

CITY OF GRANITE CITY, ILLINOIS

ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED

APRIL 30, 2014

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

CITY OF GRANITE CITY, ILLINOIS
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Hughes & Associates

Certified Public Accountants, P.C.

1321 D'Adrian Professional Park
Godfrey, IL 62035

618-466-6278
Fax 618-466-8663

INDEPENDENT AUDITOR'S REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion on Note Disclosures

As described in note 21, the City has omitted disclosures required by Governmental Accounting Standards Board *Statement 45 Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. The amount by which this disclosure would affect the financial statements is not reasonably determinable.

Qualified Opinions

In our opinion, except for the effects of the omissions described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois, as of April 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information (pages 39 to 42) and schedules of funding progress and employer contributions (pages 43 to 44) 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.

We have also issued our report dated December 18, 2014, on the City of Granite City, Illinois' compliance with State of Illinois Public Act 85-1142 (page 53). The purpose of that report is to describe the scope of our testing on compliance with Subsection (q) of Illinois Compiled Statutes 65 of (ILCS) 5/11-74.4-3 of the Illinois' Tax Increment Redevelopment Allocation Act (Illinois Public Act 85-1142).



Hughes & Associates, CPA, P.C.
December 18, 2014

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF NET POSITION
APRIL 30, 2014

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,274,219	\$ 1,495,315	\$ 3,769,534
Certificates of Deposit	1,782,279	1,281,721	3,064,000
Restricted Investments	3,524,884	265,363	3,790,247
Investments	115,790	83,271	199,061
Receivables (Net of Allowance for Uncollectibles)	18,537,216	2,270,526	20,807,742
Internal Advances to Other Funds	(83,043)	83,043	-
Prepaid Expenses and Deposits	273,252	61,542	334,794
Total Current Assets	<u>26,424,597</u>	<u>5,540,781</u>	<u>31,965,378</u>
Noncurrent Assets:			
General Real Estate Investment	1,385,076	-	1,385,076
Capital Assets (Net of Accumulated Depreciation)	48,854,243	29,290,694	78,144,937
Total Noncurrent Assets	<u>50,239,319</u>	<u>29,290,694</u>	<u>79,530,013</u>
Total Assets	<u>76,663,916</u>	<u>34,831,475</u>	<u>111,495,391</u>
Deferred Outflows of Resources			
Deferred Charge on Bond Refunding	2,266,760	-	2,266,760
	<u>2,266,760</u>	<u>-</u>	<u>2,266,760</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	722,110	595,790	1,317,900
Accrued Workman's Compensation	3,107,754	-	3,107,754
Accrued Vacation Leave	667,553	110,460	778,013
Accrued Interest Payable	226,367	146,316	372,683
Other Accrued Obligations	22,760	-	22,760
Bonds/Notes Payable - Current Portion (Net of Unamortized Costs)	1,272,508	722,929	1,995,437
Total Current Liabilities	<u>6,019,052</u>	<u>1,575,495</u>	<u>7,594,547</u>
Noncurrent Liabilities:			
Bonds/Notes Payable - Noncurrent Portion (net of Unamortized Costs)	18,133,221	14,076,209	32,209,430
Accrued Sick Leave	2,754,219	218,957	2,973,176
Net Pension Obligation	23,115,082	-	23,115,082
Total Noncurrent Liabilities	<u>44,002,522</u>	<u>14,295,166</u>	<u>58,297,688</u>
Total Liabilities	<u>50,021,574</u>	<u>15,870,661</u>	<u>65,892,235</u>
Deferred Inflows of Resources			
Deferred Gain on Sale	165,963	-	165,963
Deferred Real Estate Taxes	14,665,304	-	14,665,304
Total Deferred Inflows of Resources	<u>14,831,267</u>	<u>-</u>	<u>14,831,267</u>
NET POSITION			
Net Investment in Capital Assets	31,715,274	14,491,556	46,206,830
Restricted for:			
Debt Service	2,710,008	-	2,710,008
Development Loans	293,467	-	293,467
Drug Traffic Prevention	92,777	-	92,777
Redevelopment	5,150,919	265,363	5,416,282
Unrestricted:	(25,884,610)	4,203,895	(21,680,715)
Total Net Position	<u>\$ 14,077,835</u>	<u>\$ 18,960,814</u>	<u>\$ 33,038,649</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2014

<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	\$ 12,633,979	\$ 822,035	\$ 481,489	\$ -	\$ (11,330,455)	\$ -	\$(11,330,455)
Cinema	570,947	535,511	-	-	(35,436)	-	(35,436)
Public Safety	18,039,436	1,481,019	450,699	-	(16,107,718)	-	(16,107,718)
Public Works	5,778,596	229,371	893,443	1,641,000	(3,014,782)	-	(3,014,782)
Interest on Long-Term Debt	1,275,393	-	-	-	(1,275,393)	-	(1,275,393)
Total Governmental Activities	<u>38,298,351</u>	<u>3,067,936</u>	<u>1,825,631</u>	<u>1,641,000</u>	<u>(31,763,784)</u>	<u>-</u>	<u>(31,763,784)</u>
Business-Type Activities:							
Wastewater	6,167,972	7,746,347	-	500,000	-	2,078,375	2,078,375
Total Business-Type Activities	<u>6,167,972</u>	<u>7,746,347</u>	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>2,078,375</u>	<u>2,078,375</u>
Total	<u>\$ 44,466,323</u>	<u>\$ 10,814,283</u>	<u>\$ 1,825,631</u>	<u>\$ 2,141,000</u>	<u>(31,763,784)</u>	<u>2,078,375</u>	<u>(29,685,409)</u>
General Revenues:							
Property Tax, Levied for General Purposes					15,766,251	-	15,766,251
Home Rule Sales Tax					2,756,749	-	2,756,749
Sales and Use Tax					3,968,117	-	3,968,117
Replacement Tax					2,916,823	-	2,916,823
State Income Tax					2,850,532	-	2,850,532
Telecommunications Tax					1,038,807	-	1,038,807
Other State and Local Taxes					290,933	-	290,933
Investment Earnings					66,510	27,540	94,050
Miscellaneous					830,388	-	830,388
Transfers - Internal Activity					903,556	(903,556)	-
Total General Revenues and Transfers					<u>31,388,666</u>	<u>(876,016)</u>	<u>30,512,650</u>
Change in Net Position					(375,118)	1,202,359	827,241
Net Position - Beginning					<u>14,452,953</u>	<u>17,758,455</u>	<u>32,211,408</u>
Net Position - Ending					<u>\$ 14,077,835</u>	<u>\$ 18,960,814</u>	<u>\$ 33,038,649</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2014

	<u>General</u>	<u>Tax Increment</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Financing</u>	<u>Non-Major</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,210,947	\$ 797,511	\$ 265,761	\$ 2,274,219
Restricted Investments	-	3,424,884	100,000	3,524,884
Certificates of Deposit	1,037,973	683,593	60,713	1,782,279
Investments	67,435	44,410	3,945	115,790
Receivables (Net of Allowances for Uncollectibles):				
Property Taxes	5,793,623	8,871,681	-	14,665,304
Intergovernmental	2,765,933	173,418	84,855	3,024,206
Other	550,727	296,911	68	847,706
Due from Other Funds	1,494,434	2,760	10,484	1,507,678
Prepaid Expenses	273,252	-	-	273,252
Rental Real Estate Investment	-	2,667,631	-	2,667,631
General Real Estate Investment	-	1,385,076	-	1,385,076
Total Assets	13,194,324	18,347,875	525,826	32,068,025
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts Payable	389,501	51,864	280,745	722,110
Accrued Employee Obligations	3,107,754	-	-	3,107,754
Due to Other Funds	170,044	1,101,213	319,464	1,590,721
Other Accrued Obligations	20,000	2,760	-	22,760
Deferred Gain on Sale	-	165,963	-	165,963
Deferred Revenue	6,856,186	8,871,681	-	15,727,867
Total Liabilities	10,543,485	10,193,481	600,209	21,337,175
Fund Balance:				
Nonspendable:				
Prepaid Expenses	273,252	-	-	273,252
Restricted for:				
Redevelopment	-	5,150,919	-	5,150,919
Development Loans	-	293,467	-	293,467
Drug Traffic Prevention	-	-	92,777	92,777
Debt Service	-	2,710,008	-	2,710,008
Unassigned	2,377,587	-	(167,160)	2,210,427
Total Fund Balance	2,650,839	8,154,394	(74,383)	10,730,850
 Total Liabilities and Fund Balance	 \$ 13,194,324	 \$ 18,347,875	 \$ 525,826	 \$ 32,068,025

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
YEAR ENDED APRIL 30, 2014

Amounts reported for governmental fund balances are different because:

Fund Balances - total governmental funds	\$	10,730,850
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.		48,854,243
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.		(3,421,771)
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		(19,405,729)
Net pension obligations are not reported as a liability on the balance sheet of the governmental funds.		(23,115,082)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.		(226,367)
The governmental funds report deferred amount on refunding of bonds are not reported on the balance sheet of the governmental funds.		2,266,760
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.		1,062,562
		<hr style="border-top: 1px solid black;"/>
Net position of governmental activities	\$	<u><u>14,077,835</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, 2014

	<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	\$ 6,894,747	\$ 8,871,504	\$ -	\$ 15,766,251
Intergovernmental:				
Home Rule Sales Tax	2,770,331	-	-	2,770,331
Sales and Use Tax	3,871,559	102,388	-	3,973,947
Replacement Tax	2,916,823	-	-	2,916,823
State Income Tax	2,908,670	-	-	2,908,670
Motor Fuel Tax	-	-	893,443	893,443
Telecommunications Tax	1,047,101	-	-	1,047,101
Grants	494,118	-	2,091,699	2,585,817
Other	266,489	-	-	266,489
Other Local Taxes	24,444	-	-	24,444
Licenses and Permits	592,257	-	-	592,257
Charges for Services	2,149,845	-	-	2,149,845
Fines and Forfeits	288,265	-	37,569	325,834
Investment Earnings	42,559	23,823	128	66,510
Miscellaneous	340,499	368,450	121,439	830,388
Total Revenues	<u>24,607,707</u>	<u>9,366,165</u>	<u>3,144,278</u>	<u>37,118,150</u>
Expenditures:				
Current:				
General Government	4,946,415	6,201,968	1,008,928	12,157,311
Cinema	570,947	-	-	570,947
Public Safety	14,549,852	-	429,638	14,979,490
Public Works	4,360,065	-	1,318,706	5,678,771
Debt Service:				
Principal	-	1,042,018	302,680	1,344,698
Interest	-	1,275,723	14,551	1,290,274
Capital Outlay	-	389,352	331,693	721,045
Total Expenditures	<u>24,427,279</u>	<u>8,909,061</u>	<u>3,406,196</u>	<u>36,742,536</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>180,428</u>	<u>457,104</u>	<u>(261,918)</u>	<u>375,614</u>
Other Financing Sources (Uses):				
Proceeds from Borrowings	456,993	-	-	456,993
Operating Transfers In	20,000	-	2,306,801	2,326,801
Operating Transfers (Out)	(1,368,886)	(20,000)	(34,359)	(1,423,245)
Total Other Financing Sources (Uses)	<u>(891,893)</u>	<u>(20,000)</u>	<u>2,272,442</u>	<u>1,360,549</u>
Net Change in Fund Balance	(711,465)	437,104	2,010,524	1,736,163
Fund Balance - Beginning	<u>3,362,304</u>	<u>7,717,290</u>	<u>(2,084,907)</u>	<u>8,994,687</u>
Fund Balance - Ending	<u>\$ 2,650,839</u>	<u>\$ 8,154,394</u>	<u>\$ (74,383)</u>	<u>\$ 10,730,850</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, 2014

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

Net change in fund balances - total governmental funds	\$ 1,736,163
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.	1,381,080
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.	(1,323,272)
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.	(158,186)
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. Also, 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.	734,312
Interest accrued but not paid is not recorded as an expense until paid. This is the change in accrued interest payable between years.	14,881
Net pension obligations 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	(2,661,623)
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.	(98,473)
	(98,473)
Change in net position of governmental activities	\$ (375,118)

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF NET POSITION
PROPRIETARY FUND TYPES
APRIL 30, 2014

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,495,315
Certificates of Deposit	1,281,721
Restricted Investments	265,363
Investments	83,271
Accounts Receivable (Net of Allowance for Uncollectibles)	2,266,109
Due From Other Funds	156,800
Interest Receivable	4,417
Prepaid Expenses	61,542
Total Current Assets	<u>5,614,538</u>
Noncurrent Assets:	
Capital Assets:	
Construction in Process	16,110,960
Building and Improvements	33,913,019
Treatment Facility and Lines	1,742,561
Equipment	1,786,760
Vehicles	1,301,379
Total	<u>54,854,679</u>
Less Accumulated Depreciation	<u>(25,563,985)</u>
Net Capital Assets	<u>29,290,694</u>
Total Assets	<u>34,905,232</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	595,790
Accrued Vacation Leave	110,460
Due to Other Funds	73,757
Accrued Interest	146,316
Bonds/Notes Payable - Current Portion	722,929
Total Current Liabilities	<u>1,649,252</u>
Noncurrent Liabilities:	
Accrued Sick Leave	218,957
Bonds/Notes Payable - Non Current Portion	14,076,209
Total Noncurrent Liabilities	<u>14,295,166</u>
Total Liabilities	<u>15,944,418</u>
NET POSITION	
Net Investment in Capital Assets	14,491,556
Restricted for:	
Redevelopment	265,363
Unrestricted	4,203,895
Total Net Position	<u>\$ 18,960,814</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Operating Revenues:	
Charges for Services	\$ 7,746,347
Total Operating Revenues	7,746,347
Operating Expenses:	
Personal Services	2,901,408
Industrial Pretreatment	119,835
Billings and Collection	155,686
Sewer Collection	246,713
Solids Handling	704,187
BOD Treatment	214,469
Primary Treatment	86,408
General and Administration	150,153
Dry Weather Pumping	181,166
Wet Weather Pumping	120,329
Other	248,811
Depreciation	810,436
Total Operating Expenses	5,939,601
Operating (Loss)	1,806,746
Non-Operating Revenues (Expenses)	
Investment Earnings	27,540
Grant Income	500,000
Interest Expense and Fiscal Charges	(228,371)
Total Non-Operating Revenues (Expenses)	299,169
Net Income Before Transfers	2,105,915
Operating Transfers Out	(903,556)
Change in Net Position	1,202,359
Net Position - Beginning	17,758,455
Net Position - Ending	\$ 18,960,814

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, 2014

	<u>Business Type</u> <u>Activities</u> <u>Wastewater</u>
Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 7,264,036
Cash Paid to Suppliers for Goods and Services	(2,232,717)
Cash Paid to Employees for Services	(2,897,036)
Net Cash Provided By Operating Activities	2,134,283
Cash Flows From Noncapital Financing Activities:	
Grant Revenue Received	655,774
Net Cash Provided By Noncapital Financing Activities	655,774
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(1,996,332)
Proceeds From Borrowings	1,042,601
Principal Paid on Borrowings	(955,018)
Repayment of Interfund Borrowings	43,544
Interest Paid on Borrowings	(148,283)
Net Cash (Used) by Capital and Related Financing Activities	(2,013,488)
Cash Flows From Investing Activities:	
Proceeds From Sale of Investments	1,175,278
Purchase of Investments	(485,254)
Advances to Other Funds	(903,556)
Investment Earnings	28,113
Net Cash (Used) By Investing Activities	(185,419)
Net Increase In Cash and Equivalents	591,150
Cash and Equivalents - Beginning	904,165
Cash and Equivalents - Ending	\$ 1,495,315
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 1,806,746
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	810,436
Increase in Allowance for Doubtful Accounts	13,160
Change in Assets and Liabilities:	
(Increase) in Accounts Receivable	(495,471)
(Increase) in Prepaid Expenses	(15,936)
Increase in Accounts Payable	10,979
Increase in Other Liabilities	4,369
Net Cash Provided By Operating Activities	\$ 2,134,283

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, 2014

ASSETS

Cash and Cash Equivalents	\$ 795,357
Investments and Certificates of Deposit	31,248,093
Receivables:	
Property Taxes	1,478,074
Gaming Taxes	15,556
Accrued Interest	<u>107,725</u>
Total Assets	<u>33,644,805</u>

LIABILITIES

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

NET POSITION

Net Position Held in Trust for Pension Benefits	<u><u>\$ 33,644,805</u></u>
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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, 2014

Additions:

Contributions:

Employee Contributions	\$ 740,507
Employer Contributions:	
Property Taxes	1,477,904
Gaming Taxes	120,520
Replacement Taxes	524,807
Total Contributions	2,863,738

Investment Income:

Interest and Dividends	1,040,528
Net Realized/Unrealized Gain on Investments	1,767,750
	2,808,278
Less: Investment Expense	(98,828)
Net Investment Income	2,709,450

Total Additions	5,573,188
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Deductions:

Benefits Paid to Participants:	
Service and Disability	4,259,643
Dependents	596,049
Contractual Services	47,196
Total Deductions	4,902,888

Change in Plan Net Position	670,300
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Net Position Held in Trust for Pension Benefits, Beginning of Year	32,974,505
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Net Position Held in Trust for Pension Benefits, End of Year	\$ 33,644,805
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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, 2014

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, 2014

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 e 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, 2014

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 2012, based upon the expected assessed valuation as of the December 31, 2012. Property taxes are due in four installments in the following year, and are considered delinquent after the due dates. Property taxes for 2013 become an enforceable lien in January 2014. The County has not mailed tax bills as of April 30, 2014 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 2013 taxes to be collected between June and January 2014. Taxes collected during the current year were from the 2012 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.

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, 2014

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, 2014, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$667,553 and \$2,754,219, respectively. Amounts reflected in the financial statements at April 30, 2014 for enterprise fund employees related to unused vacation and sick leave benefits totaled \$110,460 and \$218,957, 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, 2014

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	\$ 2,710,008
Restricted for Development Loans	293,467
Restricted for Drug Traffic Prevention	92,777
Restricted for Redevelopment	5,416,282

Fiduciary Funds

Reserved for Employees' Pension Benefits	\$ 33,644,805
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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, 2014

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, 2014

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

General Government and Business-Like Activities

At April 30, 2014, the carrying amount of the City's deposits was \$8,586,895 and the bank balance was \$8,707,101. Additionally, the City has \$199,061 invested in the Illinois Funds at year-end. 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, 2014, 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, 2014 the City had the following investments:

<u>Investment</u>	<u>Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	-	\$ 199,061	\$ 199,061
Corporate Bonds	4.99	496,000	496,000
Repurchase Agreements	-	100,000	100,000
UMB Money Market	-	1,440,886	1,440,886
Total Investments		<u>\$ 2,235,947</u>	<u>2,235,947</u>
Deposits as Reported Above			<u>8,586,895</u>
Total Deposits and Investments			<u>\$10,822,842</u>

As Reported in the Statement of Net Assets:

Cash and Cash Equivalents	\$ 3,769,534
Certificates of Deposit	3,064,000
Restricted Investments	3,790,247
Investments	199,061
	<u>\$10,822,842</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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, 2014, 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	--	--

Concentration of Credit Risk

As of April 30, 2014, the City's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Corporate Bonds	22.00%
UMB Money Market	64.00%

Foreign Currency Risk

As of April 30, 2014, the City did not have foreign currency risk.

Fire Pension Fund

At April 30, 2014, the carrying amount of the Fire Pension Fund's deposits was \$124,842 and the bank balance was \$128,349. 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, 2014

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

As of April 30, 2014, 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 Bank	0.87	\$ 75,082	\$ 76,700
Federal Home Loan Mortgage Corporation	6.76	343,313	344,237
Federal National Mortgage Association	6.81	556,920	551,534
Federal National Mortgage Association REMIC	7.02	4,113	4,246
Freddie Mac	8.28	147,872	142,386
Governmental National Mortgage Association	15.29	936,991	956,133
U.S. V.A. REMIC	14.51	47,793	60,346
U.S. Treasury Notes	3.62	565,722	582,919
Federal Agricultural Mortgage Corporation	2.04	252,085	267,203
Municipal Bonds	6.18	80,000	77,610
Corporate Bonds	3.54	3,208,782	3,185,350
Fixed Income Funds	--	663,156	655,860
Money Market Mutual Funds	--	373,769	373,769
Common Stock	--	5,271,478	6,701,856
Preferred Stock	--	19,229	17,705
Mutual Funds	--	1,348,924	1,830,113
Total Investments		<u>\$ 13,895,229</u>	<u>15,827,967</u>
Deposits as Reported Above			<u>124,842</u>
Total Deposits and Investments			<u>\$ 15,952,809</u>
As Reported in the Combining Statement of Fiduciary Net Assets:			
Cash and Cash Equivalents			\$ 124,842
Investments and Certificates of Deposit			<u>15,827,967</u>
			<u>\$ 15,952,809</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, 2014, 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 Bank	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Not Available
Federal National Mortgage Association	Not Available	Aaa
Federal National Mortgage Association REMIC	Not Available	Not Available
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
Federal Agricultural Mortgage Corporation	AAA	Not Available
Municipal Bonds	AAA	Not Available
Corporate Bonds	AA+ to A-	Not Available

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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

Concentration of Credit Risk

As of April 30, 2014, 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	5.99%
Federal Home Loan Bank	0.48%
Federal National Mortgage Association & REIMC's	3.87%
Freddie Mac	0.89%
Municipal Bonds	0.49%
U.S. Treasury Notes	3.65%
Federal Agricultural Mortgage Corporation	1.67%
Federal Home Loan Mortgage Corporation	2.16%
Fixed Income Funds	4.11%
Corporate Bonds	19.97%
Mutual Funds	11.47%
Common and Preferred Stocks	42.13%
Deposits & Money Market Mutual Funds	3.12%
Total	<u>100.00%</u>

Foreign Currency Risk

As of April 30, 2014, the Fire Pension Fund did not have foreign currency risk.

Police Pension Fund

At April 30, 2014, the carrying amount of the Police Pension Fund's deposits was \$670,515 and the bank balance was \$671,915. 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, 2014, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average</u> <u>Maturity (Years)</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Inflation Index Note	3.72	\$ 308,226	\$ 365,842
U.S. Treasury Bond	2.04	787,224	910,250
Federal National Mortgage Association	13.58	261,363	312,699
Federal Home Loan Bank	5.70	1,098,562	1,286,502
Federal Farm Credit Bank	2.24	253,739	278,274
Government National Mortgage Association	17.68	905,599	954,200
Tennessee Valley Authority	6.80	296,702	325,643
Municipal Bonds	5.09	481,137	498,178
Corporate Bond	7.43	1,138,673	1,125,385
Schwab US Treasury Money Market	--	466,856	466,856
Common Stock	--	374,838	373,782
Mutual Funds	--	5,590,368	8,522,515
Total Investments		<u>\$ 11,963,287</u>	<u>15,420,126</u>
Deposits as Reported Above			<u>670,515</u>
Total Deposits and Investments			<u>\$ 16,090,641</u>
As Reported in the Combining Statement of Fiduciary Net Assets:			
Cash and Cash Equivalents			\$ 670,515
Investments			15,420,126
			<u>\$ 16,090,641</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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, 2014, 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	AAA to AA+	Aaa to Aa1
Tennessee Valley Authority	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Federal Home Loan Bank	AA+	Aaa
Federal Farm Credit Bank	AA+	Aaa
Governmental National Mortgage Association	Not Available	Not Available
Corporate Bond	AAA to AA-	Aaa to Aa3

Concentration of Credit Risk

As of April 30, 2014, the Police Pension Fund's had no reportable concentrations of credit risk.

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

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	5.93%
Federal Home Loan Bank	8.00%
U.S. Treasury Bonds	5.66%
U.S. Treasury Inflation Index Note	2.27%
Federal National Mortgage Association	1.94%
Federal Farm Credit Bank	1.73%
Tennessee Valley Authority	2.02%
Corporate Bonds	6.99%
Municipal Bonds	3.10%
Common Stock	2.32%
Mutual Funds	52.97%
US Treasury Money Market	2.90%
Deposits	4.17%
	100.00%

Foreign Currency Risk

As of April 30, 2014, the Police Pension Fund did not have foreign currency risk.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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, 2014 that are to be paid in the subsequent year is \$3,107,754 and is included in accrued employee obligations.

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

	Year Ending April 30,	
	<u>2013</u>	<u>2013</u>
Liability beginning balance	\$ 2,346,994	\$2,931,102
Claims and changes in estimates	2,142,351	633,504
Claim payments	<u>(1,381,591)</u>	<u>(1,217,612)</u>
Liability ending balance	<u>\$ 3,107,754</u>	<u>\$2,346,994</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 have 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, 2014 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	\$ 2,754,836
Ambulance Fees	394,798
Real Estate Taxes	14,665,304
Intergovernmental	3,024,206
Other	<u>462,325</u>
Total Receivables	21,301,469
Allowance for Uncollectible Accounts	<u>(493,727)</u>
Net Total Receivables	<u>\$ 20,807,742</u>

Real estate taxes of \$14,665,303 were not available for collection and payment of current liabilities at April 30, 2014 and are reported as deferred inflows. The governmental financial statements reported an additional \$1,062,564 of intergovernmental revenue as deferred income at April 30, 2014.

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

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 affiliated with the Illinois Municipal Retirement (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Funding Policy

As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2013 used by the employer was 11.47 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2013 was 13.56 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For calendar year ending December 31, 2013, the City's actual contributions for pension cost for the Regular were \$701,170. Its required contribution for calendar year 2013 was \$828,934.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost	Percentage of APC	Net Pension Obligation
12/31/2013	\$ 828,934	85%	\$ -
12/31/2012	751,182	84%	-
12/31/2011	692,620	80%	-

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions as December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increase ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan position was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the regular plan was 80.85 percent funded. The actuarial liability for benefits was \$18,122,753 and the actuarial value of assets was \$14,652,685, resulting in an underfunded actuarial liability (UAAL) of \$3,470,068. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$6,113,079 and the ratio of the UAAL to the covered payroll was 57 percent.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

2. Police and Firemen Pension

a. 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, 2014

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, 2014 was \$3,915,201 out of a total payroll of \$14,994,729.

At April 30, 2014, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	55
Current employees:	
Vested	38
Nonvested	20
Total	113

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, 2014

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, 2014 was \$3,754,274 out of total payroll of \$14,994,729.

At April 30, 2014, 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	72
Current Employees:	
Vested	29
Nonvested	<u>26</u>
Total	<u><u>127</u></u>

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

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

Firefighters hired on or after January 1, 2011, attaining the age of 55 with at least 10 years of credible service are entitled to receive an annual retirement benefit of 2.5% of final average salary for year of service. A firefighter who is retiring after attaining age 50 with 10 or more years of creditable service shall be reduced by 1/2 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 1/2 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, 2014

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

b. 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.

c. Annual Pension Cost and Net Pension Obligation

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

	<u>Police Pension</u>	<u>Firemen's Pension</u>
Annual Required Contribution	\$ 2,123,955	\$ 2,265,896
Interest on Net Pension Obligation	669,286	711,323
Adjustment to Annual Required Contribution	<u>(477,871)</u>	<u>(507,734)</u>
Annual Pension Cost	2,315,370	2,469,485
Contributions Made	<u>1,061,616</u>	<u>1,061,616</u>
Increase in Net Pension Obligation	1,253,754	1,407,869
Net Pension Obligation Beginning of Year	<u>9,915,341</u>	<u>10,538,118</u>
Net Pension Obligation End of Year	<u>\$ 11,169,095</u>	<u>\$ 11,945,987</u>

The annual required contribution for the current year was determined as part of the April 30, 2013 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, 2013 was, 27 years.

Three-Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension	4/30/2013	\$ 2,656,069	26.79%	\$ 9,915,341
	4/30/2012	2,511,009	30.38%	8,265,019
	4/30/2011	2,406,466	35.63%	6,754,576
Fire Pension	4/30/2013	2,736,327	25.97%	10,538,118
	4/30/2012	2,774,127	31.50%	8,807,538
	4/30/2011	2,658,120	37.79%	7,034,411

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

d. Concentration

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

Police Pension:	
U.S. Treasury Bonds	\$ 910,250
Federal Home Loan Bank	1,286,502
Government National Mortgage Association	954,200
Corporate Bonds	1,125,385
Mutual Funds	8,522,515
Fire Pension:	
Corporate Bonds	3,185,350
Government National Mortgage Association	956,133
Mutual Funds	1,830,113

e. Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 16,910,103
Firemen Pension	16,734,702

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, 2014 was \$2,782,316.

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, 2014

NOTE 10. INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at April 30, 2014:

<u>Funds Due To</u>	<u>Funds Due From</u>	<u>Balance</u> <u>4/30/2013</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>4/30/2014</u>
General Fund	Community Development	\$ 13,054	\$ 16,773	\$ 29,827
General Fund	Capital Projects	240,943	(196,656)	44,287
General Fund	Drug Traffic Prevention	245,350	-	245,350
General Fund	Motor Fuel Tax Fund	1,775,900	(1,775,900)	-
General Fund	Tax Increment Financing Fun	1,572,700	(471,487)	1,101,213
General Fund	Wastewater Treatment Plant	73,757	-	73,757
Capital Projects	General Fund	-	-	10,484
TIF Funds	General Fund	-	-	2,760
Wastewater Treatment Pl	General Fund	82,322	(43,544)	38,778
Sewer System Fund	General Fund	203	117,819	118,022
		<u>\$ 4,004,229</u>	<u>\$ (2,352,995)</u>	<u>\$ 1,664,478</u>

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>Activitites</u>
Current payables due to vendors	\$ 722,110	\$ 504,955
Retainage on contracts payable	-	90,835
Total Accounts Payable	<u>\$ 722,110</u>	<u>\$ 595,790</u>

NOTE 12. COMMITMENTS

A commitment under a lease agreement for the wastewater treatment plant provides for minimum annual rental payments of \$4,150.00 for land facilities, the lease expired in fiscal year ended April 30, 2014 and is still under negotiation.

NOTE 13. COMMITMENTS UNDER CONSTRUCTION CONSTRUCTS

At April 30, 2014, the City had outstanding construction contracts for various projects totaling approximately \$3,172,093.

NOTE 14. DEFICIT NET POSITION

The City has deficit net positions in the following nonmajor funds: Motor Fuel Tax Fund of \$30,959 and Capital Projects Fund of \$136,201 as of April 30, 2014.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 15. 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 16. 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>Current Annual Payment</u>	<u>Expiration (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

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

<u>Year</u>	<u>Amount</u>
2015	\$ 244,493
2016	244,093
2017	242,893
2018	238,600
2019	238,600
2020 - 2024	1,193,000
2025 - 2029	1,187,000
2030 - 2034	1,133,000
2035 - 2039	1,133,000
2040 - 2044	1,133,000
2045 - 2049	1,133,000
2050 - 2054	1,133,000
2055 - 2059	1,133,000
2060	169,950
Total	<u>\$ 10,556,629</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 17. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014 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	\$ 9,087,322	\$ 117,150	\$ -	\$ 9,204,472
Construction in Process	2,221,890	616,954	-	2,838,844
Total Capital Assets Not Being Depreciated	<u>11,309,212</u>	<u>734,104</u>	<u>-</u>	<u>12,043,316</u>
Capital Assets, being Depreciated				
Buildings and Improvements	17,565,826	10,116	-	17,575,942
Equipment	6,150,284	168,279	-	6,318,563
Vehicles	5,129,666	456,992	(14,865)	5,571,793
Infrastructure	21,878,739	11,589	-	21,890,328
Total Capital Assets being Depreciated	<u>50,724,515</u>	<u>646,976</u>	<u>(14,865)</u>	<u>51,356,626</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	4,232,155	428,896	-	4,661,051
Equipment	4,317,580	411,217	-	4,728,797
Vehicles	4,269,606	246,710	(14,865)	4,501,451
Infrastructure	417,951	236,449	-	654,400
Total Accumulated Depreciation	<u>13,237,292</u>	<u>1,323,272</u>	<u>(14,865)</u>	<u>14,545,699</u>
Total Capital Assets being Depreciated, Net	<u>37,487,223</u>	<u>(676,296)</u>	<u>-</u>	<u>36,810,927</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,796,435</u>	<u>\$ 57,808</u>	<u>\$ -</u>	<u>\$ 48,854,243</u>
Business-Type Activities				
Capital Assets:				
Construction in Process	\$ 15,964,145	\$ 146,815	\$ -	\$ 16,110,960
Buildings	1,742,561	-	-	1,742,561
Treatment Facility	33,885,651	27,367	-	33,913,018
Equipment	1,780,480	-	-	1,786,760
Vehicles	1,275,740	25,640	-	1,301,380
Total Capital Assets	<u>54,648,577</u>	<u>199,822</u>	<u>-</u>	<u>54,854,679</u>
Less Accumulated Depreciation for:				
Buildings	1,672,807	8,797	-	1,681,604
Treatment Facility	20,247,417	737,391	-	20,984,808
Equipment	1,600,305	39,352	-	1,639,657
Vehicles	1,233,020	24,896	-	1,257,916
Total Accumulated Depreciation	<u>24,753,549</u>	<u>810,436</u>	<u>-</u>	<u>25,563,985</u>
Business-Type Activities Capital Assets, Net	<u>\$ 29,895,028</u>	<u>\$ (610,614)</u>	<u>\$ -</u>	<u>\$ 29,290,694</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 17. CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 367,647
Public Safety	637,155
Public Works	318,470
Total Depreciation Expense - Governmental Activities	<u>\$ 1,323,272</u>
Business-Type Activities:	
Wastewater Treatment Plant	\$ 580,012
Sewer System Fund	230,424
Total Depreciation Expense - Business-Type Activities	<u>\$ 810,436</u>

NOTE 18. 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 19. LONG-TERM DEBT

GOVERNMENTAL ACTIVITY DEBT

Bonded Indebtedness

The City issued Local Government Program Revenue Bonds in September 2008. The bonds, totaling \$9,780,000 are payable from the incremental taxes of the Downtown Tax Increment Financing District (TIF 1). The bonds bear interest of between 4.5% and 7.0% and mature in varying amounts from 2009 to 2022. The proceeds of the bond are to be used to finance redevelopment projects in the Downtown Tax Increment Financing District including renovations of the police and fire department, improvements to the youth center and YMCA and construction of a movie theater. The bonds were defeased the 2012 Series bonds.

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, 2014 is \$1,950,000.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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 balance of the bonds at April 30, 2014 is \$3,145,000.

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 balance of the bonds at April 30, 2014 is \$3,865,000.

On December 1, 2012, the City issued \$9,820,000 in General Obligation Alternative Source Bonds with an average interest of 5.25% to advance refund \$8,060,000 of outstanding 2008 Series bonds with an average interest rate of approximately 7.00%. The net proceeds of the issuance (after the addition of the bond premium of \$186,580 and subtraction of the cost of issuance and underwriter's discount totaling \$340,120) plus an additional \$1,325,805 of 2008 sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with and escrow agent to provide for all future debt service payments on the 2008 Series bonds. As a result the 2008 Series bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide financial statement of net position. The balance of the 2012 bond issue at April 30, 2014 is \$9,325,000.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,422,965. This difference, reported in the accompanying financial statements as deduction from bonds payable, is being charged to operations through the year 2023 using the effective-interest method. 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 years amortization of the deferred charge is \$156,205.

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 balance of the loan at April 30, 2014 is \$81,865.

The City entered into a loan with Ford Motor Credit to purchase a four police vehicles in September 2011. The loan of \$115,787 is to be repaid in three annual installments through September 2003. The annual installments, including interest at 6.00%, are \$41,015. The balance of the loan at April 30, 2014 is \$-0-.

The City entered into a loan with Ford Motor Credit to purchase a four police vehicles in September 2012. The loan of \$122,471 is to be repaid in three annual installments through September 2014. The annual installments, including interest at 6.00%, are \$43,224. The balance of the loan at April 30, 2014 is \$40,778.

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, 2014 is \$223,458.

The City entered into a two lease purchases with the Bank of Edwardsville to 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, 2014 is \$84,649 and \$83,661.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 19. LONG-TERM DEBT (Continued)

The City entered into a lease purchase agreement with the Bank of Edwardsville for a Mack Truck and two Schien Trailers in December 2011. The agreement was for \$211,000 and is to be repaid in three installments of \$72,767, including interest at 3.47%. The balance of the loan at April 30, 2014 is \$-0-.

The City entered into a lease purchase agreement with the Bank of Edwardsville for a fire department truck in July 2010. The agreement was for \$20,570 and is to be repaid in four installments of \$5,739 plus interest at 4.87%. The balance of the loan at April 30, 2014 is \$5,655.

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, 2012 is \$87,763.

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 balance of the loan at April 30, 2014 is \$32,835.

The City entered into a loan with Madison County Community Development to finance infrastructure improvements of 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, 2014 is \$367,759.

The City entered into a loan with Madison County Community Development to purchase fire truck in December 2008. The loan of \$297,007 is to be repaid in annual installments. The annual installments, including interest at 3.00%, are \$64,853. The balance of the loan at April 30, 2014 is \$62,963.

BUSINESS TYPE ACTIVITY DEBT

The City was awarded a second 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, 2014, the balance outstanding on the loan was \$2,457,925.

The City was awarded a third 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, 2013, the balance outstanding on the loan was \$1,513,341.

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, 2014, the balance outstanding on the loan was \$6,270,541.

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, 2014, the balance outstanding on the loan was \$1,445,254.

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 balance of the bonds at April 30, 2014 is \$3,090,000.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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, 2014:

	<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	\$ 9,475,000	\$ -	\$ 150,000	\$ 9,325,000	\$ -
Tax Increment Revenue					
Bonds Series 2009-C	3,390,000	-	245,000	3,145,000	275,000
Tax Increment Revenue					
Bonds Series 2009-B	2,315,000	-	365,000	1,950,000	365,000
Tax Increment Revenue					
Bonds Series 2009-A	4,000,000	-	135,000	3,865,000	230,000
Less Unamortized Costs:					
Bond Discount	(129,671)	-	15,756	(113,915)	-
Bond Premium	181,916	-	(18,658)	163,258	-
Total Bond Payable	<u>19,232,245</u>	<u>-</u>	<u>892,098</u>	<u>18,334,343</u>	<u>870,000</u>
Notes Payable:					
Ford Motor Credit	-	126,517	44,652	81,865	39,740
Ford Motor Credit	38,243	-	38,243	-	-
Ford Motor Credit	79,247	-	38,469	40,778	40,778
IL Dept of Transportation	264,321	-	40,863	223,458	42,089
First Cloverleaf Bank	-	118,000	30,237	87,763	28,541
Bank of Edwardsville	70,327	-	70,327	-	-
Bank of Edwardsville	10,865	-	5,210	5,655	5,655
Bank of Edwardsville	-	106,938	22,289	84,649	20,385
Bank of Edwardsville	-	105,538	21,877	83,661	20,147
First Midwest Bank	64,211	-	31,376	32,835	32,835
Madison County	473,914	-	106,155	367,759	109,375
Madison County	62,963	-	-	62,963	62,963
Total Long-Term Liabilities	<u>20,296,336</u>	<u>456,993</u>	<u>1,341,796</u>	<u>19,405,729</u>	<u>1,272,508</u>
Other Liabilities:					
Net Pension Obligation	20,453,459	2,661,623	-	23,115,082	-
Compensated Absences	3,263,586	1,216,552	1,058,366	3,421,772	667,553
Total Other Liabilities	<u>23,717,045</u>	<u>3,878,175</u>	<u>1,058,366</u>	<u>26,536,854</u>	<u>667,553</u>
Governmental Activities					
Long-Term Liabilities	<u>\$44,013,381</u>	<u>\$4,335,168</u>	<u>\$2,400,162</u>	<u>\$45,942,583</u>	<u>\$1,940,061</u>
Deferred Charge on Refunding	<u>2,422,965</u>	<u>-</u>	<u>156,205</u>	<u>2,266,760</u>	<u>-</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

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	\$ 3,225,000	\$ -	\$ 135,000	\$ 3,090,000	\$ 135,000
Less Unamortized Costs:					
Bond Premium	12,808	-	731	12,077	-
Total Bond Payable	<u>3,237,808</u>	<u>-</u>	<u>135,731</u>	<u>3,102,077</u>	<u>135,000</u>
Notes Payable:					
IL EPA (1)	\$ 2,652,934	\$ -	\$ 195,009	\$ 2,457,925	\$ 199,915
IL EPA (2)	1,580,493	-	67,152	1,513,341	75,128
IL EPA (3)	5,724,024	546,517	-	6,270,541	277,806
IL EPA (4)	1,517,027	496,084	557,857	1,455,254	35,080
Total Long-Term Liabilities	<u>14,712,286</u>	<u>1,042,601</u>	<u>955,749</u>	<u>14,799,138</u>	<u>722,929</u>
Other Liabilities:					
Compensated Absences	<u>325,045</u>	<u>190,018</u>	<u>185,646</u>	<u>329,417</u>	<u>110,460</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$15,037,331</u>	<u>\$ 1,232,619</u>	<u>\$1,141,395</u>	<u>\$ 15,128,555</u>	<u>\$ 833,389</u>

The annual requirements to retire the notes payable as of April 30, 2014 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>
2015	\$ 1,272,508	\$ 1,218,893	\$ 722,929	\$ 299,339
2016	1,343,959	1,135,831	774,074	293,249
2017	1,433,974	1,042,055	790,582	277,466
2018	1,503,572	940,545	807,323	261,297
2019	3,042,373	1,106,548	2,434,478	683,214
2020-2024	10,760,000	2,186,875	3,801,402	705,559
2025-2029	-	-	3,230,946	300,161
2030-2034	-	-	2,225,327	73,443
	<u>\$ 19,356,386</u>	<u>\$ 7,630,747</u>	<u>\$ 14,787,061</u>	<u>\$ 2,893,728</u>

NOTE 20. STATEMENT OF LEGAL DEBT MARGIN

Assessed Valuation as of December 31, 2013	<u>\$ 313,949,446</u>
Debt Limit, 8.625% of Assessed Valuation	\$ 27,078,140
Less, Contractual Indebtedness	<u>12,768,357</u>
Legal Debt Margin	<u>\$ 14,309,783</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2014

NOTE 21. 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 22. SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 18 2014, 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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	(Budgetary Basis)	Over (Under) <u>Budget</u>
Receipts:				
Taxes	\$ 19,731,170	\$ 19,731,170	\$ 20,921,855	\$ 1,190,685
Intergovernmental Revenue (Grants)	1,067,000	1,067,000	697,879	(369,121)
Charges for Services	2,828,260	2,828,260	2,138,111	(690,149)
Licenses and Permits	736,100	736,100	592,257	(143,843)
Fines and Forfeits	462,770	462,770	288,265	(174,505)
Investment Earnings	53,665	53,665	38,048	(15,617)
Miscellaneous	81,025	81,025	-	(81,025)
Total Receipts	<u>24,959,990</u>	<u>24,959,990</u>	<u>24,676,415</u>	<u>(283,575)</u>
Disbursements				
Mayor	752,552	752,552	688,333	64,219
Alderman	98,017	98,017	91,476	6,541
Clerk	260,306	260,306	263,048	(2,742)
Treasurer	301,834	301,834	282,512	19,322
Informational Technology	435,462	435,462	393,048	42,414
Financial	2,636,495	2,636,495	2,620,834	15,661
Police	8,407,453	8,407,453	8,091,539	315,914
Fire	6,671,815	6,671,815	6,407,433	264,382
Public Works	3,618,053	3,618,053	3,368,509	249,544
Building & Zoning	909,816	909,816	886,027	23,789
Safety and Risk	136,285	136,285	133,603	2,682
Civil Defense	27,915	27,915	19,975	7,940
Cinema	582,533	582,533	556,572	25,961
Summer Help	53,825	53,825	54,898	(1,073)
Total Disbursements	<u>24,892,361</u>	<u>24,892,361</u>	<u>23,857,807</u>	<u>1,034,554</u>
Excess (Deficit) of Receipts over Disbursements	<u>67,629</u>	<u>67,629</u>	818,608	<u>750,979</u>
Other Financing Sources (Uses):				
Proceeds from Borrowings	-	-	456,993	456,993
Operating Transfers In (Out)	-	-	(1,348,886)	(1,348,886)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(891,893)</u>	<u>(1,348,886)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ 67,629</u>	<u>\$ 67,629</u>	(73,285)	<u>\$ (597,907)</u>
Change in Intergovernmental Revenue on Modified Accrual Basis			(73,219)	
Change in Prepaid Insurance			52,647	
Change in Interest Receivable			4,512	
Change in Accrued Employee Obligations			(760,760)	
Change in Accounts Payable on Modified Accrual Basis			<u>138,640</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (711,465)</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	Variance
	<u>Original</u>	<u>Final</u>		Over (Under) <u>Budget</u>
Receipts:				
Real Estate Taxes - Downtown	\$ 1,200,000	\$ 1,200,000	\$ 1,318,246	\$ 118,246
Real Estate Taxes - GCS	920,252	920,252	973,082	52,830
Real Estate Taxes - AS	130,853	130,853	140,944	10,091
Real Estate Taxes - Rt 3	1,310,000	1,310,000	1,346,654	36,654
Real Estate Taxes - Nameoki	210,000	210,000	-	(210,000)
Real Estate Taxes - Port	25,000	25,000	42,614	17,614
Real Estate Taxes - Rt 203	4,664,412	4,664,412	5,049,964	385,552
Sales Taxes	82,000	82,000	102,610	20,610
Rent	226,600	226,600	226,600	-
Grant	37,500	37,500	33,964	(3,536)
Investment Earnings	32,896	32,896	27,277	(5,619)
Other	123,882	123,882	141,850	17,968
Total Receipts	<u>8,963,395</u>	<u>8,963,395</u>	<u>9,403,805</u>	<u>440,410</u>
Disbursements				
Downtown TIF	1,465,186	1,465,186	853,704	611,482
Granite City Steel TIF	920,252	920,252	973,082	(52,830)
American Steel TIF	130,853	130,853	140,944	(10,091)
Route 3 TIF	1,317,000	1,317,000	1,417,290	(100,290)
Nameoki Village TIF	300,000	300,000	100,189	199,811
Port District TIF	175,000	175,000	189,355	(14,355)
Route 203 TIF	5,640,662	5,640,662	5,190,775	449,887
Total Disbursements	<u>9,948,953</u>	<u>9,948,953</u>	<u>8,865,339</u>	<u>1,083,614</u>
Excess (Deficit) of Receipts Over Disbursements	<u>(985,558)</u>	<u>(985,558)</u>	<u>538,466</u>	<u>1,524,024</u>
Other Financing Sources (Uses):				
Operating Transfers From (To) other Funds	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>\$ (985,558)</u>	<u>\$ (985,558)</u>	518,466	<u>\$ 1,504,024</u>
Change in Revenue on Modified Accrual Basis			(34,186)	
Change in Accounts Payable on Modified Accrual Basis			(43,722)	
Change in Interest Receivable			<u>(3,454)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 437,104</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULES
APRIL 30, 2014

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, 2014, the City's expenditures exceeded budgetary guidelines in several departmental and line item categories as indicated on the required supplementary schedules at pages 41 to 42.

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FIRE AND POLICE PENSION
FUNDING PROGRESS
APRIL 30, 2014

<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						
4/30/2013	\$ 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%
4/30/2006	16,331,354	36,536,908	20,205,554	44.70%	2,741,223	737.10%
Fire Pension						
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%
4/30/2006	18,545,115	37,325,323	18,780,208	49.69%	2,924,371	642.20%

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS
APRIL 30, 2014

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c.)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/2013	14,652,685	18,122,753	3,470,068	80.85%	6,113,079	56.76%
12/31/2012	13,439,757	18,237,451	4,797,694	73.69%	6,067,708	79.07%
12/31/2011	12,729,295	17,965,628	5,236,333	70.85%	5,820,337	89.97%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$18,067,922. On a market basis, the funded ratio would be 99.70%.

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

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
APRIL 30, 2014

	<u>Special Revenue Funds</u>						Total Non-Major Governmental Funds
	<u>Drug</u>	<u>Community</u> <u>Development</u>	<u>Motor</u>	<u>Total</u>	<u>Capital</u>	<u>Debt Service</u>	
	<u>Traffic</u> <u>Prevention</u>		<u>Fuel Tax</u> <u>Fund</u>		<u>Projects</u>		
ASSETS							
Cash and Cash Equivalents	\$ 242,386	\$ -	\$ 6,831	\$ 249,217	\$ 16,544	\$ -	\$ 265,761
Certificates of Deposit	40,678	-	5,855	46,533	14,180	-	60,713
Restricted Investments	100,000	-	-	100,000	-	-	100,000
Investments	2,643	-	381	3,024	921	-	3,945
Receivables:							
Intergovernmental	-	29,827	55,028	84,855	-	-	84,855
Other	-	-	20	20	48	-	68
Due From Other Funds	-	-	-	-	10,484	-	10,484
Total Assets	<u>\$ 385,707</u>	<u>\$ 29,827</u>	<u>\$ 68,115</u>	<u>\$ 483,649</u>	<u>\$ 42,177</u>	<u>\$ -</u>	<u>\$ 525,826</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	47,580	-	99,074	146,654	134,091	-	280,745
Due to Other Funds	245,350	29,827	-	275,177	44,287	-	319,464
Total Liabilities	<u>292,930</u>	<u>29,827</u>	<u>99,074</u>	<u>421,831</u>	<u>178,378</u>	<u>-</u>	<u>600,209</u>
Fund Balances:							
Restricted for:							
Drug Traffic Prevention	92,777	-	-	92,777	-	-	92,777
Unassigned	-	-	(30,959)	(30,959)	(136,201)	-	(167,160)
Total Fund Balances	<u>92,777</u>	<u>-</u>	<u>(30,959)</u>	<u>61,818</u>	<u>(136,201)</u>	<u>-</u>	<u>(74,383)</u>
Total Liabilities and Fund Balances	<u>\$ 385,707</u>	<u>\$ 29,827</u>	<u>\$ 68,115</u>	<u>\$ 483,649</u>	<u>\$ 42,177</u>	<u>\$ -</u>	<u>\$ 525,826</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2014

	<u>Special Revenue Funds</u>				<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Traffic Prevention</u>	<u>Community Development</u>	<u>Motor Fuel Tax Fund</u>	<u>Total</u>			
Revenues:							
Intergovernmental:							
Grants	\$ 110,999	\$ 339,700	\$ 1,641,000	\$ 2,091,699	\$ -	\$ -	\$ 2,091,699
Motor Fuel Tax	-	-	893,443	893,443	-	-	893,443
Fines and Forfeitures	37,569	-	-	37,569	-	-	37,569
Investment Earnings	108	-	20	128	-	-	128
Miscellaneous	2,400	-	-	2,400	119,039	-	121,439
Total Revenues	<u>151,076</u>	<u>339,700</u>	<u>2,534,463</u>	<u>3,025,239</u>	<u>119,039</u>	<u>-</u>	<u>3,144,278</u>
47 Expenditures:							
General Government	-	-	-	-	1,008,928	-	1,008,928
Public Safety	89,938	339,700	-	429,638	-	-	429,638
Public Works	-	-	1,318,706	1,318,706	-	-	1,318,706
Debt Service	-	-	-	-	-	317,231	317,231
Capital Outlay	-	-	331,693	331,693	-	-	331,693
Total Expenditures	<u>89,938</u>	<u>339,700</u>	<u>1,650,399</u>	<u>2,080,037</u>	<u>1,008,928</u>	<u>317,231</u>	<u>3,406,196</u>
Revenues Over (Under) Expenditures	<u>61,138</u>	<u>-</u>	<u>884,064</u>	<u>945,202</u>	<u>(889,889)</u>	<u>(317,231)</u>	<u>(261,918)</u>
Other Financing Sources:							
Operating Transfers From Other Funds	-	-	1,003,458	1,003,458	986,112	317,231	2,306,801
Operating Transfers (To) Other Funds	(34,359)	-	-	(34,359)	-	-	(34,359)
Total other Financing Sources	<u>(34,359)</u>	<u>-</u>	<u>1,003,458</u>	<u>(34,359)</u>	<u>986,112</u>	<u>317,231</u>	<u>1,268,984</u>
Net Change in Fund Balance	26,779	-	1,887,522	1,914,301	96,223	-	2,010,524
Fund Balance - Beginning	<u>65,998</u>	<u>-</u>	<u>(1,918,481)</u>	<u>(1,852,483)</u>	<u>(232,424)</u>	<u>-</u>	<u>(2,084,907)</u>
Fund Balance - Ending	<u>\$ 92,777</u>	<u>\$ -</u>	<u>\$ (30,959)</u>	<u>\$ 61,818</u>	<u>\$ (136,201)</u>	<u>\$ -</u>	<u>\$ (74,383)</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPES
YEAR ENDED APRIL 30, 2014

	Business Type Activities		Total Enterprise Funds
	Enterprise Funds		
	<u>Wastewater Treatment Plant</u>	<u>Sewer System Fund</u>	
Operating Revenues:			
Charges for Services	\$ 2,782,316	\$ 4,964,031	\$ 7,746,347
Total Revenues	<u>2,782,316</u>	<u>4,964,031</u>	<u>7,746,347</u>
Operating Expenses:			
Personal Services	2,901,408	-	2,901,408
Industrial Pretreatment	-	119,835	119,835
Billings and Collection	-	155,686	155,686
Sewer Collection	-	246,713	246,713
Solids Handling	704,187	-	704,187
BOD Treatment	214,469	-	214,469
Primary Treatment	86,408	-	86,408
General and Administrative	150,153	-	150,153
Dry Weather Pumping	181,166	-	181,166
Wet Weather Pumping	120,329	-	120,329
Other	248,811	-	248,811
Depreciation	580,012	230,424	810,436
Total Operating Expenses	<u>5,186,943</u>	<u>752,658</u>	<u>5,939,601</u>
Operating Income	<u>(2,404,627)</u>	<u>4,211,373</u>	<u>1,806,746</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	20,663	6,877	27,540
Grant Income	500,000	-	500,000
Interest Expense and Fiscal Charges	(190,383)	(37,988)	(228,371)
Total Non-Operating Revenues (Expenses)	<u>330,280</u>	<u>(31,111)</u>	<u>299,169</u>
Net Income Before Transfers	(2,074,347)	4,180,262	2,105,915
Operating Transfers (Out)	<u>(50,000)</u>	<u>(853,556)</u>	<u>(903,556)</u>
Change in Net Position	(2,124,347)	3,326,706	1,202,359
Net Position - Beginning	<u>3,253,141</u>	<u>14,505,314</u>	<u>17,758,455</u>
Net Position - Ending	<u>\$ 1,128,794</u>	<u>\$ 17,832,020</u>	<u>\$ 18,960,814</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF PLAN NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2014

	Pension Trust Funds		
ASSETS	Police	Firemen	Total
Cash and Cash Equivalents	\$ 670,515	\$ 124,842	\$ 795,357
Investments and Certificates of Deposits	15,420,126	15,827,967	31,248,093
Receivables:			
Property Taxes	739,037	739,037	1,478,074
Gaming Taxes	7,778	7,778	15,556
Accrued Interest	72,647	35,078	107,725
Total Assets	16,910,103	16,734,702	33,644,805
LIABILITIES			
Liabilities	-	-	-
Total Liabilities	-	-	-
NET POSITION			
Held in Trust for Pension Benefits and Other Purposes	\$ 16,910,103	\$ 16,734,702	\$ 33,644,805

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF CHANGES IN PLAN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police</u>	<u>Firemen</u>	
Additions			
Contributions:			
Employee Contributions	\$ 388,828	\$ 351,679	\$ 740,507
Employer Contributions:			
Property Taxes	738,952	738,952	1,477,904
Video Gaming Tax	60,260	60,260	120,520
Replacement Taxes	262,403	262,404	524,807
Total Contributions	<u>1,450,443</u>	<u>1,413,295</u>	<u>2,863,738</u>
Investment Income:			
Interest and Dividends	617,779	422,749	1,040,528
Net Realized/Unrealized Gain(Loss) on Investments	805,946	961,804	1,767,750
	<u>1,423,725</u>	<u>1,384,553</u>	<u>2,808,278</u>
Less: Investment Expense	(30,613)	(68,215)	(98,828)
Net Investment Income	<u>1,393,112</u>	<u>1,316,338</u>	<u>2,709,450</u>
Total Additions	<u>2,843,555</u>	<u>2,729,633</u>	<u>5,573,188</u>
Deductions:			
Benefits Paid to Participants:			
Service and Disability	1,790,323	2,469,320	4,259,643
Dependents	272,399	323,650	596,049
Contractual Services	21,914	25,282	47,196
Total Deductions	<u>2,084,636</u>	<u>2,818,252</u>	<u>4,902,888</u>
Change in Plan Net Position	758,919	(88,619)	670,300
Net Position - Beginning	<u>16,151,184</u>	<u>16,823,321</u>	<u>32,974,505</u>
Net Position - Ending	<u>\$ 16,910,103</u>	<u>\$ 16,734,702</u>	<u>\$ 33,644,805</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
TAX INCREMENT FINANCING FUNDS
APRIL 30, 2014

	TIF District #1	TIF District #2	TIF District #3	TIF District #4	TIF District #5	TIF District #6	TIF District #7	Total	TIF Debt Service	Total
<u>Assets</u>										
Cash	\$ -	\$ 65,413	\$ 248,419	\$ 67,724	\$ 284,131	\$ 16,657	\$ 115,167	\$ 797,511	\$ -	\$ 797,511
Certificates of Deposit	-	56,070	212,934	58,050	243,546	14,277	98,716	683,593	-	683,593
Restricted Investments	-	-	-	116,910	-	-	597,966	714,876	2,710,008	3,424,884
Investments	-	3,643	13,834	3,771	15,822	927	6,413	44,410	-	44,410
Receivables:										
Property Taxes	1,334,163	131,089	975,271	1,324,255	-	36,913	5,069,990	8,871,681	-	8,871,681
Intergovernmental Receivable	-	-	-	-	25,536	-	147,882	173,418	-	173,418
Development Loans	293,467	-	-	-	-	-	-	293,467	-	293,467
Accrued Interest	1,720	-	-	413	834	49	428	3,444	-	3,444
Due from Other Funds	-	-	-	-	2,760	-	-	2,760	-	2,760
Rental Real Estate Investment	2,667,631	-	-	-	-	-	-	2,667,631	-	2,667,631
General Real Estate Investment	1,308,191	-	-	76,885	-	-	-	1,385,076	-	1,385,076
Total Assets	<u>5,605,172</u>	<u>256,215</u>	<u>1,450,458</u>	<u>1,648,008</u>	<u>572,629</u>	<u>68,823</u>	<u>6,036,562</u>	<u>15,637,867</u>	<u>2,710,008</u>	<u>18,347,875</u>
<u>Liabilities and Fund Balance</u>										
<u>Liabilities:</u>										
Accounts Payable	2,701	-	-	181	-	-	48,982	51,864	-	51,864
Due to Other Funds	1,088,733	-	-	12,480	-	-	-	1,101,213	-	1,101,213
Due to Other Governments	-	-	-	-	2,760	-	-	2,760	-	2,760
Deferred Revenues:										
Gain on Sale of Property	165,963	-	-	-	-	-	-	165,963	-	165,963
Property Taxes	1,334,163	131,089	975,271	1,324,255	-	36,913	5,069,990	8,871,681	-	8,871,681
Total Liabilities	<u>2,591,560</u>	<u>131,089</u>	<u>975,271</u>	<u>1,336,916</u>	<u>2,760</u>	<u>36,913</u>	<u>5,118,972</u>	<u>10,193,481</u>	<u>-</u>	<u>10,193,481</u>
<u>Fund Balance:</u>										
<u>Restricted for:</u>										
Debt Service	-	-	-	-	-	-	-	-	2,710,008	2,710,008
Development Loans	293,467	-	-	-	-	-	-	293,467	-	293,467
Redevelopment	2,720,145	125,126	475,187	311,092	569,869	31,910	917,590	5,150,919	-	5,150,919
Total Fund Balance	<u>3,013,612</u>	<u>125,126</u>	<u>475,187</u>	<u>311,092</u>	<u>569,869</u>	<u>31,910</u>	<u>917,590</u>	<u>5,444,386</u>	<u>2,710,008</u>	<u>8,154,394</u>
Total Liabilities and Fund Balance	<u>\$ 5,605,172</u>	<u>\$ 256,215</u>	<u>\$ 1,450,458</u>	<u>\$ 1,648,008</u>	<u>\$ 572,629</u>	<u>68,823</u>	<u>6,036,562</u>	<u>\$15,637,867</u>	<u>\$ 2,710,008</u>	<u>\$18,347,875</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
TAX INCREMENT FINANCING FUNDS
FOR THE FISCAL YEAR ENDED APRIL 30, 2014

	TIF District #1	TIF District #2	TIF District #3	TIF District #4	TIF District #5	TIF District #6	TIF District #7	Total	TIF Debt Service	Total
<u>Revenues:</u>										
Property Taxes	\$ 1,318,246	\$ 140,944	\$ 973,082	\$ 1,346,654	\$ -	\$ 42,614	\$ 5,049,964	\$ 8,871,504	\$ -	\$ 8,871,504
Intergovernmental	-	-	-	-	102,388	-	-	102,388	-	102,388
Investment Earnings	69	-	-	8,724	5,160	1,100	8,770	23,823	-	23,823
Miscellaneous	364,692	-	-	3,758	-	-	-	368,450	-	368,450
Total Revenues	<u>1,683,007</u>	<u>140,944</u>	<u>973,082</u>	<u>1,359,136</u>	<u>107,548</u>	<u>43,714</u>	<u>5,058,734</u>	<u>9,366,165</u>	<u>-</u>	<u>9,366,165</u>
<u>Expenditures:</u>										
General Government	130,820	140,944	973,082	310,991	103,973	189,428	4,352,730	6,201,968	-	6,201,968
Debt Service - Interest	-	-	-	-	-	-	-	-	1,275,723	1,275,723
Debt Service - Principal	-	-	-	-	-	-	-	-	1,042,018	1,042,018
Capital Outlay	45,289	-	-	-	-	-	344,063	389,352	-	389,352
Total Expenditures	<u>176,109</u>	<u>140,944</u>	<u>973,082</u>	<u>310,991</u>	<u>103,973</u>	<u>189,428</u>	<u>4,696,793</u>	<u>6,591,320</u>	<u>2,317,741</u>	<u>8,909,061</u>
Excess of Revenues over Expenditures	1,506,898	-	-	1,048,145	3,575	(145,714)	361,941	2,774,845	(2,317,741)	457,104
<u>Other Financing Sources (Uses):</u>										
Operating Transfers From (To) other Fund	(1,035,362)	-	-	(1,106,118)	-	-	(445,000)	(2,586,480)	2,566,480	(20,000)
Total Other Financing Sources (Uses)	<u>(1,035,362)</u>	<u>-</u>	<u>-</u>	<u>(1,106,118)</u>	<u>-</u>	<u>-</u>	<u>(445,000)</u>	<u>(2,586,480)</u>	<u>2,566,480</u>	<u>(20,000)</u>
Net Change in Fund Balance	471,536	-	-	(57,973)	3,575	(145,714)	(83,059)	188,365	248,739	437,104
Fund Balance - Beginning	<u>2,542,076</u>	<u>125,126</u>	<u>475,187</u>	<u>369,065</u>	<u>566,294</u>	<u>177,624</u>	<u>1,000,649</u>	<u>5,256,021</u>	<u>2,461,269</u>	<u>7,717,290</u>
Fund Balance - Ending	<u>\$ 3,013,612</u>	<u>\$ 125,126</u>	<u>\$ 475,187</u>	<u>\$ 311,092</u>	<u>\$ 569,869</u>	<u>\$ 31,910</u>	<u>\$ 917,590</u>	<u>\$ 5,444,386</u>	<u>\$ 2,710,008</u>	<u>\$ 8,154,394</u>

Hughes & Associates

Certified Public Accountants, P.C.

1321 D'Adrian Professional Park
Godfrey, IL 62035

618-466-6278
Fax 618-466-8663

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

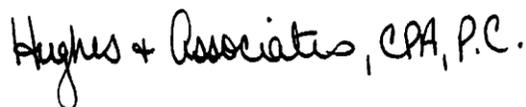
We have audited the basic financial statements of the City of Granite City, Illinois for the year ended April 30, 2014, and have issued our report thereon dated December 18, 2014. The financial statements are the responsibility of the City of Granite City, Illinois' management. Our responsibility is to express an opinion on the financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing". We also relied on the assertions made by the TIF District administrator.

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 of Public Act 85-1142. 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 of Public Act 85-1142.

This report is intended solely for the information and use of management, others within the organization, the City Council and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.



Hughes & Associates, CPA, P.C.
December 18, 2014