

CITY OF GRANITE CITY, ILLINOIS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
APRIL 30, 2016

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	1-3
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position - Proprietary Fund Types	10
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund Types	11
Statement of Cash Flows - Proprietary Fund Types	12
Statement of Plan Net Position - Fiduciary Funds - Pension Trust Funds	13
Statement of Changes in Plan Net Position - Fiduciary Funds - Pension Trust Funds	14
NOTES TO BASIC FINANCIAL STATEMENTS	15 - 44
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedule (Budgetary Basis) - General Fund	45
Budgetary Comparison Schedule (Budgetary Basis) - Tax Increment Financing Fund	46
Notes to Budgetary Comparison Schedules	47
Schedule of Fire and Police Pension Funding Progress	48
Schedule of Illinois Municipal Retirement Funding Progress	49 - 50

OTHER SUPPLEMENTAL INFORMATION:

Combining Balance Sheet - Non-Major Governmental Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds	53
Combining Statement of Plan Net Position - Fiduciary Funds	54
Combining Statement of Changes in Plan Net Position - Fiduciary Funds	55
Combining Balance Sheet - Tax Increment Financing Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Tax Increment Financing Funds	57
Independent Auditor's Report on Compliance with Tax Increment Financing Act	58



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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Qualified Opinions

In our opinion, except for the effects of the omissions described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois, as of April 30, 2016, 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.

Change in Accounting Principle

As discussed in Note 23 to the financial statements, in year ending April 30, 2016, the City adopted new accounting guidance, GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions* for the IMRF Pension plan. Our opinion is not modified with respect to this matter.

The City did not adopt GASB 68 for the reporting of the Fire Pension Fund and Police Pension Fund.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (pages 45 to 46) and schedules of funding progress and employer contributions (pages 48 to 50) be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

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

Hughes, Cameron + Company, LLC

Hughes, Cameron & Company, LLC
October 20, 2016

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,119,254	\$ 1,643,351	\$ 3,762,605
Certificates of Deposit	2,253,870	1,747,736	4,001,606
Restricted Investments	1,296,233	-	1,296,233
Investments	361,779	280,538	642,317
Receivables (Net of Allowance for Uncollectibles)	21,788,359	2,029,842	23,818,201
Internal Balances	(14,468)	14,468	-
Total Current Assets	<u>27,805,027</u>	<u>5,715,935</u>	<u>33,520,962</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	249,825	-	249,825
Restricted Certificates of Deposit	933,395	494,000	1,427,395
Restricted Investments	1,410,545	866,237	2,276,782
General Real Estate Investment	1,481,929	-	1,481,929
Capital Assets (Net of Accumulated Depreciation)	49,183,236	29,024,420	78,207,656
Total Noncurrent Assets	<u>53,258,930</u>	<u>30,384,657</u>	<u>83,643,587</u>
Total Assets	<u>81,063,957</u>	<u>36,100,592</u>	<u>117,164,549</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources:			
Prepaid Expenses and Deposits	188,888	130,620	319,508
Employer IMRF Contributions	1,462,068	720,846	2,182,914
Deferred Charge on Bond Refunding	1,872,214	-	1,872,214
Total Deferred Outflows of Resources	<u>3,523,170</u>	<u>851,466</u>	<u>4,374,636</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	920,002	422,982	1,342,984
Accrued Workman's Compensation	3,302,074	-	3,302,074
Accrued Vacation Leave	700,189	83,619	783,808
Accrued Interest Payable	123,886	22,731	146,617
Other Accrued Obligations	22,760	-	22,760
Bonds/Notes Payable - Current Portion (Net of Unamortized Costs)	1,563,311	838,276	2,401,587
Total Current Liabilities	<u>6,632,222</u>	<u>1,367,608</u>	<u>7,999,830</u>
Noncurrent Liabilities:			
Bonds/Notes Payable - Noncurrent Portion (Net of Unamortized Costs)	12,474,961	13,579,960	26,054,921
Accrued Sick Leave	3,096,331	212,928	3,309,259
Net Pension Obligation (IMRF)	3,036,306	1,500,514	4,536,820
Net Contribution Deficiency (Police and Fire Pension)	29,152,631	-	29,152,631
Total Noncurrent Liabilities	<u>47,760,229</u>	<u>15,293,402</u>	<u>63,053,631</u>
Total Liabilities	<u>54,392,451</u>	<u>16,661,010</u>	<u>71,053,461</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources:			
Deferred Gain on Installment Sale	119,438	-	119,438
Deferred Real Estate Taxes	17,988,834	-	17,988,834
Total Deferred Inflows of Resources	<u>18,108,272</u>	<u>-</u>	<u>18,108,272</u>
NET POSITION			
Net Investment in Capital Assets	37,017,178	14,606,184	51,623,362
Restricted for:			
Debt Service	2,810,513	-	2,810,513
Development Loans	235,631	-	235,631
Drug Traffic Prevention	11,180	-	11,180
Redevelopment	4,047,068	-	4,047,068
Unrestricted	(32,035,166)	5,684,864	(26,350,302)
Total Net Position	<u>\$ 12,086,404</u>	<u>\$ 20,291,048</u>	<u>\$ 32,377,452</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
General Government	\$ 13,242,103	\$ 704,647	\$ 314,009	\$ -	\$ (12,223,447)	\$ -	\$(12,223,447)
Cinema	620,812	628,895	-	-	8,083	-	8,083
Public Safety	20,022,605	1,727,035	457,930	-	(17,837,640)	-	(17,837,640)
Public Works	5,281,271	442,000	763,504	776,257	(3,299,510)	-	(3,299,510)
Interest on Long-Term Debt	788,075	-	-	-	(788,075)	-	(788,075)
Total Governmental Activities	<u>39,954,866</u>	<u>3,502,577</u>	<u>1,535,443</u>	<u>776,257</u>	<u>(34,140,589)</u>	<u>-</u>	<u>(34,140,589)</u>
Business-Type Activities:							
Wastewater	8,591,420	8,069,423	-	-	-	(521,997)	(521,997)
Total Business-Type Activities	<u>8,591,420</u>	<u>8,069,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(521,997)</u>	<u>(521,997)</u>
Total	<u>\$ 48,546,286</u>	<u>\$ 11,572,000</u>	<u>\$ 1,535,443</u>	<u>\$ 776,257</u>	<u>(34,140,589)</u>	<u>(521,997)</u>	<u>(34,662,586)</u>
General Revenues:							
Property Tax, Levied for General Purposes					16,682,827	-	16,682,827
Home Rule Sales Tax					2,763,071	-	2,763,071
Sales and Use Tax					4,384,236	-	4,384,236
Replacement Tax					2,883,219	-	2,883,219
State Income Tax					3,053,158	-	3,053,158
Telecommunications Tax					963,692	-	963,692
Other State and Local Taxes					435,008	-	435,008
Investment Earnings					79,883	7,585	87,468
Miscellaneous					664,065	-	664,065
Total General Revenues and Transfers					<u>31,909,159</u>	<u>7,585</u>	<u>31,916,744</u>
Change in Net Position					(2,231,430)	(514,412)	(2,745,842)
Net Position - Beginning as Restated					<u>14,317,834</u>	<u>20,805,460</u>	<u>35,123,294</u>
Net Position - Ending					<u>\$ 12,086,404</u>	<u>\$ 20,291,048</u>	<u>\$ 32,377,452</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS

APRIL 30, 2016

	<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>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets:				
Cash and Cash Equivalents	\$ 1,727,715	\$ 296,395	\$ 95,144	\$ 2,119,254
Restricted Investments	-	1,296,233	-	1,296,233
Certificates of Deposits	1,837,460	315,221	101,189	2,253,870
Investments	294,940	50,597	16,242	361,779
Receivables (Net of Allowances for Uncollectibles):				
Property Taxes	8,008,958	9,979,876	-	17,988,834
Intergovernmental	2,768,297	26,421	102,706	2,897,424
Other	666,184	235,631	286	902,101
Due from Other Funds	2,420,744	75,201	10,484	2,506,429
Total Current Assets	<u>17,724,298</u>	<u>12,275,575</u>	<u>326,051</u>	<u>30,325,924</u>
Noncurrent Assets:				
Restricted Cash and Cash Equivalent	-	38,922	210,903	249,825
Restricted Certificates of Deposits	-	933,395	-	933,395
Restricted Investments	-	1,410,545	-	1,410,545
Rental Real Estate Investment	-	2,667,631	-	2,667,631
General Real Estate Investment	-	1,481,929	-	1,481,929
Total Noncurrent Assets	<u>-</u>	<u>6,532,422</u>	<u>210,903</u>	<u>6,743,325</u>
Total Assets	<u>17,724,298</u>	<u>18,807,997</u>	<u>536,954</u>	<u>37,069,249</u>
Deferred Outflows of Resources				
Prepaid Expense	188,888	-	-	188,888
Total Deferred Outflows of Resources:	<u>188,888</u>	<u>-</u>	<u>-</u>	<u>188,888</u>
Total Assets and Deferred Outflows of Resources	<u>17,913,186</u>	<u>18,807,997</u>	<u>536,954</u>	<u>37,258,137</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts Payable	676,866	91,832	151,304	920,002
Accrued Workman's Compensation	3,302,074	-	-	3,302,074
Due to Other Funds	173,911	1,494,627	852,359	2,520,897
Other Accrued Obligations	20,000	2,760	-	22,760
Total Liabilities	<u>4,172,851</u>	<u>1,589,219</u>	<u>1,003,663</u>	<u>6,765,733</u>
Deferred Inflows of Resources				
Gain on Installment Sale	-	119,438	-	119,438
Deferred Income	1,065,801	26,252	-	1,092,053
Property Tax Revenue	8,008,958	9,979,876	-	17,988,834
Total Deferred Inflows of Resources:	<u>9,074,759</u>	<u>10,125,566</u>	<u>-</u>	<u>19,200,325</u>
Fund Balance:				
Nonspendable:				
Prepaid Expenses	188,888	-	-	188,888
Restricted for:				
Redevelopment	-	4,047,068	-	4,047,068
Development Loans	-	235,631	-	235,631
Drug Traffic Prevention	-	-	11,180	11,180
Debt Service	-	2,810,513	-	2,810,513
Unassigned	4,476,688	-	(477,889)	3,998,799
Total Fund Balance	<u>4,665,576</u>	<u>7,093,212</u>	<u>(466,709)</u>	<u>11,292,079</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 17,913,186</u>	<u>\$ 18,807,997</u>	<u>\$ 536,954</u>	<u>\$ 37,258,137</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, 2016

Amounts reported for governmental fund balances are different because:

Fund Balances - total governmental funds	\$	11,292,079
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.		49,183,236
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.		(3,796,520)
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		(14,038,272)
Net pension obligations are not reported as a liability on the balance sheet of the governmental funds.		(3,036,306)
Net contribution deficiencies are not reported as a liability on the balance sheet of the governmental funds.		(29,152,631)
Pension contributions to be recongized in future periods are not recorded as deferred outflows on the balance sheet of the governmental funds.		1,462,068
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.		(123,886)
The governmental funds report deferred amount on refunding of bonds are not reported on the balance sheet of the governmental funds.		1,872,214
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.		1,092,053
		<hr style="border-top: 1px solid black;"/>
Net position of governmental activities	\$	<u><u>12,086,404</u></u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2016

	<u>General</u>	<u>Tax Increment</u>	<u>Total</u>	
	<u>Fund</u>	<u>Financing</u>	<u>Non-Major</u>	<u>Total</u>
		<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
			<u>Funds</u>	<u>Funds</u>
Revenues:				
Property Taxes	\$ 7,580,813	\$ 9,102,014	\$ -	\$ 16,682,827
Intergovernmental:				
Home Rule Sales Tax	2,779,983	-	-	2,779,983
Sales and Use Tax	4,244,325	115,879	59,294	4,419,498
Replacement Tax	2,883,219	-	-	2,883,219
State Income Tax	3,181,080	-	-	3,181,080
Motor Fuel Tax	-	-	763,504	763,504
Telecommunications Tax	944,694	-	-	944,694
Grants	316,504	-	1,234,187	1,550,691
Other	413,697	-	-	413,697
Other Local Taxes	21,311	-	-	21,311
Licenses and Permits	541,395	-	-	541,395
Charges for Services	2,637,622	-	-	2,637,622
Fines and Forfeits	293,523	-	30,037	323,560
Investment Earnings	63,252	16,224	407	79,883
Miscellaneous	150,995	403,074	109,996	664,065
Total Revenues	<u>26,052,413</u>	<u>9,637,191</u>	<u>2,197,425</u>	<u>37,887,029</u>
Expenditures:				
Current:				
General Government	6,158,111	5,899,836	64,161	12,122,108
Cinema	620,812	-	-	620,812
Public Safety	15,916,740	-	459,674	16,376,414
Public Works	3,678,051	-	536,039	4,214,090
Debt Service:				
Principal	-	2,016,047	235,834	2,251,881
Interest	-	830,588	17,936	848,524
Capital Outlay	-	213,427	1,050,416	1,263,843
Total Expenditures	<u>26,373,714</u>	<u>8,959,898</u>	<u>2,364,060</u>	<u>37,697,672</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(321,301)</u>	<u>677,293</u>	<u>(166,635)</u>	<u>189,357</u>
Other Financing Sources (Uses):				
Proceeds from Borrowings	369,995	98,387	-	468,382
Operating Transfers In	-	-	253,770	253,770
Operating Transfers (Out)	(157,799)	-	(95,971)	(253,770)
Total Other Financing Sources (Uses)	<u>212,196</u>	<u>98,387</u>	<u>157,799</u>	<u>468,382</u>
Net Change in Fund Balance	(109,105)	775,680	(8,836)	657,739
Fund Balance - Beginning	<u>4,774,681</u>	<u>6,317,532</u>	<u>(457,873)</u>	<u>10,634,340</u>
Fund Balance - Ending	<u>\$ 4,665,576</u>	<u>\$ 7,093,212</u>	<u>\$ (466,709)</u>	<u>\$ 11,292,079</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, 2016

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

Net change in fund balances - total governmental funds	\$ 657,739
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.	1,663,056
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.	(1,570,273)
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.	(166,086)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt.	1,783,499
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.	(174,242)
Interest accrued but not paid is not recorded as an expense until paid. This is the change in accrued interest payable between years.	60,449
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.	(1,197,060)
The amount of deferred employer IMRF contributions are not recorded as an expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expnese catogories. This amount is the difference between beginning and ending deferred employer IMRF contributions that has been included in the statement of activities.	(181,584)
Net contribution deficiencies (Police & Fire Pension) are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources; therefore, net contribution deficiencies are not reported as expenditures in governmental funds. This is the change in the net contribution deficiency between years.	(2,943,335)
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.	(163,593)
Change in net position of governmental activities	<u>\$ (2,231,430)</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
APRIL 30, 2016

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,643,351
Certificates of Deposit	1,747,736
Investments	280,538
Accounts Receivable (Net of Allowance for Uncollectibles of \$564,877)	2,020,787
Due From Other Funds	118,022
Interest Receivable	9,055
Prepaid Expenses	130,620
Total Current Assets	5,950,109
Noncurrent Assets:	
Restricted Certificates of Deposit	494,000
Restricted Investments	866,237
Capital Assets:	
Construction in Process	5,940,769
Building and Improvements	44,847,069
Treatment Facility and Lines	1,764,561
Equipment	2,044,749
Vehicles	1,493,843
Total	56,090,991
Less Accumulated Depreciation	(27,066,571)
Net Capital Assets	29,024,420
Total Noncurrent Assets	30,384,657
Total Assets	36,334,766
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources:	
Employer IMRF Contributions	720,846
Total Deferred Outflows of Resources	720,846
Total Deferred Outflows of Resources	720,846
LIABILITIES	
Current Liabilities:	
Accounts Payable	422,982
Accrued Vacation Leave	83,619
Due to Other Funds	103,554
Accrued Interest	22,731
Bonds/Notes Payable - Current Portion	838,276
Total Current Liabilities	1,471,162
Noncurrent Liabilities:	
Accrued Sick Leave	212,928
Bonds/Notes Payable - Non Current Portion	13,579,960
Net Pension Liability	1,500,514
Total Noncurrent Liabilities	15,293,402
Total Liabilities	16,764,564
NET POSITION	
Net Investment in Capital Assets	14,606,184
Unrestricted	5,684,864
Total Net Position	\$ 20,291,048

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, 2016

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Operating Revenues:	
Charges for Services	\$ 8,069,423
Total Operating Revenues	8,069,423
Operating Expenses:	
Personal Services	3,789,139
Industrial Pretreatment	125,217
Billings and Collection	164,099
Sewer Collection	1,288,882
Solids Handling	718,530
BOD Treatment	279,304
Primary Treatment	32,247
General and Administration	237,188
Dry Weather Pumping	208,846
Wet Weather Pumping	230,118
Other	298,882
Depreciation	732,350
Total Operating Expenses	8,104,802
Operating Income	(35,379)
Non-Operating Revenues (Expenses)	
Investment Earnings	7,585
Interest Expense and Fiscal Charges	(486,618)
Total Non-Operating Revenues (Expenses)	(479,033)
Net Income Before Transfers	(514,412)
Operating Transfers Out	-
Change in Net Position	(514,412)
Net Position - Beginning	20,805,460
Net Position - Ending	\$ 20,291,048

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, 2016

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 7,840,475
Cash Paid to Suppliers for Goods and Services	(3,078,041)
Cash Paid to Employees for Services	(3,796,702)
Net Cash Provided By Operating Activities	965,732
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(465,010)
Proceeds From Borrowings	4,392,982
Principal Paid on Borrowings	(3,847,683)
Amortization of Bond Premium	(19,767)
Interest Paid on Borrowings	(489,319)
Net Cash (Used) by Capital and Related Financing Activities	(428,797)
Cash Flows From Investing Activities:	
Purchase of Investments	(1,231,360)
Repayment of Advances to Other Funds	29,797
Investment Earnings	7,546
Net Cash (Used) By Investing Activities	(1,194,017)
Net Increase In Cash and Equivalents	(657,082)
Cash and Equivalents - Beginning	2,300,430
Cash and Equivalents - Ending	\$ 1,643,348
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ (35,379)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	732,350
Increase in Allowance for Doubtful Accounts	50,851
Change in Assets and Liabilities:	
(Increase) in Accounts Receivable	(279,799)
(Increase) in Prepaid Expenses	(74,392)
(Increase) in Employer IMRF Contributions	(94,262)
Increase in Accounts Payable	82,350
Increase in Net Pension Liability	591,576
(Decrease) in Accrued Vacation and Sick Pay	(7,563)
Net Cash Provided By Operating Activities	\$ 965,732

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, 2016

ASSETS

Cash and Cash Equivalents	\$ 1,274,541
Investments and Certificates of Deposit	27,898,103
Receivables:	
Property Taxes	1,551,084
Gaming Taxes	28,722
Accrued Interest	120,584
Total Assets	<u>30,873,034</u>

LIABILITIES

Liabilities	<u>-</u>
Total Liabilities	<u>-</u>

NET POSITION

Net Position Held in Trust for Pension Benefits	<u>30,873,034</u>
Total Net Position	<u>30,873,034</u>
Total Liabilities and Net Position	<u><u>\$ 30,873,034</u></u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS - PENSION TRUST FUNDS
APRIL 30, 2016

Additions:

Contributions:

Employee Contributions	\$ 764,953
Employer Contributions:	
Property Taxes	1,543,164
Gaming Taxes	198,820
Replacement Taxes	902,648
Total Contributions	3,409,585

Investment Income:

Interest and Dividends	1,082,224
Net Realized/Unrealized Gain on Investments	(1,582,863)
	(500,639)
Less: Investment Expense	(90,006)
Net Investment Income	(590,645)

Total Additions	2,818,940
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Deductions:

Benefits Paid to Participants:	
Service and Disability	4,733,972
Dependents	655,097
Refunded Contributions	52,452
Contractual Services	54,231
Total Deductions	5,495,752

Net Decrease in Plan Net Position	(2,676,812)
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Net Position Held in Trust for Pension Benefits, Beginning of Year	33,549,846
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Net Position Held in Trust for Pension Benefits, End of Year	\$ 30,873,034
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

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, 2016

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 Systems 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.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2016

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 2015, based upon the expected assessed valuation as of the December 31, 2015. Property taxes are due in four installments in the following year, and are considered delinquent after the due dates. Property taxes for 2015 become an enforceable lien in January 2016. The County has not mailed tax bills as of April 30, 2016 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 2015 taxes to be collected between June and December 2016. Taxes collected during the current year were from the 2014 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, 2016

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 - 75
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, 2016, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$700,189 and \$3,096,331, respectively. Amounts reflected in the financial statements at April 30, 2016 for enterprise fund employees related to unused vacation and sick leave benefits totaled \$83,619 and \$212,928, 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, 2016

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	\$ 2,810,513
Restricted for Development Loans	235,631
Restricted for Drug Traffic Prevention	11,180
Restricted for Redevelopment	3,948,681

Fiduciary Funds

Reserved for Employees' Pension Benefits	\$ 30,873,034
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Fund Balances

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

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

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

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

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

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

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, 2016

NOTE 2. BUDGETARY AND LEGAL COMPLIANCE (Continued)

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

1. General Government and Business-Like Activities

At April 30, 2016, the carrying amount of the City's deposits was \$10,197,660 and the bank balance was \$10,167,959. 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, 2016, all of the deposits of the City were covered by FDIC insurance or collateralized by the financial institution.

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

As of April 30, 2016 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)	-	\$ 648,963	\$ 648,963
Corporate Bonds	2.99	496,000	496,000
Federal Home Loan Mortgage Corporation	3.16	110,000	110,000
UMB Money Market	-	2,204,140	2,204,140
Total Investments		<u>\$ 3,459,103</u>	<u>3,459,103</u>
Deposits as Reported Above			<u>10,197,660</u>
Total Deposits and Investments			<u>\$13,656,763</u>
As Reported in the Statement of Net Position:			
Cash and Cash Equivalents			\$ 3,762,605
Certificates of Deposit			4,001,606
Restricted Investments - Current			1,296,233
Investments - Current			642,317
Restricted Cash and Cash Equivalents - Noncurrent			249,825
Restricted Certificates of Deposit - Noncurrent			1,427,395
Restricted Investments - Noncurrent			2,276,782
			<u>\$13,656,763</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

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

Interest Rate Risk

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

Credit Risk

As of April 30, 2016, the credit rating of the City's investment was as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--
Corporate Bonds	--	--
Federal Home Loan Mortgage Corporation	AA+	AAA

Concentration of Credit Risk

As of April 30, 2016, the City's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Corporate Bonds	18.76%
Federal Home Loan Mortgage Corporation	14.34%
UMB Money Market	63.72%

Foreign Currency Risk

As of April 30, 2016, the City did not have foreign currency risk.

Fire Pension Fund and Police Pension Fund

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

2. Fire Pension Fund

At April 30, 2016, the carrying amount of the Fire Pension Fund's deposits was \$444,910 and the bank balance was \$457,898. The deposits were comprised of interest checking, money market and certificates of deposit.

Custodial Credit Risk

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

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

As of April 30, 2016, the City's Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Corporation	7.35	\$ 268,989	\$ 274,693
Federal National Mortgage Association	7.74	57,663	56,861
Freddie Mac	6.71	103,777	102,888
Governmental National Mortgage Association	13.29	537,166	550,532
U.S. V.A. REMIC	12.51	40,858	44,315
U.S. Treasury Notes	11.12	1,498,031	1,521,428
Municipal Bonds	4.17	80,000	80,802
Corporate Bonds	3.52	2,808,020	2,796,142
Fixed Income Funds	--	514,463	521,869
Money Market Mutual Funds	--	187,732	187,732
Common Stock	--	4,423,540	4,930,380
Mutual Funds	--	2,048,874	2,172,968
Total Investments		<u>\$ 12,569,113</u>	<u>13,240,610</u>
Deposits as Reported Above			<u>444,910</u>
Total Deposits and Investments			<u>\$ 13,685,520</u>

As Reported in the Combining Statement of Fiduciary Net Assets:

Cash and Cash Equivalents	\$ 444,910
Investments and Certificates of Deposit	13,240,610
	<u>\$ 13,685,520</u>

Interest Rate Risk

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

Credit Risk

As of April 30, 2016, the Fire Pension Fund's investments credit ratings were as follows:

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

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

Concentration of Credit Risk

As of April 30, 2016, the Fire Pension Fund's investments had no reportable concentrations of credit risk.

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

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	4.02%
Federal National Mortgage Association	0.42%
Freddie Mac	0.75%
Municipal Bonds	0.59%
U.S. Treasury Notes	11.12%
US Department of Veteran Affairs Remic	0.32%
Federal Home Loan Mortgage Corporation	2.01%
Fixed Income Funds	3.81%
Corporate Bonds	20.43%
Mutual Funds	15.88%
Common and Preferred Stocks	36.03%
Deposits & Money Market Mutual Funds	4.62%
Total	<u>100.00%</u>

Foreign Currency Risk

As of April 30, 2016, the Fire Pension Fund did not have foreign currency risk.

3. Police Pension Fund

At April 30, 2016, the carrying amount of the Police Pension Fund's deposits was \$829,631 and the bank balance was \$833,231. The deposits were comprised of interest checking, money market and certificates of deposit.

Custodial Credit Risk

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

As of April 30, 2016, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Inflation Index Note	1.71	\$ 308,227	\$ 354,008
U.S. Treasury Bond	0.04	726,503	801,375
Fannie Mae	11.58	265,820	333,281
Federal Home Loan Bank	3.69	1,103,514	1,250,321
Federal Farm Credit Bank	0.24	266,575	253,065
Government National Mortgage Association	16.34	552,660	620,384
Tennessee Valley Authority	4.80	296,702	333,306
Municipal Bonds	6.59	180,763	190,732
Corporate Bond	5.71	1,334,627	1,378,903
Schwab US Treasury Money Market	--	527,313	527,313
Mutual Funds	--	6,540,368	8,614,805
Total Investments		<u>\$ 12,103,072</u>	<u>14,657,493</u>
Deposits as Reported Above			<u>829,631</u>
Total Deposits and Investments			<u>\$ 15,487,124</u>
As Reported in the Combining Statement of Fiduciary Net Assets:			
Cash and Cash Equivalents			\$ 829,631
Investments			14,657,493
			<u>\$ 15,487,124</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

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

Interest Rate Risk

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

Credit Risk

As of April 30, 2016, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & 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, 2016, the Police Pension Fund's had no reportable concentrations of credit risk.

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

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	4.01%
Federal Home Loan Bank	8.07%
U.S. Treasury Bonds	5.17%
U.S. Treasury Inflation Index Note	2.29%
Fannie Mae	2.15%
Federal Farm Credit Bank	1.63%
Tennessee Valley Authority	2.15%
Corporate Bonds	8.90%
Municipal Bonds	1.23%
Mutual Funds	55.63%
US Treasury Money Market	3.40%
Deposits	5.37%
	<u>100.00%</u>

Foreign Currency Risk

As of April 30, 2016, the Police Pension Fund did not have foreign currency risk.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 4. RISK MANAGEMENT

The City began a self-insured workers' compensation program in 2001 by which the City pays claims from general revenues up to a certain amount at which point the City carries excess coverage. Non-incremental claims adjustment expense has not been included as part of the liability for claims and judgments. The liability for claims experienced as of April 30, 2016 that are to be paid in the subsequent year is \$3,302,074 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>2016</u>	<u>2015</u>
Liability beginning balance	\$ 2,094,083	\$3,107,754
Claims and changes in estimates	3,107,538	282,902
Claim payments	<u>(1,899,547)</u>	<u>(1,296,573)</u>
Liability ending balance	<u>\$ 3,302,074</u>	<u>\$2,094,083</u>

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

NOTE 5. RECEIVABLES

Receivables as of April 30, 2016 for the City, as reported in the statement of net position, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Sewer User Fees	\$ 2,585,664
Ambulance Fees	482,881
Real Estate Taxes	17,988,834
Intergovernmental	2,897,424
Interest	19,032
Other	<u>414,243</u>
Total Receivables	24,388,078
Allowance for Uncollectible Accounts	<u>(569,877)</u>
Net Total Receivables	<u>\$ 23,818,201</u>

Real estate taxes of \$17,988,834 were not available for collection and payment of current liabilities at April 30, 2016 and are reported as deferred inflows. The governmental financial statements reported an additional \$1,065,801 of intergovernmental revenue as deferred income at April 30, 2016.

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

IMRF Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City's employer plan is managed by the Illinois Municipal Retirement (IMRF), the administrator of the multiple-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.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Benefits Provided

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

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2015, the following employees were covered by the benefit terms:

Number of:

Retirees and Beneficiaries currently receiving benefits	139
Inactive Plan Members entitled to but not yet receiving benefits	41
Active Plan Members	<u>115</u>
Total	<u><u>295</u></u>

Contributions

As set by statute, the Employer'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 Employer's annual contribution rate for calendar year 2015 was 11.44%. For the fiscal year ended April 30, 2016, the Employer contributed \$724,220 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, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- 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 7.48%.
- 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.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scales MP-2014 (base year 2014). 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 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	38%	7.39%
International Equity	17%	7.59%
Fixed Income	27%	3.00%
Real Estate	8%	6.00%
Alternative Investments	9%	2.75-8.15%
Cash Equivalents	1%	2.25%
Total	100%	

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 7.5%, the municipal bond rate is 3.56%, and the resulting single discount rate is 7.48%.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Changes in the Net Pension Liability

A. Total Pension Liability

1. Service Cost	\$ 713,988
2. Interest on the Total Pension Liability	2,930,360
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the Total Pension Liability	(212,931)
5. Changes of assumptions	48,613
6. Benefit payments, including refunds of employee contributions	<u>(2,180,690)</u>
7. Net change in total pension liability	1,299,340
8. Total pension liability - beginning	<u>39,856,984</u>
9. Total pension liability - ending	<u><u>\$ 41,156,324</u></u>

B. Plan fiduciary net position

1. Contributions - employer	\$ 724,220
2. Contributions - employee	284,877
3. Net investment income	182,615
4. Benefit payments, including refunds of employee contributions	(2,180,690)
5. Other (Net Transfer)	<u>499,682</u>
6. Net change in plan fiduciary net position	(489,296)
7. Plan fiduciary net position - beginning	<u>37,108,800</u>
8. Plan fiduciary net position - ending	<u><u>\$ 36,619,504</u></u>

C. Net Position Liability/(Asset)

\$ 4,536,820

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

88.98%

E. Covered Valuation Payroll

\$ 6,330,593

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

71.67%

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 7.48%, 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:

	<u>1% Lower</u>	Current Single Discount Rate Assumption	<u>1% Increase</u>
	<u>6.48%</u>	<u>7.48%</u>	<u>8.48%</u>
Total Pension Liability	<u>\$ 46,429,462</u>	<u>\$ 41,156,324</u>	<u>\$ 36,829,486</u>
Plan Fiduciary Net Position	<u>36,619,504</u>	<u>36,619,504</u>	<u>36,619,504</u>
Net Pension Liability/(Asset)	<u><u>\$ 9,809,958</u></u>	<u><u>\$ 4,536,820</u></u>	<u><u>\$ 209,982</u></u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

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

For the year ended April 30, 2016, the Employer recognized pension expense of \$724,220. At April 30, 2016, the Employer reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Amounts Related to Pensions</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Deferred Amounts to be Recognized in Pension Expense in Future Periods			
Differences between expected and actual experience	\$ -	\$ 163,177	\$ (163,177)
Changes of Assumptions	37,254	-	37,254
Net difference between projected and actual earnings on pension plan investments	<u>2,060,278</u>	<u>-</u>	<u>2,060,278</u>
Total Deferred Amounts to be recognized in pension expense in future periods	2,097,532	163,177	1,934,355
Pension Contributions made subsequent to the Measurement Date	<u>248,559</u>	<u>-</u>	<u>248,559</u>
Total Deferred Amounts Related to Pensions	<u>\$ 2,346,091</u>	<u>\$ 163,177</u>	<u>\$ 2,182,914</u>

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

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 476,675	\$ -
2017	476,675	-
2018	476,675	-
2019	504,330	-
2020	-	-
Thereafter	-	-
Total	<u>\$ 1,934,355</u>	<u>\$ -</u>

2. Police and Firemen Pension

Plan Description and Contributions Information

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2016 was \$4,066,262 out of a total payroll of \$15,605,988.

At April 30, 2016, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	57
Current employees:	
Vested	40
Nonvested	16
Total	<u>113</u>

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

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

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

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

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

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firemen's Pension Plan for the year ended April 30, 2016 was \$3,827,038 out of total payroll of \$15,605,988.

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

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	71
Current Employees:	
Vested	29
Nonvested	<u>24</u>
Total	<u><u>124</u></u>

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

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

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

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

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

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Summary of Significant Accounting Policies and Plan Position Matters

Basis of Accounting

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

Method Used to Value Investments

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

Annual Pension Cost and Net Contribution Deficiency

The City's annual pension cost and net contribution deficiency for the current year were as follows:

	<u>Police</u> <u>Pension</u>	<u>Firemen's</u> <u>Pension</u>
Annual Required Contribution	\$ 2,502,479	\$ 2,654,277
Interest on Net Contribution Deficiency	850,044	919,083
Adjustment to Annual Required Contribution	(642,843)	(695,053)
Annual Pension Cost	<u>2,709,680</u>	<u>2,878,307</u>
Contributions Made	<u>1,322,316</u>	<u>1,322,316</u>
Increase in Net Contribution Deficiency	1,387,364	1,555,991
Net Contribution Deficiency Beginning of Year	<u>12,593,238</u>	<u>13,616,038</u>
Net Contribution Deficiency End of Year	<u>\$ 13,980,602</u>	<u>\$ 15,172,029</u>

The pension contribution deficiency reported above reflects the amount of unfunded obligation that was determined to be a result of the deficit potentially caused by the lack of fully funding at the time of the implementation of GASB Statement No. 27. Currently, the City is funding the pension liability based on actuarial calculations and any additional pension benefit obligations have not been recognized.

The annual required contribution for the current year was determined as part of the April 30, 2015 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 6.75% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using market values. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2015 was, 25 years.

Three-Year Trend Information

	<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>Of APC</u> <u>Contributed</u>	<u>Net</u> <u>Contribution</u> <u>Deficiency</u>
Police Pension	4/30/2015	\$ 2,509,037	19.92%	\$ 12,593,288
	4/30/2014	2,315,370	20.73%	11,169,095
	4/30/2013	2,656,069	26.79%	9,915,341
Fire Pension	4/30/2015	2,754,925	20.23%	13,616,038
	4/30/2014	2,469,485	20.67%	11,945,987
	4/30/2013	2,736,327	25.97%	10,538,118

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Concentration

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

Police Pension:	
U.S. Treasury Bonds	\$ 801,375
Federal Home Loan Bank	1,250,321
Harbor International Fund	1,046,411
Longleaf Partners Fund	923,633
Mainstay Large Cap Growth I	932,586
Oakmark Fund	1,288,240
Primecap Odyssey Growth	1,137,820
Tweedy Browne Global Value Fund	873,202
Fire Pension:	
U.S. Treasury Notes	1,521,428
Developed Markets Index Fund Admiral	1,322,720

Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 16,348,817
Firemen Pension	14,524,217

NOTE 7. CONTINGENCIES

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

NOTE 8. WASTEWATER TREATMENT PLANT ENTERPRISE FUND

Regionalization of Wastewater Treatment Plant

Pursuant to an intergovernmental cooperation agreement originally agreed to in April 1984 between the City; the Metro East Sanitary District; Madison County, Illinois; and the Village of Glen Carbon, Illinois, the Wastewater Treatment Plant began to accept and treat wastewater from the Lansdown Service Area of the Metro East Sanitary District, Madison County Special Service Area No. 1, and from the Village of Glen Carbon, Illinois. The participants have agreed to purchase wastewater treatment services from the City at rates and charges established by the Granite City Regional Treatment Board. The rates and charges are intended to allocate the cost of services provided to each participant based on percentage of flow and wastewater content, which will reduce the City's operation cost burden. Total revenue earned by the Wastewater Treatment Plant Enterprise Fund from the three regional participants for the year ended April 30, 2016 was \$3,578,124.

NOTE 9. TRANSFERS

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 10. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at April 30, 2016:

<u>Funds Due To</u>	<u>Funds Due From</u>	<u>Balance</u> <u>4/30/2015</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>4/30/2016</u>
General Fund	Community Development	\$ 17,765	\$ 2,255	\$ 20,020
General Fund	Capital Projects	146,733	(102,446)	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 Fun	1,470,216	24,411	1,494,627
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	45,405	-	45,405
Sewer System Fund	General Fund	118,022	-	118,022
		<u>\$ 2,670,434</u>	<u>\$ (45,983)</u>	<u>\$ 2,624,451</u>

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

NOTE 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>Activities</u>	<u>Business-type</u> <u>Activites</u>
Current payables due to vendors	\$ 839,866	\$ 412,670
Retainage on contracts payable	<u>80,136</u>	<u>10,312</u>
Total Accounts Payable	<u>\$ 920,002</u>	<u>\$ 422,982</u>

NOTE 12. COMMITMENTS

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

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

<u>Year</u> <u>Ending</u> <u>April 30,</u>	<u>Land</u> <u>Facilities</u>
2017	\$ 1
2018	1
2019	1
2020	1
2021	1
2022 and thereafter	<u>14</u>
Total	<u>\$ 19</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 13. COMMITMENTS UNDER CONSTRUCTION CONTRACTS

At April 30, 2016, the City had outstanding construction contracts for various projects totaling approximately \$139,134.

NOTE 14. DEFICIT NET POSITION

The City has deficit net positions in the following nonmajor funds: Motor Fuel Tax Fund of \$453,311 and Capital Projects Fund of \$33,803 as of April 30, 2016.

NOTE 15. LEASE REVENUE

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

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

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

<u>Year</u>	<u>Amount</u>
2017	\$ 244,893
2018	240,200
2019	240,200
2020	240,200
2021	239,800
2022 - 2026	1,193,000
2027 - 2031	1,163,000
2032 - 2036	1,133,000
2037 - 2041	1,133,000
2042 - 2046	1,133,000
2047 - 2051	1,133,000
2052 - 2056	1,133,000
2057 - 2060	849,750
Total	<u>\$ 10,076,043</u>

NOTE 16. BUSINESS DISTRICT SPECIAL REVENUE FUNDS

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

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 17. CAPITAL ASSETS

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Capital Assets, not being Depreciated:				
Land	\$ 9,585,458	\$ -	\$ -	\$ 9,585,458
Construction in Process	797,000	962,190	-	1,759,190
Total Capital Assets Not Being Depreciated	<u>10,382,458</u>	<u>962,190</u>	<u>-</u>	<u>11,344,648</u>
Capital Assets, being Depreciated				
Buildings and Improvements	17,582,304	-	-	17,582,304
Equipment	6,356,644	162,590	-	6,519,234
Vehicles	5,954,498	538,276	(26,148)	6,466,626
Infrastructure	24,455,476	-	-	24,455,476
Total Capital Assets being Depreciated	<u>54,348,922</u>	<u>700,866</u>	<u>(26,148)</u>	<u>55,023,640</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	5,090,265	425,628	-	5,515,893
Equipment	5,146,457	415,689	-	5,562,146
Vehicles	4,513,250	449,648	(26,148)	4,936,750
Infrastructure	890,955	279,308	-	1,170,263
Total Accumulated Depreciation	<u>15,640,927</u>	<u>1,570,273</u>	<u>(26,148)</u>	<u>17,185,052</u>
Total Capital Assets being Depreciated, Net	<u>38,707,995</u>	<u>(869,407)</u>	<u>-</u>	<u>37,838,588</u>
Governmental Activities Capital Assets, Net	<u>\$ 49,090,453</u>	<u>\$ 92,783</u>	<u>\$ -</u>	<u>\$ 49,183,236</u>
Business-Type Activities				
Capital Assets:				
Construction in Process	\$ 14,506,129	\$ 90,654	\$ (8,656,014)	\$ 5,940,769
Buildings	1,764,561	-	-	1,764,561
Treatment Facility	36,146,251	8,700,818	-	44,847,069
Equipment	1,794,355	250,394	-	2,044,749
Vehicles	1,301,380	192,463	-	1,493,843
Total Capital Assets	<u>55,512,676</u>	<u>9,234,329</u>	<u>(8,656,014)</u>	<u>56,090,991</u>
Less Accumulated Depreciation for:				
Buildings	1,690,707	9,531	-	1,700,238
Treatment Facility	21,690,674	641,639	-	22,332,313
Equipment	1,674,964	55,899	-	1,730,863
Vehicles	1,277,876	25,281	-	1,303,157
Total Accumulated Depreciation	<u>26,334,221</u>	<u>732,350</u>	<u>-</u>	<u>27,066,571</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,178,455</u>	<u>\$ 8,501,979</u>	<u>\$ (8,656,014)</u>	<u>\$ 29,024,420</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 17. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 398,633
Public Safety	746,463
Public Works	425,177
Total Depreciation Expense - Governmental Activities	<u>\$ 1,570,273</u>
Business-Type Activities:	
Wastewater Treatment Plant	\$ 446,566
Sewer System Fund	285,784
Total Depreciation Expense - Business-Type Activities	<u>\$ 732,350</u>

NOTE 18. TAX INCREMENT FINANCING SPECIAL REVENUE FUND

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

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

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

NOTE 19. LONG-TERM DEBT

GOVERNMENTAL ACTIVITY DEBT

Bonded Indebtedness

The City issued Southwestern Illinois Development Authority Local Government Program Revenue Bonds, Series 2009 (City of Granite City Project) in May 2009. The bonds, totaling \$3,640,000 are payable from the incremental taxes of the Route 3 Corridor Tax Increment Financing District (TIF 4). The bonds bear interest of 8.00% and mature in varying amounts from 2009 to 2019. The proceeds of the bond are to be used to finance redevelopment projects in the Route 3 Corridor Industrial Park Conservation Area including construction of commercial and retail development including a Lowe's Home Improvement store along with eight outlots. The balance of the bonds at April 30, 2016 is \$1,110,000.

The City issued Local Government Program Revenue Bonds, Series 2009-A in December 2009. The bonds, totaling \$4,210,000 are payable from the incremental taxes of the Route 203 Tax Increment Financing District (TIF 7). The bonds bear interest of 7.75% and mature in varying amounts from 2010 to 2022. The proceeds of the bond are to be used to finance redevelopment projects in the Route 203 Redevelopment Project Area including construction of street improvements and related costs. The bonds were renegotiated to bear interest at 3.75% on July 1, 2015, with the maturity schedule remaining the same. The balance of the bonds at April 30, 2016 is \$2,630,000.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 19. LONG-TERM DEBT (Continued)

The City issued Southwestern Illinois Development Authority Local Government Program Revenue Bonds, Series 2009-B (City of Granite City Project) in December 2009. The bonds, totaling \$3,805,000 are payable from the incremental taxes of the Route 3 Corridor Tax Increment Financing District (TIF 4). The bonds bear interest of 7.75% and mature in varying amounts from 2010 to 2022. The proceeds of the bond are to be used to finance redevelopment projects in the Route 3 Corridor Industrial Park Conservation Area including construction of water and sewer improvements, the construction of street improvements and related costs. The bonds were renegotiated to bear interest at 3.75% on July 1, 2015, with the maturity schedule staying the same. The balance of the bonds at April 30, 2016 is \$2,205,000.

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

As a result, the 2008 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position. The balance of the defeased bond at April 30, 2016 is \$5,835,000. The balance of the 2012 refunding bond issue at April 30, 2016 is \$7,205,000.

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, 2016 was \$1,872,214 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 \$177,144.

Notes Payable

The City entered into a loan with Ford Motor Credit to purchase four police vehicles November 2013. The loan of \$126,517 is to be repaid in three annual installments through November 2015. The annual installments, including interest at 6.0%, are \$44,652. The loan was paid in full as of April 30, 2016.

The City entered into a loan with the Illinois Department of Transportation (IDOT) to construct rail track in the new industrial park in May 1999. The loan of \$725,914 is to be repaid by twenty annual installments through May 24, 2019. The annual installments, including interest at 3.00%, are \$48,793. The balance of the loan at April 30, 2016 is \$138,017.

The City entered into a two lease purchases with the Bank of Edwardsville for two International trucks in January and February 2014. The loans of \$106,938 and \$105,538 are to be repaid in five annual installments through March 2018. The annual installments, including interest at 2.5%, are \$22,502 and \$22,239. The balance of the loans at April 30, 2016 is \$43,373 and \$42,867.

The City entered into a lease purchase agreement with the Bank of Edwardsville for three police cars in November 2014. The agreement was for \$211,000 and is to be repaid in three installments of \$72,767, including interest at 2.50%. The balance of the loan at April 30, 2016 is \$33,633.

The City entered into a lease purchase agreement with First Cloverleaf Bank to purchase an ambulance in June 2013. The loan of \$118,000 is to be repaid in four annual installments through July 2016. The annual installments, including interest at 2.48%, are \$30,718. The balance of the loan at April 30, 2016 is \$29,973.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 19. LONG-TERM DEBT (Continued)

The City entered into a lease purchase agreement with the First Midwest Bank for the purchase of police CPU and phone system upgrades and ticket writers in October 2010. The agreement was for \$153,097 and is to be repaid in five installments of \$34,359 plus interest at 4.65%. The loan was paid in full as of April 30, 2016.

The City entered into a loan with Madison County Community Development to finance infrastructure improvements for relocating high-pressure gas line and electric lines in May 2010. The loan of \$750,000 is to be repaid in twenty-eight quarterly installments through May 2017. The quarterly installments, including interest at 3.0%, are \$29,797. The balance of the loan at April 30, 2016 is \$145,689.

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, 2016 is \$312,795.

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, as of April 30, 2016 the City has borrowed \$98,387, which is to be repaid in monthly installments. The monthly installments include interest at 3.00%. The balance of the loan at April 30, 2016 is \$98,387.

BUSINESS TYPE ACTIVITY DEBT

The City was awarded a loan of \$3,938,240 through the State of Illinois Environment Protection Agency Bureau of Water in August 2003. This loan financed the upgrade of the City's Regional Wastewater Treatment Facilities. Payments are due semiannually on January 27 and July 27 through January 2025, including interest at 2.50%. As of April 30, 2016, the balance outstanding on the loan was \$2,053,065.

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, 2016, the balance outstanding on the loan was \$1,361,194.

The City was awarded a fourth loan of \$8,000,000 through the State of Illinois Environment Protection Agency Water Pollution Control Loan Program in September 2011. Upon completion of the project \$2,000,000 of the loan will be forgiven and the additional funds will be repaid with an interest rate of 1.25%. This loan financed sewer rehabilitation projects. Payments are due semiannually on May 1 and November 1 through 2032. As of April 30, 2016, the balance outstanding on the loan was \$5,634,657.

The City was awarded a fifth loan of \$2,000,000 through the State of Illinois Environment Protection Agency Water Pollution Control Loan Program in September 2011. Upon completion of the project \$500,000 of the loan was forgiven and the additional funds are to be repaid with an interest rate of 1.25%. This loan financed improvement to the wastewater treatment plant. Payments are due semiannually on March 1 and September 1 through 2032. As of April 30, 2016, the balance outstanding on the loan was \$1,349,352.

The City issued Local Government Program Revenue Bonds, Series 2010 in November 2010. The bonds, totaling \$3,485,000 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 of between 2.0% and 4.2% and mature in varying amounts from 2011 to 2029. The proceeds of the bond are to be used 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 City called the bonds in August 2015 and refinanced them with the Series 2015 bonds. The bonds were paid in full as of April 30, 2016.

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, 2016 is \$3,850,000.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 19. LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term liabilities, net of unamortized costs, for the year ended April 30, 2016:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Government Activities:					
Bond Payable:					
Tax Increment Revenue					
Bond Series 2012 Refunding	\$ 7,875,000	\$ -	\$ 670,000	\$ 7,205,000	\$ -
Deferred Charge on Refunding	(2,049,358)	-	(177,144)	(1,872,214)	-
Tax Increment Revenue					
Bonds Series 2009-C	2,600,000	-	395,000	2,205,000	340,000
Tax Increment Revenue					
Bonds Series 2009-B	1,535,000	-	425,000	1,110,000	430,000
Tax Increment Revenue					
Bonds Series 2009-A	3,000,000	-	370,000	2,630,000	460,000
Less Unamortized Costs:					
Bond Discount	(98,159)	-	15,755	(82,404)	-
Bond Premium	144,600	-	(18,658)	125,942	-
Total Bond Payable	<u>13,007,083</u>	<u>-</u>	<u>1,679,953</u>	<u>11,321,324</u>	<u>1,230,000</u>
Notes Payable:					
Ford Motor Credit	42,125	-	42,125	-	-
IL Dept of Transportation	181,369	-	43,352	138,017	44,652
First Cloverleaf Bank	59,222	-	29,249	29,973	29,973
Bank of Edwardsville	66,521	-	32,888	33,633	33,633
Bank of Edwardsville	64,264	-	20,891	43,373	21,420
Bank of Edwardsville	63,514	-	20,647	42,867	21,169
First Midwest Bank	32,835	-	32,835	-	-
Madison County	258,383	-	112,694	145,689	116,114
Madison County	-	369,995	57,200	312,795	58,916
Madison County	-	98,387	-	98,387	7,434
Total Long-Term Liabilities	<u>13,775,316</u>	<u>468,382</u>	<u>2,071,834</u>	<u>12,166,058</u>	<u>1,563,311</u>
Other Liabilities:					
Net Pension Obligation	1,839,246	1,197,060	-	3,036,306	-
Net Contribution Deficiency	26,209,296	2,943,355	-	29,152,651	-
Compensated Absences	3,630,434	1,416,181	1,250,095	3,796,520	700,189
Total Other Liabilities	<u>31,678,976</u>	<u>5,556,596</u>	<u>1,250,095</u>	<u>35,985,477</u>	<u>700,189</u>
Governmental Activities					
Long-Term Liabilities	<u>\$45,454,292</u>	<u>\$6,024,978</u>	<u>\$3,321,929</u>	<u>\$48,151,535</u>	<u>\$2,263,500</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 19. LONG-TERM DEBT (Continued)

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
Bond Payable:					
Revenue Bonds					
Series 2010	\$ 2,955,000	\$ -	\$ 2,955,000	\$ -	\$ -
Series 2015	-	4,080,000	230,000	3,850,000	205,000
Less Unamortized Costs:					
Bond Premium	11,344	-	11,344	-	-
Bond Premium	-	178,391	8,424	169,967	-
Total Bond Payable	<u>2,966,344</u>	<u>4,258,391</u>	<u>3,204,768</u>	<u>4,019,967</u>	<u>205,000</u>
Notes Payable:					
IL EPA (1)	\$ 2,258,010	\$ -	\$ 204,945	\$ 2,053,065	\$ 210,100
IL EPA (2)	1,438,212	-	77,018	1,361,194	78,956
IL EPA (3)	5,809,965	134,592	309,899	5,634,658	272,511
IL EPA (4)	1,420,173	-	70,821	1,349,352	71,709
Total Long-Term Liabilities	<u>13,892,704</u>	<u>4,392,983</u>	<u>3,867,451</u>	<u>14,418,236</u>	<u>838,276</u>
Other Liabilities:					
Net Pension Obligation	908,938	91,576	-	1,000,514	-
Compensated Absences	304,110	189,688	197,251	296,547	83,619
Total Other Liabilities	<u>1,213,048</u>	<u>281,264</u>	<u>197,251</u>	<u>1,297,061</u>	<u>83,619</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 15,105,752</u>	<u>\$ 4,674,247</u>	<u>\$ 4,064,702</u>	<u>\$ 15,715,297</u>	<u>\$ 921,895</u>

The annual requirements to retire the notes payable as of April 30, 2016 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>
2017	\$ 1,563,311	\$ 666,490	\$ 838,276	\$ 301,559
2018	1,547,951	594,456	854,863	285,875
2019	1,328,324	518,771	871,687	268,781
2020	1,138,235	464,741	888,755	250,245
2021	905,589	422,637	911,070	231,236
2022-2026	7,511,324	769,827	4,466,468	838,080
2027-2031	-	-	3,989,838	341,922
2032-2034	-	-	1,427,312	34,616
	<u>\$ 13,994,734</u>	<u>\$ 3,436,922</u>	<u>\$ 14,248,269</u>	<u>\$ 2,552,314</u>

NOTE 20. STATEMENT OF LEGAL DEBT MARGIN

Assessed Valuation as of December 31, 2015	<u>\$ 311,087,892</u>
Debt Limit, 8.625% of Assessed Valuation	\$ 26,831,331
Less, Contractual Indebtedness	<u>11,243,002</u>
Legal Debt Margin	<u>\$ 15,588,329</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2016

NOTE 21. CONDUIT DEBT OBLIGATIONS

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

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

NOTE 22. POST EMPLOYMENT BENEFITS

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

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

NOTE 23. RESTATEMENT OF NET POSITION

During the year ending April 30, 2016, the City implemented GASB 68 Pension reporting for IMRF. Because of this change, Beginning Net Position has been restated as follows:

	<u>General</u> <u>Fund</u>	<u>Wastewater</u> <u>Treatment</u> <u>Plant</u>	<u>Sewer</u> <u>System</u> <u>Fund</u>
Beginning Net Position, as Originally Reported	\$ 14,513,428	\$ (2,097,176)	\$ 22,996,466
Adjustment for IMRF Employer Contributions	1,643,652	789,778	25,330
Adjustment for Net Pension Liability	<u>(1,839,246)</u>	<u>(880,673)</u>	<u>(28,265)</u>
Beginning Net Position, as Restated	<u>\$ 14,317,834</u>	<u>\$ (2,188,071)</u>	<u>\$ 22,993,531</u>

NOTE 23. SUBSEQUENT EVENTS

The City has evaluated subsequent events through October 20, 2016, 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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Over (Under)</u> <u>Budget</u>
Receipts:				
Taxes	\$ 21,316,222	\$ 21,316,222	\$ 22,065,233	\$ 749,011
Intergovernmental Revenue (Grants)	290,000	290,000	317,726	27,726
Charges for Services	3,368,300	3,368,300	2,632,474	(735,826)
Licenses and Permits	831,965	831,965	541,390	(290,575)
Fines and Forfeits	385,000	385,000	293,523	(91,477)
Investment Earnings	60,000	60,000	59,522	(478)
Miscellaneous	158,600	158,600	151,029	(7,571)
Total Receipts	<u>26,410,087</u>	<u>26,410,087</u>	<u>26,060,897</u>	<u>(349,190)</u>
Disbursements				
Mayor	723,613	723,613	701,020	22,593
Alderman	88,168	88,168	87,253	915
Clerk	278,976	278,976	272,220	6,756
Treasurer	298,764	298,764	289,729	9,035
Informational Technology	447,184	447,184	393,425	53,759
Financial	2,882,153	2,882,153	2,053,957	828,196
Police	9,184,652	9,184,652	9,014,529	170,123
Fire	7,074,857	7,074,857	6,790,579	284,278
Public Works	3,673,127	3,673,127	3,480,730	192,397
Building & Zoning	925,843	925,843	918,980	6,863
Safety and Risk	160,133	160,133	155,310	4,823
Civil Defense	26,674	26,674	18,919	7,755
Cinema	596,826	596,826	627,628	(30,802)
Summer Help	53,825	53,825	55,441	(1,616)
Total Disbursements	<u>26,414,795</u>	<u>26,414,795</u>	<u>24,859,720</u>	<u>1,555,075</u>
Excess (Deficit) of Receipts over Disbursements	<u>(4,708)</u>	<u>(4,708)</u>	1,201,177	<u>1,205,885</u>
Other Financing Sources (Uses):				
Operating Transfers In (Out)	-	-	212,196	212,196
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>212,196</u>	<u>212,196</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ (4,708)</u>	<u>\$ (4,708)</u>	1,413,373	<u>\$ 1,418,081</u>
Change in Intergovernmental Revenue on Modified Accrual Basis			18,235	
Change in Prepaid Insurance			(104,295)	
Change in Interest Receivable			3,730	
Change in Accrued Workman's Compensation			(1,207,990)	
Change in Accounts Payable on Modified Accrual Basis			<u>(232,158)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (109,105)</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2016

	<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>
Receipts:				
Real Estate Taxes - Downtown	\$ 1,340,000	\$ 1,340,000	\$ 1,424,019	\$ 84,019
Real Estate Taxes - GCS	980,000	980,000	1,002,848	22,848
Real Estate Taxes - AS	140,000	140,000	134,472	(5,528)
Real Estate Taxes - Rt 3	1,294,438	1,294,438	1,300,867	6,429
Real Estate Taxes - Nameoki	-	-	-	-
Real Estate Taxes - Port	37,000	37,000	38,959	1,959
Real Estate Taxes - Rt 203	5,100,000	5,100,000	5,200,849	100,849
Sales Taxes	112,000	112,000	113,591	1,591
Rent	226,600	226,600	226,600	-
Grant	50,000	50,000	28,476	(21,524)
Investment Earnings	137,000	137,000	16,590	(120,410)
Other	141,270	141,270	176,474	35,204
Total Receipts	<u>9,558,308</u>	<u>9,558,308</u>	<u>9,663,745</u>	<u>105,437</u>
Disbursements				
Downtown TIF	2,243,200	2,243,200	1,427,829	815,371
Granite City Steel TIF	980,000	980,000	1,002,818	(22,818)
American Steel TIF	119,186	119,186	134,468	(15,282)
Route 3 TIF	1,300,000	1,300,000	1,397,648	(97,648)
Nameoki Village TIF	112,000	112,000	131,729	(19,729)
Port District TIF	36,000	36,000	53,801	(17,801)
Route 203 TIF	5,154,000	5,154,000	4,790,794	363,206
Total Disbursements	<u>9,944,386</u>	<u>9,944,386</u>	<u>8,939,087</u>	<u>1,005,299</u>
Excess (Deficit) of Receipts Over Disbursements	<u>(386,078)</u>	<u>(386,078)</u>	<u>724,658</u>	<u>1,110,736</u>
Other Financing Sources (Uses):				
Operating Transfers From (To) other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ (386,078)</u>	<u>\$ (386,078)</u>	<u>724,658</u>	<u>\$ 1,110,736</u>
Change in Revenue on Modified Accrual Basis			(26,188)	
Change in Accounts Payable on Modified Accrual Basis			(20,811)	
Change in Interest Receivable			<u>(366)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 677,293</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2016

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, 2016, the City's expenditures exceeded budgetary guidelines in several departmental and line item categories as indicated on the required supplementary schedules at pages 45 to 46.

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FIRE AND POLICE PENSION
FUNDING PROGRESS
APRIL 30, 2016

<u>Actuarial</u> <u>Valuation</u> <u>Date</u> (b)	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> (a)	<u>Actuarial Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>-Entry Age</u> (b)	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> (b-a)	<u>Funded</u> <u>Ratio</u> (a/b)	<u>Covered</u> <u>Payroll</u> (c.)	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
Police Pension						
4/30/2015	\$ 17,349,074	\$ 51,608,611	\$ 34,259,537	33.62%	\$ 4,073,149	841.11%
4/30/2014	16,739,157	48,597,827	31,858,670	34.44%	3,915,021	813.75%
4/30/2013	16,281,797	46,547,554	30,265,757	34.98%	3,967,820	762.78%
4/30/2012	16,026,355	46,310,766	30,284,411	34.61%	3,847,982	787.02%
4/30/2011			Not Available			
4/30/2010	14,021,247	43,257,835	29,236,588	32.41%	3,721,923	785.52%
4/30/2009	12,632,001	40,991,744	28,359,743	30.82%	3,470,340	817.20%
4/30/2008	15,670,001	39,273,366	23,603,365	39.90%	3,328,974	709.03%
4/30/2007	16,827,903	37,715,990	20,888,087	44.62%	2,961,777	705.26%
Fire Pension						
4/30/2015	\$ 16,129,561	\$ 56,625,374	\$ 40,495,813	28.48%	\$ 3,824,742	1058.79%
4/30/2014	16,798,775	54,510,463	37,711,688	30.82%	3,754,274	1004.50%
4/30/2013	17,176,354	51,693,489	34,517,135	33.23%	3,786,805	911.51%
4/30/2012	17,393,812	50,248,085	32,854,273	34.62%	3,693,127	889.61%
4/30/2011			Not Available			
4/30/2010	16,636,316	45,691,321	29,055,005	36.41%	3,804,240	763.75%
4/30/2009	15,346,426	45,449,959	30,103,533	33.77%	3,597,302	836.84%
4/30/2008	18,735,007	43,281,975	24,546,968	43.29%	3,493,965	702.55%
4/30/2007	19,072,129	39,539,794	20,467,665	48.24%	3,126,964	654.55%

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION -
NOTES ON PENSION PLAN
APRIL 30, 2016

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

Calendar Year Ending December 31,	<u>2015</u>
Total Pension Liability	
Service Cost	\$ 713,988
Interest on the Total Pension Liability	2,930,360
Benefit Changes	-
Difference between Expected and Actual Experience	(212,931)
Assumption Changes	48,613
Benefit Payments and Refunds	<u>(2,180,690)</u>
Net Change in Total Pension Liability	1,299,340
Total Pension Liability - Beginning	<u>39,856,984</u>
Total Pension Liability - Ending (A)	<u><u>\$ 41,156,324</u></u>
Plan Fiduciary Net Position	
Employer Contributions	\$ 724,220
Employee Contributions	284,877
Pension Plan Net Investment Income	182,615
Benefit Payments and Refunds	(2,180,690)
Other	<u>499,682</u>
Net Change in Plan Fiduciary Net Position	(489,296)
Plan Fiduciary Net Position - Beginning	<u>37,108,800</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 36,619,504</u></u>
Net Pension Liability - Ending (A) - (B)	<u><u>\$ 4,536,820</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u><u>88.98%</u></u>
Covered Valuation Payroll	<u><u>\$ 6,330,593</u></u>
Net Pension Liability as a Percentage of Covered Valuation Payroll	<u><u>71.67%</u></u>

Notes to Schedule:

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

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION -
NOTES ON PENSION PLAN
APRIL 30, 2016

Schedule of Employer Contributions
Most Recent Calendar Year

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a Percentage of Covered Valuation Payroll
2016	\$ 724,220	\$ 724,220	\$ -	\$ 6,330,593	11.44%

Notes to Schedule:

Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2015 Contribution Rate*

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 2015 Contribution Rates:

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): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method:	5-Year smoothed market; 20% corridor
Wage Growth:	4.00%
Price Inflation:	3.0% - approximate: No explicit price inflation assumption issued in this valuation.
Salary Increases:	4.40% to 16.00% 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 2011 valuation pursuant to an experience study of the period 2008 - 2010.
Mortality:	RP-2000 Combined Healthy Marotality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes

There were no benefits changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation.

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
APRIL 30, 2016

Special Revenue Funds

	<u>Drug Traffic Prevention</u>	<u>Community Development</u>	<u>Bellemore Village Business District</u>	<u>Motor Fuel Tax Fund</u>	<u>Total</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current Assets:								
Cash and Cash Equivalents	\$ 27,293	\$ -	\$ 1,523	\$ 66,328	\$ 95,144	\$ -	\$ -	\$ 95,144
Certificates of Deposit	29,027	-	1,620	70,542	101,189	-	-	101,189
Investments	4,659	-	260	11,323	16,242	-	-	16,242
Receivables:								
Intergovernmental	-	20,020	14,755	67,931	102,706	-	-	102,706
Other	-	-	6	280	286	-	-	286
Due From Other Funds	-	-	-	-	-	10,484	-	10,484
Total Current Assets	<u>60,979</u>	<u>20,020</u>	<u>18,164</u>	<u>216,404</u>	<u>315,567</u>	<u>10,484</u>	<u>-</u>	<u>326,051</u>
Noncurrent Assets:								
Restricted Cash and Cash Equivalents	210,903	-	-	-	210,903	-	-	210,903
Total Noncurrent Assets	<u>210,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,903</u>	<u>-</u>	<u>-</u>	<u>210,903</u>
Total Assets	<u>271,882</u>	<u>20,020</u>	<u>18,164</u>	<u>216,404</u>	<u>526,470</u>	<u>10,484</u>	<u>-</u>	<u>536,954</u>
Deferred Outflows of Resources								
Prepaid Expenses	-	-	-	-	-	-	-	-
Total Deferred Outflows of Resource:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 271,882</u>	<u>\$ 20,020</u>	<u>\$ 18,164</u>	<u>\$ 216,404</u>	<u>\$ 526,470</u>	<u>\$ 10,484</u>	<u>\$ -</u>	<u>\$ 536,954</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES								
Liabilities:								
Accounts Payable	15,352	-	8,939	127,013	151,304	-	-	151,304
Due to Other Funds	245,350	20,020	-	542,702	808,072	44,287	-	852,359
Total Liabilities	<u>260,702</u>	<u>20,020</u>	<u>8,939</u>	<u>669,715</u>	<u>959,376</u>	<u>44,287</u>	<u>-</u>	<u>1,003,663</u>
Deferred Inflows of Resources								
Property Tax Revenue	-	-	-	-	-	-	-	-
Total Deferred Inflows of Resource:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:								
Restricted for:								
Drug Traffic Prevention	11,180	-	-	-	11,180	-	-	11,180
Unassigned	-	-	9,225	(453,311)	(444,086)	(33,803)	-	(477,889)
Total Fund Balances	<u>11,180</u>	<u>-</u>	<u>9,225</u>	<u>(453,311)</u>	<u>(432,906)</u>	<u>(33,803)</u>	<u>-</u>	<u>(466,709)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 271,882</u>	<u>\$ 20,020</u>	<u>\$ 18,164</u>	<u>\$ 216,404</u>	<u>\$ 526,470</u>	<u>\$ 10,484</u>	<u>\$ -</u>	<u>\$ 536,954</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2016

	<u>Special Revenue Funds</u>					<u>Capital</u> <u>Projects</u>	<u>Debt Service</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Drug</u> <u>Traffic</u> <u>Prevention</u>	<u>Community</u> <u>Development</u>	<u>Bellemore</u> <u>Village</u> <u>Business District</u>	<u>Motor</u> <u>Fuel Tax</u> <u>Fund</u>	<u>Total</u>			
Revenues:								
Intergovernmental:								
Grants	\$ 43,462	\$ 414,468	\$ -	\$ 776,257	\$ 1,234,187	\$ -	\$ -	\$ 1,234,187
Sales Tax	-	-	59,294	-	59,294	-	-	59,294
Motor Fuel Tax	-	-	-	763,504	763,504	-	-	763,504
Fines and Forfeitures	30,037	-	-	-	30,037	-	-	30,037
Investment Earnings	127	-	-	280	407	-	-	407
Miscellaneous	7,550	-	-	-	7,550	102,446	-	109,996
Total Revenues	<u>81,176</u>	<u>414,468</u>	<u>59,294</u>	<u>1,540,041</u>	<u>2,094,979</u>	<u>102,446</u>	<u>-</u>	<u>2,197,425</u>
Expenditures:								
General Government	-	-	64,161	-	64,161	-	-	64,161
Public Safety	110,206	349,468	-	-	459,674	-	-	459,674
Public Works	-	-	-	536,039	536,039	-	-	536,039
Debt Service	-	-	-	-	-	-	253,770	253,770
Capital Outlay	120,983	65,000	-	864,433	1,050,416	-	-	1,050,416
Total Expenditures	<u>231,189</u>	<u>414,468</u>	<u>64,161</u>	<u>1,400,472</u>	<u>2,110,290</u>	<u>-</u>	<u>253,770</u>	<u>2,364,060</u>
Revenues Over (Under) Expenditures	<u>(150,013)</u>	<u>-</u>	<u>(4,867)</u>	<u>139,569</u>	<u>(15,311)</u>	<u>102,446</u>	<u>(253,770)</u>	<u>(166,635)</u>
Other Financing Sources:								
Operating Transfers From Other Funds	-	-	-	-	-	-	253,770	253,770
Operating Transfers (To) Other Funds	(30,971)	(65,000)	-	-	(95,971)	-	-	(95,971)
Total other Financing Sources	<u>(30,971)</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>(95,971)</u>	<u>-</u>	<u>253,770</u>	<u>157,799</u>
Net Change in Fund Balance	(180,984)	(65,000)	(4,867)	139,569	(111,282)	102,446	-	(8,836)
Fund Balance - Beginning	<u>192,164</u>	<u>65,000</u>	<u>14,092</u>	<u>(592,880)</u>	<u>(321,624)</u>	<u>(136,249)</u>	<u>-</u>	<u>(457,873)</u>
Fund Balance - Ending	<u>\$ 11,180</u>	<u>\$ -</u>	<u>\$ 9,225</u>	<u>\$ (453,311)</u>	<u>\$ (432,906)</u>	<u>\$ (33,803)</u>	<u>\$ -</u>	<u>\$ (466,709)</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2016

	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	\$ 3,578,124	\$ 4,491,299	\$ 8,069,423
Total Revenues	<u>3,578,124</u>	<u>4,491,299</u>	<u>8,069,423</u>
Operating Expenses:			
Personal Services	3,789,139	-	3,789,139
Industrial Pretreatment	-	125,217	125,217
Billings and Collection	-	164,099	164,099
Sewer Collection	-	1,288,882	1,288,882
Solids Handling	718,530	-	718,530
BOD Treatment	279,304	-	279,304
Primary Treatment	32,247	-	32,247
General and Administrative	237,188	-	237,188
Dry Weather Pumping	208,846	-	208,846
Wet Weather Pumping	230,118	-	230,118
Other	298,882	-	298,882
Depreciation	446,566	285,784	732,350
Total Operating Expenses	<u>6,240,820</u>	<u>1,863,982</u>	<u>8,104,802</u>
Operating Income	<u>(2,662,696)</u>	<u>2,627,317</u>	<u>(35,379)</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	7,479	106	7,585
Interest Expense and Fiscal Charges	(379,605)	(107,013)	(486,618)
Total Non-Operating Revenues (Expenses)	<u>(372,126)</u>	<u>(106,907)</u>	<u>(479,033)</u>
Net Income Before Transfers	(3,034,822)	2,520,410	(514,412)
Operating Transfers (Out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(3,034,822)	2,520,410	(514,412)
Net Position - Beginning as Restated	<u>(2,188,071)</u>	<u>22,993,531</u>	<u>20,805,460</u>
Net Position - Ending	<u>\$ (5,222,893)</u>	<u>\$ 25,513,941</u>	<u>\$ 20,291,048</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2016

	<u>Pension Trust Funds</u>		
	<u>Police</u>	<u>Firemen</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 829,631	\$ 444,910	\$ 1,274,541
Investments and Certificates of Deposits	14,657,493	13,240,610	27,898,103
Receivables:			
Property Taxes	775,542	775,542	1,551,084
Gaming Taxes	14,361	14,361	28,722
Accrued Interest	71,790	48,794	120,584
Total Assets	<u>16,348,817</u>	<u>14,524,217</u>	<u>30,873,034</u>
LIABILITIES			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net Position Held in Trust for Pension Benefits	<u>16,348,817</u>	<u>14,524,217</u>	<u>30,873,034</u>
Total Net Position	<u>16,348,817</u>	<u>14,524,217</u>	<u>30,873,034</u>
 Total Liabilities and Net Position	 <u>\$ 16,348,817</u>	 <u>\$ 14,524,217</u>	 <u>\$ 30,873,034</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2016

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police</u>	<u>Firemen</u>	
Additions			
Contributions:			
Employee Contributions	\$ 402,882	\$ 362,071	\$ 764,953
Employer Contributions:			
Property Taxes	771,582	771,582	1,543,164
Video Gaming Tax	99,410	99,410	198,820
Replacement Taxes	451,324	451,324	902,648
Total Contributions	<u>1,725,198</u>	<u>1,684,387</u>	<u>3,409,585</u>
Investment Income:			
Interest and Dividends	696,913	385,311	1,082,224
Net Realized/Unrealized Gain(Loss) on Investments	<u>(1,063,157)</u>	<u>(519,706)</u>	<u>(1,582,863)</u>
	(366,244)	(134,395)	(500,639)
Less: Investment Expense	<u>(30,787)</u>	<u>(59,219)</u>	<u>(90,006)</u>
Net Investment Income	<u>(397,031)</u>	<u>(193,614)</u>	<u>(590,645)</u>
Total Additions	<u>1,328,167</u>	<u>1,490,773</u>	<u>2,818,940</u>
Deductions:			
Benefits Paid to Participants:			
Service and Disability	1,906,343	2,827,629	4,733,972
Dependents	337,929	317,168	655,097
Refunded Contributions	-	52,452	52,452
Contractual Services	<u>22,730</u>	<u>31,501</u>	<u>54,231</u>
Total Deductions	<u>2,267,002</u>	<u>3,228,750</u>	<u>5,495,752</u>
Net Decrease in Plan Net Position	(938,835)	(1,737,977)	(2,676,812)
Net Position - Beginning	<u>17,287,652</u>	<u>16,262,194</u>	<u>33,549,846</u>
Net Position - Ending	<u>\$ 16,348,817</u>	<u>\$ 14,524,217</u>	<u>\$ 30,873,034</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
TAX INCREMENT FINANCING FUNDS
APRIL 30, 2016

	<u>TIF</u> <u>District #1</u>	<u>TIF</u> <u>District #2</u>	<u>TIF</u> <u>District #3</u>	<u>TIF</u> <u>District #4</u>	<u>TIF</u> <u>District #5</u>	<u>TIF</u> <u>District #6</u>	<u>TIF</u> <u>District #7</u>	<u>Total</u>	<u>TIF</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Assets and Deferred Outflows of Resources</u>										
Current Assets:										
Cash and Cash Equivalents	\$ -	\$ 56,009	\$ 212,720	\$ -	\$ 7,278	\$ 17,166	\$ 3,222	\$ 296,395	\$ -	\$ 296,395
Certificates of Deposit	-	59,566	226,232	-	7,740	18,257	3,426	315,221	-	315,221
Restricted Investments	-	-	-	-	-	-	-	-	1,296,233	1,296,233
Investments	-	9,561	36,314	-	1,242	2,930	550	50,597	-	50,597
Receivables:										
Property Taxes	1,566,648	145,911	1,088,078	1,418,366	-	47,996	5,712,877	9,979,876	-	9,979,876
Intergovernmental Receivable	-	-	-	-	26,421	-	-	26,421	-	26,421
Development Loans	233,388	-	-	-	-	-	-	233,388	-	233,388
Accrued Interest	1,931	-	-	158	31	72	51	2,243	-	2,243
Due from Other Funds	29,797	-	-	-	2,760	42,644	-	75,201	-	75,201
Total Current Assets	<u>1,831,764</u>	<u>271,047</u>	<u>1,563,344</u>	<u>1,418,524</u>	<u>45,472</u>	<u>129,065</u>	<u>5,720,126</u>	<u>10,979,342</u>	<u>1,296,233</u>	<u>12,275,575</u>
Noncurrent Assets:										
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	38,922	38,922
Restricted Certificates of Deposit	-	-	-	-	-	-	-	-	933,395	933,395
Restricted Investments	-	-	-	-	-	-	868,582	868,582	541,963	1,410,545
Rental Real Estate Investment	2,667,631	-	-	-	-	-	-	2,667,631	-	2,667,631
General Real Estate Investment	1,405,044	-	-	76,885	-	-	-	1,481,929	-	1,481,929
Total Noncurrent Assets	<u>4,072,675</u>	<u>-</u>	<u>-</u>	<u>76,885</u>	<u>-</u>	<u>-</u>	<u>868,582</u>	<u>5,018,142</u>	<u>1,514,280</u>	<u>6,532,422</u>
Total Assets	<u>5,904,439</u>	<u>271,047</u>	<u>1,563,344</u>	<u>1,495,409</u>	<u>45,472</u>	<u>129,065</u>	<u>6,588,708</u>	<u>15,997,484</u>	<u>2,810,513</u>	<u>18,807,997</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balance</u>										
Liabilities:										
Accounts Payable	32,520	-	-	48,792	9,070	1,450	-	91,832	-	91,832
Due to Other Funds	1,389,635	-	-	104,992	-	-	-	1,494,627	-	1,494,627
Due to Other Governments	-	-	-	-	2,760	-	-	2,760	-	2,760
Total Liabilities	<u>1,422,155</u>	<u>-</u>	<u>-</u>	<u>153,784</u>	<u>11,830</u>	<u>1,450</u>	<u>-</u>	<u>1,589,219</u>	<u>-</u>	<u>1,589,219</u>
Deferred Inflows of Resources:										
Gain on Sale of Property	119,438	-	-	-	-	-	-	119,438	-	119,438
Deferred Income	18,883	-	-	-	7,369	-	-	26,252	-	26,252
Property Tax Revenue	1,566,648	145,911	1,088,078	1,418,366	-	47,996	5,712,877	9,979,876	-	9,979,876
Total Deferred Inflows of Resources	<u>1,704,969</u>	<u>145,911</u>	<u>1,088,078</u>	<u>1,418,366</u>	<u>7,369</u>	<u>47,996</u>	<u>5,712,877</u>	<u>10,125,566</u>	<u>-</u>	<u>10,125,566</u>
Fund Balance:										
Restricted for:										
Debt Service	-	-	-	-	-	-	-	-	2,810,513	2,810,513
Development Loans	235,319	-	-	158	31	72	51	235,631	-	235,631
Redevelopment	2,541,996	125,136	475,266	(76,899)	26,242	79,547	875,780	4,047,068	-	4,047,068
Total Fund Balance	<u>2,777,315</u>	<u>125,136</u>	<u>475,266</u>	<u>(76,741)</u>	<u>26,273</u>	<u>79,619</u>	<u>875,831</u>	<u>4,282,699</u>	<u>2,810,513</u>	<u>7,093,212</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 5,904,439</u>	<u>\$ 271,047</u>	<u>\$ 1,563,344</u>	<u>\$ 1,495,409</u>	<u>\$ 45,472</u>	<u>129,065</u>	<u>6,588,708</u>	<u>\$15,997,484</u>	<u>\$ 2,810,513</u>	<u>\$18,807,997</u>

05

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, 2016

	<u>TIF</u> <u>District #1</u>	<u>TIF</u> <u>District #2</u>	<u>TIF</u> <u>District #3</u>	<u>TIF</u> <u>District #4</u>	<u>TIF</u> <u>District #5</u>	<u>TIF</u> <u>District #6</u>	<u>TIF</u> <u>District #7</u>	<u>Total</u>	<u>TIF</u> <u>Debt</u> <u>Service</u>	<u>Total</u>
<u>Revenues:</u>										
Property Taxes	\$ 1,424,019	\$ 134,472	\$ 1,002,848	\$ 1,300,867	\$ -	\$ 38,959	\$ 5,200,849	\$ 9,102,014	\$ -	\$ 9,102,014
Intergovernmental	-	-	-	-	115,879	-	-	115,879	-	115,879
Investment Earnings	7,556	-	-	5,914	26	56	2,672	16,224	-	16,224
Miscellaneous	355,763	-	-	7,311	-	40,000	-	403,074	-	403,074
Total Revenues	<u>1,787,338</u>	<u>134,472</u>	<u>1,002,848</u>	<u>1,314,092</u>	<u>115,905</u>	<u>79,015</u>	<u>5,203,521</u>	<u>9,637,191</u>	<u>-</u>	<u>9,637,191</u>
<u>Expenditures:</u>										
General Government	68,589	134,468	1,002,818	229,317	122,659	52,351	4,289,634	5,899,836	-	5,899,836
Debt Service - Interest	-	-	-	-	-	-	-	-	830,588	830,588
Debt Service - Principal	-	-	-	-	-	-	-	-	2,016,047	2,016,047
Capital Outlay	213,427	-	-	-	-	-	-	213,427	-	213,427
Total Expenditures	<u>282,016</u>	<u>134,468</u>	<u>1,002,818</u>	<u>229,317</u>	<u>122,659</u>	<u>52,351</u>	<u>4,289,634</u>	<u>6,113,263</u>	<u>2,846,635</u>	<u>8,959,898</u>
Excess of Revenues over Expenditures	1,505,322	4	30	1,084,775	(6,754)	26,664	913,887	3,523,928	(2,846,635)	677,293
<u>Other Financing Sources (Uses):</u>										
Proceeds from Borrowings	98,387	-	-	-	-	-	-	98,387	-	98,387
Operating Transfers From (To) other Fund	(1,523,328)	-	-	(1,121,510)	-	-	(522,500)	(3,167,338)	3,167,338	-
Total Other Financing Sources (Uses)	<u>(1,424,941)</u>	<u>-</u>	<u>-</u>	<u>(1,121,510)</u>	<u>-</u>	<u>-</u>	<u>(522,500)</u>	<u>(3,068,951)</u>	<u>3,167,338</u>	<u>98,387</u>
Net Change in Fund Balance	80,381	4	30	(36,735)	(6,754)	26,664	391,387	454,977	320,703	775,680
Fund Balance - Beginning	2,696,934	125,132	475,236	(40,006)	33,027	52,955	484,444	3,827,722	2,489,810	6,317,532
Fund Balance - Ending	<u>\$ 2,777,315</u>	<u>\$ 125,136</u>	<u>\$ 475,266</u>	<u>\$ (76,741)</u>	<u>\$ 26,273</u>	<u>\$ 79,619</u>	<u>\$ 875,831</u>	<u>\$ 4,282,699</u>	<u>\$ 2,810,513</u>	<u>\$ 7,093,212</u>

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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Granite City, Illinois as of and for the year ended April 30, 2016, 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
October 20, 2016