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CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF BELLEVILLE, ILLINOIS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

APRIL 30, 2016

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

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

Management is responsible for the preparation and fair presentation of 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, 2016 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, 2016, 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.

### **Change in Accounting Principle**

As discussed in Note 13 to the financial statements, in 2016 the City of Belleville adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### **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 57 to 63) and schedules of funding progress and pension related information (pages 64 to 72) 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 16, 2016 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. Schlem / Co. LLC  
Certified Public Accountants  
Alton, Illinois  
September 16, 2016

# **CITY OF BELLEVILLE, ILLINOIS**

## **Management's Discussion and Analysis**

For the fiscal year ended April 30, 2016

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, 2016.

### **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, 2016.

- The City's Governmental Funds fund balance increased by over \$1.2 million due to the planned issuance of a second phase of bonds to complete the Police Department and City Hall renovation projects.
- At the end of fiscal year 2016, unassigned fund balance for the General Fund was \$3,211,898 or 11.61% of total General Fund expenditures for the year.
- Net position of the City's business-type activities increased by \$367,021 during fiscal year 2016.

### **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, 2016

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, 2016

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 57 through 72 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 73 through 80 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 two years.

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2016

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 \$49,770,969 at the close of the most recent fiscal year (April 30, 2016).

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
<b>ASSETS</b>						
Current and other assets	\$ 26,334,062	\$ 25,252,949	\$ 9,702,180	\$ 10,753,872	\$ 36,036,242	\$ 36,006,821
Capital assets, net	33,750	33,750	88,334,991	82,435,327	88,368,741	82,469,077
Total assets	<u>26,367,812</u>	<u>25,286,699</u>	<u>98,037,171</u>	<u>93,189,199</u>	<u>124,404,983</u>	<u>118,475,898</u>
<b>LIABILITIES</b>						
Long-term liabilities	76,089,335	69,912,541	49,519,814	47,791,207	125,609,149	117,703,748
Other liabilities	49,446	36,993	5,088,556	2,336,212	5,138,002	2,373,205
Total liabilities	<u>76,138,781</u>	<u>69,949,534</u>	<u>54,608,370</u>	<u>50,127,419</u>	<u>130,747,151</u>	<u>120,076,953</u>
<b>NET POSITION</b>						
Invested in capital assets, net of related debt	-	-	36,832,639	36,991,518	36,832,639	36,991,518
Restricted	14,707,926	15,067,266	-	-	14,707,926	15,067,266
Unrestricted	(64,478,895)	(59,730,101)	6,596,162	6,070,262	(57,882,733)	(53,659,839)
Total net position	<u>\$ (49,770,969)</u>	<u>\$ (44,662,835)</u>	<u>\$ 43,428,801</u>	<u>\$ 43,061,780</u>	<u>\$ (6,342,168)</u>	<u>\$ (1,601,055)</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 \$4,741,113 during fiscal year 2016.

Please note that the net position shown as of April 30, 2015 has decreased by \$298,177 from what was shown in the prior year's report due to the implementation of GASB 68 in the current year.

**Governmental activities.** Governmental activities decreased the City's presented net position by \$5,108,134. This is mainly due to additional debt incurred from a second phase of bonds to complete 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.

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2016

Revenues stayed fairly level, only increasing in total by \$182,502 from fiscal year 2015 to 2016, with the largest increase of a single line item coming from property taxes. Total expenditures increased in total by \$3,043,791 from 2015 to 2016, which included over \$6 million of expenditure towards the new Police Department building.

**Business-type activities.** Business-type activities increased the City's net position by \$367,021. A large portion of the debt incurred for this sewer plant projects is beginning to be paid back, which has increased debt service payments significantly over the past few years. 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, 2016	For The Year Ended April 30, 2015	For The Year Ended April 30, 2016	For The Year Ended April 30, 2015	For The Year Ended April 30, 2016	For The Year Ended April 30, 2015
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 6,261,854	\$ 6,351,520	\$ 8,189,302	\$ 7,689,784	\$ 14,451,156	\$ 14,041,304
Operating grants	800	175,664			800	175,664
Capital grants	245,080	1,192,393	-	-	245,080	1,192,393
General revenues:						
Property taxes	19,445,080	18,921,748	-	-	19,445,080	18,921,748
Sales and use tax	13,483,719	13,161,594	-	-	13,483,719	13,161,594
Replacement tax	435,497	429,859	-	-	435,497	429,859
State income taxes	4,749,280	4,319,054	-	-	4,749,280	4,319,054
Motor fuel taxes	1,175,340	1,103,930	-	-	1,175,340	1,103,930
Telecommunications taxes	1,231,190	1,222,349	-	-	1,231,190	1,222,349
Utility taxes	3,430,672	3,375,429	-	-	3,430,672	3,375,429
Gaming tax	209,443	172,759	-	-	209,443	172,759
Other local taxes	122,648	48,428	-	-	122,648	48,428
Investment earnings	52,757	38,465	10,977	18,461	63,734	56,926
Miscellaneous	15,227	37,893	-	-	15,227	37,893
Transfers	(1,300,000)	(1,175,000)	1,300,000	1,175,000	-	-
Total revenues	<u>49,558,587</u>	<u>49,376,085</u>	<u>9,500,279</u>	<u>8,883,245</u>	<u>59,058,866</u>	<u>58,259,330</u>
<b>EXPENSES</b>						
Governmental activities:						
General government	6,544,560	6,991,004	-	-	6,544,560	6,991,004
Public safety	23,272,221	19,486,568	-	-	23,272,221	19,486,568
Public works	6,267,146	5,671,889	-	-	6,267,146	5,671,889
Sanitation	2,347,169	2,354,967	-	-	2,347,169	2,354,967
Cemetery	245,278	289,808	-	-	245,278	289,808
Health and welfare	865,764	817,029	-	-	865,764	817,029
Development	7,507,115	7,624,072	-	-	7,507,115	7,624,072
Cultural and recreational	3,270,985	4,581,192	-	-	3,270,985	4,581,192
Interest on long-term debt	4,346,483	3,806,401	-	-	4,346,483	3,806,401
Business-type activities:						
Waterworks and sewerage	-	-	9,133,258	8,793,803	9,133,258	8,793,803
Nonmajor	-	-	-	-	-	-
Total expenses	<u>54,666,721</u>	<u>51,622,930</u>	<u>9,133,258</u>	<u>8,793,803</u>	<u>63,799,979</u>	<u>60,416,733</u>
Change in net position	(5,108,134)	(2,246,845)	367,021	89,442	(4,741,113)	(2,157,403)
Net position - beginning	(44,662,835)	(42,415,990)	43,061,780	42,972,338	(1,601,055)	556,348
Net position - ending	<u>\$ (49,770,969)</u>	<u>\$ (44,662,835)</u>	<u>\$ 43,428,801</u>	<u>\$ 43,061,780</u>	<u>\$ (6,342,168)</u>	<u>\$ (1,601,055)</u>

## FUNDS FINANCIAL ANALYSIS

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

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2016

**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.

At the end of fiscal year 2016, the City's governmental funds reported combined ending fund balances of \$26,718,225, an increase of \$1,208,163 in comparison with the prior year. This increase was mainly due to the issuance of a second phase of bonds to continue renovations to the building to become the future Police Department, and complete City Hall renovations. Approximately 12.02% of this total amount (\$3,211,898) constitutes unassigned fund balance, which is available for spending at the City's discretion. \$14,707,926 (55.05% 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 2016 (\$8,709,236) is mainly due to the remaining proceeds of the bond issues done for the Police Department and City Hall projects.

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 \$3,211,898. 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 11.61% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$600,372 during the current fiscal year. The decrease was expected, as the main reason was there were 27 payrolls in the current year, instead of the normal 26, because of the way the biweekly payrolls fell on the calendar. One payroll in the General Fund typically ranges from \$650,000 - \$700,000.

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 19 tax increment financing districts. At the end of the current fiscal year, the fund balance of the TIF fund was \$9,006,245, which is a decrease of \$1,133,398 compared to 2015.

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.

# CITY OF BELLEVILLE, ILLINOIS

## Management's Discussion and Analysis

For the fiscal year ended April 30, 2016

Unrestricted net position of the sewer fund at the end of the year amounted to \$6,596,162, an increase of \$525,900 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.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2016 expenditure budget for the City's General Fund represents an original budget of \$28,399,240. Actual expenditures in the general fund were \$27,163,930, which is \$1,496,810 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, 2016, amounts to \$88,368,741, 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 \$5,899,664 or 7.15% (entirely for business-type activities.)

The major portion of the increase for business-type activities was due to the sewer plant expansion and combined sewer overflow projects, which are 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, 2016	April 30, 2015	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Land	\$ 33,750	\$ 33,750	\$ 1,104,046	\$ 1,104,046	\$ 1,137,796	\$ 1,137,796
Construction in progress	-	-	7,043,391	2,697,789	7,043,391	2,697,789
Buildings and improvement	-	-	53,316,160	54,787,534	53,316,160	54,787,534
Vehicles and equipment	-	-	260,108	364,647	260,108	364,647
Distribution and collection systems	-	-	26,611,286	23,481,311	26,611,286	23,481,311
Total capital assets	\$ 33,750	\$ 33,750	\$ 88,334,991	\$ 82,435,327	\$ 88,368,741	\$ 82,469,077

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of fiscal year 2016. 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 35 of this report.

**CITY OF BELLEVILLE, ILLINOIS**

Management's Discussion and Analysis

For the fiscal year ended April 30, 2016

**Long-term Debt**

At the end of fiscal year 2016, the City of Belleville had total long-term debt obligations for governmental and business-type activities in the amount of \$126,193,412 compared to \$119,248,052 at the end of fiscal year 2015. During 2016, 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, 2016	April 30, 2015	April 30, 2016	April 30, 2015	April 30, 2016	April 30, 2015
Special Service Area Bonds						
Series 2006	\$ 895,000	\$ 955,000	\$ -	\$ -	\$ 895,000	\$ 955,000
Tax Increment Refunding Bonds						
Series 2007A	14,600,000	15,005,000	-	-	14,600,000	15,005,000
Taxable Business District Bonds						
Series 2007B	6,505,000	6,555,000	-	-	6,505,000	6,555,000
G.O. Refunding Bonds						
Series 2009	147,980	157,946	2,302,020	2,457,054	2,450,000	2,615,000
G.O. Bonds						
Series 2011A	5,000,000	5,000,000	-	-	5,000,000	5,000,000
G.O. Refunding Bonds						
Series 2011B	2,525,751	3,459,582	634,248	1,260,418	3,159,999	4,720,000
SWIDA Revenue Bonds						
Series 2011A	15,175,000	15,175,000	-	-	15,175,000	15,175,000
SWIDA Revenue Bonds						
Series 2011B	1,560,000	1,560,000	-	-	1,560,000	1,560,000
SWIDA Taxable Revenue						
Bonds, Series 2011C	4,510,000	4,875,000	-	-	4,510,000	4,875,000
G.O. Refunding Bonds						
Series 2012	6,825,000	6,860,000	-	-	6,825,000	6,860,000
G.O. Bonds						
Series 2014	9,195,000	9,495,000	-	-	9,195,000	9,495,000
G.O. Bonds						
Series 2015	8,030,000	-	-	-	8,030,000	-
Notes Payable	438,156	-	45,924,127	44,811,052	46,362,283	44,811,052
Capital Leases	682,448	815,013	-	-	682,448	815,013
Net Pension Liability	-	-	1,243,682	806,987	1,243,682	806,987
<b>Total Debt</b>	<b>\$ 76,089,335</b>	<b>\$ 69,912,541</b>	<b>\$ 50,104,077</b>	<b>\$ 49,335,511</b>	<b>\$ 126,193,412</b>	<b>\$ 119,248,052</b>

During fiscal year 2016, the City issued the Series 2015 General Obligation Bonds to pay for the renovations to the new Police Department building, and City Hall renovations. The City also issued over \$3,000,000 of new debt through the IEPA's low interest revolving loan fund for the sewer fund improvements.

Additional information regarding the City's long-term debt can be found in Note 4 on pages 35 through 41 of this report.

**CITY OF BELLEVILLE, ILLINOIS**

Management's Discussion and Analysis

For the fiscal year ended April 30, 2016

**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, 2016

	<u>Governmental</u> Activities	<u>Business-type</u> Activities	<u>Total</u>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 26,041,173	\$ 8,055,789	\$ 34,096,962
Investments	237,474	-	237,474
Receivables (Net of allowance for uncollectible):			
Accounts	-	1,419,987	1,419,987
Interest/Other	55,415	15,000	70,415
Prepaid Expenses	-	65,070	65,070
Inventory	-	146,334	146,334
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	-	1,223,206	1,223,206
Infrastructure	-	50,388,096	50,388,096
Construction in Progress	-	7,043,391	7,043,391
Accumulated Depreciation	-	<u>(31,272,472)</u>	<u>(31,272,472)</u>
Net Capital Assets	<u>33,750</u>	<u>88,334,991</u>	<u>88,368,741</u>
Total Assets	<u>26,367,812</u>	<u>98,037,171</u>	<u>124,404,983</u>
<b><u>Deferred Outflows of Resources</u></b>			
Future Pension Expense	-	433,315	433,315
Loss on Bond Refunding	-	<u>150,948</u>	<u>150,948</u>
Total Deferred Outflows of Resources	-	<u>584,263</u>	<u>584,263</u>
<b><u>Liabilities</u></b>			
Accounts Payable	49,446	4,212,537	4,261,983
Accrued Payroll and Benefits	-	387,963	387,963
Accrued Interest Payable	-	237,258	237,258
Deferred Revenue	-	250,798	250,798
Noncurrent Liabilities:			
Due Within One Year	7,919,781	3,153,126	11,072,907
Due in More Than One Year	<u>68,169,554</u>	<u>46,950,951</u>	<u>115,120,505</u>
Total Liabilities	<u>76,138,781</u>	<u>55,192,633</u>	<u>131,331,414</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	-	36,832,639	36,832,639
Restricted	14,707,926	-	14,707,926
Unrestricted	<u>(64,478,895)</u>	<u>6,596,162</u>	<u>(57,882,733)</u>
Total Net Position	<u>\$ (49,770,969)</u>	<u>\$ 43,428,801</u>	<u>\$ (6,342,168)</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, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 6,544,560	\$ 1,789,551	\$ 800	\$ -	\$ (4,754,209)		\$ (4,754,209)
Public Safety	23,272,221	781,218	-	-	(22,491,003)		(22,491,003)
Public Works	6,267,146	20,594	-	245,080	(6,001,472)		(6,001,472)
Sanitation	2,347,169	2,971,914	-	-	624,745		624,745
Cemetery	245,278	38,965	-	-	(206,313)		(206,313)
Health and Welfare	865,764	-	-	-	(865,764)		(865,764)
Development	7,507,115	104,047	-	-	(7,403,068)		(7,403,068)
Cultural and Recreational	3,270,985	555,565	-	-	(2,715,420)		(2,715,420)
Interest on Long-term Debt	4,346,483	-	-	-	(4,346,483)		(4,346,483)
<b>Total Governmental Activities</b>	<b>54,666,721</b>	<b>6,261,854</b>	<b>800</b>	<b>245,080</b>	<b>(48,158,987)</b>		<b>(48,158,987)</b>
<b>Business-type Activities:</b>							
Waterworks and Sewerage	9,133,258	8,189,302	-	-		\$ (943,956)	(943,956)
<b>Total Business-type Activities</b>	<b>9,133,258</b>	<b>8,189,302</b>	<b>-</b>	<b>-</b>	<b></b>	<b>(943,956)</b>	<b>(943,956)</b>
<b>Total Government</b>	<b>\$ 63,799,979</b>	<b>\$ 14,451,156</b>	<b>\$ 800</b>	<b>\$ 245,080</b>	<b>(48,158,987)</b>	<b>(943,956)</b>	<b>(49,102,943)</b>
<b>General Revenues:</b>							
Property Tax, Levied for General Purposes					19,445,080		19,445,080
Sales and Use Tax					13,483,719		13,483,719
Income Tax					4,749,280		4,749,280
Corporate Personal Property Tax					435,497		435,497
Motor Fuel Tax					1,175,340		1,175,340
Telecommunications Tax					1,231,190		1,231,190
Gaming Tax					209,443		209,443
Other Local Tax					122,648		122,648
Utility Tax					3,430,672		3,430,672
Investment Earnings					52,757	10,977	63,734
Miscellaneous					15,227		15,227
Transfers					(1,300,000)	1,300,000	-
<b>Total General Revenues and Transfers</b>					<b>43,050,853</b>	<b>1,310,977</b>	<b>44,361,830</b>
<b>Change in Net Position</b>					<b>(5,108,134)</b>	<b>367,021</b>	<b>(4,741,113)</b>
<b>Net Position - Beginning, as Restated</b>					<b>(44,662,835)</b>	<b>43,061,780</b>	<b>(1,601,055)</b>
<b>Net Position - Ending</b>					<b>\$ (49,770,969)</b>	<b>\$ 43,428,801</b>	<b>\$ (6,342,168)</b>

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

**CITY OF BELLEVILLE, ILLINOIS**

STATEMENT OF ASSETS, LIABILITIES AND  
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
GOVERNMENTAL FUNDS  
APRIL 30, 2016

	<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	\$ 2,486,386	\$ 8,950,830	\$ 8,471,424	\$ 5,757,434	\$ 25,666,074
Investments	-	-	-	237,474	237,474
Note Receivable	-	55,415	-	-	55,415
Due From Other Funds	774,958	-	-	-	774,958
Other Assets	-	-	-	33,750	33,750
Total Assets	<u>\$ 3,261,344</u>	<u>\$ 9,006,245</u>	<u>\$ 8,471,424</u>	<u>\$ 6,028,658</u>	<u>\$ 26,767,671</u>
 <u>Liabilities and Fund Equity</u>					
Liabilities:					
Accrued Expenses and Other Liabilities	\$ 49,446	\$ -	\$ -	\$ -	\$ 49,446
Total Liabilities	<u>49,446</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,446</u>
 Fund Balances:					
Nonspendable	-	55,415	-	33,750	89,165
Restricted	-	8,950,830	-	5,757,096	14,707,926
Committed	-	-	8,471,424	237,812	8,709,236
Unassigned	3,211,898	-	-	-	3,211,898
Total Fund Balances	<u>3,211,898</u>	<u>9,006,245</u>	<u>8,471,424</u>	<u>6,028,658</u>	<u>26,718,225</u>
Total Liabilities and Fund Balances	<u>\$ 3,261,344</u>	<u>\$ 9,006,245</u>	<u>\$ 8,471,424</u>	<u>\$ 6,028,658</u>	<u>\$ 26,767,671</u>

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, 2016

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 26,718,225
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(76,089,335)
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>(399,859)</u>
Net position of governmental activities	<u>\$ (49,770,969)</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, 2016

	<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>
<b>Revenues:</b>					
Property Tax	\$ -	\$ 15,340,095	\$ -	\$ 3,796,848	\$ 19,136,943
Utility Tax	3,430,672	-	-	-	3,430,672
Intergovernmental	15,995,217	3,062,656	-	2,472,475	21,530,348
Local Tax	-	-	-	97,529	97,529
Licenses, Permits and Fees	1,646,803	-	-	-	1,646,803
Charges for Services	3,073,448	-	-	484,015	3,557,463
Fines and Forfeitures	301,196	-	-	14,048	315,244
Investment Earnings	4,598	15,843	14,911	16,834	52,186
Contributions	6,164	-	-	51,141	57,305
Reimbursements/Miscellaneous	580,413	104,047	-	40,926	725,386
Total Revenues	<u>25,038,511</u>	<u>18,522,641</u>	<u>14,911</u>	<u>6,973,816</u>	<u>50,549,879</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	4,038,383	-	-	1,985,415	6,023,798
Public Safety	16,050,543	-	-	-	16,050,543
Public Works	2,031,182	-	-	601,947	2,633,129
Sanitation	2,337,399	-	-	-	2,337,399
Cemetery	236,848	-	-	-	236,848
Health and Welfare	865,764	-	-	-	865,764
Development	765,363	6,678,199	-	-	7,443,562
Cultural and Recreational	789,970	-	-	2,123,655	2,913,625
Capital Outlay	301,965	3,821,305	6,650,413	618,323	11,392,006
<b>Debt Service:</b>					
Principal	204,983	946,379	-	1,610,000	2,761,362
Interest and Charges	47,507	3,534,222	102,900	1,021,737	4,706,366
Total Expenditures	<u>27,669,907</u>	<u>14,980,105</u>	<u>6,753,313</u>	<u>7,961,077</u>	<u>57,364,402</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(2,631,396)</u>	<u>3,542,536</u>	<u>(6,738,402)</u>	<u>(987,261)</u>	<u>(6,814,523)</u>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Debt	300,000	138,156	8,500,000	-	8,938,156
Premium on Bonds Sold	-	-	359,883	-	359,883
Proceeds from Fixed Asset Sales	24,647	-	-	-	24,647
Transfers In	1,706,377	-	-	2,107,713	3,814,090
Transfers Out	-	(4,814,090)	-	(300,000)	(5,114,090)
Total Other Financing Sources (Uses)	<u>2,031,024</u>	<u>(4,675,934)</u>	<u>8,859,883</u>	<u>1,807,713</u>	<u>8,022,686</u>
Net Change in Fund Balances	(600,372)	(1,133,398)	2,121,481	820,452	1,208,163
Fund Balance, Beginning 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>
Fund Balance, End of Year	<u>\$ 3,211,898</u>	<u>\$ 9,006,245</u>	<u>\$ 8,471,424</u>	<u>\$ 6,028,658</u>	<u>\$ 26,718,225</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, 2016

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

Net change in fund balances - total governmental funds \$ 1,208,163

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. (6,176,794)

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. (139,503)

Change in net position of governmental activities \$ (5,108,134)

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, 2016

	<u>Business Type Activities - Enterprise Fund Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash	\$ 8,055,789	\$ 375,099
Receivables (Net, where applicable, of allowances for uncollectible):		
Accounts	944,428	-
Unbilled Revenue	475,559	-
Other	15,000	-
Prepaid Expenses	65,070	-
Inventory, at Cost	146,334	-
Total Current Assets	<u>9,702,180</u>	<u>375,099</u>
Noncurrent Assets:		
Capital Assets:		
Land	1,104,046	-
Buildings and Improvements	58,828,872	-
Equipment	1,019,852	-
Vehicles	1,223,206	-
Distribution System	50,388,096	-
Construction in Progress	7,043,391	-
Total	119,607,463	-
Less - Accumulated Depreciation	<u>(31,272,472)</u>	-
Net Capital Assets	88,334,991	-
Total Assets	<u>\$ 98,037,171</u>	<u>\$ 375,099</u>
<b><u>Deferred Outflows of Resources</u></b>		
Future Pension Expense	433,315	-
Loss on Bond Refunding	150,948	-
Total Deferred Outflows of Resources	<u>584,263</u>	-
<b><u>Liabilities</u></b>		
Current Liabilities:		
Accrued Payroll and Benefits	\$ 387,963	\$ -
Accounts Payable	4,212,537	-
Accrued Interest	237,258	-
Deferred Revenue	250,798	-
Due to Other Funds	-	774,958
Total Current Liabilities	<u>5,088,556</u>	<u>774,958</u>
Noncurrent Liabilities:		
Net Pension Liability	1,243,682	-
Due Within One Year	3,153,126	-
Due in More Than One Year	45,707,269	-
Total Noncurrent Liabilities	<u>50,104,077</u>	-
Total Liabilities	<u>55,192,633</u>	<u>774,958</u>
<b><u>Net Position</u></b>		
Net Investment in Capital Assets	36,832,639	-
Unrestricted	6,596,162	(399,859)
Total Net Position	<u>\$ 43,428,801</u>	<u>\$ (399,859)</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, 2016

	<u>Business Type Activities - Enterprise Fund Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
Operating Revenues:		
Charges for Services	\$ 8,189,302	\$ 4,192,222
Operating Expenses:		
Personal Services	3,208,412	4,640,433
Supplies	221,371	-
Contractual Services	2,245,243	-
Depreciation	2,593,589	-
Total Operating Expenses	<u>8,268,615</u>	<u>4,640,433</u>
Operating Income (Loss)	<u>(79,313)</u>	<u>(448,211)</u>
Nonoperating Revenues (Expenses):		
Amortization	(77,558)	-
Property Tax	-	308,137
Investment Earnings	10,977	571
Interest and Fiscal Charges	<u>(787,085)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(853,666)</u>	<u>308,708</u>
Income Before Transfers	(932,979)	(139,503)
Transfers In	<u>1,300,000</u>	<u>-</u>
Change in Net Position	367,021	(139,503)
Net Position - Beginning of Year, as Restated	<u>43,061,780</u>	<u>(260,356)</u>
Net Position - End of Year	<u>\$ 43,428,801</u>	<u>\$ (399,859)</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, 2016

	Business Type Activities - <u>Enterprise Fund</u> <u>Sewerage</u>	Governmental Activities - Internal <u>Service Funds</u>
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 8,039,332	\$ 4,192,222
Payments to Suppliers	(3,175,877)	(4,640,433)
Payments to Employees	(2,014,061)	-
Net Cash Provided (Used) by Operating Activities	<u>2,849,394</u>	<u>(448,211)</u>
Cash Flows from Noncapital Financing Activities:		
Property Tax	-	308,137
Payments from (to) Other Funds	<u>1,300,000</u>	<u>140,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,300,000</u>	<u>448,137</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Payments on Long-Term Debt	(3,022,817)	-
Proceeds from Long-Term Debt	3,354,688	-
Interest Paid on Debt	(816,595)	-
Cash Payments for Capital Assets	<u>(4,932,658)</u>	<u>-</u>
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(5,417,382)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest Received	<u>10,977</u>	<u>571</u>
Net Cash Provided by Investing Activities	<u>10,977</u>	<u>571</u>
Net Change in Cash and Cash Equivalents	(1,257,011)	497
Cash and Cash Equivalents, Beginning of Year	<u>9,312,800</u>	<u>374,602</u>
Cash and Cash Equivalents, End of Year	<u>\$ 8,055,789</u>	<u>\$ 375,099</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ (79,313)	\$ (448,211)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	2,593,589	-
(Increase) Decrease in Assets:		
Accounts Receivable	(85,188)	-
Unbilled Revenue	(51,520)	-
Other Receivables	(15,000)	-
Inventory	(50,482)	-
Prepaid Expenses	(3,129)	-
Future Pension Expense	75,495	-
Increase (Decrease) in Liabilities:		
Accrued Payroll and Benefits	34,330	-
Net Pension Liability	436,695	-
Accounts Payable	(7,821)	-
Deferred Fees	<u>1,738</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,849,394</u>	<u>\$ (448,211)</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, 2016

Assets:	
Cash and Cash Equivalents	\$ 3,389,559
Investments, at Market	50,967,079
Receivables:	
Taxes Receivable	5,081,511
Other Receivable	4,055
Interest Receivable	<u>123,085</u>
Total Assets	<u>59,565,289</u>
Liabilities	<u>-</u>
Net Position - Restricted for Pension Benefits	<u>\$ 59,565,289</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, 2016

Additions:

Contributions:

Employee Contributions	\$ 1,017,525
Employer Contributions:	
Property Taxes	5,053,362
Personal Property Replacement Taxes	<u>167,935</u>
Total Contributions	<u>6,238,822</u>

Investment Income:

Interest and Dividend Income	1,966,389
Gain (Loss) on Sales of Securities	(524,728)
Net Appreciation in Fair Market Value of Investments	<u>(2,496,862)</u>
	(1,055,201)
Less Investment Expense	<u>(126,430)</u>
Total Investment Income	<u>(1,181,631)</u>

Reimbursements	<u>488</u>
Total Additions	<u>5,057,679</u>

Deductions:

Benefits Paid to Participants:	
Service and Disability	5,506,278
Dependents	709,005
Transfer of Contributions	82,774
Professional Fees	26,148
Other	<u>60,951</u>
Total Deductions	<u>6,385,156</u>

Change in Net Position	(1,327,477)
Net Position - Beginning of Year	<u>60,892,766</u>
Net Position - End of Year	<u>\$ 59,565,289</u>

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

## CITY OF BELLEVILLE, ILLINOIS

### NOTE TO FINANCIAL STATEMENTS APRIL 30, 2016

#### **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, 2016 is \$140,831.

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	<u>55,415</u>
	<u>\$ 89,165</u>
Restricted:	
Property/Sales Tax Restrictions	\$ 5,232,287
TIF Balances	8,950,830
Cemetery Care	239,845
Motor Fuel Tax	280,291
Restricted Donations	<u>4,673</u>
	<u>\$ 14,707,926</u>
Committed:	
Construction Funds	\$ 8,471,424
Parks Project Funds	<u>237,812</u>
Special Revenue Funds	<u>\$ 8,709,236</u>
<u>Fiduciary Funds</u>	
Reserved for Employees' Pension Benefits	<u>\$ 59,565,289</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, 2016, the carrying amount of the City's deposits was \$28,574,676 and the bank balance was \$29,478,977. The deposits were comprised of interest checking, savings, federal government obligation funds and certificates of deposit. The City also maintains cash on hand of \$3,359.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name. As of April 30, 2016, all of the 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	\$ 5,381,108
Illinois Metropolitan Investment Fund	Daily	<u>375,293</u>
		5,756,401
Deposits from above		28,574,676
Petty Cash		<u>3,359</u>
		<u>\$ 34,334,436</u>
 <u>As Reported in the Financial Statements</u>		
Cash and Cash Equivalents		\$ 34,096,962
Investments		<u>237,474</u>
		<u>\$ 34,334,436</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, 2016, 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, 2016, the City did not have a concentration of credit risk.

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

**Fire Pension**

At April 30, 2016, the carrying amount and the bank balance of the Fire Pension Fund's deposits was \$1,904,295. 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, 2016, the Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Corporate Bonds	4.91	\$ 2,848,565
U.S. Treasury Notes	3.84	5,712,695
Federal National Mortgage Association	27.27	89,747
Mutual Funds	--	2,709,526
Common Stock	--	<u>8,933,044</u>
		20,293,577
Deposits as reported above		<u>1,904,295</u>
Total deposits and investments		<u>\$ 22,197,872</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 1,904,295
Investments		<u>20,293,577</u>
		<u>\$ 22,197,872</u>

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

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

Credit Risk. As of April 30, 2016, the Fire Pension Fund had the following investment credit risk.

<u>Investment</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Corporate Bonds	--	Aaa to Baa3
Federal National Mortgage Association	--	NR

Concentration of Credit Risk. As of April 30, 2016, the Fire Pension Fund did not have a concentration of credit risk.

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

**Police Pension**

At April 30, 2016, the carrying amount and bank balance of the Police Pension Fund's deposits was \$1,485,264. 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.

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)

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

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	3.43	\$ 913,297
U.S. Treasury Strips	5.43	1,103,704
Commercial Paper	4.32	5,254,774
Government National Mortgage Association	24.55	1,534,011
Municipal and State Bonds	4.59	138,217
Federal Home Loan Mortgage Corporation	23.18	258,378
Federal National Mortgage Association	26.02	245,188
Federal Farm Credit Bank	6.01	801,617
Tennessee Valley Authority Coupons	3.96	413,243
Financing Corporation Strips	2.66	196,396
Mutual Funds	--	<u>19,110,263</u>
		29,969,088
Deposits as reported above		<u>2,189,678</u>
Total deposits and investments		<u>\$ 32,158,766</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 1,485,264
Investments		<u>30,673,502</u>
		<u>\$ 32,158,766</u>

Credit Risk. As of April 30, 2016, 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
Des Plaines IL Bond	--	Aa2
Illinois State Bond	AA-	A3
Financing Corporation Strips	--	--
Corporate Bonds	AAA to A-	Aaa to A2

Concentration of Credit Risk. As of April 30, 2016, the Police Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2016, the Police Pension Fund has no foreign currency risk.

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

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

The following summarizes property, plant and equipment, and related depreciation, held by the enterprise funds at April 30, 2016:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-type activities:</u></b>				
Construction in Progress	\$ 2,697,789	\$ 8,182,668	\$ 3,837,066	\$ 7,043,391
Land	1,104,046	-	-	1,104,046
Total not being depreciated	<u>3,801,835</u>	<u>8,182,668</u>	<u>3,837,066</u>	<u>8,147,437</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	\$ 58,828,872	\$ -	\$ -	\$ 58,828,872
Distribution and collection systems	46,254,940	4,133,156	-	50,388,096
Vehicles and equipment	2,228,563	14,495	-	2,243,058
Total capital assets, being depreciated	<u>107,312,375</u>	<u>4,147,651</u>	<u>-</u>	<u>111,460,026</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	4,041,338	1,471,374	-	5,512,712
Distribution and collection systems	22,773,629	1,003,181	-	23,776,810
Vehicles and equipment	1,863,916	119,034	-	1,982,950
Total accumulated depreciation	<u>28,678,883</u>	<u>2,593,589</u>	<u>-</u>	<u>31,272,472</u>
Capital assets, net	<u>78,633,492</u>	<u>1,554,062</u>	<u>-</u>	<u>80,187,554</u>
Capital assets, total	<u>\$ 82,435,327</u>	<u>\$ 9,736,730</u>	<u>\$ 3,837,066</u>	<u>\$ 88,334,991</u>

Depreciation expense charged to enterprise operations for the year ended April 30, 2016 was as follows:

Sewerage	<u>\$ 2,593,589</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, 2016:

**Governmental Activities**

\$1,350,000 Special Service Area Bonds, Series 2006, interest ranging from 4.10% to 4.40%, payable January 1 and July 1, with principal payments on January 1 through 2027. 895,000

\$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. 14,600,000

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

\$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.	6,505,000
\$204,454 General Obligation Refunding Bonds, Series 2009, interest ranging from 3.00% 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.	147,980
\$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
\$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.	2,525,751
\$16,150,000 SWIDA 2011A Local Government Program Revenue Bonds, dated October 27, 2011, interest ranging 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.	4,510,000
\$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.	6,825,000

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

\$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. 9,195,000

\$8,500,000 General Obligation Bonds, Series 2015, interest ranging from 2.00% to 4.25%, interest and principal payable January 1, through 2036. 8,030,000

The annual requirement to retire governmental activities bonds outstanding as of April 30, 2016 is as follows:

Year Ending April 30,	Principal	Interest	Totals
2017	\$ 7,691,019	\$ 3,722,416	\$ 11,413,435
2018	4,390,268	3,513,575	7,903,843
2019	4,785,499	3,229,822	8,015,321
2020	5,303,338	2,857,380	8,160,718
2021	5,720,716	2,549,930	8,270,646
2022 - 2026	28,343,295	8,017,708	36,361,003
2027 - 2031	13,634,596	2,588,915	16,223,511
2032 - 2036	5,100,000	572,025	5,672,025
	<u>\$ 74,968,731</u>	<u>\$ 27,051,771</u>	<u>\$ 102,020,502</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. 354,875

\$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. 307,884

\$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. 19,689

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

\$138,156 note payable, Bank of Belleville, dated March 22, 2016, for one Sanitation truck, secured by the equipment, bears interest at 1.87%; annual principal and interest payments of \$47,590 are due through December 2018. 138,156

\$300,000 note payable, Bank of Belleville, dated December 15, 2015, for Meredith House repayment, secured by the property, bears interest at 1.95%; semi-annual principal and interest payments are due through December 2018. 300,000

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, 2016 are as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 228,762	\$ 27,615	\$ 256,377
2018	231,435	22,948	254,383
2019	234,759	17,649	252,408
2020	83,620	12,261	95,881
2021	86,024	9,857	95,881
2022 - 2025	<u>256,004</u>	<u>15,399</u>	<u>271,403</u>
	<u>\$ 1,120,604</u>	<u>\$ 105,729</u>	<u>\$ 1,226,333</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. 2,302,020

\$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. 634,248

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

The annual requirement to retire business-type bonds outstanding as of April 30, 2016 is as follows:

Year Ending April 30,	Principal	Interest	Totals
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	178,524	66,601	245,125
2022-2026	1,005,372	224,957	1,230,329
2027-2028	460,404	30,020	490,424
	<u>\$ 2,936,268</u>	<u>\$ 658,752</u>	<u>\$ 3,595,020</u>

Notes Payable

\$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. 75,958

\$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. 39,683

\$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. 65,368

\$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. 27,278

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.	14,489,315
\$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.	15,739,663
\$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.	3,257,939
\$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.	7,344,558
\$2,592,545 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.	2,227,578
\$2,656,787 note payable to Illinois Environmental Protection Agency for the long-term control plan, bearing interest at the rate of 1.86%, semi-annual principal and interest payments are due through November 2037. Repayment has not begun as the IEPA has not distributed the full loan amount. Interest is being accrued until repayment begins.	2,656,787

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

The annual requirement to retire business-type activities notes outstanding as of April 30, 2016 is as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2017	\$ 2,334,691	\$ 655,286	\$ 2,989,977
2018	2,280,715	625,906	2,906,621
2019	2,327,267	730,935	3,058,202
2020	2,421,233	604,654	3,025,887
2021	2,458,412	567,475	3,025,887
2022-2026	12,872,694	2,256,741	15,129,435
2027-2031	13,900,715	1,228,719	15,129,434
2032-2036	7,005,592	249,656	7,255,248
2037-2038	<u>322,808</u>	<u>7,579</u>	<u>330,387</u>
	<u>\$ 45,924,127</u>	<u>\$ 6,926,951</u>	<u>\$ 52,851,078</u>

The overall debt activity of the City for the year ended April 30, 2016 is summarized as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 69,097,528	\$ 8,500,000	\$ 2,628,797	\$ 74,968,731	\$ 7,691,019
Note Payable	-	438,156	-	438,156	145,581
Leases Payable	815,013	-	132,565	682,448	83,181
	<u>\$ 69,912,541</u>	<u>\$ 8,938,156</u>	<u>\$ 2,761,362</u>	<u>\$ 76,089,335</u>	<u>\$ 7,919,781</u>
<u>Business-type Activities:</u>					
Bonds Payable	\$ 3,717,472	\$ -	\$ 781,204	\$ 2,936,268	\$ 793,981
Net Pension Liability	806,987	436,695	-	1,243,682	-
Notes Payable	44,811,052	3,361,836	2,248,761	45,924,127	2,359,145
	<u>\$ 49,335,511</u>	<u>\$ 3,798,531</u>	<u>\$ 3,029,965</u>	<u>\$ 50,104,077</u>	<u>\$ 3,153,126</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 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. The report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

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

*Funding Policy.* As set by statute, 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 2015 was 12.06 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.

*Covered Employees.* The following types of employees comprise the membership of the plan.

Retirees and Beneficiaries	164
Inactive, non-Retired Members	84
Active Members	<u>190</u>
Total	<u>443</u>

*Discount Rate.* GASB Statement No. 68 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the fund to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. As long as assets are projected to be on hand in a future year, the assumed valuation discount rate is used. In years where assets are not projected to be sufficient to meet benefit payments, the use of a “risk-free” rate is required, as described in the following paragraph.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.48%.

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

Actuarial Valuation Date	12/31/15
Measurement Date of the Net Pension Liability	12/31/15
Fiscal Year End	04/30/16

Development of the Single Discount Rate as of December 31, 2015	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.57%
Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded	2088
Resulting Single Discount Rate based on the above development	7.48%
Single Discount Rate calculated using December 31, 2014 Measurement Date	7.49%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 31, 2015.

*Actuarial Assumptions.* The following are the actuarial assumptions used in the calculation of the net pension liability.

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10 year rolling period Taxing bodies: 28 year closed period until remaining period reaches 15 years (then 15 year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Health Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

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

*Net Pension Liability.* The following is a summary of the Net Pension Liability as shown as a liability in the financial statements.

<b>Total pension liability</b>	
Service Cost	\$ 977,248
Interest on the Total Pension Liability	3,810,790
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(1,116,165)
Changes of assumptions	63,016
Benefit payments, including refunds of employee contributions	<u>(2,317,937)</u>
Net change in total pension liability	\$ 1,416,952
Total pension liability - beginning	<u>51,548,713</u>
Total pension liability - ending	<u>\$ 52,965,665</u>
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,076,108
Contributions - employee	402,058
Net investment income	235,252
Benefit payments, including refunds of employee contributions	(2,317,937)
Other (Net Transfer)	<u>(185,553)</u>
Net change in plan fiduciary net position	\$ (790,072)
Plan fiduciary net position - beginning	<u>47,470,252</u>
Plan fiduciary net position - ending	<u>\$ 46,680,180</u>
<b>Net pension liability/(asset)</b>	<u>\$ 6,285,485</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	88.13%
<b>Covered valuation payroll</b>	\$ 8,923,922
<b>Net pension liability as a percentage of covered valuation payroll</b>	70.43%

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

To report the sensitivity of the net pension liability to the selected discount rate, the following table displays the variation given a 1% increase or decrease.

	<u>Current Single Discount</u>		
	<u>1% Decrease</u>	<u>Rate Assumption</u>	<u>1% Increase</u>
	<u>6.48%</u>	<u>7.48%</u>	<u>8.48%</u>
Total Pension Liability	\$ 59,803,526	\$ 52,965,665	\$ 47,329,762
Plan Fiduciary Net Position	<u>46,680,180</u>	<u>46,680,180</u>	<u>46,680,180</u>
Net Pension Liability/(Asset)	<u>\$ 13,123,346</u>	<u>\$ 6,285,485</u>	<u>\$ 649,582</u>

*Deferred Outflows and Deferred Inflows of Resources by Source to be recognized in Future Pension Expenses.* The following tables display the amount of deferred inflows and outflows related to the net pension liability and the future periods that these deferrals will affect the financial statements.

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ (863,519)
Changes in assumptions	48,752
Subsequent contributions to plan	433,315
Net difference between projected and actual earnings on pension plan investments	<u>2,629,254</u>
Total	<u>\$ 2,247,802</u>

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 852,246
2017	418,931
2018	418,931
2019	<u>557,694</u>
	<u>\$ 2,247,802</u>

As a result of implementing GASB 68, beginning net position of the business-type activities increased by \$298,177 to record the net effect of recording the net pension liability and related deferred outflows of resources. GASB 68 became effective for years beginning after June 15, 2014.

**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, 2016:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	67
Active Plan Members	<u>84</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 deceased member at time of death, regardless of whether death

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

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, 2016:

<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, 2016, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (2.24)%. 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, 2015 were as follows:

Total Pension Liability	\$ 64,397,242
Plan Fiduciary Net Position	<u>(35,554,976)</u>
Net Pension Liability	<u>\$ 28,842,266</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	55.21%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2015 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, 2016 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, 2016:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	69
Active Plan Members	<u>61</u>
Total	<u>130</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, 2016:

<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, 2016, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was (1.64)%. 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, 2015 were as follows:

Total Pension Liability	\$ 53,809,174
Plan Fiduciary Net Position	<u>(25,337,790)</u>
Net Pension Liability	<u>\$ 28,471,384</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	47.09%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2015 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Large Cap Equity	5.50%
Mid Cap Equity	6.25%
Small Cap Equity	6.45%
International Equity	6.90%
US Fixed Income	0.60%

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 \$123,652 during the year ended April 30, 2016. These payments are being reported as development expense in the financial statements. The note balances related to this project in the amounts of \$6,742,553, \$6,742,553, \$2,958,638, and \$2,958,638 are still outstanding and not reflected in the debt of the City as of April 30, 2016.

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, 2016 amounted to \$36,556 and were reported as development expense. The balance of the Temporary Notes as of April 30, 2016 is \$980,881.

**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, 2016:

	<u>General</u>	<u>Other Major Funds</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Unbilled Revenue	\$ -	\$ -	\$ 475,559	\$ -	\$ 475,559
Notes	-	55,415	-	-	55,415
Accounts	-	-	1,100,259	-	1,100,259
Gross Receivables	-	55,415	1,575,818	-	1,631,233
Less: Allowance for uncollectible	-	-	140,831	-	140,831
Net Total Receivables	<u>\$ -</u>	<u>\$ 55,415</u>	<u>\$ 1,434,987</u>	<u>\$ -</u>	<u>\$ 1,490,402</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, 2016:

General Fund Transfer From (To):	
Motor Fuel Tax Fund	\$ 300,000
Tax Increment Financing Fund	1,406,377
Tax Increment Financing Fund Transfer (To):	
General Fund	(1,406,377)
Sewerage Fund	(1,300,000)
TIF Debt Service Fund	(254,300)
PD Project Debt Service Fund	(1,853,413)
TIF Debt Service Fund Transfer From:	
Tax Increment Financing Fund	254,300
PD Project Debt Service Fund Transfer From:	
Tax Increment Financing Fund	1,853,413
Motor Fuel Tax Fund Transfer (To):	
General Fund	(300,000)
Sewerage Fund Transfer From:	
Tax Increment Financing Fund	<u>1,300,000</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, 2016:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 774,958	\$ -
Insurance Fund	<u>-</u>	<u>774,958</u>
Totals	<u>\$ 774,958</u>	<u>\$ 774,958</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.

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

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

*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	\$ 814,272
Interest on OPEB obligation	151,036
Adjustment to ARC	<u>(131,025)</u>
Annual OPEB cost	834,283
Contributions made	<u>(337,042)</u>
Increase in OPEB	497,241
Net OPEB – Beg of Year	<u>3,356,364</u>
Net OPEB – End of Year	<u>\$ 3,853,605</u>

The City's annual OPEB costs, the percentages of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 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>
04/30/16	\$ 834,283	40.40%	\$ 3,853,605
04/30/15	1,113,989	42.80%	3,356,364
04/30/14	1,108,456	39.46%	2,719,111

*Funding Status and Funding Progress.* As of May 1, 2016, 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 \$9,209,241. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$18,862,620 and the ratio of the UAAL to the covered payroll was 48.8 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 supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of

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, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.5 percent for 2016, reduced by decrements to an ultimate rate of 4.5 percent after eight years. These rates include a 2.5 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 \$131,851 as of April 30, 2016. Current year receipts from foreign fire insurance are \$77,068 and the current year expenditures were \$51,364. These funds were used for the maintenance, use and benefit of the department.

**NOTE 13: RESTATEMENT OF NET POSITION**

The City has restated the net position the Business-type Activities as a result of implementing GASB 68.

	Business-type <u>Activities</u>
Net Position as of April 30, 2015	\$ 43,359,957
Record Deferred Outflows for Pensions per GASB 68	508,810
Record Net Pension Liability per GASB 68	<u>(806,987)</u>
Restated Net Position as of April 30, 2015	<u>\$ 43,061,780</u>

**NOTE 14: SUBSEQUENT EVENT**

The City has evaluated events occurring after the financial statement date through September 16, 2016 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.

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Local Taxes:			
Utility	\$ 3,550,000	\$ 3,550,000	\$ 3,430,672
Total Taxes	<u>3,550,000</u>	<u>3,550,000</u>	<u>3,430,672</u>
Licenses, Permits and Fees:			
Liquor Licenses	81,000	81,000	74,925
Franchise Fees	760,000	760,000	771,150
Business Licenses	50,000	50,000	42,816
Building Permits	135,000	135,000	80,402
Electrical Permits	31,200	31,200	27,576
Other Permits	24,200	24,200	25,776
Occupancy Permits	164,000	164,000	150,970
Housing Inspection Permits	336,000	348,000	352,000
Fire Inspection Fees	66,000	66,000	63,508
Other Fees	73,200	73,200	57,681
Total Licenses and Permits	<u>1,720,600</u>	<u>1,732,600</u>	<u>1,646,804</u>
Intergovernmental:			
State Income Tax	4,450,000	4,450,000	4,749,280
Sales Tax	8,643,600	8,643,600	8,512,864
Local Use Tax	875,000	875,000	1,023,586
Personal Property Replacement Tax	270,000	270,000	268,054
Grants	175,000	175,000	(5,177)
Gaming Tax	185,000	185,000	209,443
Telecommunications Tax	1,450,000	1,450,000	1,231,190
Total Intergovernmental	<u>16,048,600</u>	<u>16,048,600</u>	<u>15,989,240</u>
Charges for Services:			
Trash Disposal Charges	3,106,000	3,106,000	2,964,416
Cemetery Fees	59,600	59,600	36,995
Rent/Lease	91,206	91,206	72,037
Total Charges for Services	<u>3,256,806</u>	<u>3,256,806</u>	<u>3,073,448</u>
Fines and Forfeitures:			
Police and Circuit Clerk Fines	506,850	506,850	301,197
Total Fines and Forfeitures	<u>506,850</u>	<u>506,850</u>	<u>301,197</u>
Interest	<u>7,840</u>	<u>7,840</u>	<u>4,598</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		Actual
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts (continued):			
Miscellaneous:			
Donations	16,005	16,005	(493,836)
Departmental Reimbursement	572,200	572,200	558,002
Other	50,350	50,350	22,409
Total Miscellaneous	<u>638,555</u>	<u>638,555</u>	<u>86,575</u>
Total Receipts	<u>\$ 25,729,251</u>	<u>\$ 25,741,251</u>	<u>\$ 24,532,534</u>
Disbursements:			
General Government:			
Administrative:			
Personal Services	\$ 699,000	\$ 744,000	\$ 726,441
Contractual Services	1,213,400	1,232,900	1,215,838
Commodities	23,250	23,250	13,847
Capital Outlay	5,000	5,000	200
Debt Service	289,900	289,900	282,089
Other	141,000	141,000	130,542
	<u>2,371,550</u>	<u>2,436,050</u>	<u>2,368,957</u>
Legal:			
Personal Services	179,200	179,200	178,071
Contractual Services	125,900	125,900	117,829
	<u>305,100</u>	<u>305,100</u>	<u>295,900</u>
Health and Housing:			
Personal Services	784,600	784,600	763,327
Contractual Services	100,265	100,265	89,539
Commodities	22,000	22,000	12,898
Capital Outlay	1,350	1,350	566
	<u>908,215</u>	<u>908,215</u>	<u>866,330</u>
Mayor's Office:			
Personal Services	204,400	204,400	194,431
Contractual Services	6,750	6,750	4,358
Commodities	4,000	4,000	2,179
	<u>215,150</u>	<u>215,150</u>	<u>200,968</u>
Finance:			
Personal Services	188,200	188,200	185,802
Contractual Services	2,150	2,150	1,453
Commodities	1,000	1,000	696
Capital Outlay	600	600	67
	<u>191,950</u>	<u>191,950</u>	<u>188,018</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (continued):			
Human Resources:			
Personal Services	157,100	157,100	155,573
Contractual Services	44,500	44,500	27,246
Commodities	3,500	500	454
Capital Outlay	500	500	-
	<u>205,600</u>	<u>202,600</u>	<u>183,273</u>
City Clerk:			
Personal Services	292,400	289,900	281,442
Contractual Services	12,700	15,200	14,002
Commodities	4,000	4,000	4,000
Capital Outlay	1,000	1,000	1,000
	<u>310,100</u>	<u>310,100</u>	<u>300,444</u>
Treasurer:			
Personal Services	\$ 143,600	\$ 143,600	\$ 132,972
Contractual Services	7,100	7,300	6,122
Commodities	2,500	2,300	1,392
Capital Outlay	850	850	195
	<u>154,050</u>	<u>154,050</u>	<u>140,681</u>
Maintenance:			
Personal Services	552,600	552,600	532,587
Contractual Services	121,150	121,150	90,389
Commodities	27,100	27,100	20,715
Capital Outlay	1,250	1,250	345
	<u>702,100</u>	<u>702,100</u>	<u>644,036</u>
Total General Government	<u>5,363,815</u>	<u>5,425,315</u>	<u>5,188,607</u>
Public Safety:			
Police Department:			
Personal Services	8,912,750	8,882,750	8,808,029
Contractual Services	681,665	701,665	688,216
Commodities	326,500	311,500	200,997
Capital Outlay	253,000	508,000	240,003
Other	30,500	30,500	6,718
	<u>10,204,415</u>	<u>10,434,415</u>	<u>9,943,963</u>
Fire Department:			
Personal Services	5,763,832	5,823,832	5,720,802
Contractual Services	541,150	541,150	534,822
Commodities	94,500	94,500	85,451
Capital Outlay	64,500	64,500	38,347
Other	6,000	6,000	5,508
	<u>6,469,982</u>	<u>6,529,982</u>	<u>6,384,930</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (continued):			
Public Safety:			
Board of Police and Fire Commissioners:			
Contractual Services	6,000	1,000	-
	<u>6,000</u>	<u>1,000</u>	<u>-</u>
Total Public Safety	<u>16,680,397</u>	<u>16,965,397</u>	<u>16,328,893</u>
Public Works:			
Personal Services	\$ 1,440,000	\$ 1,430,000	\$ 1,332,977
Contractual Services	264,200	264,200	233,581
Commodities	248,000	248,000	191,953
Total Public Works	<u>1,952,200</u>	<u>1,942,200</u>	<u>1,758,511</u>
Parks and Recreation:			
Personal Services	561,000	496,000	474,885
Contractual Services	270,753	260,753	189,781
Commodities	167,300	167,300	119,326
Capital Outlay	97,200	97,200	18,289
Total Parks and Recreation	<u>1,096,253</u>	<u>1,021,253</u>	<u>802,281</u>
Health and Sanitation:			
Personal Services	1,160,000	1,160,000	1,091,536
Contractual Services	970,025	1,005,025	1,001,718
Commodities	300,500	255,500	244,145
Capital Outlay	-	10,000	9,770
Total Health and Sanitation	<u>2,430,525</u>	<u>2,430,525</u>	<u>2,347,169</u>
Cemetery:			
Personal Services	237,000	237,000	189,699
Contractual Services	31,500	31,500	28,561
Commodities	28,400	28,400	18,588
Total Cemetery	<u>296,900</u>	<u>296,900</u>	<u>236,848</u>
Engineering:			
Personal Services	250,300	250,300	247,110
Contractual Services	21,700	23,800	20,915
Commodities	2,900	5,800	4,646
Capital Outlay	1,800	1,800	143
Total Engineering	<u>276,700</u>	<u>281,700</u>	<u>272,814</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND  
 FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (continued):			
Planning & Economic Development:			
Personal Services	257,300	257,300	218,508
Contractual Services	39,150	34,150	8,229
Commodities	6,000	6,000	2,070
Total Planning & Economic Development	<u>302,450</u>	<u>297,450</u>	<u>228,807</u>
Total Disbursements	<u>\$ 28,399,240</u>	<u>\$ 28,660,740</u>	<u>\$ 27,163,930</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(2,669,989)</u>	<u>(2,919,489)</u>	<u>(2,631,396)</u>
Other Financing Sources:			
Proceeds From Debt	-	-	300,000
Proceeds From Fixed Asset Sales	5,000	5,000	24,647
Transfers In	<u>2,016,377</u>	<u>2,016,377</u>	<u>1,706,377</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ (648,612)</u>	<u>\$ (898,112)</u>	<u>(600,372)</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>\$ (600,372)</u>

**CITY OF BELLEVILLE, ILLINOIS**

REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)  
 TAX INCREMENT FINANCING FUND  
 FOR THE YEAR ENDED APRIL 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual (Budget Basis)</u>
	<u>Original</u>	<u>Final</u>	
Receipts:			
Property Tax	\$ 15,825,000	\$ 15,825,000	\$ 15,340,095
Intergovernmental	3,563,284	3,563,284	3,062,656
Interest	20,865	20,865	15,843
Miscellaneous	86,000	86,000	104,047
Total Receipts	<u>19,495,149</u>	<u>19,495,149</u>	<u>18,522,641</u>
Disbursements:			
Current:			
Development:			
Contractual Services	1,689,000	839,200	875,097
Tax District Reimbursements and Rebates	7,155,000	7,137,700	5,803,102
Capital Outlay	6,306,050	7,579,650	3,821,305
Debt Service	3,915,000	4,035,000	4,480,601
Total Disbursements	<u>19,065,050</u>	<u>19,591,550</u>	<u>14,980,105</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>430,099</u>	<u>(96,401)</u>	<u>3,542,536</u>
Other Financing Sources:			
Transfers In	55,000	55,000	-
Transfers Out	(4,316,178)	(4,870,178)	(4,814,090)
Proceeds from Debt	-	-	138,156
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (3,831,079)</u>	<u>\$ (4,911,579)</u>	<u>(1,133,398)</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>\$ (1,133,398)</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)  
PD PROJECT CONSTRUCTION FUND  
FOR THE YEAR ENDED APRIL 30, 2016

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Investment Earnings	\$ 7,500	\$ 7,500	\$ 14,911
Total Receipts	<u>7,500</u>	<u>7,500</u>	<u>14,911</u>
Disbursements:			
Capital Outlay	15,260,000	15,760,000	6,650,413
Debt Service	<u>120,000</u>	<u>225,000</u>	<u>102,900</u>
Total Disbursements	<u>15,380,000</u>	<u>15,985,000</u>	<u>6,753,313</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(15,372,500)</u>	<u>(15,977,500)</u>	<u>(6,738,402)</u>
Other Financing Sources:			
Proceeds from Bond	<u>9,000,000</u>	<u>9,000,000</u>	<u>8,859,883</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (6,372,500)</u>	<u>\$ (6,977,500)</u>	2,121,481
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>\$ 2,121,481</u>

**CITY OF BELLEVILLE, ILLINOIS**

POLICE PENSION FUND  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 APRIL 30, 2016

	Fiscal Year	
	2016	2015
Total Pension Liability:		
Service Cost	\$ 2,861,024	\$ 3,106,597
Interest	6,777,594	1,890,952
Contributions - Buy Back	-	-
Benefit payments, including refunds	<u>(2,993,209)</u>	<u>(2,910,559)</u>
Net change in total pension liability	6,645,409	2,086,990
Total pension liability - beginning	<u>57,751,833</u>	<u>55,664,843</u>
Total pension liability - ending	<u>\$ 64,397,242</u>	<u>\$ 57,751,833</u>
Plan Fiduciary Net Position		
Contributions - employer	2,183,517	2,376,374
Contributions - employee	547,290	519,223
Contributions - Buy Back	-	-
Net investment income	2,196,212	2,618,865
Benefit payments, including refunds	(2,993,209)	(2,910,559)
Administrative	<u>(35,193)</u>	<u>(40,890)</u>
Net change in plan fiduciary net position	1,898,617	2,563,013
Plan fiduciary net position - beginning	<u>33,656,359</u>	<u>31,093,346</u>
Plan fiduciary net position - ending	<u>\$ 35,554,976</u>	<u>\$ 33,656,359</u>
Net Pension Liability	<u>\$ 28,842,266</u>	<u>\$ 24,095,474</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.21%</u>	<u>58.28%</u>
Covered-employee Payroll	<u>\$ 5,408,603</u>	<u>\$ 5,404,735</u>
Net position liability as a percentage of covered-employee payroll	<u>533.27%</u>	<u>445.82%</u>

**CITY OF BELLEVILLE, ILLINOIS**

POLICE PENSION FUND  
SCHEDULE OF CONTRIBUTIONS  
APRIL 30, 2016

	Fiscal Year	
	2016	2015
Actuarial Determined Contribution	\$ 3,072,229	\$ 2,103,342
Contributions in relation to actuarial determined contribution	<u>2,388,327</u>	<u>2,183,517</u>
Contribution deficiency (excess)	<u>\$ 683,902</u>	<u>\$ (80,175)</u>
Covered-employee Payroll	<u>\$ 5,408,603</u>	<u>\$ 5,404,735</u>
Contributions as a percentage of covered-employee payroll	<u>44.16%</u>	<u>40.40%</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, 2015.

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:	25 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, 2016

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

2016	-2.24%
2015	6.14%

**CITY OF BELLEVILLE, ILLINOIS**

FIREMEN'S PENSION FUND  
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
 APRIL 30, 2016

	<u>Fiscal Year</u>	
	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ 1,839,274	\$ 7,513,877
Interest	5,059,152	(1,234,152)
Contributions - Buy Back	-	-
Benefit payments, including refunds	<u>(2,977,719)</u>	<u>(2,844,232)</u>
Net change in total pension liability	3,920,707	3,435,493
Total pension liability - beginning	<u>49,888,467</u>	<u>46,452,974</u>
Total pension liability - ending	<u>\$ 53,809,174</u>	<u>\$ 49,888,467</u>
Plan Fiduciary Net Position		
Contributions - employer	2,602,491	2,269,406
Contributions - employee	427,176	386,322
Contributions - Buy Back	-	-
Net investment income	1,327,311	2,149,467
Benefit payments, including refunds	(2,977,719)	(2,844,232)
Administrative	<u>(28,525)</u>	<u>(26,061)</u>
Net change in plan fiduciary net position	1,350,734	1,934,902
Plan fiduciary net position - beginning	<u>23,987,056</u>	<u>22,052,154</u>
Plan fiduciary net position - ending	<u>\$ 25,337,790</u>	<u>\$ 23,987,056</u>
Net Pension Liability	<u>\$ 28,471,384</u>	<u>\$ 25,901,411</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>47.09%</u>	<u>48.08%</u>
Covered-employee Payroll	<u>\$ 4,022,075</u>	<u>\$ 4,018,080</u>
Net position liability as a percentage of covered-employee payroll	<u>707.88%</u>	<u>644.62%</u>

**CITY OF BELLEVILLE, ILLINOIS**

FIREMEN'S PENSION FUND  
SCHEDULE OF CONTRIBUTIONS  
APRIL 30, 2016

	Fiscal Year	
	2016	2015
Actuarial Determined Contribution	\$ 2,971,038	\$ 2,505,763
Contributions in relation to actuarial determined contribution	<u>2,832,970</u>	<u>2,602,491</u>
Contribution deficiency (excess)	<u>\$ 138,068</u>	<u>\$ (96,728)</u>
Covered-employee Payroll	<u>\$ 4,022,075</u>	<u>\$ 4,018,080</u>
Contributions as a percentage of covered-employee payroll	<u>70.44%</u>	<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, 2015.

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:	25 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, 2016

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

2016	-1.64%
2015	6.21%

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2016

	<u>2015</u>
Total Pension Liability:	
Service Cost	\$ 977,248
Interest	3,810,790
Difference between expected and actual experience	(1,116,165)
Assumption changes	63,016
Benefit payments, including refunds	<u>(2,317,937)</u>
Net change in total pension liability	1,416,952
Total pension liability - beginning	<u>51,548,713</u>
Total pension liability - ending	<u>\$ 52,965,665</u>
Plan Fiduciary Net Position	
Contributions - employer	1,076,108
Contributions - employee	402,058
Net investment income	235,252
Benefit payments, including refunds	(2,317,937)
Other	<u>(185,553)</u>
Net change in plan fiduciary net position	(790,072)
Plan fiduciary net position - beginning	<u>47,470,252</u>
Plan fiduciary net position - ending	<u>\$ 46,680,180</u>
Net Pension Liability	<u>\$ 6,285,485</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.13%</u>
Covered-employee Payroll	<u>\$ 8,923,922</u>
Net position liability as a percentage of covered-employee payroll	<u>70.43%</u>

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF CONTRIBUTIONS  
ILLINOIS MUNICIPAL RETIREMENT FUND  
APRIL 30, 2016

Actuarial Determined Contribution	\$ 1,076,108
Contributions in relation to actuarial determined contribution	<u>1,076,108</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee Payroll	<u>8,923,922</u>
Contributions as a percentage of covered-employee payroll	<u>12.06%</u>

Actuarial valuation date for above is December 31, 2015.

The actuarial valuations presented are prepared using the following parameters:

Actuarial Cost Method:	Aggregate Entry Age Normal
Amortization Method:	Level Percentage of Payroll, Closed
Remaining Amortization Period:	28 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Payroll Growth	4.00%
Cost of Living	3.00%

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF POST-EMPLOYMENT HEALTHCARE  
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
APRIL 30, 2016

	Fiscal Year					
	2016	2015	2014	2013	2012	2011
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	9,209,241	13,410,157	12,649,505	13,085,224	12,357,232	10,491,002
Unfunded AAL (UAAL)	9,209,241	13,410,157	12,649,505	13,085,224	12,357,232	10,491,002
Funded Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	18,862,620	18,432,075	17,808,768	16,829,778	16,260,655	16,250,408
UAAL as a % of Covered Payroll	48.82%	72.75%	71.03%	77.75%	75.99%	64.56%
Employer Contributions:						
Required	834,283	1,113,989	1,108,456	1,064,575	1,059,370	884,989
Made	337,042	476,736	437,372	466,394	427,884	379,748
Percentage of Employer Contributions						
Made to Required Contributions	40.40%	42.80%	39.46%	43.81%	40.39%	42.91%

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 4.50%

Wage Inflation 3.50%

Healthcare Trend 8.50% initially with a reduction to 4.5% after eight years

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF ASSETS, LIABILITIES AND  
 FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS  
 NONMAJOR GOVERNMENTAL FUNDS  
 APRIL 30, 2016

	Total Special Revenue	Special Service Area	Debt Service				PD Project	Total	Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Government Funds
			2011 Bond Fund	TIF							
Cash and Cash Equivalents	\$ 2,656,337	\$ 248,385	\$ 1,311,805	\$ 256,443	\$ 1,271,966	\$ 3,088,599	\$ 10,127	\$ 2,371	\$ 5,757,434		
Investments	-	-	-	-	-	-	-	237,474	237,474		
Land	-	-	-	-	-	-	-	33,750	33,750		
<b>Total Assets</b>	<b>\$ 2,656,337</b>	<b>\$ 248,385</b>	<b>\$ 1,311,805</b>	<b>\$ 256,443</b>	<b>\$ 1,271,966</b>	<b>\$ 3,088,599</b>	<b>\$ 10,127</b>	<b>\$ 273,595</b>	<b>\$ 6,028,658</b>		
<b>Liabilities and Fund Balance</b>											
Liabilities:											
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Fund Balances:</b>											
Nonspendable	-	-	-	-	-	-	-	-	33,750	33,750	
Restricted	2,428,652	248,385	1,311,805	256,443	1,271,966	3,088,599	-	239,845	5,757,096		
Committed	227,685	-	-	-	-	-	10,127	-	237,812		
<b>Total Fund Balances</b>	<b>\$ 2,656,337</b>	<b>\$ 248,385</b>	<b>\$ 1,311,805</b>	<b>\$ 256,443</b>	<b>\$ 1,271,966</b>	<b>\$ 3,088,599</b>	<b>\$ 10,127</b>	<b>\$ 273,595</b>	<b>\$ 6,028,658</b>		
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,656,337</b>	<b>\$ 248,385</b>	<b>\$ 1,311,805</b>	<b>\$ 256,443</b>	<b>\$ 1,271,966</b>	<b>\$ 3,088,599</b>	<b>\$ 10,127</b>	<b>\$ 273,595</b>	<b>\$ 6,028,658</b>		

**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, 2016

	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			
Revenues:								
Property Tax	\$ 3,697,945	\$ 98,903	-	\$ -	-	\$ -	\$ -	\$ 3,796,848
Intergovernmental	1,342,782	-	1,129,693	-	-	-	-	2,472,475
Local Tax	97,529	-	-	-	-	-	-	97,529
Charges for Services	482,045	-	-	-	-	-	1,970	484,015
Fines and Forfeitures	14,048	-	-	-	-	-	-	14,048
Investment Income	4,682	369	1,684	1,609	15	8,148	-	16,834
Contributions	51,141	-	-	-	-	-	-	51,141
Miscellaneous	40,926	-	-	-	-	-	-	40,926
Total Revenues	5,731,098	99,272	1,131,377	327	15	10,118	-	6,973,816
Expenditures:								
Current:								
General Government	1,985,415	-	-	-	-	-	-	1,985,415
Public Works	601,947	-	-	-	-	-	-	601,947
Cultural and Recreational	2,123,655	-	-	-	-	-	-	2,123,655
Capital Outlay	594,878	-	-	-	-	15,015	8,430	618,323
Debt Service:								
Principal	-	60,000	780,000	-	770,000	-	-	1,610,000
Interest and Fiscal Charges	-	40,950	228,065	254,012	498,710	-	-	1,021,737
Total Expenditures	5,305,895	100,950	1,008,065	254,012	1,268,710	15,015	8,430	7,961,077
Excess (Deficiency) of Revenues Over Expenditures	425,203	(1,678)	123,312	(253,685)	(1,267,101)	(15,000)	1,688	(987,261)
Other Financing Sources (Uses):								
Transfers In	-	-	-	254,300	1,853,413	-	-	2,107,713
Transfers Out	(300,000)	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	(300,000)	-	-	254,300	1,853,413	-	-	1,807,713
Net Change in Fund Balances	125,203	(1,678)	123,312	615	586,312	(15,000)	1,688	820,452
Fund Balances, Beginning of Year	2,531,134	250,063	1,188,493	255,828	685,654	25,127	271,907	5,208,206
Fund Balances, End of Year	2,656,337	248,385	1,311,805	256,443	1,271,966	10,127	273,595	6,028,658

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, 2016

	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
<u>Assets</u>										
Cash and Cash Equivalents	\$ 163,198	\$ 1,238,083	\$ 280,291	\$ 120,604	\$ 370,138	\$ 265,520	\$ 64,487	\$ 4,673	\$ 149,343	\$ 2,656,337
Total Assets	<u>\$ 163,198</u>	<u>\$ 1,238,083</u>	<u>\$ 280,291</u>	<u>\$ 120,604</u>	<u>\$ 370,138</u>	<u>\$ 265,520</u>	<u>\$ 64,487</u>	<u>\$ 4,673</u>	<u>\$ 149,343</u>	<u>\$ 2,656,337</u>
<u>Liabilities and Fund Balance</u>										
Liabilities:										
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-	-	-	-
Fund Balance:										
Restricted	-	1,238,083	280,291	120,604	370,138	265,520	-	4,673	149,343	2,428,652
Committed	163,198	-	-	-	-	-	64,487	-	-	227,685
Total Fund Balance	<u>163,198</u>	<u>1,238,083</u>	<u>280,291</u>	<u>120,604</u>	<u>370,138</u>	<u>265,520</u>	<u>64,487</u>	<u>4,673</u>	<u>149,343</u>	<u>2,656,337</u>
Total Liabilities and Fund Balance	<u>\$ 163,198</u>	<u>\$ 1,238,083</u>	<u>\$ 280,291</u>	<u>\$ 120,604</u>	<u>\$ 370,138</u>	<u>\$ 265,520</u>	<u>\$ 64,487</u>	<u>\$ 4,673</u>	<u>\$ 149,343</u>	<u>\$ 2,656,337</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, 2016

	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	\$ -	\$ 367,928	\$ -	\$ 1,370,067	\$ 1,202,983	\$ 723,899	\$ -	\$ -	\$ 33,068	\$ 3,697,945
Intergovernmental	-	15,378	1,175,339	86,653	65,412	-	-	-	-	1,342,782
Local Tax	-	-	-	-	-	-	97,529	-	-	97,529
Charges for Services	25,120	430,443	3,241	-	23,241	-	-	-	-	482,045
Fines and Forfeitures	-	-	-	-	14,048	-	-	-	-	14,048
Investment Income	223	1,743	812	385	836	406	53	7	217	4,682
Contributions	-	43,083	-	-	3,558	-	-	4,500	-	51,141
Miscellaneous	-	2,602	3,887	1,697	32,739	-	-	-	-	40,926
Total Revenues	25,343	861,178	1,183,279	1,458,802	1,342,817	724,305	97,582	4,507	33,285	5,731,098
Expenditures:										
Current:										
General Government	-	-	-	1,383,685	-	552,811	48,919	-	-	1,985,415
Public Works	-	-	552,510	-	-	-	-	-	49,437	601,947
Cultural and Recreational	4,695	729,810	-	-	1,386,211	-	-	2,939	-	2,123,655
Capital Outlay	-	542	480,567	-	113,769	-	-	-	-	594,878
Total Expenditures	4,695	730,352	1,033,077	1,383,685	1,499,980	552,811	48,919	2,939	49,437	5,305,895
Excess (Deficiency) of Revenues Over Expenditures	20,648	130,826	150,202	75,117	(157,163)	171,494	48,663	1,568	(16,152)	425,203
Other Financing Sources (Uses):										
Transfers Out	-	-	(300,000)	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	-	-	(300,000)	-	-	-	-	-	-	(300,000)
Net Change in Fund Balances	20,648	130,826	(149,798)	75,117	(157,163)	171,494	48,663	1,568	(16,152)	125,203
Fund Balance, Beginning of Year	142,550	1,107,257	430,089	45,487	527,301	94,026	15,824	3,105	165,495	2,531,134
Fund Balance, End of Year	\$ 163,198	\$ 1,238,083	\$ 280,291	\$ 120,604	\$ 370,138	\$ 265,520	\$ 64,487	\$ 4,673	\$ 149,343	\$ 2,656,337

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
APRIL 30, 2016

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
<b><u>Assets</u></b>			
Current Assets:			
Cash	\$ 374,362	\$ 737	\$ 375,099
Total Assets	<u>\$ 374,362</u>	<u>\$ 737</u>	<u>\$ 375,099</u>
<b><u>Liabilities</u></b>			
Current Liabilities:			
Due to Other Funds	\$ -	\$ 774,958	\$ 774,958
Total Current Liabilities	<u>-</u>	<u>774,958</u>	<u>774,958</u>
<b><u>Net Position</u></b>			
Unassigned	<u>374,362</u>	<u>(774,221)</u>	<u>(399,859)</u>
Total Net Position	<u>\$ 374,362</u>	<u>\$ (774,221)</u>	<u>\$ (399,859)</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, 2016

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ -	\$ 4,192,222	\$ 4,192,222
Operating Expenses:			
Personal Services	-	4,640,433	4,640,433
Total Operating Expenses	-	4,640,433	4,640,433
Operating Income	-	(448,211)	(448,211)
Nonoperating Revenues:			
Property Tax	-	308,137	308,137
Investment Earnings	534	37	571
Total Nonoperating Revenues	534	308,174	308,708
Change in Net Position	534	(140,037)	(139,503)
Net Position, Beginning of Year	373,828	(634,184)	(260,356)
Net Position, End of Year	<u>\$ 374,362</u>	<u>\$ (774,221)</u>	<u>\$ (399,859)</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - PENSION TRUST FUNDS  
APRIL 30, 2016

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 1,485,264	\$ 1,904,295	\$ 3,389,559
Investments, at Market	30,673,502	20,293,577	50,967,079
Receivables:			
Taxes Receivable	2,314,586	2,766,925	5,081,511
Other Receivable	4,055	-	4,055
Interest Receivable	<u>63,950</u>	<u>59,135</u>	<u>123,085</u>
Total Assets	<u>34,541,357</u>	<u>25,023,932</u>	<u>59,565,289</u>
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Position - Restricted for Pension Benefits	<u>\$ 34,541,357</u>	<u>\$ 25,023,932</u>	<u>\$ 59,565,289</u>

**CITY OF BELLEVILLE, ILLINOIS**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS - PENSION TRUST FUNDS  
 FOR THE YEAR ENDED APRIL 30, 2016

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Additions:			
Contributions:			
Employee Contributions	\$ 595,180	\$ 422,345	\$ 1,017,525
Employer Contributions:			
Property Taxes	2,301,795	2,751,567	5,053,362
Personal Property Replacement Taxes	86,532	81,403	167,935
Total Contributions	<u>2,983,507</u>	<u>3,255,315</u>	<u>6,238,822</u>
Investment Income:			
Interest and Dividend Income	1,521,369	445,020	1,966,389
Gain (Loss) on Sales of Securities	(38,274)	(486,454)	(524,728)
Net Appreciation in Fair Market Value of Investments	<u>(2,254,655)</u>	<u>(242,207)</u>	<u>(2,496,862)</u>
	(771,560)	(283,641)	(1,055,201)
Less Investment Expense	<u>(37,447)</u>	<u>(88,983)</u>	<u>(126,430)</u>
Total Investment Income	<u>(809,007)</u>	<u>(372,624)</u>	<u>(1,181,631)</u>
Reimbursements	<u>488</u>	<u>-</u>	<u>488</u>
Total Additions	<u>2,174,988</u>	<u>2,882,691</u>	<u>5,057,679</u>
Deductions:			
Benefits Paid to Participants:			
Service and Disability	2,799,356	2,706,922	5,506,278
Dependents	261,293	447,712	709,005
Refund of Contributions	82,774	-	82,774
Professional Fees	12,903	13,245	26,148
Other	<u>32,281</u>	<u>28,670</u>	<u>60,951</u>
Total Deductions	<u>3,188,607</u>	<u>3,196,549</u>	<u>6,385,156</u>
Change in Net Position	(1,013,619)	(313,858)	(1,327,477)
Net Position, Beginning of Year	<u>35,554,976</u>	<u>25,337,790</u>	<u>60,892,766</u>
Net Position, End of Year	<u>\$ 34,541,357</u>	<u>\$ 25,023,932</u>	<u>\$ 59,565,289</u>

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF ASSESSED VALUATION, TAX RATES,  
EXTENSIONS AND COLLECTIONS  
(UNAUDITED)  
APRIL 30, 2016

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
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
2014	401,054,614	0.0773	0.3437	0.5261	0.6317	0.3018	0.1816	0.0923	2.1545

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
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
2014	310,015	1,378,425	2,109,948	2,533,462	1,210,383	728,315	370,173	8,640,721

Taxes Collected

Levy Year	Total Taxes Extended	Total Taxes Collected	Percent of Current Year Taxes Collected	Current Year Uncollected Balance
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
2014	8,640,721	8,588,031	99.39%	52,690



**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, 2016, 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 16, 2016.

**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. Schlessel & Co. LLC

Certified Public Accountants

Alton, Illinois

September 16, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2016. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

## 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*C. J. Schuman & Co. LLC*

Certified Public Accountants  
Alton, Illinois

September 16, 2016

**CITY OF BELLEVILLE, ILLINOIS**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED APRIL 30, 2016

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	CFDA <u>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	L17518800	791,031	\$ <u>660,853</u>
				<u>660,853</u>
<u>Department of Transportation</u>				
Passed Through Illinois Department of Transportation:				
Federal-Aid Highway Program	20.205	R-98-012-11	245,080	<u>245,080</u>
				<u>245,080</u>
Total Federal Awards				<u>\$ 905,933</u>

See notes to schedule of expenditures of federal awards

**CITY OF BELLEVILLE, ILLINOIS**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
APRIL 30, 2016

**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, 2016.

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, 2016

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- (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 \$750,000.
- (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, 2016

None