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& COMPANY, L.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF BELLEVILLE, ILLINOIS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

APRIL 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor  
and Members of the City Council  
City of Belleville, IL

### **Report on the Financial Statements**

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 Belleville, Illinois as of and for the year ended April 30, 2015, 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 the governmental funds financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the governmental fund financial statements in the circumstances. Management is also responsible for the preparation and fair presentation of the business-type, proprietary fund and fiduciary fund financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for 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 error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 opinion.

## **Basis for Adverse Opinion on Governmental Activities**

The City has not recorded fixed assets or infrastructure in the governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

## **Adverse Opinion**

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to previously do not present fairly the financial position of the governmental activities of the City of Belleville, Illinois as of April 30, 2015 or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities (accrual basis), each major governmental fund (modified cash), each major enterprise fund (accrual basis) and the aggregate remaining fund information of the City of Belleville, Illinois as of April 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The governmental fund financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Required Supplementary Information/Other Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 to 12), budgetary comparison information (pages 53 to 59) and schedules of funding progress and pension related information (pages 60 to 67) be presented to supplement the basic financial statements. Such 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. 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Belleville, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, other schedule, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 basic financial statements or to the basic 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2015 on our consideration of the City of Belleville, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Belleville, Illinois' internal control over financial reporting and compliance.

C. J. Schlosser & Co. LLC

Certified Public Accountants  
Alton, Illinois  
September 30, 2015

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

As management of the City of Belleville, Illinois (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended April 30, 2015.

### FINANCIAL HIGHLIGHTS

The following are a few of the financial highlights presented in the accompanying financial statements for the City of Belleville for the fiscal year ended April 30, 2015.

- The City's Governmental Funds fund balance increased by over \$5 million due to the issuance of bonds to begin the Police Department and City Hall renovation projects.
- At the end of fiscal year 2015, unassigned fund balance for the General Fund was \$3,812,270 or 14.13% of total General Fund expenditures for the year.
- Net position of the City's business-type activities increased by \$89,442 during fiscal year 2015.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the City's basic financial statements. There are three components to the basic statements:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements exclude fiduciary fund activities.

The statement of net position presents information on the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Please note that currently the statement of net assets presents the business-type activities on the accrual basis, and the governmental activities on the modified cash basis.

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. This statement demonstrates the degree to which the direct expenses of a given function are offset by program revenues, and it presents the general revenues separately.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, sanitation, cemetery, health and welfare, economic development and community services. The business-type activities include sewer operations.

The government-wide financial statements can be found on pages 13 and 14 of this report.

### FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental, proprietary and fiduciary.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and the government-wide governmental activities.

The City of Belleville maintains eighteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for three major funds: General Fund, Tax Increment Financing Fund, and Police Department Project Construction Fund. Data from the other governmental funds are combined into a single, aggregated presentation called "Other Governmental Funds." Individual fund data for each of these nonmajor governmental

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

funds is provided in the form of combining schedules in the other supplementary information section of this report.

The City adopts an annual budget for all governmental funds. Budgetary comparison schedules for the major funds have been provided to demonstrate legal compliance with the adopted budget.

The governmental fund financial statements can be found on pages 15 and 17 of this report.

**Proprietary funds.** Enterprise funds are used to report the same functions and the same type of information presented as business-type activities in the government-wide financial statements. The City of Belleville uses an enterprise fund to account for its sewer operations.

The basic proprietary fund financial statements can be found on pages 19, 20 and 21 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 22 and 23 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 24 of this report.

**Required supplementary information/other information.** In addition to the basic financial statements and accompanying notes, certain required supplementary information/other information can be found on pages 53 through 67 of this report.

**Other supplementary information.** The combining and individual fund statements, referred to earlier in connection with nonmajor governmental funds, are presented immediately following the required supplementary information/other information. Combining and individual fund statements and schedules can be found on pages 68 through 75 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City currently does not fully present its financial statements under the reporting model pursuant to Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Management is working towards becoming fully compliant with this reporting model over the next year.

**CITY OF BELLEVILLE, ILLINOIS**

Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, because we do not follow the GASB 34 model of reporting, long-term capital assets, such as City-owned infrastructure, are not recorded for the governmental activities. Because these figures are not reported, liabilities for the governmental activities exceeded the assets by \$44,662,835 at the close of the most recent fiscal year (April 30, 2015).

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2015	April 30, 2014	April 30, 2015	April 30, 2014	April 30, 2015	April 30, 2014
<b>ASSETS</b>						
Current and other assets	\$ 25,252,949	\$ 20,568,319	\$ 10,753,872	\$ 12,744,146	\$ 36,006,821	\$ 33,312,465
Capital assets, net	33,750	33,750	82,435,327	80,446,733	82,469,077	80,480,483
Total assets	<u>25,286,699</u>	<u>20,602,069</u>	<u>93,189,199</u>	<u>93,190,879</u>	<u>118,475,898</u>	<u>113,792,948</u>
<b>LIABILITIES</b>						
Long-term liabilities	69,912,541	62,976,185	48,300,017	46,618,713	118,212,558	109,594,898
Other liabilities	36,993	41,874	1,529,225	3,301,651	1,566,218	3,343,525
Total liabilities	<u>69,949,534</u>	<u>63,018,059</u>	<u>49,829,242</u>	<u>49,920,364</u>	<u>119,778,776</u>	<u>112,938,423</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	-	-	36,991,518	36,775,765	36,991,518	36,775,765
Restricted	15,067,266	15,959,750	-	-	15,067,266	15,959,750
Unrestricted	<u>(59,730,101)</u>	<u>(58,375,740)</u>	<u>6,368,439</u>	<u>6,494,750</u>	<u>(53,361,662)</u>	<u>(51,880,990)</u>
Total net position	<u>\$ (44,662,835)</u>	<u>\$ (42,415,990)</u>	<u>\$ 43,359,957</u>	<u>\$ 43,270,515</u>	<u>\$ (1,302,878)</u>	<u>\$ 854,525</u>

Restricted net position represents resources that are subject to external restrictions on how they may be used. Unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in one of the two categories of net position for its governmental activities and both categories of net position for its business-type activities. The negative amount of unrestricted net position in governmental activities is due to outstanding long-term debt and not recording fixed assets.

The City of Belleville's net position decreased by \$2,157,403 during fiscal year 2015.

**Governmental activities.** Governmental activities decreased the City's presented net position by \$2,246,845. This is mainly due to additional debt incurred to begin the Police Department and City Hall renovation projects, as well as the City choosing to spend down some of its tax increment financing district funds on various projects.

Revenues stayed fairly level, only increasing in total by \$133,821 from fiscal year 2014 to 2015, with the largest increase of a single line item coming from an increase of almost 3% in sales and use tax collected. Total expenditures increased in total by \$4,293,481 from 2014 to 2015, mainly due to the purchase of the building at 720 West Main Street for the future site of our Police Department building.

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

**Business-type activities.** Business-type activities increased the City's net position by \$89,442. This increase was down from the net position increase in fiscal year 2014 because in 2014 a \$2,500,000 non-operating revenue item was included in revenue that represented the amount of new construction debt for the new sewer plant project that was forgiven by the Illinois Environmental Protection Agency (IEPA). Also, a large portion of the debt incurred for this sewer plant project is beginning to be paid back, which has increased debt service payments significantly. Sewer rates are reviewed each year to insure that revenues keep up with inflation as expenses do. The condensed statement of activities is as follows:

	Governmental Activities		Business-type Activities		Total	
	For The Year Ended April 30, 2015	For The Year Ended April 30, 2014	For The Year Ended April 30, 2015	For The Year Ended April 30, 2014	For The Year Ended April 30, 2015	For The Year Ended April 30, 2014
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 6,351,520	\$ 6,178,619	\$ 7,689,784	\$ 7,070,863	\$ 14,041,304	\$ 13,249,482
Operating grants	175,664	670,855			175,664	670,855
Capital grants	1,192,393	778,004			1,192,393	778,004
General revenues:						
Property taxes	18,921,748	19,443,277			18,921,748	19,443,277
Sales and use tax	13,161,594	12,803,719			13,161,594	12,803,719
Replacement tax	429,859	440,572			429,859	440,572
State income taxes	4,319,054	4,300,805			4,319,054	4,300,805
Motor fuel taxes	1,103,930	1,127,920			1,103,930	1,127,920
Telecommunications taxes	1,222,349	1,447,628			1,222,349	1,447,628
Utility taxes	3,375,429	3,331,238			3,375,429	3,331,238
Gaming tax	172,759	65,549			172,759	65,549
Other local taxes	48,428	40,887			48,428	40,887
Investment earnings	38,465	35,738	18,461	19,570	56,926	55,308
Miscellaneous	37,893	27,453		2,500,000	37,893	2,527,453
Transfers	(1,175,000)	(1,450,000)	1,175,000	1,450,000		
Total revenues	<u>49,376,085</u>	<u>49,242,264</u>	<u>8,883,245</u>	<u>11,040,433</u>	<u>58,259,330</u>	<u>60,282,697</u>
<b>EXPENSES</b>						
Governmental activities:						
General government	6,991,004	6,143,083			6,991,004	6,143,083
Public safety	19,486,568	15,093,778			19,486,568	15,093,778
Public works	5,671,889	7,450,752			5,671,889	7,450,752
Sanitation	2,354,967	2,439,496			2,354,967	2,439,496
Cemetery	289,808	300,637			289,808	300,637
Health and welfare	817,029	775,545			817,029	775,545
Development	7,624,072	7,491,898			7,624,072	7,491,898
Cultural and recreational	4,581,192	3,281,722			4,581,192	3,281,722
Interest on long-term debt	3,806,401	4,352,538			3,806,401	4,352,538
Business-type activities:						
Waterworks and sewerage	-	-	8,793,803	6,597,826	8,793,803	6,597,826
Nonmajor	-	-	-	-	-	-
Total expenses	<u>51,622,930</u>	<u>47,329,449</u>	<u>8,793,803</u>	<u>6,597,826</u>	<u>60,416,733</u>	<u>53,927,275</u>
Change in net position	(2,246,845)	1,912,815	89,442	4,442,607	(2,157,403)	6,355,422
Net position - beginning	(42,415,990)	(44,328,805)	43,270,515	38,827,908	854,525	(5,500,897)
Net position - ending	<u>\$ (44,662,835)</u>	<u>\$ (42,415,990)</u>	<u>\$ 43,359,957</u>	<u>\$ 43,270,515</u>	<u>\$ (1,302,878)</u>	<u>\$ 854,525</u>

## FUNDS FINANCIAL ANALYSIS

As noted earlier, the City of Belleville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

At the end of fiscal year 2015, the City's governmental funds reported combined ending fund balances of \$25,510,062, an increase of \$5,008,975 in comparison with the prior year. This increase was mainly due to the issuance of bonds to purchase a building and begin renovations to that building to become the future Police Department building. Approximately 14.95% of this total amount (\$3,812,270) constitutes unassigned fund balance, which is available for spending at the City's discretion. \$15,067,266 (59.07% of the total governmental funds fund balance) has been restricted externally for specific purposes by either creditors or external legislation. The remainder of the fund balance is either nonspendable, meaning it is not in spendable form, or committed, which means there have been constraints placed on the spending of these funds by the City. The large committed fund balance at the end of fiscal year 2015 (\$6,533,444) is mainly due to the remaining proceeds of the bond issue done for the Police Department project.

The General Fund is the chief operating fund of the City of Belleville. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$3,812,270. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 14.13% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$489,539 during the current fiscal year. The decrease was mainly due to the purchase of a building and renovations at 407 E. Lincoln to house the Public Health & Housing and Engineering offices. This move was needed as a part of the decision to move our Police Department headquarters to a new site at 720 West Main Street.

The Tax Increment Financing (TIF) Fund is a major special revenue fund of the City. Its resources are to be used for leveraging development within the boundaries of the City's 18 tax increment financing districts. At the end of the current fiscal year, the fund balance of the TIF fund was \$10,139,643, which is a decrease of \$1,319,824 compared to 2014.

The Police Department (PD) Project Construction Fund is also a major special revenue fund of the City. This fund was created in fiscal year 2015 to account for the bond proceeds received for and the money spent on the Police Department and City Hall renovation projects, as previously discussed.

**Proprietary funds.** The City of Belleville's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the sewer fund at the end of the year amounted to \$6,368,439, a decrease of \$126,311 from the prior year. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

**CITY OF BELLEVILLE, ILLINOIS**

Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The fiscal year 2015 expenditure budget for the City's General Fund represents an original budget of \$27,115,701. Actual expenditures in the general fund were \$26,992,465, which is \$700,795 less than the final, amended budgeted.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City of Belleville's recorded investment in capital assets for its governmental and business-type activities as of April 30, 2015, amounts to \$82,469,077, net of accumulated depreciation. The investment in capital assets generally includes land, buildings and improvements, equipment, vehicles and infrastructure, but as noted above, the City does not follow the GASB 34 model of reporting, and therefore does not record all capital assets of the governmental funds, which is assumed to be a significant figure. The total increase in the recorded capital assets for the current year was \$1,988,594 or 2.47% (entirely for business-type activities.)

The major portion of the increase for business-type activities was due to the sewer plant expansion, which is being funded by low-interest loans from the Illinois Environmental Protection Agency (IEPA). The City's capital assets, net of depreciation, are as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2015	April 30, 2014	April 30, 2015	April 30, 2014	April 30, 2015	April 30, 2014
Land	\$ 33,750	\$ 33,750	\$ 1,104,046	\$ 1,104,046	\$ 1,137,796	\$ 1,137,796
Construction in progress	-	-	2,697,789	52,617,266	2,697,789	52,617,266
Buildings and improvements	-	-	54,787,534	2,086,772	54,787,534	2,086,772
Vehicles and equipment	-	-	364,647	498,261	364,647	498,261
Distribution and collection systems	-	-	23,481,311	24,140,388	23,481,311	24,140,388
<b>Total capital assets</b>	<b>\$ 33,750</b>	<b>\$ 33,750</b>	<b>\$ 82,435,327</b>	<b>\$ 80,446,733</b>	<b>\$ 82,469,077</b>	<b>\$ 80,480,483</b>

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of fiscal year 2015. Fund financial statements record capital asset purchases as expenditures. Additional information on the City's capital assets can be found in Note 3 on page 34 of this report.

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

### Long-term Debt

At the end of fiscal year 2015, the City of Belleville had total long-term debt obligations for governmental and business-type activities in the amount of \$118,441,065 compared to \$109,900,963 at the end of fiscal year 2014. During 2015, the City made scheduled debt service payments. General obligation bonds are backed by the full faith and credit of the City.

	Governmental Activities		Business-type Activities		Total	
	April 30, 2015	April 30, 2014	April 30, 2015	April 30, 2014	April 30, 2015	April 30, 2014
Special Service Area Bonds						
Series 2006	\$ 955,000	\$ 1,010,000	\$ -	\$ -	\$ 955,000	\$ 1,010,000
Tax Increment Refunding Bonds						
Series 2007A	15,005,000	15,260,000	-	-	15,005,000	15,260,000
Taxable Business District Bonds						
Series 2007B	6,555,000	6,560,000	-	-	6,555,000	6,560,000
G.O. Refunding Bonds						
Series 2009	157,946	167,610	2,457,054	2,607,390	2,615,000	2,775,000
G.O. Bonds						
Series 2011A	5,000,000	5,000,000	-	-	5,000,000	5,000,000
G.O. Refunding Bonds						
Series 2011B	3,459,582	4,384,031	1,260,418	1,865,969	4,720,000	6,250,000
SWIDA Revenue Bonds						
Series 2011A	15,175,000	15,870,000	-	-	15,175,000	15,870,000
SWIDA Revenue Bonds						
Series 2011B	1,560,000	1,560,000	-	-	1,560,000	1,560,000
SWIDA Taxable Revenue						
Bonds, Series 2011C	4,875,000	5,175,000	-	-	4,875,000	5,175,000
G.O. Refunding Bonds						
Series 2012	6,860,000	6,895,000	-	-	6,860,000	6,895,000
G.O. Bonds						
Series 2014	9,495,000	-	-	-	9,495,000	-
Notes Payable	-	99,950	44,811,052	42,451,419	44,811,052	42,551,369
Capital Leases	815,013	994,594	-	-	815,013	994,594
<b>Total Debt</b>	<b>\$ 69,912,541</b>	<b>\$ 62,976,185</b>	<b>\$ 48,528,524</b>	<b>\$ 46,924,778</b>	<b>\$ 118,441,065</b>	<b>\$ 109,900,963</b>

During fiscal year 2015, the City issued the Series 2014 General Obligation Bonds to pay for the new Police Department building. The City also issued over \$4,000,000 of new debt through the IEPA's low interest revolving loan fund for the improvements at the sewer plant.

Additional information regarding the City's long-term debt can be found in Note 4 on pages 35 through 40 of this report.

**CITY OF BELLEVILLE, ILLINOIS**

Management's Discussion and Analysis

For the fiscal year ended April 30, 2015

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Belleville, Director of Finance, 101 South Illinois Street, Belleville, IL 62220.

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF NET POSITION  
(BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)  
(GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)  
APRIL 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 24,959,290	\$ 9,312,800	\$ 34,272,090
Investments	230,327	-	230,327
Receivables (Net of allowance for uncollectible):			
Accounts	-	1,283,279	1,283,279
Interest/Other	63,332	-	63,332
Prepaid Expenses	-	61,941	61,941
Inventory	-	95,852	95,852
Capital Assets:			
Land	33,750	1,104,046	1,137,796
Buildings and Improvements	-	58,828,872	58,828,872
Equipment	-	1,019,852	1,019,852
Vehicles	-	1,208,711	1,208,711
Infrastructure	-	46,254,940	46,254,940
Construction in Progress	-	2,697,789	2,697,789
Accumulated Depreciation	-	(28,678,883)	(28,678,883)
Net Capital Assets	<u>33,750</u>	<u>82,435,327</u>	<u>82,469,077</u>
Total Assets	<u>25,286,699</u>	<u>93,189,199</u>	<u>118,475,898</u>
<b><u>Deferred Outflows of Resources</u></b>			
Loss on Bond Refunding	-	228,507	228,507
<b><u>Liabilities</u></b>			
Accounts Payable	36,993	659,764	696,757
Accrued Payroll and Benefits	-	353,633	353,633
Accrued Interest Payable	-	266,768	266,768
Deferred Revenue	-	249,060	249,060
Noncurrent Liabilities:			
Due Within One Year	5,727,733	3,029,965	8,757,698
Due in More Than One Year	64,184,808	45,498,559	109,683,367
Total Liabilities	<u>69,949,534</u>	<u>50,057,749</u>	<u>120,007,283</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	-	36,991,518	36,991,518
Restricted	15,067,266	-	15,067,266
Unrestricted	(59,730,101)	6,368,439	(53,361,662)
Total Net Position	<u>\$ (44,662,835)</u>	<u>\$ 43,359,957</u>	<u>\$ (1,302,878)</u>

The notes to the financial statements are an integral part of this statement

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF ACTIVITIES  
 (BUSINESS -TYPE ACTIVITIES - ACCRUAL BASIS)  
 (GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS)  
 FOR THE YEAR ENDED APRIL 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 6,991,004	\$ 1,789,492	\$ 6,000	\$ 25,000	\$ (5,170,512)		\$ (5,170,512)
Public Safety	19,486,568	924,089	51,541	-	(18,510,938)		(18,510,938)
Public Works	5,671,889	26,463	-	525,939	(5,119,487)		(5,119,487)
Sanitation	2,354,967	3,024,587	-	-	669,620		669,620
Cemetery	289,808	58,585	-	-	(231,223)		(231,223)
Health and Welfare	817,029	-	-	-	(817,029)		(817,029)
Development	7,624,072	63,435	-	-	(7,560,637)		(7,560,637)
Cultural and Recreational	4,581,192	464,869	118,123	641,454	(3,356,746)		(3,356,746)
Interest on Long-term Debt	3,806,401	-	-	-	(3,806,401)		(3,806,401)
Total Governmental Activities	<u>51,622,930</u>	<u>6,351,520</u>	<u>175,664</u>	<u>1,192,393</u>	<u>(43,903,353)</u>		<u>(43,903,353)</u>
<b>Business-type Activities:</b>							
Waterworks and Sewerage	8,793,803	7,689,784	-	-		\$ (1,104,019)	(1,104,019)
Total Business-type Activities	<u>8,793,803</u>	<u>7,689,784</u>	<u>-</u>	<u>-</u>		<u>(1,104,019)</u>	<u>(1,104,019)</u>
Total Government	<u>\$ 60,416,733</u>	<u>\$ 14,041,304</u>	<u>\$ 175,664</u>	<u>\$ 1,192,393</u>	<u>(43,903,353)</u>	<u>(1,104,019)</u>	<u>(45,007,372)</u>
<b>General Revenues:</b>							
Property Tax, Levied for General Purposes					18,921,748	-	18,921,748
Sales and Use Tax					13,161,594	-	13,161,594
Income Tax					4,319,054	-	4,319,054
Corporate Personal Property Tax					429,859	-	429,859
Motor Fuel Tax					1,103,930	-	1,103,930
Telecommunications Tax					1,222,349	-	1,222,349
Gaming Tax					172,759	-	172,759
Other Local Tax					48,428	-	48,428
Utility Tax					3,375,429	-	3,375,429
Investment Earnings					38,465	18,461	56,926
Miscellaneous					37,893	-	37,893
Transfers					(1,175,000)	1,175,000	-
Total General Revenues and Transfers					<u>41,656,508</u>	<u>1,193,461</u>	<u>42,849,969</u>
Change in Net Position					<u>(2,246,845)</u>	<u>89,442</u>	<u>(2,157,403)</u>
Net Position - Beginning					<u>(42,415,990)</u>	<u>43,270,515</u>	<u>854,525</u>
Net Position - Ending					<u>\$ (44,662,835)</u>	<u>\$ 43,359,957</u>	<u>\$ (1,302,878)</u>

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
APRIL 30, 2015

	<u>General Fund</u>	<u>Tax Increment Financing Fund</u>	<u>PD Project Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$ 3,214,305	\$ 10,076,311	\$ 6,349,943	\$ 4,944,129	\$ 24,584,688
Investments	-	-	-	230,327	230,327
Note Receivable	-	63,332	-	-	63,332
Due From Other Funds	634,958	-	-	-	634,958
Other Assets	-	-	-	33,750	33,750
<b>Total Assets</b>	<b><u>\$ 3,849,263</u></b>	<b><u>\$ 10,139,643</u></b>	<b><u>\$ 6,349,943</u></b>	<b><u>\$ 5,208,206</u></b>	<b><u>\$ 25,547,055</u></b>
 <u>Liabilities and Fund Equity</u>					
<b>Liabilities:</b>					
Accrued Expenses and Other Liabilities	\$ 36,993	\$ -	\$ -	\$ -	\$ 36,993
<b>Total Liabilities</b>	<b><u>36,993</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>36,993</u></b>
 <b>Fund Balances:</b>					
Nonspendable	-	63,332	-	33,750	97,082
Restricted	-	10,076,311	-	4,990,955	15,067,266
Committed	-	-	6,349,943	183,501	6,533,444
Unassigned	3,812,270	-	-	-	3,812,270
<b>Total Fund Balances</b>	<b><u>3,812,270</u></b>	<b><u>10,139,643</u></b>	<b><u>6,349,943</u></b>	<b><u>5,208,206</u></b>	<b><u>25,510,062</u></b>
 <b>Total Liabilities and Fund Balances</b>	<b><u>\$ 3,849,263</u></b>	<b><u>\$ 10,139,643</u></b>	<b><u>\$ 6,349,943</u></b>	<b><u>\$ 5,208,206</u></b>	<b><u>\$ 25,547,055</u></b>

The notes to the financial statements are an integral part of this statement

**CITY OF BELLEVILLE, ILLINOIS**

RECONCILIATION OF THE STATEMENT OF ASSETS,  
LIABILITIES AND FUND BALANCES ARISING FROM MODIFIED  
CASH BASIS TRANSACTIONS TO THE STATEMENT OF NET POSITION  
FOR THE YEAR ENDED APRIL 30, 2015

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 25,510,062
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(69,912,541)
Internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole.	<u>(260,356)</u>
Net position of governmental activities	<u>\$ (44,662,835)</u>

The notes to the financial statements are an integral part of this statement

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF REVENUES AND EXPENDITURES  
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015

	General Fund	Tax Increment Financing Fund	PD Project Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Tax	\$ -	\$ 14,958,046	\$ -	\$ 3,650,003	\$ 18,608,049
Utility Tax	3,375,429	-	-	-	3,375,429
Intergovernmental	15,388,847	2,804,560	-	3,584,195	21,777,602
Local Tax	-	-	-	48,428	48,428
Licenses, Permits and Fees	1,638,573	-	-	-	1,638,573
Charges for Services	3,186,941	-	-	408,057	3,594,998
Fines and Forfeitures	596,089	-	-	14,522	610,611
Investment Earnings	4,936	17,377	2,562	12,684	37,559
Contributions	3,096	-	-	29,679	32,775
Reimbursements/Miscellaneous	428,095	63,435	-	20,926	512,456
<b>Total Revenues</b>	<u>24,622,006</u>	<u>17,843,418</u>	<u>2,562</u>	<u>7,768,494</u>	<u>50,236,480</u>
<b>Expenditures:</b>					
Current:					
General Government	3,918,048	-	-	2,104,975	6,023,023
Public Safety	15,595,693	-	-	-	15,595,693
Public Works	2,013,080	-	-	659,911	2,672,991
Sanitation	2,354,967	-	-	-	2,354,967
Cemetery	248,205	-	-	-	248,205
Health and Welfare	817,029	-	-	-	817,029
Development	290,929	6,924,726	-	-	7,215,655
Cultural and Recreational	787,369	-	-	2,068,734	2,856,103
Capital Outlay	683,651	3,696,179	3,526,673	1,744,996	9,651,499
Debt Service:					
Principal	230,075	1,529,444	-	825,000	2,584,519
Interest and Charges	53,419	3,589,921	124,430	542,115	4,309,885
<b>Total Expenditures</b>	<u>26,992,465</u>	<u>15,740,270</u>	<u>3,651,103</u>	<u>7,945,731</u>	<u>54,329,569</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,370,459)</u>	<u>2,103,148</u>	<u>(3,648,541)</u>	<u>(177,237)</u>	<u>(4,093,089)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Debt	25,875	-	9,495,000	-	9,520,875
Premium on Bonds Sold	-	-	503,484	-	503,484
Proceeds from Fixed Asset Sales	224,047	22,718	-	5,940	252,705
Transfers In	1,630,998	-	-	939,692	2,570,690
Transfers Out	-	(3,445,690)	-	(300,000)	(3,745,690)
<b>Total Other Financing Sources (Uses)</b>	<u>1,880,920</u>	<u>(3,422,972)</u>	<u>9,998,484</u>	<u>645,632</u>	<u>9,102,064</u>
Net Change in Fund Balances	(489,539)	(1,319,824)	6,349,943	468,395	5,008,975
Fund Balance, Beginning of Year	4,301,809	11,459,467	-	4,739,811	20,501,087
Fund Balance, End of Year	<u>\$ 3,812,270</u>	<u>\$ 10,139,643</u>	<u>\$ 6,349,943</u>	<u>\$ 5,208,206</u>	<u>\$ 25,510,062</u>

The notes to the financial statements are an integral part of this statement

CITY OF BELLEVILLE, ILLINOIS

RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES ARISING FROM MODIFIED CASH BASIS  
TRANSACTIONS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2015

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

Net change in fund balances - total governmental funds	\$ 5,008,975
<p>The issuance of long-term debt (e.g., bonds, loans) 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 transaction, however, has any effect on net assets. This amount is the net effect of those differences in the treatment of long-term debt and related items.</p>	(6,936,356)
<p>Activity related to the internal service funds are included in the statement of net position in the government wide financial statements as these funds benefit the general government as a whole.</p>	<u>(319,464)</u>
Change in net position of governmental activities	<u>\$ (2,246,845)</u>

The notes to the financial statements are an integral part of this statement

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 APRIL 30, 2015

	<u>Business Type Activities - Enterprise Fund Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash	\$ 9,312,800	\$ 374,602
Receivables (Net, where applicable, of allowances for uncollectible):		
Accounts	859,240	-
Unbilled Revenue	424,039	-
Prepaid Expenses	61,941	-
Inventory, at Cost	95,852	-
Total Current Assets	<u>10,753,872</u>	<u>374,602</u>
Noncurrent Assets:		
Capital Assets:		
Land	1,104,046	-
Buildings and Improvements	58,828,872	-
Equipment	1,019,852	-
Vehicles	1,208,711	-
Distribution System	46,254,940	-
Construction in Progress	2,697,789	-
Total	111,114,210	-
Less - Accumulated Depreciation	<u>(28,678,883)</u>	-
Net Capital Assets	82,435,327	-
Total Assets	<u>\$ 93,189,199</u>	<u>\$ 374,602</u>
<b><u>Deferred Outflows of Resources</u></b>		
Loss on Bond Refunding	<u>228,507</u>	-
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accrued Payroll and Benefits	\$ 353,633	\$ -
Accounts Payable	659,764	-
Accrued Interest	266,768	-
Deferred Revenue	249,060	-
Due to Other Funds	-	634,958
Total Current Liabilities	<u>1,529,225</u>	<u>634,958</u>
Noncurrent Liabilities:		
Due Within One Year	3,029,965	-
Due in More Than One Year	45,498,559	-
Total Noncurrent Liabilities	<u>48,528,524</u>	-
Total Liabilities	<u>50,057,749</u>	<u>634,958</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Related Debt	36,991,518	-
Unrestricted	6,368,439	(260,356)
Total Net Position	<u>\$ 43,359,957</u>	<u>\$ (260,356)</u>

The notes to the financial statements are an integral part of this statement

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015

	<u>Business Type Activities - Enterprise Fund Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Operating Revenues:		
Charges for Services	\$ 7,689,784	\$ 4,016,693
Operating Expenses:		
Personal Services	2,562,699	4,650,762
Supplies	195,614	-
Contractual Services	2,614,646	-
Depreciation	2,511,255	-
Total Operating Expenses	<u>7,884,214</u>	<u>4,650,762</u>
Operating Income (Loss)	<u>(194,430)</u>	<u>(634,069)</u>
Nonoperating Revenues (Expenses):		
Amortization	(77,558)	-
Property Tax	-	313,699
Investment Earnings	18,461	906
Interest and Fiscal Charges	(832,031)	-
Total Nonoperating Revenues (Expenses)	<u>(891,128)</u>	<u>314,605</u>
Income Before Transfers	(1,085,558)	(319,464)
Transfers In	<u>1,175,000</u>	<u>-</u>
Change in Net Position	89,442	(319,464)
Net Position - Beginning of Year	<u>43,270,515</u>	<u>59,108</u>
Net Position - End of Year	<u>\$ 43,359,957</u>	<u>\$ (260,356)</u>

The notes to the financial statements are an integral part of this statement

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2015

	<u>Business Type Activities - Enterprise Fund Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 7,644,448	\$ 4,016,693
Payments to Suppliers	(3,508,659)	(4,650,762)
Payments to Employees	<u>(1,889,991)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>2,245,798</u>	<u>(634,069)</u>
Cash Flows from Noncapital Financing Activities:		
Property Tax	-	313,699
Payments from (to) Other Funds	<u>1,175,000</u>	<u>300,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,175,000</u>	<u>613,699</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Payments on Long-Term Debt	(2,566,832)	-
Proceeds from Long-Term Debt	4,170,578	-
Interest Paid on Debt	(830,240)	-
Cash Payments for Capital Assets	<u>(6,240,101)</u>	<u>-</u>
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(5,466,595)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest Received	<u>18,461</u>	<u>906</u>
Net Cash Provided by Investing Activities	<u>18,461</u>	<u>906</u>
Net Change in Cash and Cash Equivalents	(2,027,336)	(19,464)
Cash and Cash Equivalents, Beginning of Year	<u>11,340,136</u>	<u>394,066</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,312,800</u>	<u>\$ 374,602</u>
Reconciliation of Operating Income to Net		
Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (194,430)	\$ (634,069)
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation	2,511,255	-
(Increase) Decrease in Assets:		
Accounts Receivable	133,608	-
Unbilled Revenue	(175,520)	-
Inventory	2,333	-
Prepaid Expenses	2,517	-
Increase (Decrease) in Liabilities:		
Accrued Payroll and Benefits	6,087	-
Accounts Payable	(36,628)	-
Deferred Fees	<u>(3,424)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,245,798</u>	<u>\$ (634,069)</u>

The notes to the financial statements are an integral part of this statement

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
APRIL 30, 2015

Assets:	
Cash and Cash Equivalents	\$ 2,108,326
Investments, at Market	54,018,118
Receivables:	
Taxes Receivable	4,643,410
Interest Receivable	<u>123,057</u>
Total Assets	<u>60,892,911</u>
Liabilities	<u>145</u>
Net Position - Restricted for Pension Benefits	<u>\$ 60,892,766</u>

The notes to the financial statements are an integral part of this statement

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015

Additions:

Contributions:

Employee Contributions	\$ 974,466
Employer Contributions:	
Property Taxes	4,620,247
Personal Property Replacement Taxes	165,761
Total Contributions	<u>5,760,474</u>

Investment Income:

Interest and Dividend Income	2,181,806
Gain (Loss) on Sales of Securities	(30,845)
Net Appreciation in Fair Market Value of Investments	<u>1,514,879</u>
	3,665,840
Less Investment Expense	<u>(142,317)</u>
Total Investment Income	<u>3,523,523</u>
Total Additions	<u>9,283,997</u>

Deductions:

Benefits Paid to Participants:

Service and Disability	5,175,176
Dependents	714,637
Transfer of Contributions	81,115
Professional Fees	21,013
Other	42,705
Total Deductions	<u>6,034,646</u>

Change in Net Position 3,249,351

Net Position - Beginning of Year 57,643,415

Net Position - End of Year \$ 60,892,766

The notes to the financial statements are an integral part of this statement

## CITY OF BELLEVILLE, ILLINOIS

### NOTE TO FINANCIAL STATEMENTS

APRIL 30, 2015

#### **NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Belleville, Illinois (City) was incorporated on March 30, 1850, under the provisions of the State of Illinois. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, recreation, public improvements, planning and development and general administrative services. The City also provides sewer utilities services.

##### **(a) Reporting entity**

The City defines its reporting entity in accordance with Codification of Governmental Accounting and Financial Reporting Standards, Section 2100. The criteria used in determining the scope of the entity for financial reporting purposes includes, but is not limited to, the method of budget adoption, taxing authority, whether debt is secured by revenues or general obligations of the City, the obligation of the City to finance any deficits that may occur and supervision over the accounting functions.

Component units are organizations for which the City, as the primary government, is financially accountable. To be considered financially accountable, the organization must be fiscally dependent on the City or the City must appoint a majority of the board of the organization and either (1) be able to impose its will on the organization or (2) the relationship must have the potential for creating a financial benefit to or imposing a financial burden on the City.

Based on the foregoing, the City's financial statements include all funds, agencies, boards, commissions and authorities that are controlled by or dependent on the City.

##### **(b) Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function are 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 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 and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement focus, basis of accounting and financial statement presentation

The proprietary fund and pension fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 cash basis of accounting. Accordingly, receipts are recorded when cash is received and disbursements are recorded when checks are written. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund. Property taxes are recognized as revenues in the year for which they are received.

The government-wide financial statements are reported on the basis of accounting as used by the individual funds in the fund financial statements.

The City 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.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The tax increment financing fund accounts for all activity related to the various tax increment financing districts of the City.

The police department project construction fund accounts for all activity related to the building of the new police station.

The City reports the following major proprietary fund:

The sewer fund accounts for all activities related to the billing, administration and collection processes of the sewer utilities. The City operates the sewage treatment plant, sewage pumping stations and collection systems.

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.

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 funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and 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 assets 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.

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 associations 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 States 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

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

agreements of government securities. Investment income is recognized as earned.

The pension funds are authorized to invest in all the same obligations of the City as well as corporate obligations, stock, and mutual funds to a limited percentage. Investment income is recognized as earned.

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 either "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 balances."

All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible accounts in the enterprise funds at April 30, 2015 is \$132,150.

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.

Capital assets

Capital assets, which include property, plant and equipment, are reported in the 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 or 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.

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.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

<u>Type of Property And Equipment</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	8 - 50 Years
Collection Systems	10 - 50 Years
Vehicles and Equipment	4 - 10 Years

The City does not record the fixed assets of the governmental activities and therefore does not include these amounts in the statement of net position. Depreciation expense of the governmental activities fixed assets is also not calculated or reported.

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. Debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method.

In the fund financial statements, governmental fund types recognize debt premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts related to debt issuances are reported as other financing sources and uses.

Fund equity

In the fund financial statements, the City classifies the governmental fund balances based upon the following criteria:

Nonspendable – includes amounts that cannot be spent because they are either 1) not in spendable form, or 2) legally or contractually required to remain intact.

Restricted – balances with constraints that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation.

Committed – balances that are to be only used for specific purposes pursuant to constraints imposed by formal action of the City Council, the government's highest level of decision-making authority.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Assigned -- balances that are constrained by the government's administration with the intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned -- the residual classification of the General Fund balance.

The following details the description and amount of all constraints recorded by the City in the fund financial statements:

<u>Governmental Funds</u>	
Nonspendable:	
Land	\$ 33,750
Notes Receivable	63,332
	<u>\$ 97,082</u>
Restricted:	
Property/Sales Tax Restrictions	\$ 4,285,854
TIF Balances	10,076,311
Cemetery Care	271,907
Motor Fuel Tax	430,089
Restricted Donations	3,105
	<u>\$ 15,067,266</u>
Committed:	
Construction Funds	\$ 6,349,943
Parks Project Funds	183,501
Special Revenue Funds	<u>\$ 6,533,444</u>
<u>Fiduciary Funds</u>	
Reserved for Employees' Pension Benefits	<u>\$ 60,892,766</u>

(e) Estimates

The City 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) Risk management

The City is 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 reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(g) Budget and budgetary accounting

The City's procedures in establishing the budgetary data reflected in the basic financial statements are as follows:

1. Prior to April 1, the Finance Officer submits to the City Council a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed disbursements and related financing methods.
2. Prior to May 1, the budget is legally enacted through passage of an ordinance.
3. The Finance Officer is authorized to transfer budgeted amounts between line items within an object level of a department; however, any revisions that alter the total expenditure of any object level within a department must be approved by the City Council.
4. Budgets for all funds are adopted on the cash basis.
5. Unused appropriations for all the above annually budgeted funds lapse at year end.
6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

(h) Inventory

Inventory is stated at the lower of cost or market. Cost is determined primarily by the first-in, first-out method.

(i) Compensated absences

City employees earn vacation during the current year which must be taken in the subsequent year. For the proprietary funds, accrued vacation time is recognized as a liability when earned and any unused accumulated vacation is payable to employees upon termination. Accrued vacation is recorded in the respective proprietary fund type from which it will be paid. Unused sick leave benefits are paid to terminating employees at a rate of \$1.00 to \$2.00 per hour for the first 1,000 hours and \$3.00 to \$4.00 per hour in excess of 1,000 hours and are accrued accordingly. Retiring employees can elect to have up to 1,920 unused sick pay hours transferred to their pension, which will be paid out at the calculated pension rate.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 2: CASH AND INVESTMENTS**

**General Government & Business-Like Activities**

At April 30, 2015, the carrying amount of the City's deposits was \$29,022,465 and the bank balance was \$30,012,419. The deposits were comprised of interest checking, savings, federal government obligation funds and certificates of deposit. The City also maintains cash on hand of \$3,360.

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, 2015, all of the City's bank balance was either FDIC insured or collateralized. These amounts are reported in the financial statements as follows:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Federal Money Market Fund	Daily	\$ 5,101,300
Illinois Metropolitan Investment Fund	Daily	375,292
		<u>5,476,592</u>
Deposits from Above		29,022,465
Petty Cash		3,360
		<u>\$ 34,502,417</u>
<u>As Reported in the Financial Statements</u>		
Cash and Cash Equivalents		\$ 34,272,090
Investments		230,327
		<u>\$ 34,502,417</u>

The Illinois Metropolitan Investment Fund is a pooled investment that is operated as not-for-profit common law trust and is not registered with the SEC. The funds are monitored regularly through the State by internal and external audits. The goal of the fund is to provide liquidity and to maintain balances that are equal to the par value of the invested shares with no loss to market fluctuations. The fair value of the City's position in the pool is the same as the value of the pool shares.

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.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. As of April 30, 2015, the City's investment credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Illinois Metropolitan Investment Fund	--	Aaa

Concentration of Credit Risk. As of April 30, 2015, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2015, the City did not have foreign currency risk.

**Fire Pension**

At April 30, 2015, the carrying amount and the bank balance of the Fire Pension Fund's deposits was \$921,211. The deposits were comprised of an interest checking account and a money market account.

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

As of April 30, 2015, the Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Commercial Paper	6.31	\$ 3,122,907
U.S. Treasury Notes	3.77	5,999,207
Mutual Funds	--	2,451,825
Common Stock	--	<u>10,264,231</u>
		21,838,170
Deposits as reported above		<u>921,211</u>
Total deposits and investments		<u>\$ 22,759,381</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 921,211
Investments		<u>21,838,170</u>
		<u>\$ 22,759,381</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.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. As of April 30, 2015, the Fire Pension Fund did not have an investment credit risk.

Concentration of Credit Risk. As of April 30, 2015, the Fire Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2015, the Fire Pension Fund did not have foreign currency risk.

**Police Pension**

At April 30, 2015, the carrying amount and bank balance of the Police Pension Fund's deposits was \$957,880. The deposits were comprised of checking accounts, certificates of deposit and money market accounts.

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 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, 2015, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds	Daily	\$ 922,834
U.S. Treasury Notes	2.86	1,415,173
U.S. Treasury Strips	3.41	1,095,330
Commercial Paper	4.13	4,872,894
Government National Mortgage Association	25.37	1,841,095
Municipal and State Bonds	2.02	550,337
Federal Home Loan Mortgage Corporation	24.19	334,118
Federal National Mortgage Association	27.02	271,949
Federal Farm Credit Bank	5.61	497,500
Federal Home Loan Bank	6.29	271,056
Tennessee Valley Authority Coupons	4.94	397,362
Financing Corporation Strips	3.66	192,908
Mutual Funds	--	<u>19,746,627</u>
		32,409,183
Deposits as reported above		<u>957,880</u>
Total deposits and investments		<u>\$ 33,367,063</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 1,187,115
Investments		<u>32,179,948</u>
		<u>\$ 33,367,063</u>

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

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. As of April 30, 2015, the Police Pension Fund's investment credit ratings were as follows:

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Federal Farm Credit Bank	AA+	Aaa
Federal Home Loan Bank	AA+	Aaa
The Illinois Funds	AAAm	--
Des Plaines IL Bond	AA+	Aa2
Illinois State Bond	AA-	A3
Financing Corporation Strips	--	Aaa
Ford Motor Credit	A-3	Baa3
Hershey Company	A	A1
Anheuser Busch	A	A2
Berkshire Hathaway	AA	Aa2
Hewlett Packard Co	BBB+	Baa2
Chevron Corporation	AA	Aa1
IBM Corporation	AA-	Aa3

Concentration of Credit Risk. As of April 30, 2015, the Police Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2015, the Police Pension Fund has no foreign currency risk.

**NOTE 3: PROPERTY, PLANT AND EQUIPMENT**

The following summarizes property, plant and equipment, and related depreciation, held by the enterprise funds at April 30, 2015:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-type activities:</u>				
Construction in Progress	\$ 52,617,266	\$ 4,259,755	\$54,179,232	\$ 2,697,789
Land	1,104,046	-	-	1,104,046
Total not being depreciated	<u>53,721,312</u>	<u>4,259,755</u>	<u>54,179,232</u>	<u>3,801,835</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 4,649,641	\$ 54,179,231	\$ -	\$ 58,828,872
Distribution and collection systems	46,014,845	240,095	-	46,254,940
Vehicles and equipment	2,228,563	-	-	2,228,563
Total capital assets, being depreciated	<u>52,893,049</u>	<u>54,419,326</u>	<u>-</u>	<u>107,312,375</u>
Less accumulated depreciation for:				
Buildings and improvements	2,562,869	1,478,469	-	4,041,338
Distribution and collection systems	21,874,457	899,172	-	22,773,629
Vehicles and equipment	1,730,302	133,614	-	1,863,916
Total accumulated depreciation	<u>26,167,628</u>	<u>2,511,255</u>	<u>-</u>	<u>28,678,883</u>
Capital assets, net	<u>26,725,421</u>	<u>51,908,071</u>	<u>-</u>	<u>78,633,492</u>
Capital assets, total	<u>\$ 80,446,733</u>	<u>\$ 56,167,826</u>	<u>\$54,179,232</u>	<u>\$ 82,435,327</u>

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Depreciation expense charged to enterprise operations for the year ended April 30, 2015 was as follows:

Sewerage	<u>\$ 2,511,255</u>
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**NOTE 4: LONG-TERM DEBT**

The following is a summary of long-term debt of the City for the year ended April 30, 2015:

**Governmental Activities**

\$1,350,000 Special Service Area Bonds, Series 2006, interest ranging from 4.05% to 4.40%, payable January 1 and July 1, with principal payments on January 1 through 2027.	955,000
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\$16,350,000 Tax Increment Refunding Revenue Bonds, Series 2007A, interest ranging from 5.00% to 5.70%, interest and principal payable May 1 and November 1, through 2024.	15,005,000
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\$6,565,000 Taxable Business District Revenue Bonds, Series 2007B, interest at 7.875%, interest and principal payable May 1 and November 1, through 2021.	6,555,000
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\$204,454 General Obligation Refunding Bonds, Series 2009, interest ranging from 2.60% to 4.35% payable January 1 and July 1, with principal payments on January 1 through 2028. These bonds were issued to refund Series 2003 Bonds.	157,946
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\$5,000,000 General Obligation Bonds, Series 2011, interest ranging from 5.00% to 5.25% payable January 1 and July 1, with principal payments on January 1 through 2031.	5,000,000
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\$5,636,342 General Obligation Refunding Bonds, Series 2011B, interest ranging from 2.00% to 2.75% payable January 1 and July 1, with principal payments on January 1 through 2019. These bonds were issued to refund the entire Series 2004 General Bonds and a portion of the Series 2005 Project Bonds.	3,459,582
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\$16,150,000 SWIDA 2011A Local Government Program Revenue Bonds, dated October 27, 2011, interest ranging	
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CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

from 6.00% to 7.00%, interest and principal payable January 1 and July 1, through 2027. 15,175,000

\$1,560,000 SWIDA 2011B Local Government Program Revenue Bonds, dated October 27, 2011, interest of 8.75%. interest and principal payable January 1 and July 1, through 2026. 1,560,000

\$5,700,000 SWIDA 2011C Taxable Local Government Program Revenue Bonds, dated October 27, 2011, interest ranging from 7.125% to 9.250%, interest and principal payable January 1 and July 1, through 2022. 4,875,000

\$6,915,000 General Obligation Refunding Bonds, Series 2012, interest ranging from 1.10% to 2.50%, interest and principal payable January 1 and July 1, through 2026. These bonds were issued to refund a portion of the Series 2005 Project Bonds. 6,860,000

\$9,495,000 General Obligation Bonds, Series 2014, interest ranging from 3.0% to 4.0%, interest and principal payable January 1 and July 1, through 2035. 9,495,000

The annual requirement to retire governmental activities bonds outstanding as of April 30, 2015 is as follows:

Year Ending April 30,	Principal	Interest	Totals
2016	\$ 5,588,796	\$ 3,560,801	\$ 9,149,597
2017	3,961,020	3,439,153	7,400,173
2018	4,085,268	3,236,312	7,321,580
2019	4,470,499	2,958,660	7,429,159
2020	4,983,339	2,592,518	7,575,857
2021 - 2025	28,625,921	8,331,110	36,957,031
2026 - 2030	13,197,685	2,429,730	15,627,415
2031 - 2035	4,185,000	407,925	4,592,925
	<u>\$ 69,097,528</u>	<u>\$ 26,956,209</u>	<u>\$ 96,053,737</u>

Note Payable and Capital Leases

\$625,110 capital lease, Commerce Bank, N.A., dated July 19, 2012, for one new fire truck, secured by the equipment, bears interest at 2.55%; annual principal and interest payments of \$56,061 are due through July 2022. 400,600

\$305,764 capital lease, Commerce Bank, N.A., dated February 11, 2013, for two sanitation trucks, secured by the equipment, bears interest at 1.97%; semi-annual

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

principal and interest payments of \$52,224 are due through August 2015. 51,712

\$393,006 capital lease, Commerce Bank, N.A., dated February 11, 2013, for M360 Energy Improvements, secured by the equipment, bears interest at 3.278%; semi-annual principal and interest payments of \$19,910 are due through January 2025. 336,826

\$32,833 capital lease, Caterpillar Financial Services Corp., dated February 20, 2014, for one caterpillar, secured by the equipment, bears interest at 2.98%; annual principal and interest payments of \$6,958 are due through January 2019. 25,875

The City is obligated under notes and capital leases considered to be equivalent to an installment purchase. Future minimum lease payments under the capital leases as of April 30, 2015 are as follows:

Year Ending April 30,	Principal	Interest	Totals
2016	\$ 138,937	\$ 23,084	\$ 162,021
2017	83,371	19,468	102,839
2018	85,772	17,067	102,839
2019	81,285	14,597	95,882
2020	83,620	12,261	95,881
2021 - 2025	<u>342,028</u>	<u>25,256</u>	<u>367,284</u>
	<u>\$ 815,013</u>	<u>\$ 111,733</u>	<u>\$ 926,746</u>

**Proprietary Fund Debt**

General Obligation Bonds

\$3,180,546 2009 General Obligation Refunding Bonds, dated December 1, 2009, interest ranging from 2.60% to 4.35% payable January 1 and July 1, with principal payments on January 1 through 2028. 2,457,054

\$3,033,658 General Obligation Refunding Bonds, Series 2011, interest at 2.00% to 2.25% payable January 1 and July 1, with principal payments on January 1 through 2017. These bonds were issued to refund the Series 2004 General Obligation Bonds. 1,260,418

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual requirement to retire business-type bonds outstanding as of April 30, 2015 is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2016	\$ 781,204	\$ 119,013	\$ 900,217
2017	793,980	102,464	896,444
2018	159,732	83,401	243,133
2019	164,430	78,450	242,880
2020	173,826	72,859	246,685
2021-2025	963,090	262,593	1,225,683
2026-2028	<u>681,210</u>	<u>58,985</u>	<u>740,195</u>
	<u>\$ 3,717,472</u>	<u>\$ 777,765</u>	<u>\$ 4,495,237</u>

Notes Payable

\$646,129 note payable to Illinois Environmental Protection Agency for construction of Belle Valley sewer interceptor, bears interest at 2.815%, semi-annual principal and interest payments of \$21,886 are due through October 2015. \$ 21,601

\$1,231,194 note payable to Illinois Environmental Protection Agency for construction of the sewer plant facility, bears interest at 2.89%, semi-annual principal and interest payments of \$41,517 are due through April 2017. 155,079

\$403,660 note payable to Illinois Environmental Protection Agency for construction of a lift station bears interest at 2.89%, semi-annual principal and interest payments of \$13,612 are due through May 2017. 65,205

\$346,259 note payable to Illinois Environmental Protection Agency for construction of a swirl concentrator on the combined sewer overflow at the 88th Street lift station, bearing interest at a rate of 2.625%, semi-annual principal and interest payments of \$11,401 are due through April 2019. 86,046

\$144,490 note payable to Illinois Environmental Protection Agency for the sewer system lining, bearing interest at the rate of 2.625%, semi-annual principal and interest payments of \$4,757 are due through November 2018. 35,906

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

\$17,682,292 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 1.25%, semi-annual principal and interest payments of \$500,987 are due through January 2032. 15,302,541

\$17,720,902 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 1.25%, semi-annual principal and interest payments of \$502,081 are due through June 2033. 16,539,573

\$3,393,364 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 2.295%, semi-annual principal and interest payments are due through March 2034. 3,393,364

\$7,566,251 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 2.295%, semi-annual principal and interest payments are due through June 2033. 7,436,266

\$2,593,590 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 1.995%, semi-annual principal and interest payments are due through May 2035. Repayment has not begun as the IEPA has not distributed the full loan amount. Interest is being accrued until repayment begins. 1,775,471

The annual requirement to retire business-type activities notes outstanding as of April 30, 2015 is as follows:

Year Ending April 30,	Principal	Interest	Totals
2016	\$ 2,248,761	\$ 673,818	\$ 2,922,579
2017	2,301,709	647,868	2,949,577
2018	2,246,432	611,963	2,858,395
2019	2,267,002	577,782	2,844,784
2020	2,269,025	543,442	2,812,467
2021-2025	11,870,373	2,191,967	14,062,340
2026-2030	12,800,507	1,261,833	14,062,340
2031-2035	8,753,411	310,453	9,063,864
2036	<u>53,832</u>	<u>535</u>	<u>54,367</u>
	<u>\$ 44,811,052</u>	<u>\$ 6,819,661</u>	<u>\$ 51,630,713</u>

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The overall debt activity of the City for the year ended April 30, 2015 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b><u>Governmental Activities:</u></b>					
Bonds Payable	\$ 61,881,641	\$ 9,495,000	\$ 2,279,113	\$ 69,097,528	\$ 5,588,796
Note Payable	99,950	-	99,950	-	-
Leases Payable	994,594	25,875	205,456	815,013	138,937
	<u>\$ 62,976,185</u>	<u>\$ 9,520,875</u>	<u>\$ 2,584,519</u>	<u>\$ 69,912,541</u>	<u>\$ 5,727,733</u>
<b><u>Business-type Activities:</u></b>					
Bonds Payable	\$ 4,473,359	\$ -	\$ 755,887	\$ 3,717,472	\$ 781,204
Notes Payable	42,451,419	4,170,578	1,810,945	44,811,052	2,248,761
	<u>\$ 46,924,778</u>	<u>\$ 4,170,578</u>	<u>\$ 2,566,832</u>	<u>\$ 48,528,524</u>	<u>\$ 3,029,965</u>

**NOTE 5: PENSION AND RETIREMENT PLANS**

**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 employer plan is affiliated with the Illinois Municipal Retirement Fund (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). The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*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 annual required contribution rate for calendar year 2014 was 12.87 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required contribution for calendar year 2014 was \$1,162,001.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Three-Year Trend Information for IMRF**

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
4/30/2015	\$ 1,171,927	99%	\$ 616,944
4/30/2014	1,145,910	95%	605,357
4/30/2013	1,100,409	89%	548,782

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012 included (a) 7.50% 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 increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets 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 unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress.* As of December 31, 2014, the most recent actuarial valuation date, the plan was 76.59 percent funded. The actuarial accrued liability for benefits was \$27,102,610 and the actuarial value of assets was \$20,758,687, resulting in an underfunded actuarial accrued liability (UAAL) of \$6,343,923. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$9,028,754 and the ratio of the UAAL to the covered payroll was 70 percent.

The schedule of funding progress, presented as 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.

**Police Pension Fund**

a) Plan Description

Plan Administration. The Board consists of one member appointed by the City, two active members of the police department elected by the membership, and two retired members of the police department elected by the membership.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Plan Membership as of April 30, 2015:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	66
Active Plan Members	<u>85</u>
Total	<u>151</u>

Benefits Provided.

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of Credited Service. Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.5% of annual salary for each year over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,000 per month. Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Cost of Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Tier 2: An annual increase each January 1 equal to 3.00 per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the twelve months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees. Benefit: A maximum of: a.) 65% of salary attached to the rank held by the member on last day of service, and; b.) The monthly retirement pension that the member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by member on last day of service.

Pre-Retirement Death Benefit:

Service Incurred: 100% of salary attached to rank held by member on last day of service. Non-Service Incurred: A maximum of: a.) 50% of salary attached to the rank held by member on last day of service, and; b.) The monthly retirement pension earned by the

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

deceased member at time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Vesting (Termination):

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination times creditable service.

Contributions:

Employee: 9.91% of Salary. City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability over a period ending in 2040.

b) Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	37.5%
Equities	60.0%
Cash	<u>2.5%</u>
Total	<u>100.0%</u>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended April 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 6.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2014 were as follows:

Total Pension Liability	\$ 57,751,833
Plan Fiduciary Net Position	<u>(33,656,359)</u>
Net Pension Liability	<u>\$ 24,095,474</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	58.28%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2014 using the following actuarial assumptions.

Inflation	0.00%
Salary Increases	4.00%
Investment Rate of Return	7.00%
Active and Non-Active Mortality Rate: RP-2000 Combined Healthy Mortality with a Blue Collar Adjustment	

The long-term expected rate of return on pension plan investments was determined by the historical return for which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of April 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	5.36%
Equities	9.84%
Cash	3.53%

Discount Rate:

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. The Net Pension Liability was not calculated using rates that are 1% higher and lower to display volatility of the liability based on rates.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**Firemen's Pension Fund**

a) Plan Description

Plan Administration. The Board consists of one member appointed by the City, two active members of the fire department elected by the membership, and two retired members of the fire department elected by the membership.

Plan Membership as of April 30, 2015:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	71
Active Plan Members	<u>62</u>
Total	<u>133</u>

Benefits Provided:

The Plan provides retirement, termination, disability, and death benefits.

Normal Retirement:

Tier 1: Age 50 and 20 years of Credited Service. Tier 2: Age 55 with 10 years of Credited Service. Benefit: Tier 1: 50% of annual salary attached to rank on last day of service plus 2.5% of annual salary for each year over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is \$1,159.27 per month. Tier 2: 2.50% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary.

Cost of Living Adjustment:

Tier 1 Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55. Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00 of the original benefit amount for each year since benefit commencement upon reaching age 60. Tier 2: An annual increase each January 1 equal to 3.00 per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the twelve months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Disability Benefit:

Eligibility: Total and permanent as determined by the Board of Trustees. Seven years of service required for non-service connected

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

disability. Benefit: A maximum of: a.) 65% of salary attached to the rank held by the member on last day of service, and; b.) The monthly retirement pension that the member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by member on last day of service.

**Pre-Retirement Death Benefit:**

Service Incurred: 100% of salary attached to rank held by member on last day of service. Non-Service Incurred: A maximum of: a.) 54% of salary attached to the rank held by member on last day of service, and; b.) The monthly retirement pension earned by the deceased member at time of death, regardless of whether death occurs before or after age 50.

**Vesting (Termination):**

Less than 10 years: Refund of Member Contributions.

10 or more years: Either the termination benefit, payable upon reaching age 60, provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is based on the monthly salary attached to the Member's rank at separation from service. The following schedule applies:

<u>Service</u>	<u>% of Salary</u>
10	15.0%
11	17.6%
12	20.4%
13	23.4%
14	26.6%
15	30.0%
16	33.6%
17	37.4%
18	41.4%
19	45.6%

**Contributions:**

Employee: 9.455% of Salary. City: Remaining amount necessary for payment of Normal (current year's) Cost and amortization of the accrued past service liability by December 31, 2040.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

b) Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Equity	36%
Small/Mid Cap Equity	13%
International Equity	11%
US Fixed Income	<u>40%</u>
Total	<u>100%</u>

Concentrations:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Rate of Return:

For the year ended April 30, 2015, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 6.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

c) Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on April 30, 2014 were as follows:

Total Pension Liability	\$ 49,888,467
Plan Fiduciary Net Position	<u>(23,987,056)</u>
Net Pension Liability	<u>\$ 25,901,411</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	48.08%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2014 using the following actuarial assumptions.

Inflation	0.00%
Salary Increases	3.50%
Investment Rate of Return	7.00%
Active and Non-Active Mortality Rate: RP-2000 Combined Healthy Mortality with a Blue Collar Adjustment	

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined by the historical return for which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of April 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Equity	8.15%
Small/Mid Cap Equity	9.10%
International Equity	8.80%
US Fixed Income	2.60%

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. The Net Pension Liability was not calculated using rates that are 1% higher and lower to display volatility of the liability based on rates.

**NOTE 6: REDEVELOPMENT AGREEMENTS**

The City entered into two redevelopment agreements to develop areas within tax increment financing boundaries. The City and the developers entered into agreements by which the developer would incur reimbursable costs which would be submitted for payment through Tax Increment Finance Notes. The debt would then be retired with tax revenues generated from the increase in values of the developed properties. The notes are payable solely from the new revenues and do not constitute a debt of the City.

The City made payments to reduce the principal amount of the Tax Increment Financing notes for the Reunion Development Project agreement by \$95,545 during the year ended April 30, 2015. These payments are being reported as development expense in the financial statements. The note balances related to this project in the amounts of \$6,804,379, \$6,804,379, \$2,799,434, and \$2,799,434 are still outstanding and not reflected in the debt of the City as of April 30, 2015.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The City also entered into a redevelopment agreement to develop areas within the Parkway North Business District. The City and the developer entered into an agreement by which the developer would incur reimbursable costs which would be submitted for payment through Temporary Notes. The debt would be retired with tax revenues generated from sales tax revenues and business district tax revenues in the project area. The Temporary Notes are payable solely from the new revenues and are not reflected in the long-term debt of the City. Principal reductions during the year ending April 30, 2015 amounted to \$39,710 and were reported as development expense. The balance of the Temporary Notes as of April 30, 2015 is \$1,017,437.

**NOTE 7: RECEIVABLES**

Accounts receivable for the City, as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows as of April 30, 2015:

	<u>General</u>	<u>Other Major Funds</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Unbilled Revenue	\$ -	\$ -	\$ 424,039	\$ -	\$ 424,039
Notes	-	63,332	-	-	63,332
Accounts	-	-	991,390	-	991,390
Gross Receivables	-	63,332	1,415,429	-	1,478,761
Less: Allowance for uncollectible	-	-	132,150	-	132,150
Net Total Receivables	<u>\$ -</u>	<u>\$ 63,332</u>	<u>\$ 1,283,279</u>	<u>\$ -</u>	<u>\$ 1,346,611</u>

**NOTE 8: SELF INSURANCE**

On May 1, 2007, the City adopted a self-insured group health insurance program, which is administered by a service agent. The Insurance Fund is responsible for collecting interfund premiums for covered employees and retirees, paying benefit claims and administrative expenses, and purchasing certain insurance policies. Medical claims exceeding a Specific Stop Loss or a maximum annual aggregate deductible are covered through a private insurance carrier. Fund revenues are received as contribution premiums from other funds and are planned to match the total of expenses of insurance premiums for coverage obtained, claims resulting from the self-insurance program and administrative expenses.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**NOTE 9: INTERFUND TRANSFERS**

The following is a summary of interfund transfers for the year ended April 30, 2015:

General Fund Transfer From (To):	
Motor Fuel Tax Fund	\$ 300,000
Tax Increment Financing Fund	1,330,998
Tax Increment Financing Fund Transfer (To):	
General Fund	(1,330,998)
Sewerage Fund	(1,175,000)
TIF Debt Service Fund	(254,300)
PD Project Debt Service Fund	(685,392)
TIF Debt Service Fund Transfer From:	
Tax Increment Financing Fund	254,300
PD Project Debt Service Fund Transfer From:	
Tax Increment Financing Fund	685,392
Motor Fuel Tax Fund Transfer (To):	
General Fund	(300,000)
Sewerage Fund Transfer From:	
Tax Increment Financing Fund	<u>1,175,000</u>
	<u>\$ -</u>

The City makes transfers between funds to reimburse expenses paid from one fund that are related to or allocable to another fund.

**NOTE 10: INTERFUND RECEIVABLES AND PAYABLES**

The following is a schedule of interfund receivables and payables for the year ending April 30, 2015.

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 634,958	\$ -
Insurance Fund	<u>-</u>	<u>634,958</u>
Totals	<u>\$ 634,958</u>	<u>\$ 634,958</u>

**NOTE 11: POSTEMPLOYMENT HEALTHCARE PLAN**

*Plan Description.* The City maintains a single-employer defined benefit healthcare plan available for retirees. The City provides pre and post Medicare post-retirement healthcare benefits to all retirees who worked for the City, were enrolled in one of the City's healthcare plans at the time of employment, and receive a pension from the City through IMRF, the Police Pension Fund or the Firefighter's Pension Fund. The various eligibility requirements vary with the type of retirement plan the employee was associated with. The City does not issue a separate report related to post-retirement healthcare benefits.

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

*Funding Policy.* The contribution requirements are as determined by the contracts with City employees and are funded as a pay-as-you-go basis.

*Annual OPEB Cost and Net OPEB Obligation.* The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following shows the components of the annual OPEB for the year, the actual amount contributed to the plan, and the change in the OPEB obligation.

Annual required contribution	\$ 1,091,573
Interest on OPEB obligation	135,956
Adjustment to ARC	<u>(113,540)</u>
Annual OPEB cost	1,113,989
Contributions made	<u>(476,736)</u>
Increase in OPEB	637,253
Net OPEB – Beg of Year	<u>2,719,111</u>
Net OPEB – End of Year	<u>\$ 3,356,364</u>

The City's annual OPEB costs, the percentages of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 are as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
04/30/15	\$1,113,989	42.80%	\$3,356,364
04/30/14	1,108,456	39.46%	2,719,111
04/30/13	1,064,575	43.81%	2,048,027

*Funding Status and Funding Progress.* As of May 1, 2015, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability is \$13,410,157. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$18,432,075 and the ratio of the UAAL to the covered payroll was 72.8 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required

CITY OF BELLEVILLE, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to the point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0 percent for 2015, reduced by decrements to an ultimate rate of 5.0 percent after five years. These rates include a 3.5 percent salary progression assumption. The UAAL is being amortized as a level percentage of pay over 30 years.

**NOTE 12: FOREIGN FIRE INSURANCE**

The City's fire department maintains a bank account that provides for the receipts and expenditures related to foreign fire insurance funds. The balance in this bank account is \$106,148 as of April 30, 2015. Current year receipts from foreign fire insurance are \$73,378 and the current year expenditures were \$109,372. These funds were used for the maintenance, use and benefit of the department.

**NOTE 13: SUBSEQUENT EVENT**

The City has evaluated events occurring after the financial statement date through September 30, 2015 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

The City issued General Obligation Bonds, Series 2015 on August 12, 2015 for \$8,500,000 to fund the remaining amount needed to finish the new Police Department building.

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
<b>Receipts:</b>			
Local Taxes:			
Utility	\$ 3,360,000	\$ 3,360,000	\$ 3,375,429
Total Taxes	<u>3,360,000</u>	<u>3,360,000</u>	<u>3,375,429</u>
<b>Licenses, Permits and Fees:</b>			
Liquor Licenses	80,300	80,300	76,685
Franchise Fees	725,000	725,000	749,910
Business Licenses	50,000	50,000	46,046
Building Permits	120,000	120,000	100,233
Electrical Permits	29,300	29,300	27,485
Other Permits	22,800	22,800	22,285
Occupancy Permits	157,000	157,000	154,300
Housing Inspection Permits	328,000	328,000	345,030
Fire Inspection Fees	66,000	66,000	63,601
Other Fees	65,700	65,700	52,998
Total Licenses and Permits	<u>1,644,100</u>	<u>1,644,100</u>	<u>1,638,573</u>
<b>Intergovernmental:</b>			
State Income Tax	4,280,000	4,280,000	4,319,054
Sales Tax	8,588,000	8,588,000	8,489,317
Local Use Tax	780,000	780,000	856,514
Personal Property Replacement Tax	265,000	265,000	264,385
Grants	100,000	100,000	64,469
Gaming Tax	130,000	130,000	172,759
Telecommunications Tax	1,600,000	1,600,000	1,222,349
Total Intergovernmental	<u>15,743,000</u>	<u>15,743,000</u>	<u>15,388,847</u>
<b>Charges for Services:</b>			
Trash Disposal Charges	3,105,000	3,105,000	3,008,040
Cemetery Fees	52,500	52,500	57,071
Rent/Lease	93,206	93,206	121,830
Total Charges for Services	<u>3,250,706</u>	<u>3,250,706</u>	<u>3,186,941</u>
<b>Fines and Forfeitures:</b>			
Police and Circuit Clerk Fines	562,850	562,850	596,089
Total Fines and Forfeitures	<u>562,850</u>	<u>562,850</u>	<u>596,089</u>
Interest	<u>7,805</u>	<u>7,805</u>	<u>4,936</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts (continued):			
Miscellaneous:			
Donations	16,005	16,005	3,096
Departmental Reimbursement	551,600	551,600	388,450
Other	43,100	43,100	39,645
Total Miscellaneous	<u>610,705</u>	<u>610,705</u>	<u>431,191</u>
Total Receipts	<u>\$ 25,179,166</u>	<u>\$ 25,179,166</u>	<u>\$ 24,622,006</u>
Disbursements:			
General Government:			
Administrative:			
Personal Services	\$ 682,900	\$ 662,900	\$ 657,844
Contractual Services	1,229,953	1,207,553	1,189,939
Commodities	22,200	22,200	21,466
Capital Outlay	5,000	333,000	330,962
Debt Service	288,207	292,607	291,457
Other	116,000	104,600	99,257
Total Administrative	<u>2,344,260</u>	<u>2,622,860</u>	<u>2,590,925</u>
Legal:			
Personal Services	168,700	168,700	168,071
Contractual Services	75,400	166,500	159,914
Total Legal	<u>244,100</u>	<u>335,200</u>	<u>327,985</u>
Health and Housing:			
Personal Services	715,300	739,300	736,872
Contractual Services	100,359	76,359	63,950
Commodities	22,000	22,000	16,207
Capital Outlay	1,350	1,350	-
Total Health and Housing	<u>839,009</u>	<u>839,009</u>	<u>817,029</u>
Mayor's Office:			
Personal Services	195,100	195,100	188,781
Contractual Services	5,850	5,850	5,259
Commodities	4,000	4,000	3,281
Total Mayor's Office	<u>204,950</u>	<u>204,950</u>	<u>197,321</u>
Finance:			
Personal Services	178,300	178,300	177,110
Contractual Services	1,950	1,950	1,131
Commodities	1,100	1,100	697
Total Finance	<u>181,350</u>	<u>181,350</u>	<u>178,938</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (continued):			
Human Resources:			
Personal Services	148,000	148,000	147,340
Contractual Services	36,500	36,500	30,501
Commodities	800	800	71
	<u>185,300</u>	<u>185,300</u>	<u>177,912</u>
City Clerk:			
Personal Services	289,100	279,600	275,622
Contractual Services	11,300	13,800	11,103
Commodities	3,000	3,000	2,370
Capital Outlay	2,000	2,000	492
	<u>305,400</u>	<u>298,400</u>	<u>289,587</u>
Treasurer:			
Personal Services	\$ 141,600	\$ 141,600	\$ 133,724
Contractual Services	8,325	8,325	5,105
Commodities	2,500	2,500	1,289
Capital Outlay	850	1,725	922
	<u>153,275</u>	<u>154,150</u>	<u>141,040</u>
Maintenance:			
Personal Services	512,700	521,700	521,216
Contractual Services	136,046	136,046	97,660
Commodities	26,200	26,200	19,300
Capital Outlay	1,250	1,250	745
	<u>676,196</u>	<u>685,196</u>	<u>638,921</u>
Total General Government	<u>5,133,840</u>	<u>5,506,415</u>	<u>5,359,658</u>
Public Safety:			
Police Department:			
Personal Services	8,417,750	8,395,650	8,375,767
Contractual Services	710,975	686,975	679,813
Commodities	343,745	344,245	263,446
Capital Outlay	212,950	297,950	240,277
Other	35,420	35,420	32,419
	<u>9,720,840</u>	<u>9,760,240</u>	<u>9,591,722</u>
Fire Department:			
Personal Services	5,422,598	5,667,698	5,663,477
Contractual Services	544,160	519,160	515,688
Commodities	91,500	91,500	87,010
Capital Outlay	24,500	25,000	24,965
Other	4,300	6,484	5,952
	<u>6,087,058</u>	<u>6,309,842</u>	<u>6,297,092</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (continued):			
Public Safety:			
Board of Police and Fire Commissioners:			
Contractual Services	<u>7,000</u>	<u>7,000</u>	<u>3,865</u>
	<u>7,000</u>	<u>7,000</u>	<u>3,865</u>
Total Public Safety	<u>15,814,898</u>	<u>16,077,082</u>	<u>15,892,679</u>
Public Works:			
Personal Services	\$ 1,357,000	\$ 1,372,200	\$ 1,359,656
Contractual Services	288,430	229,230	215,521
Commodities	<u>260,000</u>	<u>245,000</u>	<u>195,235</u>
Total Public Works	<u>1,905,430</u>	<u>1,846,430</u>	<u>1,770,412</u>
Parks and Recreation:			
Personal Services	510,089	510,089	458,777
Contractual Services	239,422	232,822	206,893
Commodities	154,200	154,200	121,699
Capital Outlay	<u>84,200</u>	<u>84,200</u>	<u>83,918</u>
Total Parks and Recreation	<u>987,911</u>	<u>981,311</u>	<u>871,287</u>
Health and Sanitation:			
Personal Services	1,101,000	1,085,800	1,063,932
Contractual Services	977,404	996,404	977,131
Commodities	<u>303,300</u>	<u>318,300</u>	<u>313,904</u>
Total Health and Sanitation	<u>2,381,704</u>	<u>2,400,504</u>	<u>2,354,967</u>
Cemetery:			
Personal Services	235,700	235,700	203,615
Contractual Services	30,808	29,408	20,554
Commodities	<u>25,900</u>	<u>25,900</u>	<u>24,036</u>
Total Cemetery	<u>292,408</u>	<u>291,008</u>	<u>248,205</u>
Engineering:			
Personal Services	250,600	241,600	225,468
Contractual Services	24,100	24,100	11,949
Commodities	9,250	9,250	5,252
Capital Outlay	<u>1,500</u>	<u>1,500</u>	<u>1,369</u>
Total Engineering	<u>285,450</u>	<u>276,450</u>	<u>244,038</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
FOR THE YEAR ENDED APRIL 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (continued):			
Planning & Economic Development:			
Personal Services	241,650	241,650	212,620
Contractual Services	66,410	66,410	37,080
Commodities	6,000	6,000	1,519
Total Planning & Economic Development	<u>314,060</u>	<u>314,060</u>	<u>251,219</u>
 Total Disbursements	 <u>\$ 27,115,701</u>	 <u>\$ 27,693,260</u>	 <u>\$ 26,992,465</u>
 Excess (Deficiency) of Receipts Over Disbursements	 <u>(1,936,535)</u>	 <u>(2,514,094)</u>	 <u>(2,370,459)</u>
 Other Financing Sources:			
Proceeds From Debt	-	-	25,875
Proceeds From Fixed Asset Sales	5,000	5,000	224,047
Transfers In	1,945,998	1,945,998	1,630,998
 Excess of Receipts and Other Financing Sources Over Disbursements	 <u>\$ 14,463</u>	 <u>\$ (563,096)</u>	 <u>(489,539)</u>
 Change for reporting on modified accrual basis:			
No change for Modified Cash Basis			<u>-</u>
 As reported on the Statement of Revenues and Expenditures Arising from Modified Cash Basis Transactions			 <u>\$ (489,539)</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)  
 TAX INCREMENT FINANCING FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Property Tax	\$ 16,173,900	\$ 16,173,900	\$ 14,958,046
Intergovernmental	3,736,946	3,736,946	2,804,560
Interest	15,970	15,970	17,377
Miscellaneous	50,000	50,000	63,435
Total Receipts	19,976,816	19,976,816	17,843,418
Disbursements:			
Current:			
Development:			
Contractual Services	1,805,177	1,906,177	56,436
Tax District Reimbursements and Rebates	7,552,500	7,536,500	6,868,290
Capital Outlay	6,533,510	6,907,960	3,696,179
Debt Service	4,975,000	5,375,000	5,119,365
Total Disbursements	20,866,187	21,725,637	15,740,270
Excess (Deficiency) of Receipts Over Disbursements	(889,371)	(1,748,821)	2,103,148
Other Financing Sources:			
Transfers In	175,000	175,000	-
Transfers Out	(2,860,299)	(2,860,299)	(3,445,690)
Proceeds from Fixed Asset Sale	-	-	22,718
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	\$ (3,574,670)	\$ (4,434,120)	(1,319,824)
Change for reporting on modified accrual basis:			
No change for modified cash basis			-
As reported on the Statement of Revenues and Expenditures Arising from Modified Cash Basis Transactions			\$ (1,319,824)

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)  
 PD PROJECT CONSTRUCTION FUND  
 FOR THE YEAR ENDED APRIL 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Investment Earnings	\$ -	\$ -	\$ 2,562
Total Receipts	<u>-</u>	<u>-</u>	<u>2,562</u>
Disbursements:			
Capital Outlay	-	9,863,000	3,526,673
Debt Service	-	137,000	124,430
Total Disbursements	<u>-</u>	<u>10,000,000</u>	<u>3,651,103</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>-</u>	<u>(10,000,000)</u>	<u>(3,648,541)</u>
Other Financing Sources:			
Proceeds from Bond	-	-	9,998,484
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ -</u>	<u>\$ (10,000,000)</u>	6,349,943
Change for reporting on modified accrual basis:			
No change for modified cash basis			-
As reported on the Statement of Revenues and Expenditures Arising from Modified Cash Basis Transactions			<u>\$ 6,349,943</u>

**CITY OF BELLEVILLE, ILLINOIS**

POLICE PENSION FUND  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
APRIL 30, 2015

Total Pension Liability:

Service Cost	\$ 3,106,597
Interest	1,890,952
Contributions - Buy Back	-
Benefit payments, including refunds	<u>(2,910,559)</u>
Net change in total pension liability	2,086,990
Total pension liability - beginning	<u>55,664,843</u>
Total pension liability - ending	<u>\$ 57,751,833</u>

Plan Fiduciary Net Position

Contributions - employer	2,376,374
Contributions - employee	519,223
Contributions - Buy Back	-
Net investment income	2,618,865
Benefit payments, including refunds	(2,910,559)
Administrative	<u>(40,890)</u>
Net change in plan fiduciary net position	2,563,013
Plan fiduciary net position - beginning	<u>31,093,346</u>
Plan fiduciary net position - ending	<u>\$ 33,656,359</u>

Net Pension Liability \$ 24,095,474

Plan fiduciary net position as a percentage of  
the total pension liability 58.28%

Covered-employee Payroll \$ 5,404,735

Net position liability as a percentage of  
covered-employee payroll 445.82%

**CITY OF BELLEVILLE, ILLINOIS**

POLICE PENSION FUND  
SCHEDULE OF CONTRIBUTIONS  
APRIL 30, 2015

Actuarial Determined Contribution	\$ 2,103,342
Contributions in relation to actuarial determined contribution	<u>2,376,374</u>
Contribution deficiency (excess)	<u>\$ (273,032)</u>
Covered-employee Payroll	<u>\$ 5,404,735</u>
Contributions as a percentage of covered-employee payroll	<u>43.97%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is April 30, 2014.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	26 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	7.00%
Payroll Growth	4.00%
Cost of Living	0.00%

**CITY OF BELLEVILLE, ILLINOIS**

POLICE PENSION FUND  
SCHEDULE OF INVESTMENT RETURNS  
APRIL 30, 2015

Annual money-weighted rate of return,  
net of investment expense

2015	6.14%
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CITY OF BELLEVILLE, ILLINOIS

FIREMEN'S PENSION FUND  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
APRIL 30, 2015

Total Pension Liability:

Service Cost	\$ 7,513,877
Interest	(1,234,152)
Contributions - Buy Back	-
Benefit payments, including refunds	<u>(2,844,232)</u>
Net change in total pension liability	3,435,493
Total pension liability - beginning	<u>46,452,974</u>
Total pension liability - ending	<u>\$ 49,888,467</u>

Plan Fiduciary Net Position

Contributions - employer	2,269,406
Contributions - employee	386,322
Contributions - Buy Back	-
Net investment income	2,149,467
Benefit payments, including refunds	(2,844,232)
Administrative	<u>(26,061)</u>
Net change in plan fiduciary net position	1,934,902
Plan fiduciary net position - beginning	<u>22,052,154</u>
Plan fiduciary net position - ending	<u>\$ 23,987,056</u>

Net Pension Liability \$ 25,901,411

Plan fiduciary net position as a percentage of  
the total pension liability 48.08%

Covered-employee Payroll \$ 4,018,080

Net position liability as a percentage of  
covered-employee payroll 644.62%

**CITY OF BELLEVILLE, ILLINOIS**

FIREMEN'S PENSION FUND  
SCHEDULE OF CONTRIBUTIONS  
APRIL 30, 2015

Actuarial Determined Contribution	\$ 2,505,763
Contributions in relation to actuarial determined contribution	<u>2,602,491</u>
Contribution deficiency (excess)	<u>\$ (96,728)</u>
Covered-employee Payroll	<u>\$ 4,018,080</u>
Contributions as a percentage of covered-employee payroll	<u>64.77%</u>

Actuarial valuations are performed as of April 30 of each year with the related contributions to be made in the following year. Actuarial valuation date for above is April 30, 2014.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	26 years
Asset Valuation Method:	Gains and losses recognized over a five year period

Actuarial Assumptions:	
Interest Rate (current and prior)	7.00%
Payroll Growth	3.50%
Cost of Living	0.00%

**CITY OF BELLEVILLE, ILLINOIS**

FIREMEN'S PENSION FUND  
SCHEDULE OF INVESTMENT RETURNS  
APRIL 30, 2015

Annual money-weighted rate of return,  
net of investment expense

2015	6.21%
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**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
APRIL 30, 2015

	Calendar Year					
	2014	2013	2012	2011	2010	2009
Actuarial Value of Assets	\$ 20,758,687	\$ 19,431,602	\$ 18,887,579	\$ 18,766,244	\$ 18,078,622	\$ 18,138,408
Actuarial Accrued Liability (AAL)	27,102,610	25,571,778	25,865,388	25,232,428	24,403,938	23,374,459
Unfunded AAL (UAAL)	6,343,923	6,140,176	6,977,809	6,466,184	6,325,316	5,236,051
Funded Ratio	76.59%	75.99%	73.02%	74.37%	74.08%	77.60%
Covered Payroll	9,028,754	8,790,440	8,510,862	8,263,777	8,741,518	8,384,000
UAAL as a % of Covered Payroll	70.26%	69.85%	81.99%	78.25%	72.36%	62.45%
Employer Contributions:						
Required	1,162,001	1,120,781	1,059,602	981,737	1,007,023	687,488
Made	1,162,001	1,054,853	928,535	819,767	788,485	687,488
Percentage of Employer Contributions						
Made to Required Contributions	100.00%	94.00%	88.00%	84.00%	78.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$25,105,193.

On a market basis, the funded ratio would be 92.63 percent.

The actuarial valuations presented are prepared by the Illinois Municipal Retirement Fund using the following parameters:

Actuarial Cost Method:	Entry Age Normal Actuarial Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	Open 29 Years
Asset Valuation Method:	Techniques that smooth the effects of short term volatility over a five year period.
Actuarial Assumptions:	
Interest Rate	7.5 %
Salary Progression	4.4 - 14.0 %
Cost of Living Adjustments	3.0 %

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF POST-EMPLOYMENT HEALTHCARE  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
APRIL 30, 2015

	Fiscal Year					
	2015	2014	2013	2012	2011	2010
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	13,410,157	12,649,505	13,085,224	12,357,232	10,491,002	9,940,095
Unfunded AAL (UAAL)	13,410,157	12,649,505	13,085,224	12,357,232	10,491,002	9,940,095
Funded Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	18,432,075	17,808,768	16,829,778	16,260,655	16,250,408	15,700,877
UAAL as a % of Covered Payroll	72.75%	71.03%	77.75%	75.99%	64.56%	63.30%
Employer Contributions:						
Required	1,113,989	1,108,456	1,064,575	1,059,370	884,989	846,794
Made	476,736	437,372	466,394	427,884	379,748	533,635
Percentage of Employer Contributions						
Made to Required Contributions	42.80%	39.46%	43.81%	40.39%	42.91%	63.02%

The actuarial valuations presented are prepared for the post-retirement healthcare benefits using the following parameters:

Actuarial Cost Method:	Entry Age Normal Actuarial Cost
Amortization Method:	Level Percentage of Pay
Remaining Amortization Period:	30 years
Actuarial Assumptions:	
Discount Rate	5.00%
Wage Inflation	3.50%
Healthcare Trend	9.00% initially with a reduction to 5% after five years

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
 NONMAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2015

	Total Special Revenue	Special Service Area	Debt Service			Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Governmental Funds	
			2011 Bond Fund	TIF	PD Project				Total
<u>Assets</u>									
Cash and Cash Equivalents	\$ 2,531,134	\$ 250,063	\$ 1,188,493	\$ 255,828	\$ 685,654	\$ 2,380,038	\$ 25,127	\$ 7,830	\$ 4,944,129
Investments	-	-	-	-	-	-	-	230,327	230,327
Land	-	-	-	-	-	-	-	33,750	33,750
Total Assets	<u>\$ 2,531,134</u>	<u>\$ 250,063</u>	<u>\$ 1,188,493</u>	<u>\$ 255,828</u>	<u>\$ 685,654</u>	<u>\$ 2,380,038</u>	<u>\$ 25,127</u>	<u>\$ 271,907</u>	<u>\$ 5,208,206</u>
<u>Liabilities and Fund Balance</u>									
Liabilities:									
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	33,750	33,750
Restricted	2,372,760	250,063	1,188,493	255,828	685,654	2,380,038	-	238,157	4,990,955
Committed	158,374	-	-	-	-	-	25,127	-	183,501
Total Fund Balances	<u>2,531,134</u>	<u>250,063</u>	<u>1,188,493</u>	<u>255,828</u>	<u>685,654</u>	<u>2,380,038</u>	<u>25,127</u>	<u>271,907</u>	<u>5,208,206</u>
Total Liabilities and Fund Balances	<u>\$ 2,531,134</u>	<u>\$ 250,063</u>	<u>\$ 1,188,493</u>	<u>\$ 255,828</u>	<u>\$ 685,654</u>	<u>\$ 2,380,038</u>	<u>\$ 25,127</u>	<u>\$ 271,907</u>	<u>\$ 5,208,206</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF REVENUES AND EXPENDITURES  
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015

	Total Special Revenue	Debt Service				Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Government Funds	
		Special Service Area	2011 Bond Fund	TIF Debt	PD Project				Total
Revenues:									
Property Tax	\$ 3,549,296	\$ 100,707	\$ -	\$ -	\$ -	\$ 100,707	\$ -	\$ -	\$ 3,650,003
Intergovernmental	2,417,289	-	1,141,906	-	-	1,141,906	25,000	-	3,584,195
Local Tax	48,428	-	-	-	-	-	-	-	48,428
Charges for Services	406,543	-	-	-	-	-	-	1,514	408,057
Fines and Forfeitures	14,522	-	-	-	-	-	-	-	14,522
Investment Income	5,513	535	1,767	190	262	2,754	11	4,406	12,684
Contributions	29,679	-	-	-	-	-	-	-	29,679
Miscellaneous	20,926	-	-	-	-	-	-	-	20,926
Total Revenues	<u>6,492,196</u>	<u>101,242</u>	<u>1,143,673</u>	<u>190</u>	<u>262</u>	<u>1,245,367</u>	<u>25,011</u>	<u>5,920</u>	<u>7,768,494</u>
Expenditures:									
Current:									
General Government	2,104,975	-	-	-	-	-	-	-	2,104,975
Public Works	659,911	-	-	-	-	-	-	-	659,911
Cultural and Recreational	2,068,734	-	-	-	-	-	-	-	2,068,734
Capital Outlay	1,744,996	-	-	-	-	-	-	-	1,744,996
Debt Service:									
Principal	-	55,000	770,000	-	-	825,000	-	-	825,000
Interest and Fiscal Charges	-	43,151	244,952	254,012	-	542,115	-	-	542,115
Total Expenditures	<u>6,578,616</u>	<u>98,151</u>	<u>1,014,952</u>	<u>254,012</u>	<u>-</u>	<u>1,367,115</u>	<u>-</u>	<u>-</u>	<u>7,945,731</u>
Excess (Deficiency) of Revenues Over Expenditures	(86,420)	3,091	128,721	(253,822)	262	(121,748)	25,011	5,920	(177,237)
Other Financing Sources (Uses):									
Proceeds From Debt	-	-	-	-	-	-	-	-	-
Payment to Escrow Refunding Agent	-	-	-	-	-	-	-	-	-
Proceeds From Fixed Asset Sales	5,940	-	-	-	-	-	-	-	5,940
Transfers In	-	-	-	254,300	685,392	939,692	-	-	939,692
Transfers Out	(300,000)	-	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>(294,060)</u>	<u>-</u>	<u>-</u>	<u>254,300</u>	<u>685,392</u>	<u>939,692</u>	<u>-</u>	<u>-</u>	<u>645,632</u>
Net Change in Fund Balances	(380,480)	3,091	128,721	478	685,654	817,944	25,011	5,920	468,395
Fund Balances, Beginning of Year	<u>2,911,614</u>	<u>246,972</u>	<u>1,059,772</u>	<u>255,350</u>	<u>-</u>	<u>1,562,094</u>	<u>116</u>	<u>265,987</u>	<u>4,739,811</u>
Fund Balances, End of Year	<u>\$ 2,531,134</u>	<u>\$ 250,063</u>	<u>\$ 1,188,493</u>	<u>\$ 255,828</u>	<u>\$ 685,654</u>	<u>\$ 2,380,038</u>	<u>\$ 25,127</u>	<u>\$ 271,907</u>	<u>\$ 5,208,206</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
 NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
 APRIL 30, 2015

	<u>Parks Project</u>	<u>Playground and Recreation</u>	<u>Motor Fuel Tax</u>	<u>Illinois Municipal Retirement</u>	<u>Public Library</u>	<u>Tort Liability</u>	<u>Belleville Illinois Tourism</u>	<u>Veteran's Memorial Fountain</u>	<u>Special Service Area</u>	<u>Total</u>
<u>Assets</u>										
Cash and Cash Equivalents	\$ 142,550	\$ 1,107,257	\$ 430,089	\$ 45,487	\$ 527,301	\$ 94,026	\$ 15,824	\$ 3,105	\$ 165,495	\$ 2,531,134
Total Assets	<u>\$ 142,550</u>	<u>\$ 1,107,257</u>	<u>\$ 430,089</u>	<u>\$ 45,487</u>	<u>\$ 527,301</u>	<u>\$ 94,026</u>	<u>\$ 15,824</u>	<u>\$ 3,105</u>	<u>\$ 165,495</u>	<u>\$ 2,531,134</u>
<u>Liabilities and Fund Balance</u>										
Liabilities:										
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:										
Restricted	-	1,107,257	430,089	45,487	527,301	94,026	-	3,105	165,495	2,372,760
Committed	142,550	-	-	-	-	-	15,824	-	-	158,374
Total Fund Balance	<u>142,550</u>	<u>1,107,257</u>	<u>430,089</u>	<u>45,487</u>	<u>527,301</u>	<u>94,026</u>	<u>15,824</u>	<u>3,105</u>	<u>165,495</u>	<u>2,531,134</u>
Total Liabilities and Fund Balance	<u>\$ 142,550</u>	<u>\$ 1,107,257</u>	<u>\$ 430,089</u>	<u>\$ 45,487</u>	<u>\$ 527,301</u>	<u>\$ 94,026</u>	<u>\$ 15,824</u>	<u>\$ 3,105</u>	<u>\$ 165,495</u>	<u>\$ 2,531,134</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF REVENUES AND EXPENDITURES  
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015

	Parks Project	Playground and Recreation	Motor Fuel Tax	Illinois Municipal Retirement	Public Library	Tort Liability	Belleville Illinois Tourism	Veteran's Memorial Fountain	Special Service Area	Total
Revenues:										
Property Tax	\$ -	\$ 368,221	\$ -	\$ 1,294,014	\$ 1,203,836	\$ 647,209	\$ -	\$ -	\$ 36,016	\$ 3,549,296
Intergovernmental	48,961	15,378	1,499,166	85,531	768,253	-	-	-	-	2,417,289
Local Tax	-	-	-	-	-	-	48,428	-	-	48,428
Charges for Services	-	376,213	8,300	-	22,030	-	-	-	-	406,543
Fines and Forfeitures	-	-	-	-	14,522	-	-	-	-	14,522
Investment Income	230	2,014	1,013	304	1,360	206	10	5	371	5,513
Contributions	-	19,183	-	-	5,996	-	-	4,500	-	29,679
Miscellaneous	-	5,272	-	-	15,435	-	-	219	-	20,926
Total Revenues	<u>49,191</u>	<u>786,281</u>	<u>1,508,479</u>	<u>1,379,849</u>	<u>2,031,432</u>	<u>647,415</u>	<u>48,438</u>	<u>4,724</u>	<u>36,387</u>	<u>6,492,196</u>
Expenditures:										
Current:										
General Government	-	-	-	1,400,119	-	659,826	45,030	-	-	2,104,975
Public Works	-	-	618,838	-	-	-	-	-	41,073	659,911
Cultural and Recreational	-	748,781	-	-	1,314,101	-	-	5,852	-	2,068,734
Capital Outlay	<u>28,638</u>	<u>2,000</u>	<u>612,315</u>	<u>-</u>	<u>1,089,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>1,744,996</u>
Total Expenditures	<u>28,638</u>	<u>750,781</u>	<u>1,231,153</u>	<u>1,400,119</u>	<u>2,403,644</u>	<u>659,826</u>	<u>45,030</u>	<u>5,852</u>	<u>53,573</u>	<u>6,578,616</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>20,553</u>	<u>35,500</u>	<u>277,326</u>	<u>(20,270)</u>	<u>(372,212)</u>	<u>(12,411)</u>	<u>3,408</u>	<u>(1,128)</u>	<u>(17,186)</u>	<u>(86,420)</u>
Other Financing Sources (Uses):										
Proceeds From Fixed Asset Sales	-	-	-	-	5,940	-	-	-	-	5,940
Transfers Out	-	-	(300,000)	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>5,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(294,060)</u>
Net Change in Fund Balances	20,553	35,500	(22,674)	(20,270)	(366,272)	(12,411)	3,408	(1,128)	(17,186)	(380,480)
Fund Balance, Beginning of Year	<u>121,997</u>	<u>1,071,757</u>	<u>452,763</u>	<u>65,757</u>	<u>893,573</u>	<u>106,437</u>	<u>12,416</u>	<u>4,233</u>	<u>182,681</u>	<u>2,911,614</u>
Fund Balance, End of Year	<u>\$ 142,550</u>	<u>\$ 1,107,257</u>	<u>\$ 430,089</u>	<u>\$ 45,487</u>	<u>\$ 527,301</u>	<u>\$ 94,026</u>	<u>\$ 15,824</u>	<u>\$ 3,105</u>	<u>\$ 165,495</u>	<u>\$ 2,531,134</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
APRIL 30, 2015

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current Assets:			
Cash	<u>\$ 373,828</u>	<u>\$ 774</u>	<u>\$ 374,602</u>
Total Assets	<u>\$ 373,828</u>	<u>\$ 774</u>	<u>\$ 374,602</u>
<b><u>Liabilities</u></b>			
Current Liabilities:			
Due to Other Funds	<u>\$ -</u>	<u>\$ 634,958</u>	<u>\$ 634,958</u>
Total Current Liabilities	<u>-</u>	<u>634,958</u>	<u>634,958</u>
<b><u>Net Assets</u></b>			
Unassigned	<u>373,828</u>	<u>(634,184)</u>	<u>(260,356)</u>
Total Net Assets	<u>\$ 373,828</u>	<u>\$ (634,184)</u>	<u>\$ (260,356)</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ -	\$ 4,016,693	\$ 4,016,693
Operating Expenses:			
Personal Services	-	4,650,762	4,650,762
Total Operating Expenses	-	4,650,762	4,650,762
Operating Income	-	(634,069)	(634,069)
Nonoperating Revenues:			
Property Tax	-	313,699	313,699
Investment Earnings	845	61	906
Total Nonoperating Revenues	845	313,760	314,605
Change in Net Assets	845	(320,309)	(319,464)
Net Assets, Beginning of Year	372,983	(313,875)	59,108
Net Assets, End of Year	<u>\$ 373,828</u>	<u>\$ (634,184)</u>	<u>\$ (260,356)</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
APRIL 30, 2015

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 1,187,115	\$ 921,211	\$ 2,108,326
Investments, at Market	32,179,948	21,838,170	54,018,118
Receivables:			
Taxes Receivable	2,109,948	2,533,462	4,643,410
Other Receivable	9,923	(9,923)	-
Interest Receivable	68,187	54,870	123,057
Total Assets	<u>35,555,121</u>	<u>25,337,790</u>	<u>60,892,911</u>
Liabilities	<u>145</u>	<u>-</u>	<u>145</u>
Net Position - Restricted for Pension Benefits	<u>\$ 35,554,976</u>	<u>\$ 25,337,790</u>	<u>\$ 60,892,766</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
FOR THE YEAR ENDED APRIL 30, 2015

	Police Pension	Firemen's Pension	Total
Additions:			
Contributions:			
Employee Contributions	\$ 547,290	\$ 427,176	\$ 974,466
Employer Contributions:			
Property Taxes	2,098,105	2,522,142	4,620,247
Personal Property Replacement Taxes	85,412	80,349	165,761
Total Contributions	2,730,807	3,029,667	5,760,474
Investment Income:			
Interest and Dividend Income	1,801,713	380,093	2,181,806
Gain (Loss) on Sales of Securities	(75,864)	45,019	(30,845)
Net Appreciation in Fair Market Value of Investments	509,177	1,005,702	1,514,879
	2,235,026	1,430,814	3,665,840
Less Investment Expense	(38,814)	(103,503)	(142,317)
Total Investment Income	2,196,212	1,327,311	3,523,523
Total Additions	4,927,019	4,356,978	9,283,997
Deductions:			
Benefits Paid to Participants:			
Service and Disability	2,633,863	2,541,313	5,175,176
Dependents	278,231	436,406	714,637
Refund of Contributions	81,115	-	81,115
Professional Fees	13,425	7,588	21,013
Other	21,768	20,937	42,705
Total Deductions	3,028,402	3,006,244	6,034,646
Change in Net Position	1,898,617	1,350,734	3,249,351
Net Position, Beginning of Year	33,656,359	23,987,056	57,643,415
Net Position, End of Year	\$ 35,554,976	\$ 25,337,790	\$ 60,892,766

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF ASSESSED VALUATION, TAX RATES,  
EXTENSIONS AND COLLECTIONS  
(UNAUDITED)  
APRIL 30, 2015

**Tax Rates**

Levy Year	Total Assessed Valuation	Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Playground and Recreation Fund	Total
2004	\$ 348,122,708	\$ -	\$ 0.2092	\$ 0.4066	\$ 0.4109	\$ 0.2373	\$ 0.0538	\$ 0.0762	\$ 1.3940
2005	372,559,121	-	0.2279	0.3924	0.3924	0.2483	0.0673	0.0806	1.4089
2006	398,104,522	-	0.2222	0.4048	0.3787	0.2450	0.0918	0.0842	1.4267
2007	428,399,309	-	0.2194	0.3913	0.3728	0.2335	0.1368	0.0817	1.4355
2008	440,816,585	-	0.2031	0.4134	0.4244	0.2496	0.0945	0.0794	1.4644
2009	443,787,198	0.0676	0.2110	0.4627	0.5077	0.2479	0.0704	0.0789	1.6462
2010	437,646,688	0.0872	0.2342	0.4658	0.5003	0.2628	0.0869	0.0823	1.7195
2011	434,537,205	0.0975	0.2532	0.4622	0.4417	0.2728	0.1197	0.0852	1.7323
2012	421,651,482	0.0949	0.2838	0.4940	0.5233	0.2811	0.1296	0.0891	1.8958
2013	405,836,417	0.0777	0.3205	0.5670	0.5421	0.2982	0.1603	0.0912	2.0570

**Taxes Extended**

Levy Year	Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Playground and Recreation Fund	Total
2004	\$ -	\$ 728,273	\$ 1,415,467	\$ 1,430,436	\$ 825,338	\$ 187,290	\$ 265,270	\$ 4,852,074
2005	-	849,062	1,461,922	1,461,922	925,064	250,732	300,283	5,248,985
2006	-	884,588	1,611,527	1,507,622	975,356	365,460	335,204	5,679,757
2007	-	939,908	1,676,327	1,597,073	1,000,312	586,050	350,002	6,149,672
2008	-	895,298	1,822,336	1,870,826	1,100,278	416,572	350,008	6,455,318
2009	300,000	936,391	2,053,403	2,253,108	1,100,148	312,426	350,148	7,305,624
2010	381,628	1,024,969	2,038,558	2,189,546	1,150,136	380,315	360,183	7,525,335
2011	423,674	1,144,571	2,088,820	1,996,264	1,185,418	540,999	370,226	7,749,972
2012	400,147	1,196,647	2,082,958	2,206,502	1,185,262	546,460	375,691	7,993,667
2013	315,335	1,300,706	2,301,092	2,200,039	1,210,204	650,556	370,123	8,348,055

**Taxes Collected**

Levy Year	Total Taxes Extended	Total Taxes Collected	Percent of Current Year Taxes Collected	Current Year Uncollected Balance
2004	\$ 4,852,074	\$ 4,836,174	99.67%	\$ 15,900
2005	5,248,985	5,237,295	99.78%	11,690
2006	5,679,757	5,655,277	99.57%	24,480
2007	6,149,672	6,096,909	99.14%	52,763
2008	6,455,318	6,414,605	99.37%	40,713
2009	7,305,624	7,248,774	99.22%	56,850
2010	7,525,335	7,661,890	101.81%	(136,555)
2011	7,749,972	7,702,405	99.39%	47,567
2012	7,993,667	7,946,502	99.41%	47,165
2013	8,348,055	8,304,947	99.48%	43,108



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

To the Honorable Mayor  
and Members of the City Council  
Belleville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belleville, Illinois as of and for the year ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City Belleville, Illinois' basic financial statements, and have issued our report thereon dated September 30, 2015.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*C. J. Schuman / Cogg LLC*

Certified Public Accountants  
Alton, Illinois  
September 30, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor  
and Members of the City Council  
City of Belleville, Illinois

**Report on Compliance for Each Major Federal Program**

We have audited the City of Belleville, Illinois' ("City") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Belleville, Illinois' major federal programs for the year ended April 30, 2015. The City of Belleville, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Belleville, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Belleville, Illinois' compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Belleville, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2015.

## Report on Internal Control Over Compliance

Management of the City of Belleville, Illinois is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*C. J. Schlessel & Company LLC*

Certified Public Accountants  
Alton, Illinois

September 30, 2015

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED APRIL 30, 2015

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	<u>CFDA Number</u>	Agency or Pass-through <u>Number</u>	Program or Award <u>Amount</u>	Federal Disbursements/ <u>Expenditures</u>
<u>Environmental Protection Agency</u>				
Passed Through Illinois Environmental Protection Agency:				
Capitalization Grants for Clean Water	66.458	L17484600	\$ 1,685,116	\$ 1,685,116
Capitalization Grants for Clean Water	66.458	L17302600	310,726	310,726
Capitalization Grants for Clean Water	66.458	L17518800	206,925	<u>206,925</u>
				<u>2,202,767</u>
<u>Department of Homeland Security</u>				
Direct Program:				
Staffing for Adequate Fire and Emergency Response Grant	97.083	N/A	433,520	<u>13,020</u>
<u>Department of Justice</u>				
Passed Through City of East St. Louis:				
2012 JAG Award	16.738	N/A	19,537	19,537
2014 JAG Award	16.738	N/A	18,984	<u>18,984</u>
				<u>38,521</u>
<u>Department of Transportation</u>				
Passed Through Illinois Department of Transportation:				
Federal-Aid Highway Program	20.205	P-98-300-12	56,000	13,898
Federal-Aid Highway Program	20.205	C-98-342-12	413,900	<u>18,344</u>
				<u>32,242</u>
 Total Federal Awards				 <u>\$ 2,286,550</u>

See notes to schedule of expenditures of federal awards

**CITY OF BELLEVILLE, ILLINOIS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
APRIL 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

The accompanying Schedule of Federal Awards presents the activity of all federal award programs of City of Belleville, Illinois. The City's reporting entity is defined in Note 1 to the City's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Federal Awards is presented using the modified cash basis of accounting, which is described in Note 1 to the City's financial statements.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The City did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended April 30, 2015.

Subrecipient Monitoring

The City did not provide any funds to subrecipients for federal funds.

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
APRIL 30, 2015

Part 1 -- Summary of Auditor's Results

- (a) The independent accountants' report expresses an adverse opinion on the governmental activities and unqualified opinions on the business-type activities and fund financial statements.
- (b) No significant deficiencies or material weaknesses in internal control were disclosed during the audit of the financial statements which would be required to be reported in accordance with Government Auditing Standards.
- (c) No instances of noncompliance material to the financial statements were disclosed during the audit which would be required to be reported in accordance with Governmental Auditing Standards.
- (d) No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit of the financial statements of the City.
- (e) An unqualified opinion was issued in the report on compliance for major programs.
- (f) The audit did not disclose any findings required to be reported in accordance with Section .510(a) of OMB Circular A-133.
- (g) The City's major program is Capitalization Grants for Clean Water-CFDA #66.458.
- (h) The dollar threshold to distinguish between Type A and Type B programs is \$300,000.
- (i) The City did not qualify as a low-risk auditee under Section .530.

Part 2 -- The City has no findings to the financial statements that are required to be reported in accordance with GAGAS.

Part 3 -- The City has no findings or questioned costs for federal awards

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
APRIL 30, 2015

None

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
METRO EAST AUTO THEFT TASK FORCE  
FOR THE YEAR ENDED DECEMBER 31, 2014

Receipts:	
MEATTF Grant Receipts	\$ 751,810
Project Income	<u>2,149</u>
Total Receipts	<u>753,959</u>
Disbursements:	
Grant Disbursements:	
Personnel	<u>546,703</u>
Contractual Services:	
Secretary	9,152
Computer Consultant and Maintenance	7,425
Vehicle Lease	105,000
Vehicle Maintenance	31,701
Office Lease	20,945
Telephone Costs	15,738
Janitorial	2,400
Training	8,569
Photocopier and Fax	3,845
Other	5,902
Travel	1,094
Instructor Salary	<u>44,686</u>
Total Contractual Services	<u>256,457</u>
Commodities:	
Operating	9,382
Office	<u>2,380</u>
Total Commodities	<u>11,762</u>
Total Grant Disbursements	<u>814,922</u>
Project Income Disbursements	<u>6,597</u>
Total Disbursements	<u>821,519</u>
Excess of Receipts Over Disbursements	<u>\$ (67,560)</u>