll	<u>1376.46%</u>	<u>1411.85%</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, ILLIOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES ON PENSION PLAN  
APRIL 30, 2019

**Schedule of Employer Contributions - Police Pension Fund**  
**Most Recent Fiscal Year**

<u>Fiscal Year</u> <u>Ending April 30,</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>
2019	\$ 3,025,058	\$ 3,034,626	\$ (9,568)	\$ 4,162,717	72.9%
2018	3,240,756	10,901,273	(7,660,517)	4,213,497	258.7%
2017	2,640,078	1,321,026	1,319,052	4,080,869	32.4%
2016	2,502,479	1,322,316	1,180,163	4,066,262	32.5%
2015	2,308,678	1,084,874	1,223,804	4,073,149	26.6%
2014	2,123,955	1,061,615	1,062,340	3,915,201	27.1%

Notes to Schedule:

The actuarially determined contribution shown for the current year is from the May 1, 2018 actuary's report completed by the Illinois Department of Insurance for the tax levy recommendation for the December 2018 tax levy. The methods and assumptions shown below are based on the same actuarial valuation.

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 Contribution Rate – Police Pension Fund\****

***Valuation Date:***

Notes

Actuarially determined contribution rates are calculated as of May 1 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 2018 Contribution Rates – Police Pension Fund:**

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level % Pay (Closed)
Remaining Amortization Period:	22 Years
Asset Valuation Method:	5-year Smoothed Market Value
Inflation (CPI-U):	2.50%
Payroll Increases:	3.50%
Individual Pay Increases:	3.50% - 11.00%
Investment Rate of Return:	6.00%
Mortality Rates:	RP-2014 Healthy Annuitant with Blue Collar Adjustment
Retirement Rates:	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017
Termination Rates:	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017
Disability Rates:	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017

**Other Information:**

Notes

There were no benefits changes during the year.

\*Based on Valuation Assumptions used in the May 1, 2018 actuarial valuation.

CITY OF GRANITE CITY, ILLIOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES ON PENSION PLAN  
APRIL 30, 2019

**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Firefighter's Pension Fund**  
**Most Recent Fiscal Year**

Fiscal Year Ending April 30,	<u>2019</u>	<u>2018</u>
Total Pension Liability		
Service Cost	\$ 1,983,002	\$ 2,038,985
Interest on the Total Pension Liability	3,896,046	3,803,214
Benefit Changes	-	-
Difference between Expected and Actual Experience	(699,276)	(109,904)
Assumption Changes	(3,183,171)	-
Benefit Payments and Refunds	<u>(3,705,109)</u>	<u>(3,380,619)</u>
Net Change in Total Pension Liability	(1,708,508)	2,351,676
Total Pension Liability - Beginning	93,740,431	91,388,755
Total Pension Liability - Ending (A)	<u>\$ 92,031,923</u>	<u>\$ 93,740,431</u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 3,284,204	\$ 10,901,273
Employee Contributions	376,076	365,619
Pension Plan Net Investment Income	955,480	835,996
Benefit Payments and Refunds	(3,705,109)	(3,380,619)
Administrative Costs	<u>(31,556)</u>	<u>(32,690)</u>
Net Change in Plan Fiduciary Net Position	879,095	8,689,579
Plan Fiduciary Net Position - Beginning	22,661,371	13,971,792
Plan Fiduciary Net Position - Ending (B)	<u>\$ 23,540,466</u>	<u>\$ 22,661,371</u>
Net Pension Liability - Ending (A) - (B)	<u>\$ 68,491,457</u>	<u>\$ 71,079,060</u>
Liability	<u>25.58%</u>	<u>24.17%</u>
Covered Valuation Payroll	<u>\$ 3,997,606</u>	<u>\$ 3,967,110</u>
Net Pension Liability as a Percentage of Covered Valuation Payroll	<u>1713.31%</u>	<u>1791.71%</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, ILLIOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES ON PENSION PLAN  
APRIL 30, 2019

**Schedule of Employer Contributions - Firefighter's Pension Fund**  
**Most Recent Fiscal Year**

Fiscal Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2019	\$ 3,274,636	\$ 3,284,204	\$ (9,568)	\$ 3,997,606	82.2%
2018	3,698,246	10,901,273	(7,203,027)	3,967,110	22.7%
2017	2,821,719	1,321,026	1,500,693	3,842,237	34.4%
2016	2,654,277	1,322,316	1,331,961	3,827,038	34.6%
2015	2,470,768	1,084,874	1,385,894	3,824,742	28.4%
2014	2,265,896	1,061,616	1,204,280	2,754,274	28.3%

Notes to Schedule:

The actuarially determined contribution shown for the current year is from the May 1, 2018 actuary's report completed by the Illinois Department of Insurance for the tax levy recommendation for the December 2018 tax levy. The methods and assumptions shown below are based on the same actuarial valuations.

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2019 Contribution Rate – Firefighter's Pension Fund\****

***Valuation Date:***

Notes

Actuarially determined contribution rates are calculated as of May 1 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 2018 Contribution Rates – Firefighter's Pension Fund:**

Actuarial Cost Method:	Projected Unit Credit
Amortization Method:	Level % Pay (Closed)
Remaining Amortization Period:	22 Years
Asset Valuation Method:	5-year Smoothed Market Value
Inflation (CPI-U):	2.50%
Payroll Increases:	3.50%
Individual Pay Increases:	3.50% - 12.50%
Investment Rate of Return:	6.00%
Mortality Rates:	RP-2014 Healthy Annuitant with Blue Collar Adjustment
Retirement Rates:	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017
Termination Rates:	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017
Disability Rates:	Illinois Department of Insurance Actuarial Experience Study dated October 5, 2017

**Other Information:**

Notes There were no benefits changes during the year.

\*Based on Valuation Assumptions used in the May 1, 2018 actuarial valuation.

CITY OF GRANITE CITY, ILLIOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES ON PENSION PLAN  
APRIL 30, 2019

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

Calendar Year Ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>				
Service Cost	\$ 650,712	\$ 697,379	\$ 675,179	\$ 713,988
Interest on the Total Pension Liability	3,059,250	3,109,429	3,019,848	2,930,360
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	(1,218,944)	(565,271)	(184,504)	(212,931)
Assumption Changes	1,141,719	(1,390,902)	(99,717)	48,613
Benefit Payments and Refunds	<u>(2,565,648)</u>	<u>(2,427,066)</u>	<u>(2,243,234)</u>	<u>(2,180,690)</u>
Net Change in Total Pension Liability	1,067,089	(576,431)	1,167,572	1,299,340
Total Pension Liability - Beginning	<u>41,747,465</u>	<u>42,323,896</u>	<u>41,145,324</u>	<u>39,856,984</u>
Total Pension Liability - Ending (A)	<u>\$ 42,814,554</u>	<u>\$ 41,747,465</u>	<u>\$ 42,312,896</u>	<u>\$ 41,156,324</u>
<b>Plan Fiduciary Net Position</b>				
Employer Contributions	\$ 715,613	\$ 717,748	\$ 863,262	\$ 724,220
Employee Contributions	295,989	295,506	290,802	284,877
Pension Plan Net Investment Income	(2,392,033)	6,744,645	2,503,329	182,615
Benefit Payments and Refunds	(2,565,648)	(2,427,066)	(2,243,234)	(2,180,690)
Other	<u>(371,541)</u>	<u>(1,011,028)</u>	<u>(183,866)</u>	<u>499,682</u>
Net Change in Plan Fiduciary Net Position	(4,317,620)	4,319,805	1,230,293	(489,296)
Plan Fiduciary Net Position - Beginning	<u>42,169,602</u>	<u>37,849,797</u>	<u>36,649,504</u>	<u>37,108,800</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 37,851,982</u>	<u>\$ 42,169,602</u>	<u>\$ 37,879,797</u>	<u>\$ 36,619,504</u>
 Net Pension Liability - Ending (A) - (B)	 <u>\$ 4,962,572</u>	 <u>\$ (422,137)</u>	 <u>\$ 4,474,099</u>	 <u>\$ 4,536,820</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 <u>88.41%</u>	 <u>101.01%</u>	 <u>89.43%</u>	 <u>88.98%</u>
 Covered Valuation Payroll	 <u>\$ 6,576,104</u>	 <u>\$ 6,566,774</u>	 <u>\$ 6,462,248</u>	 <u>\$ 6,330,593</u>
 Net Pension Liability as a Percentage of Covered Valuation Payroll	 <u>75.46%</u>	 <u>-6.43%</u>	 <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, ILLIOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES ON PENSION PLAN  
APRIL 30, 2019

**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%
2017	717,748	717,748	-	6,566,774	10.93%
2018	715,480	715,613	(133)	6,576,104	10.88%

Notes to Schedule:

***Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2018 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 2018 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): 25-year closed 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 20 years for most employers (two employers were financed over 29 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, ILLIOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES ON PENSION PLAN  
APRIL 30, 2019

*Methods and Assumptions Used to Determine 2018 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, 2018 actuarial valuation.

CITY OF GRANITE CITY, ILLINOIS  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2019

	Special Revenue Funds							Total	
	Drug Traffic Prevention	Community Development	Bellemore Village Business District	Nameoki Business District	Motor Fuel Tax Fund	Capital Projects	Debt Service		Total Non-Major Governmental Funds
Cash and Cash Equivalents	\$ 21,487	\$ -	\$ 4,240	\$ 7,318	\$ 414,444	\$ -	\$ -	\$ 447,489	\$ 447,489
Certificates of Deposit	25,805	-	5,092	8,788	497,710	-	-	537,395	537,395
Investments	9,598	-	1,894	3,269	185,120	-	-	199,881	199,881
Restricted Cash and Cash Equivalents	420,027	-	-	-	-	-	-	420,027	420,027
Receivables:									
Intergovernmental	-	23,233	13,440	21,458	66,069	-	-	124,200	124,200
Other	-	-	25	42	2,417	-	-	2,484	2,484
Due From Other Funds	-	-	-	2,760	-	10,484	-	13,244	13,244
Total Assets	\$ 476,917	\$ 23,233	\$ 24,691	\$ 43,635	\$ 1,165,760	\$ 10,484	\$ -	\$ 1,734,236	\$ 1,744,720

ASSETS AND DEFERRED OUTFLOWS  
 OF RESOURCES

Assets:

Cash and Cash Equivalents	\$ 21,487	\$ -	\$ 4,240	\$ 7,318	\$ 414,444	\$ -	\$ -	\$ 447,489	\$ 447,489
Certificates of Deposit	25,805	-	5,092	8,788	497,710	-	-	537,395	537,395
Investments	9,598	-	1,894	3,269	185,120	-	-	199,881	199,881
Restricted Cash and Cash Equivalents	420,027	-	-	-	-	-	-	420,027	420,027
Receivables:									
Intergovernmental	-	23,233	13,440	21,458	66,069	-	-	124,200	124,200
Other	-	-	25	42	2,417	-	-	2,484	2,484
Due From Other Funds	-	-	-	2,760	-	10,484	-	13,244	13,244
Total Assets	\$ 476,917	\$ 23,233	\$ 24,691	\$ 43,635	\$ 1,165,760	\$ 10,484	\$ -	\$ 1,734,236	\$ 1,744,720

LIABILITIES, DEFERRED INFLOW OF  
 RESOURCES, AND FUND BALANCES

Liabilities:

Accounts Payable	60,677	-	7,333	5,943	53,914	-	-	127,867	127,867
Due to Other Funds	245,350	23,233	-	-	542,702	44,287	-	811,285	855,572
Due to Other Governments	-	-	-	2,760	-	-	-	2,760	2,760
Total Liabilities	306,027	23,233	7,333	8,703	596,616	44,287	-	941,912	986,199

Deferred Inflows of Resources

Property Tax Revenue	-	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resource	-	-	-	-	-	-	-	-	-

Fund Balances:

Restricted for:

Drug Traffic Preventor	170,890	-	-	-	-	-	-	170,890	170,890
Unassigned	-	-	17,358	34,932	569,144	(33,803)	-	621,434	587,631
Total Fund Balances	170,890	-	17,358	34,932	569,144	(33,803)	-	792,324	758,521

Total Liabilities, Deferred Inflows of  
 Resources, and Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 476,917	\$ 23,233	\$ 24,691	\$ 43,635	\$ 1,165,760	\$ 10,484	\$ -	\$ 1,734,236	\$ 1,744,720
---	------------	-----------	-----------	-----------	--------------	-----------	------	--------------	--------------

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED APRIL 30, 2019

	Special Revenue Funds							Total
	<u>Drug Traffic Prevention</u>	<u>Community Development</u>	<u>Bellemore Village Business District</u>	<u>Nameoeki Business District</u>	<u>Motor Fuel Tax Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
Revenues:								
Intergovernmental:								
Grants	\$ 232,363	\$ 581,920	\$ -	\$ -	\$ 654,293	\$ -	\$ -	\$ 1,468,576
Sales Tax	-	-	52,261	98,499	-	-	-	150,760
Motor Fuel Tax	-	-	-	-	757,705	-	-	757,705
Fines and Forfeitures	31,545	-	-	-	-	-	-	31,545
Investment Earnings	7,311	-	15	2,188	18,783	-	-	28,297
Miscellaneous	750	-	-	-	-	-	-	750
Total Revenues	271,969	581,920	52,276	100,687	1,430,781	-	-	2,437,633
Expenditures:								
General Government	-	-	49,031	100,679	-	-	-	149,710
Public Safety	93,159	212,644	-	-	-	-	-	305,803
Public Works	-	304,276	-	-	414,246	-	-	718,522
Debt Service	-	-	-	-	-	-	2,771,029	2,771,029
Capital Outlay	264,510	-	-	-	805,757	-	-	1,070,267
Total Expenditures	357,669	516,920	49,031	100,679	1,220,003	-	2,771,029	5,015,331
Revenues Over (Under) Expenditures	(85,700)	65,000	3,245	8	210,778	-	(2,771,029)	(2,577,698)
Other Financing Sources:								
Operating Transfers From Other Funds	-	-	-	-	-	-	2,771,029	2,771,029
Operating Transfers (To) Other Funds	-	(65,000)	-	-	-	-	-	(65,000)
Total other Financing Sources	-	(65,000)	-	-	-	-	2,771,029	2,706,029
Net Change in Fund Balance	(85,700)	-	3,245	8	210,778	-	-	128,331
Fund Balance - Beginning	256,590	-	14,113	34,924	358,366	(33,803)	-	630,190
Fund Balance - Ending	\$ 170,890	\$ -	\$ 17,358	\$ 34,932	\$ 569,144	\$ (33,803)	\$ -	\$ 758,521

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUND TYPES  
YEAR ENDED APRIL 30, 2019

	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	\$ 2,218,299	\$ 4,625,606	\$ 6,843,905
Total Revenues	<u>2,218,299</u>	<u>4,625,606</u>	<u>6,843,905</u>
Operating Expenses:			
Personal Services	3,352,475	-	3,352,475
Industrial Pretreatment	-	112,070	112,070
Billings and Collection	-	146,727	146,727
Sewer Collection	-	924,255	924,255
Solids Handling	776,513	-	776,513
BOD Treatment	255,898	-	255,898
Primary Treatment	44,861	-	44,861
General and Administrative	232,238	-	232,238
Dry Weather Pumping	228,733	-	228,733
Wet Weather Pumping	140,000	-	140,000
Other	179,526	-	179,526
Depreciation	635,194	459,110	1,094,304
Total Operating Expenses	<u>5,845,438</u>	<u>1,642,162</u>	<u>7,487,600</u>
Operating (Loss)	<u>(3,627,139)</u>	<u>2,983,444</u>	<u>(643,695)</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	67,580	15,829	83,409
Other Income	7,130	-	7,130
Interest Expense and Fiscal Charges	(163,973)	(114,632)	(278,605)
Total Non-Operating Revenues (Expenses)	<u>(89,263)</u>	<u>(98,803)</u>	<u>(188,066)</u>
Change in Net Position	(3,716,402)	2,884,641	(831,761)
Net Position - Beginning (As Originally Reported)	(9,851,903)	30,651,700	20,799,797
Net Position - Restatement (Note 24)	(446,242)	-	(446,242)
Net Position - Beginning (Restated)	<u>(10,298,145)</u>	<u>30,651,700</u>	<u>20,353,555</u>
Net Position - Ending	<u>\$ (14,014,547)</u>	<u>\$ 33,536,341</u>	<u>\$ 19,521,794</u>

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF PLAN NET POSITION  
FIDUCIARY FUNDS  
APRIL 30, 2019

	Pension Trust Funds		
ASSETS	Police	Firefighter's	Total
Cash and Cash Equivalents	\$ 1,097,592	\$ 80,544	\$ 1,178,136
Investments and Certificates of Deposits	26,890,328	22,610,063	49,500,391
Receivables:			
Employer Contribution - Property Taxes	775,470	775,470	1,550,940
Employer Contribution - Gaming Taxes	18,660	18,660	37,320
Accrued Interest	75,900	55,729	131,629
Total Assets	28,857,950	23,540,466	52,398,416
LIABILITIES			
Liabilities			
None	-	-	-
Total Liabilities	-	-	-
NET POSITION			
Net Position Held in Trust for Pension Benefits	28,857,950	23,540,466	52,398,416
Total Net Position	28,857,950	23,540,466	52,398,416
Total Liabilities and Net Position	\$ 28,857,950	\$ 23,540,466	\$ 52,398,416

CITY OF GRANITE CITY, ILLINOIS  
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2019

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police</u>	<u>Firefighter's</u>	
Additions			
Contributions:			
Employee Contributions	\$ 412,578	\$ 376,076	\$ 788,654
Employer Contributions:			
Property Taxes	766,002	766,002	1,532,004
Video Gaming Tax	134,840	134,840	269,680
Pension Bond Infusion	2,133,784	2,383,362	4,517,146
Total Contributions	<u>3,447,204</u>	<u>3,660,280</u>	<u>7,107,484</u>
Investment Income:			
Interest and Dividends	1,069,283	546,446	1,615,729
Net Realized/Unrealized Gain(Loss) on Investments	199,343	486,487	685,830
	<u>1,268,626</u>	<u>1,032,933</u>	<u>2,301,559</u>
Less: Investment Expense	(33,790)	(77,453)	(111,243)
Net Investment Income	<u>1,234,836</u>	<u>955,480</u>	<u>2,190,316</u>
Total Additions	<u>4,682,040</u>	<u>4,615,760</u>	<u>9,297,800</u>
Deductions:			
Benefits Paid to Participants:			
Service and Disability	2,471,588	3,104,333	5,575,921
Dependents	382,556	499,782	882,338
Refund of Contributions	4,417	100,994	105,411
Contractual Services	31,412	31,556	62,968
Total Deductions	<u>2,889,973</u>	<u>3,736,665</u>	<u>6,626,638</u>
Net Decrease in Plan Net Position	1,792,067	879,095	2,671,162
Net Position - Beginning	<u>27,065,883</u>	<u>22,661,371</u>	<u>49,727,254</u>
Net Position - Ending	<u>\$ 28,857,950</u>	<u>\$ 23,540,466</u>	<u>\$ 52,398,416</u>

CITY OF GRANITE CITY, ILLINOIS  
COMBINING BALANCE SHEET  
TAX INCREMENT FINANCING FUNDS  
APRIL 30, 2019

	TIF District #1	TIF District #2	TIF District #3	TIF District #4	TIF District #6	TIF District #7	TIF District #8	Total	TIF Debt Service	Total
<b>Assets and Deferred Outflows of Resources</b>										
<b>Assets:</b>										
Cash and Cash Equivalents	\$ -	\$ 95,711	\$ 392,767	\$ 90,240	\$ 52,350	\$ 516,446	\$ 3,279	\$ 1,150,793	\$ 159,015	\$ 1,309,808
Certificates of Deposit	-	114,941	471,678	442,800	62,869	620,207	3,937	1,716,432	354,534	2,070,966
Investments	-	42,752	175,437	40,308	23,384	230,682	1,464	514,027	71,027	585,054
Receivables:										
Property Taxes	1,486,205	-	1,080,954	1,256,110	17,784	5,615,816	12,071	9,468,940	-	9,468,940
Development Loans	105,746	-	-	-	-	-	-	105,746	-	105,746
Accrued Interest	2,848	-	-	526	324	3,939	-	7,637	-	7,637
Due from Other Funds	29,797	-	-	-	42,644	-	-	72,441	-	72,441
Total Current Assets	1,624,596	253,404	2,120,836	1,829,984	199,355	6,987,090	20,751	13,036,016	584,576	13,620,592
Noncurrent Assets:										
Restricted Investments	-	-	-	-	-	-	-	-	1,915,517	1,915,517
Rental Real Estate Investment	2,667,631	-	-	-	-	-	-	2,667,631	-	2,667,631
General Real Estate Investment	1,195,325	-	-	76,885	-	-	-	1,272,210	-	1,272,210
Total Noncurrent Assets	3,862,956	-	-	76,885	-	-	-	3,939,841	1,915,517	5,855,358
Total Assets	5,487,552	253,404	2,120,836	1,906,869	199,355	6,987,090	20,751	16,975,857	2,500,093	19,475,950
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>										
<b>Liabilities:</b>										
Accounts Payable	10,683	-	-	48,793	139,867	-	-	199,343	-	199,343
Due to Other Governments	-	253,404	-	-	-	-	-	253,404	-	253,404
Due to Other Funds	1,096,429	-	-	12,480	-	-	-	1,108,909	-	1,108,909
Total Liabilities	1,107,112	253,404	-	61,273	139,867	-	-	1,561,656	-	1,561,656
<b>Deferred Inflows of Resources:</b>										
Gain on Sale of Property	39,509	-	-	-	-	-	-	39,509	-	39,509
Property Tax Revenue	1,486,205	-	1,080,954	1,256,110	17,784	5,615,816	12,071	9,468,940	-	9,468,940
Total Deferred Inflows of Resources	1,525,714	-	1,080,954	1,256,110	17,784	5,615,816	12,071	9,508,449	-	9,508,449
<b>Fund Balance:</b>										
Restricted for:										
Debt Service	-	-	-	-	-	-	-	-	2,500,093	2,500,093
Development Loans	105,746	-	-	-	-	-	-	105,746	-	105,746
Redevelopment	2,748,980	-	1,039,882	589,486	41,704	1,371,274	8,680	5,800,006	-	5,800,006
Total Fund Balance	2,854,726	-	1,039,882	589,486	41,704	1,371,274	8,680	5,905,752	2,500,093	8,405,845
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,487,552	\$ 253,404	\$ 2,120,836	\$ 1,906,869	\$ 199,355	\$ 6,987,090	\$ 20,751	\$ 16,975,857	\$ 2,500,093	\$ 19,475,950

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, 2019

	TIF District #1	TIF District #2	TIF District #3	TIF District #4	TIF District #6	TIF District #7	TIF District #8	Total	TIF Debt Service	Total
<u>Revenues:</u>										
Property Taxes	\$ 1,457,663	\$ -	\$ 1,060,803	\$ 981,987	\$ 45,708	\$ 5,514,896	\$ 2,469	\$ 9,063,526	\$ -	\$ 9,063,526
Grants	946,218	-	-	-	-	-	-	946,218	-	946,218
Investment Earnings	79,338	-	-	30,251	1,722	42,967	-	154,278	-	154,278
Miscellaneous	229,154	-	-	3,380	-	-	-	232,534	-	232,534
Total Revenues	2,712,373	-	1,060,803	1,015,618	47,430	5,557,863	2,469	10,396,556	-	10,396,556
<u>Expenditures:</u>										
Development	75,830	-	266,197	93,587	151,056	4,514,456	225	5,101,351	-	5,101,351
Debt Service - Interest	-	-	-	-	-	-	-	-	316,702	316,702
Debt Service - Principal	-	-	-	-	-	-	-	-	3,400,062	3,400,062
Capital Outlay	1,338,225	-	-	-	-	-	-	1,338,225	-	1,338,225
Total Expenditures	1,414,055	-	266,197	93,587	151,056	4,514,456	225	6,439,576	3,716,764	10,156,340
Excess of Revenues over Expenditures	1,298,318	-	794,606	922,031	(103,626)	1,043,407	2,244	3,956,980	(3,716,764)	240,216
Other Financing Sources (Uses):										
Distribution of Surplus	-	(125,146)	-	-	-	-	-	(125,146)	-	(125,146)
Operating Transfers From (To) other Funds	(1,464,084)	-	-	(519,668)	-	(1,676,032)	-	(3,659,784)	3,659,784	-
Total Other Financing Sources (Uses)	(1,464,084)	(125,146)	-	(519,668)	-	(1,676,032)	-	(3,784,930)	3,659,784	(125,146)
Net Change in Fund Balance	(165,766)	(125,146)	794,606	402,363	(103,626)	(632,625)	2,244	172,050	(56,980)	115,070
Fund Balance - Beginning	3,020,492	125,146	245,276	187,123	145,330	2,003,899	6,436	5,733,702	2,557,073	8,290,775
Fund Balance - Ending	\$ 2,854,726	\$ -	\$ 1,039,882	\$ 589,486	\$ 41,704	\$ 1,371,274	\$ 8,680	\$ 5,905,752	\$ 2,500,093	\$ 8,405,845

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, 2019, 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  
November 5, 2019