



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

CITY OF BELLEVILLE, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
APRIL 30, 2017

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CITY OF BELLEVILLE, ILLINOIS

TABLE OF CONTENTS
APRIL 30, 2017

	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balances Arising From Modified Cash Basis Transactions - Governmental Funds	15
Reconciliation of the Statement of Assets, Liabilities and Fund Balances Arising From Modified Cash Basis Transactions to the Statement of Net Position	16
Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Governmental Funds	17
Reconciliation of the Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Statement of Plan Net Position – Pension Trust Funds	22
Statement of Changes in Plan Net Position – Pension Trust Funds	23
Notes to Financial Statements	24 – 56
Required Supplementary Information/Other Information:	
Budgetary Comparison Schedule (Modified Cash Basis):	
General Fund	57 - 61
Tax Increment Financing Fund	62
PD Project Construction Fund	63
Schedules of Police and Firemen’s Net Pension Liability and Related Information	64 - 69
Schedule of Illinois Municipal Retirement Funding Progress and Employer Contributions	70 - 71
Schedule of Post-Employment Healthcare Funding Progress and Employer Contributions	72

CITY OF BELLEVILLE, ILLINOIS

TABLE OF CONTENTS
APRIL 30, 2017

	<u>Page</u>
Other Supplementary Information:	
Combining Fund Financial Statements:	
Combining Statement of Assets, Liabilities and Fund Balances Arising from Modified Cash Basis Transactions - Nonmajor Governmental Funds	73
Combining Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Nonmajor Governmental Funds	74
Combining Statement of Assets, Liabilities and Fund Balances Arising from Modified Cash Basis Transactions - Nonmajor Special Revenue Governmental Funds	75
Combining Statement of Revenues and Expenditures Arising From Modified Cash Basis Transactions - Nonmajor Special Revenue Governmental Funds	76
Combining Statement of Net Position - Internal Service Funds	77
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	78
Combining Statement of Plan Net Position - Pension Trust Funds	79
Combining Statement of Changes in Plan Net Position - Pension Trust Funds	80
 Schedule of Assessed Valuation, Tax Rates, Extensions and Collections	 81
 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 <i>Government Auditing Standards</i>	 82 - 83
 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	 84 - 85

CITY OF BELLEVILLE, ILLINOIS

TABLE OF CONTENTS
APRIL 30, 2017

	<u>Page</u>
Other Supplementary Information (Continued):	
Schedule of Expenditures of Federal Awards	86
Notes to the Schedule of Expenditures of Federal Awards	87
Schedule of Findings and Questioned Costs	88
Schedule of Prior Year Findings and Questioned Costs	89

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, 2017, 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, 2017 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Other Matters

Required Supplementary Information/Other Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 to 12), budgetary comparison information (pages 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 25, 2017 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. Schlusser & Company LLC

Certified Public Accountants

Alton, Illinois

September 25, 2017

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2017

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, 2017.

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, 2017.

- Net position of the City's Governmental Funds decreased by approximately \$3.8 million due in large part to the spend down of bond proceeds from prior years to work towards completing the Police Department and City Hall renovation projects.
- Net position of the City's business-type activities increased by \$628,392 during fiscal year 2017.
- Net position of the City's fiduciary funds for Police and Fire pensions increased by \$5,743,529 during fiscal year 2017.

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 position 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, 2017

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, 2017

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 year.

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2017

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 \$53,565,316 at the close of the most recent fiscal year (April 30, 2017).

The condensed statement of net position is as follows:

	Governmental Activities		Business-type Activities		Total	
	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
ASSETS						
Current and other assets	\$ 20,085,509	\$ 26,334,062	\$ 6,537,255	\$ 9,702,180	\$ 26,622,764	\$ 36,036,242
Capital assets, net	33,750	33,750	103,420,869	88,334,991	103,454,619	88,368,741
Total assets	<u>20,119,259</u>	<u>26,367,812</u>	<u>109,958,124</u>	<u>98,037,171</u>	<u>130,077,383</u>	<u>124,404,983</u>
LIABILITIES						
Long-term liabilities	73,644,487	76,089,335	62,109,404	49,519,814	135,753,891	125,609,149
Other liabilities	40,088	49,446	3,791,527	5,088,556	3,831,615	5,138,002
Total liabilities	<u>73,684,575</u>	<u>76,138,781</u>	<u>65,900,931</u>	<u>54,608,370</u>	<u>139,585,506</u>	<u>130,747,151</u>
NET POSITION						
Invested in capital assets, net of related debt	-	-	39,697,211	36,832,639	39,697,211	36,832,639
Restricted	14,944,640	14,707,926	-	-	14,944,640	14,707,926
Unrestricted	<u>(68,509,956)</u>	<u>(64,478,895)</u>	<u>4,359,982</u>	<u>6,596,162</u>	<u>(64,149,974)</u>	<u>(57,882,733)</u>
Total net position	<u>\$ (53,565,316)</u>	<u>\$ (49,770,969)</u>	<u>\$ 44,057,193</u>	<u>\$ 43,428,801</u>	<u>\$ (9,508,123)</u>	<u>\$ (6,342,168)</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 \$3,165,955 during fiscal year 2017.

Governmental activities. Governmental activities decreased the City's presented net position by \$3,794,347. This is mainly due to the spend down of bond proceeds from prior years to work towards completing the Police Department and City Hall renovation projects, as well as the City choosing to spend down some of its tax increment financing district funds on various projects.

Revenues stayed fairly level, only increasing in total by \$377,902 from fiscal year 2016 to 2017, with the largest increase of a single line item coming from property taxes, but with a significant

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2017

decrease in State income taxes. Total expenditures decreased in total by \$935,885 from 2016 to 2017, mainly due to a reduction in spending on public works projects.

Business-type activities. Business-type activities increased the City's net position by \$628,392. A large portion of the debt incurred for the 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, 2017	For The Year Ended April 30, 2016	For The Year Ended April 30, 2017	For The Year Ended April 30, 2016	For The Year Ended April 30, 2017	For The Year Ended April 30, 2016
REVENUES						
Program revenues:						
Charges for services	\$ 6,385,531	\$ 6,261,854	\$ 8,461,731	\$ 8,189,302	\$ 14,847,262	\$ 14,451,156
Operating grants	85,858	800			85,858	800
Capital grants	152,296	245,080	-	-	152,296	245,080
General revenues:						
Property taxes	20,078,834	19,445,080	-	-	20,078,834	19,445,080
Sales and use tax	13,724,636	13,483,719	-	-	13,724,636	13,483,719
Replacement tax	457,468	435,497	-	-	457,468	435,497
State income taxes	4,234,875	4,749,280	-	-	4,234,875	4,749,280
Motor fuel taxes	1,166,685	1,175,340	-	-	1,166,685	1,175,340
Telecommunications taxes	1,166,272	1,231,190	-	-	1,166,272	1,231,190
Utility taxes	3,271,331	3,430,672	-	-	3,271,331	3,430,672
Gaming tax	256,708	209,443	-	-	256,708	209,443
Other local taxes	143,936	122,648	-	-	143,936	122,648
Investment earnings	88,099	52,757	15,898	10,977	103,997	63,734
Miscellaneous	23,960	15,227	-	-	23,960	15,227
Transfers	(1,300,000)	(1,300,000)	1,300,000	1,300,000	-	-
Total revenues	<u>49,936,489</u>	<u>49,558,587</u>	<u>9,777,629</u>	<u>9,500,279</u>	<u>59,714,118</u>	<u>59,058,866</u>
EXPENSES						
Governmental activities:						
General government	6,727,724	6,544,560	-	-	6,727,724	6,544,560
Public safety	23,400,470	23,272,221	-	-	23,400,470	23,272,221
Public works	5,269,761	6,267,146	-	-	5,269,761	6,267,146
Sanitation	2,501,898	2,347,169	-	-	2,501,898	2,347,169
Cemetery	236,628	245,278	-	-	236,628	245,278
Health and welfare	898,670	865,764	-	-	898,670	865,764
Development	6,843,340	7,507,115	-	-	6,843,340	7,507,115
Cultural and recreational	3,135,043	3,270,985	-	-	3,135,043	3,270,985
Interest on long-term debt	4,717,302	4,346,483	-	-	4,717,302	4,346,483
Business-type activities:						
Waterworks and sewerage	-	-	9,149,237	9,133,258	9,149,237	9,133,258
Nonmajor	-	-	-	-	-	-
Total expenses	<u>53,730,836</u>	<u>54,666,721</u>	<u>9,149,237</u>	<u>9,133,258</u>	<u>62,880,073</u>	<u>63,799,979</u>
Change in net position	(3,794,347)	(5,108,134)	628,392	367,021	(3,165,955)	(4,741,113)
Net position - beginning	(49,770,969)	(44,662,835)	43,428,801	43,061,780	(6,342,168)	(1,601,055)
Net position - ending	<u>\$ (53,565,316)</u>	<u>\$ (49,770,969)</u>	<u>\$ 44,057,193</u>	<u>\$ 43,428,801</u>	<u>\$ (9,508,123)</u>	<u>\$ (6,342,168)</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, 2017

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 2017, the City's governmental funds reported combined ending fund balances of \$20,508,900, a decrease of \$6,209,325 in comparison with the prior year. This decrease was mainly due to the spending down of bond proceeds from prior years to finish renovations to the new Police Department building, and continue City Hall renovations. Approximately 9.84% of this total amount (\$2,017,620) constitutes unassigned fund balance, which is available for spending at the City's discretion. \$14,944,640 (72.87% 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 2017 (\$3,464,698) 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 \$2,017,620. 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 7.18% of total General Fund expenditures.

The fund balance of the City's General Fund decreased by \$1,194,278 during the current fiscal year. The decrease was in large part due to decreases in State funding sources, like State income tax revenue, and decreases in utility taxes.

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 16 tax increment financing districts (3 districts were terminated during fiscal year 2017). At the end of the current fiscal year, the fund balance of the TIF fund was \$8,434,044, which is a decrease of \$572,201 compared to 2016.

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, 2017

Unrestricted net position of the sewer fund at the end of the year amounted to \$4,359,982, a decrease of \$2,236,180 from the prior year. This decrease was due to the spending of some reserves for some large infrastructure projects during the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2017 expenditure budget for the City's General Fund represents an original budget of \$28,465,529. Actual expenditures in the general fund were \$27,984,324, which is \$754,151 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, 2017, amounts to \$103,454,619, 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 \$15,085,878 or 17.07% (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, 2017	April 30, 2016	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
Land	\$ 33,750	\$ 33,750	\$ 1,104,046	\$ 1,104,046	\$ 1,137,796	\$ 1,137,796
Construction in progress	-	-	23,509,812	7,043,391	23,509,812	7,043,391
Buildings and improvements	-	-	51,853,311	53,316,160	51,853,311	53,316,160
Vehicles and equipment	-	-	467,044	260,108	467,044	260,108
Distribution and collection systems	-	-	26,486,656	26,611,286	26,486,656	26,611,286
Total capital assets	<u>\$ 33,750</u>	<u>\$ 33,750</u>	<u>\$ 103,420,869</u>	<u>\$ 88,334,991</u>	<u>\$ 103,454,619</u>	<u>\$ 88,368,741</u>

For government-wide financial presentation, all depreciable capital assets were depreciated from acquisition date to the end of fiscal year 2017. 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, 2017

Long-term Debt

At the end of fiscal year 2017, the City of Belleville had total long-term debt obligations for governmental and business-type activities in the amount of \$136,198,053 compared to \$126,193,412 at the end of fiscal year 2016. During 2017, 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, 2017	April 30, 2016	April 30, 2017	April 30, 2016	April 30, 2017	April 30, 2016
Special Service Area Bonds						
Series 2006	\$ 835,000	\$ 895,000	\$ -	\$ -	\$ 835,000	\$ 895,000
Tax Increment Refunding Bonds						
Series 2007A	14,270,000	14,600,000	-	-	14,270,000	14,600,000
Taxable Business District Bonds						
Series 2007B	6,415,000	6,505,000	-	-	6,415,000	6,505,000
G.O. Refunding Bonds						
Series 2009	137,712	147,980	2,142,288	2,302,020	2,280,000	2,450,000
G.O. Bonds						
Series 2011A	5,000,000	5,000,000	-	-	5,000,000	5,000,000
G.O. Refunding Bonds						
Series 2011B	1,575,000	2,525,751	-	634,248	1,575,000	3,159,999
SWIDA Revenue Bonds						
Series 2011A	15,085,000	15,175,000	-	-	15,085,000	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	4,125,000	4,510,000	-	-	4,125,000	4,510,000
G.O. Refunding Bonds						
Series 2012	6,790,000	6,825,000	-	-	6,790,000	6,825,000
G.O. Bonds						
Series 2014	8,860,000	9,195,000	-	-	8,860,000	9,195,000
G.O. Bonds						
Series 2015	7,730,000	8,030,000	-	-	7,730,000	8,030,000
Notes Payable	457,202	438,156	59,123,882	45,924,127	59,581,084	46,362,283
Capital Leases	804,573	682,448	-	-	804,573	682,448
Net Pension Liability	-	-	1,287,396	1,243,682	1,287,396	1,243,682
Total Debt	\$ 73,644,487	\$ 76,089,335	\$ 62,553,566	\$ 50,104,077	\$ 136,198,053	\$ 126,193,412

During fiscal year 2017, the City issued over \$15,000,000 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 40 of this report.

CITY OF BELLEVILLE, ILLINOIS

Management's Discussion and Analysis

For the fiscal year ended April 30, 2017

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, 2017

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 20,037,317	\$ 4,943,657	\$ 24,980,974
Receivables (Net of allowance for uncollectible):			
Accounts	-	1,365,972	1,365,972
Interest/Other	48,192	15,000	63,192
Prepaid Expenses	-	69,315	69,315
Inventory	-	143,311	143,311
Capital Assets:			
Land	33,750	1,104,046	1,137,796
Buildings and Improvements	-	58,835,689	58,835,689
Equipment	-	1,334,058	1,334,058
Vehicles	-	1,223,206	1,223,206
Infrastructure	-	51,276,521	51,276,521
Construction in Progress	-	23,509,812	23,509,812
Accumulated Depreciation	-	(33,862,463)	(33,862,463)
Net Capital Assets	<u>33,750</u>	<u>103,420,869</u>	<u>103,454,619</u>
Total Assets	<u>20,119,259</u>	<u>109,958,124</u>	<u>130,077,383</u>
<u>Deferred Outflows of Resources</u>			
Future Pension Expense	-	342,459	342,459
Loss on Bond Refunding	-	101,703	101,703
Total Deferred Outflows of Resources	<u>-</u>	<u>444,162</u>	<u>444,162</u>
<u>Liabilities</u>			
Accounts Payable	40,088	2,799,924	2,840,012
Accrued Payroll and Benefits	-	380,679	380,679
Accrued Interest Payable	-	423,840	423,840
Deferred Revenue	-	187,084	187,084
Noncurrent Liabilities:			
Due Within One Year	9,846,382	2,455,213	12,301,595
Due in More Than One Year	<u>63,798,105</u>	<u>60,098,353</u>	<u>123,896,458</u>
Total Liabilities	<u>73,684,575</u>	<u>66,345,093</u>	<u>140,029,668</u>
<u>Net Position</u>			
Net Investment in Capital Assets	-	39,697,211	39,697,211
Restricted	14,944,640	-	14,944,640
Unrestricted	<u>(68,509,956)</u>	<u>4,359,982</u>	<u>(64,149,974)</u>
Total Net Position	<u>\$ (53,565,316)</u>	<u>\$ 44,057,193</u>	<u>\$ (9,508,123)</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, 2017

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 6,727,724	\$ 1,642,502	\$ 1,361	\$ -	\$ (5,083,861)		\$ (5,083,861)
Public Safety	23,400,470	826,005	8,140	152,296	(22,414,029)		(22,414,029)
Public Works	5,269,761	21,555	-	-	(5,248,206)		(5,248,206)
Sanitation	2,501,898	2,992,875	-	-	490,977		490,977
Cemetery	236,628	49,641	-	-	(186,987)		(186,987)
Health and Welfare	898,670	151,145	-	-	(747,525)		(747,525)
Development	6,843,340	178,684	9,170	-	(6,655,486)		(6,655,486)
Cultural and Recreational	3,135,043	523,124	67,187	-	(2,544,732)		(2,544,732)
Interest on Long-term Debt	4,717,302	-	-	-	(4,717,302)		(4,717,302)
Total Governmental Activities	53,730,836	6,385,531	85,858	152,296	(47,107,151)		(47,107,151)
Business-type Activities:							
Waterworks and Sewerage	9,149,237	8,461,731	-	-		\$ (687,506)	(687,506)
Total Business-type Activities	9,149,237	8,461,731	-	-		(687,506)	(687,506)
Total Government	\$ 62,880,073	\$ 14,847,262	\$ 85,858	\$ 152,296	(47,107,151)	(687,506)	(47,794,657)
General Revenues:							
Property Tax, Levied for General Purposes					20,078,834	-	20,078,834
Sales and Use Tax					13,724,636	-	13,724,636
Income Tax					4,234,875	-	4,234,875
Corporate Personal Property Tax					457,468	-	457,468
Motor Fuel Tax					1,166,685	-	1,166,685
Telecommunications Tax					1,166,272	-	1,166,272
Gaming Tax					256,708	-	256,708
Other Local Tax					143,936	-	143,936
Utility Tax					3,271,331	-	3,271,331
Investment Earnings					88,099	15,898	103,997
Miscellaneous					23,960	-	23,960
Transfers					(1,300,000)	1,300,000	-
Total General Revenues and Transfers					43,312,804	1,315,898	44,628,702
Change in Net Position					(3,794,347)	628,392	(3,165,955)
Net Position - Beginning, as Restated					(49,770,969)	43,428,801	(6,342,168)
Net Position - Ending					\$ (53,565,316)	\$ 44,057,193	\$ (9,508,123)

CITY OF BELLEVILLE, ILLINOIS

STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
GOVERNMENTAL FUNDS
APRIL 30, 2017

	<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	\$ 1,249,750	\$ 8,385,852	\$ 3,283,706	\$ 6,739,780	\$ 19,659,088
Note Receivable	-	48,192	-	-	48,192
Due From Other Funds	807,958	-	-	-	807,958
Other Assets	-	-	-	33,750	33,750
Total Assets	<u>\$ 2,057,708</u>	<u>\$ 8,434,044</u>	<u>\$ 3,283,706</u>	<u>\$ 6,773,530</u>	<u>\$ 20,548,988</u>
 <u>Liabilities and Fund Balance</u>					
Liabilities:					
Accrued Expenses and Other Liabilities	<u>\$ 40,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,088</u>
Total Liabilities	<u>40,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,088</u>
 Fund Balance:					
Nonspendable	-	48,192	-	33,750	81,942
Restricted	-	8,385,852	-	6,558,788	14,944,640
Committed	-	-	3,283,706	180,992	3,464,698
Unassigned	<u>2,017,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,017,620</u>
Total Fund Balance	<u>2,017,620</u>	<u>8,434,044</u>	<u>3,283,706</u>	<u>6,773,530</u>	<u>20,508,900</u>
Total Liabilities and Fund Balance	<u>\$ 2,057,708</u>	<u>\$ 8,434,044</u>	<u>\$ 3,283,706</u>	<u>\$ 6,773,530</u>	<u>\$ 20,548,988</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, 2017

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 20,508,900
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(73,644,487)
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>(429,729)</u>
Net position of governmental activities	<u>\$ (53,565,316)</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, 2017

	<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>
Revenues:					
Property Tax	\$ -	\$ 15,735,007	\$ -	\$ 3,997,662	\$ 19,732,669
Utility Tax	3,271,331	-	-	-	3,271,331
Intergovernmental	15,751,476	2,939,639	-	2,512,031	21,203,146
Local Tax	86,362	-	-	57,574	143,936
Licenses, Permits and Fees	1,651,903	-	-	-	1,651,903
Charges for Services	3,102,836	-	-	420,198	3,523,034
Fines and Forfeitures	321,170	-	-	12,931	334,101
Investment Earnings	10,781	33,949	20,462	22,016	87,208
Contributions	8,751	-	-	32,901	41,652
Reimbursements/Miscellaneous	630,853	178,684	-	90,916	900,453
Total Revenues	<u>24,835,463</u>	<u>18,887,279</u>	<u>20,462</u>	<u>7,146,229</u>	<u>50,889,433</u>
Expenditures:					
Current:					
General Government	3,970,487	-	-	2,201,967	6,172,454
Public Safety	16,136,437	-	-	-	16,136,437
Public Works	2,099,060	-	-	454,845	2,553,905
Sanitation	2,474,490	-	-	-	2,474,490
Cemetery	229,641	-	-	-	229,641
Health and Welfare	898,670	-	-	-	898,670
Development	309,088	6,534,252	-	-	6,843,340
Cultural and Recreational	874,449	-	-	2,148,019	3,022,468
Capital Outlay	667,164	4,345,896	5,208,180	190,477	10,411,717
Debt Service:					
Principal	391,037	1,068,424	-	1,490,000	2,949,461
Interest and Charges	51,628	3,524,312	-	1,141,362	4,717,302
Total Expenditures	<u>28,102,151</u>	<u>15,472,884</u>	<u>5,208,180</u>	<u>7,626,670</u>	<u>56,409,885</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,266,688)</u>	<u>3,414,395</u>	<u>(5,187,718)</u>	<u>(480,441)</u>	<u>(5,520,452)</u>
Other Financing Sources (Uses):					
Proceeds from Debt	247,946	256,667	-	-	504,613
Proceeds from Fixed Asset Sales	106,514	-	-	-	106,514
Transfers In	1,717,950	-	-	1,525,313	3,243,263
Transfers Out	-	(4,243,263)	-	(300,000)	(4,543,263)
Total Other Financing Sources (Uses)	<u>2,072,410</u>	<u>(3,986,596)</u>	<u>-</u>	<u>1,225,313</u>	<u>(688,873)</u>
Net Change in Fund Balances	(1,194,278)	(572,201)	(5,187,718)	744,872	(6,209,325)
Fund Balance, Beginning 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>
Fund Balance, End of Year	<u>\$ 2,017,620</u>	<u>\$ 8,434,044</u>	<u>\$ 3,283,706</u>	<u>\$ 6,773,530</u>	<u>\$ 20,508,900</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, 2017

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

Net change in fund balances - total governmental funds \$ (6,209,325)

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.

2,444,848

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.

(29,870)

Change in net position of governmental activities

\$ (3,794,347)

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, 2017

	<u>Business Type Activities - Enterprise Fund Sewerage</u>	<u>Governmental Activities - Internal Service Funds</u>
<u>Assets</u>		
Current Assets:		
Cash	\$ 4,943,657	\$ 378,229
Receivables (Net, where applicable, of allowances for uncollectible):		
Accounts	979,500	-
Unbilled Revenue	386,472	-
Other	15,000	-
Prepaid Expenses	69,315	-
Inventory, at Cost	<u>143,311</u>	<u>-</u>
Total Current Assets	<u>6,537,255</u>	<u>378,229</u>
Noncurrent Assets:		
Capital Assets:		
Land	1,104,046	-
Buildings and Improvements	58,835,689	-
Equipment	1,334,058	-
Vehicles	1,223,206	-
Distribution System	51,276,521	-
Construction in Progress	<u>23,509,812</u>	<u>-</u>
Total	137,283,332	-
Less - Accumulated Depreciation	<u>(33,862,463)</u>	<u>-</u>
Net Capital Assets	<u>103,420,869</u>	<u>-</u>
Total Assets	<u>\$ 109,958,124</u>	<u>\$ 378,229</u>
<u>Deferred Outflows of Resources</u>		
Future Pension Expense	342,459	-
Loss on Bond Refunding	<u>101,703</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>444,162</u>	<u>-</u>
<u>Liabilities</u>		
Current Liabilities:		
Accrued Payroll and Benefits	\$ 380,679	\$ -
Accounts Payable	2,799,924	-
Accrued Interest	423,840	-
Unearned Revenue	187,084	-
Due to Other Funds	<u>-</u>	<u>807,958</u>
Total Current Liabilities	<u>3,791,527</u>	<u>807,958</u>
Noncurrent Liabilities:		
Net Pension Liability	1,287,396	-
Due Within One Year	2,455,213	-
Due in More Than One Year	<u>58,810,957</u>	<u>-</u>
Total Noncurrent Liabilities	<u>62,553,566</u>	<u>-</u>
Total Liabilities	<u>66,345,093</u>	<u>807,958</u>
<u>Net Position</u>		
Net Investment in Capital Assets	39,697,211	-
Unrestricted	<u>4,359,982</u>	<u>(429,729)</u>
Total Net Position	<u>\$ 44,057,193</u>	<u>\$ (429,729)</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, 2017

	Business Type Activities - Enterprise Fund <u>Sewerage</u>	Governmental Activities - Internal Service Funds <u>Service Funds</u>
Operating Revenues:		
Charges for Services	\$ 8,461,731	\$ 4,092,560
Operating Expenses:		
Personal Services	2,760,648	4,469,486
Supplies	300,254	-
Contractual Services	2,496,936	-
Depreciation	2,589,991	-
Total Operating Expenses	<u>8,147,829</u>	<u>4,469,486</u>
Operating Income (Loss)	<u>313,902</u>	<u>(376,926)</u>
Nonoperating Revenues (Expenses):		
Amortization	(49,245)	-
Property Tax	-	346,165
Investment Earnings	15,898	891
Interest and Fiscal Charges	(952,163)	-
Total Nonoperating Revenues (Expenses)	<u>(985,510)</u>	<u>347,056</u>
Income Before Transfers	(671,608)	(29,870)
Transfers In	<u>1,300,000</u>	<u>-</u>
Change in Net Position	628,392	(29,870)
Net Position - Beginning of Year	<u>43,428,801</u>	<u>(399,859)</u>
Net Position - End of Year	<u>\$ 44,057,193</u>	<u>\$ (429,729)</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, 2017

	Business Type Activities - Enterprise Fund <u>Sewerage</u>	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities:		
Receipts from Customers	\$ 8,452,032	\$ 4,092,560
Payments to Suppliers	(3,403,500)	(4,469,486)
Payments to Employees	<u>(1,961,602)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>3,086,930</u>	<u>(376,926)</u>
Cash Flows from Noncapital Financing Activities:		
Property Tax	-	346,165
Payments from (to) Other Funds	<u>1,300,000</u>	<u>33,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,300,000</u>	<u>379,165</u>
Cash Flows from Capital and Related Financing Activities:		
Principal Payments on Long-Term Debt	(3,131,543)	-
Proceeds from Long-Term Debt	15,537,318	-
Interest Paid on Debt	(765,581)	-
Cash Payments for Capital Assets	<u>(19,155,154)</u>	<u>-</u>
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(7,514,960)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest Received	<u>15,898</u>	<u>891</u>
Net Cash Provided by Investing Activities	<u>15,898</u>	<u>891</u>
Net Change in Cash and Cash Equivalents	(3,112,132)	3,130
Cash and Cash Equivalents, Beginning of Year	<u>8,055,789</u>	<u>375,099</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,943,657</u>	<u>\$ 378,229</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 313,902	\$ (376,926)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation	2,589,991	-
(Increase) Decrease in Assets:		
Accounts Receivable	(35,072)	-
Unbilled Revenue	89,087	-
Inventory	3,023	-
Prepaid Expenses	(4,245)	-
Future Pension Expense	90,856	-
Increase (Decrease) in Liabilities:		
Accrued Payroll and Benefits	(7,284)	-
Net Pension Liability	43,714	-
Accounts Payable	66,672	-
Unearned Revenue	<u>(63,714)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,086,930</u>	<u>\$ (376,926)</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, 2017

Assets:	
Cash and Cash Equivalents	\$ 2,369,562
Investments, at Market	56,986,235
Receivables:	
Taxes Receivable	5,824,854
Interest Receivable	<u>128,211</u>
Total Assets	<u>65,308,862</u>
Liabilities	<u>44</u>
Net Position - Restricted for Pensions	<u>\$ 65,308,818</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, 2017

Additions:

Contributions:

Employee Contributions \$ 994,163

Employer Contributions:

Property Taxes 5,767,257

City Contribution 84,528

Personal Property Replacement Taxes 176,408

Total Contributions 7,022,356

Investment Income:

Interest and Dividend Income 1,984,777

Gain (Loss) on Sales of Securities 636,017

Net Appreciation in Fair Market

Value of Investments 3,019,021

5,639,815

Less Investment Expense (122,783)

Total Investment Income 5,517,032

Reimbursements 9,600

Total Additions 12,548,988

Deductions:

Benefits Paid to Participants:

Service and Disability 5,853,338

Dependents 761,013

Refund of Contributions 130,762

Professional Fees 42,444

Other 17,902

Total Deductions 6,805,459

Change in Net Position 5,743,529

Net Position - Beginning of Year 59,565,289

Net Position - End of Year \$ 65,308,818

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

CITY OF BELLEVILLE, ILLINOIS

NOTE TO FINANCIAL STATEMENTS APRIL 30, 2017

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.

The Tax Increment Financing Fund accounts for all activity related to the various tax increment financing districts of the City.

The PD Project Construction Fund accounts for all activity related to the building of the new police station and renovation of City Hall.

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

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. All deposits and investments are reported at fair value.

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 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.

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

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as 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, 2017 is \$135,414.

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.

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.

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

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 balance

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.

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.

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

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	48,192
	<u>\$ 81,942</u>
Restricted:	
Property/Sales Tax Restrictions	\$ 5,714,984
TIF Balances	8,385,852
Cemetery Care	234,168
Motor Fuel Tax	604,414
Restricted Donations	5,222
	<u>\$ 14,944,640</u>
Committed:	
Construction Funds	\$ 3,283,706
Parks Project Funds	180,992
Special Revenue Funds	<u>\$ 3,464,698</u>
<u>Fiduciary Funds</u>	
Reserved for Employees' Pension Benefits	<u>\$ 65,308,818</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, 2017, the carrying amount of the City's deposits was \$18,865,476 and the bank balance was \$19,643,860. 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, 2017, 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	\$ 5,738,167
Illinois Metropolitan Investment Fund	Daily	<u>373,972</u>
		6,112,139
Deposits from above		18,865,476
Petty Cash		<u>3,359</u>
		<u>\$ 24,980,974</u>
<u>As Reported in the Financial Statements</u>		
Cash and Investments		<u>\$ 24,980,974</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.

Credit Risk. As of April 30, 2017, the City's investment credit ratings were as follows:

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

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

Concentration of Credit Risk. As of April 30, 2017, the City did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2017, the City did not have foreign currency risk.

Fire Pension

At April 30, 2017, the carrying amount and the bank balance of the Fire Pension Fund's deposits was \$989,077. 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, 2017, the Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Corporate Bonds	4.7	\$ 3,451,474
U.S. Treasury Notes	3.96	4,857,098
Federal Loan Mortgage Corporation	14.43	83,542
Federal National Mortgage Association	21.31	349,196
Mutual Funds	--	6,124,904
Common Stock	--	<u>8,098,485</u>
		22,964,699
Deposits as reported above		<u>989,077</u>
Total deposits and investments		<u>\$ 23,953,776</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 989,077
Investments		<u>22,964,699</u>
		<u>\$ 23,953,776</u>

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

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

Credit Risk. As of April 30, 2017, the Fire Pension Fund had the following investment credit risk.

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

Concentration of Credit Risk. As of April 30, 2017, the Fire Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2017, the Fire Pension Fund did not have foreign currency risk.

Police Pension

At April 30, 2017, the carrying amount and bank balance of the Police Pension Fund's deposits was \$1,380,485. 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, 2017, 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	2.43	\$ 896,078
U.S. Treasury Strips	4.43	1,118,914
Corporate Bonds	4.07	4,979,081
Government National Mortgage Association	24.55	1,628,710
Municipal and State Bonds	3.59	134,200
Federal Home Loan Mortgage Corporation	22.18	189,316
Federal National Mortgage Association	25.02	202,560
Tennessee Valley Authority Coupons	2.96	415,361
Financing Corporation Strips	1.66	197,369
Mutual Funds	--	<u>23,103,209</u>
		32,864,798
Deposits as reported above		<u>2,537,223</u>
Total deposits and investments		<u>\$ 35,402,021</u>
As included in the combined financial statements:		
Cash and Cash Equivalents		\$ 1,380,485
Investments		<u>34,021,536</u>
		<u>\$ 35,402,021</u>

Credit Risk. As of April 30, 2017, the Police Pension Fund's investment credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Des Plaines IL Bond	--	Aa2
Financing Corporation Strips	--	--
Corporate Bonds	AAA to AA-	Aaa to Aa3

Concentration of Credit Risk. As of April 30, 2017, the Police Pension Fund did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2017, 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, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities:</u>				
Construction in Progress	\$ 7,043,391	\$ 16,466,421	\$ -	\$ 23,509,812
Land	1,104,046	-	-	1,104,046
Total not being depreciated	<u>8,147,437</u>	<u>16,466,421</u>	<u>-</u>	<u>24,613,858</u>
<u>Capital assets, being depreciated:</u>				
Buildings and improvements	\$ 58,828,872	\$ 6,817	\$ -	\$ 58,835,689
Distribution and collection systems	50,388,096	888,425	-	51,276,521
Vehicles and equipment	2,243,058	314,206	-	2,557,264
Total capital assets, being depreciated	<u>111,460,026</u>	<u>1,209,448</u>	<u>-</u>	<u>112,669,474</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	5,512,712	1,469,666	-	6,982,378
Distribution and collection systems	23,776,810	1,013,055	-	24,789,865
Vehicles and equipment	1,982,950	107,270	-	2,090,220
Total accumulated depreciation	<u>31,272,472</u>	<u>2,589,991</u>	<u>-</u>	<u>33,862,463</u>
Capital assets, net	<u>80,187,554</u>	<u>(1,380,543)</u>	<u>-</u>	<u>78,807,011</u>
Capital assets, total	<u>\$ 88,334,991</u>	<u>\$ 15,085,878</u>	<u>\$ -</u>	<u>\$ 103,420,869</u>

Depreciation expense charged to enterprise operations for the year ended April 30, 2017 was as follows:

Sewerage	<u>\$ 2,589,991</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, 2017:

Governmental Activities

\$1,350,000 Special Service Area Bonds, Series 2006, interest ranging from 4.125% to 4.40%, payable January 1 and July 1, with principal payments on January 1 through 2027. This debt is being retired by the Special Service Area Fund.	\$ 835,000
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\$16,350,000 Tax Increment Refunding Revenue Bonds, Series 2007A, interest ranging from 5.00% to 5.70%, interest and principal payable May 1 and November 1, through 2024. This debt is being retired by the Tax Increment Financing Fund.	14,270,000
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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. This debt is being retired by the Tax Increment Financing Fund.	6,415,000
\$204,454 General Obligation Refunding Bonds, Series 2009, interest ranging from 3.10% 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. This debt is being retired by the General Fund.	137,712
\$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. This debt is being retired by the Tax Increment Financing Fund.	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. This debt is being retired by the Debt Service Fund.	1,575,000
\$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. This debt is being retired by the Tax Increment Financing Fund.	15,085,000
\$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. This debt is being retired by the Tax Increment Financing Fund.	1,560,000
\$5,700,000 SWIDA 2011C Taxable Local Government Program Revenue Bonds, dated October 27, 2011, interest ranging from 8.125% to 9.250%, interest and principal payable January 1 and July 1, through 2022. This debt is being retired by the Tax Increment Financing Fund.	4,125,000
\$6,915,000 General Obligation Refunding Bonds, Series 2012, interest ranging from 1.40% 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. This debt is being retired by the Debt Service Fund.	6,790,000

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. This debt is being retired by the Debt Service Fund. 8,860,000

\$8,500,000 General Obligation Bonds, Series 2015, interest ranging from 2.00% to 4.25%, interest and principal payable January 1, through 2036. This debt is being retired by the Debt Service Fund. 7,730,000

The annual requirement to retire governmental activities bonds outstanding as of April 30, 2017 is as follows:

<u>Year Ending</u> <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 9,495,268	\$ 3,513,574	\$ 13,008,842
2019	4,785,500	3,229,823	8,015,323
2020	5,303,338	2,857,381	8,160,719
2021	5,720,715	2,549,930	8,270,645
2022	7,718,841	2,194,858	9,913,699
2023 - 2027	26,268,950	6,668,008	32,936,958
2028 - 2032	9,060,100	1,947,694	11,007,794
2033 - 2036	4,030,000	368,087	4,398,087
	<u>\$ 72,382,712</u>	<u>\$ 23,329,355</u>	<u>\$ 95,712,067</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. This debt is being retired by the Tax Increment Financing Fund. 307,969

\$393,006 capital lease, Commerce Bank, N.A., dated February 11, 2013, for 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. This debt is being retired by the Tax Increment Financing Fund. 277,980

\$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. This debt is being retired by the General Fund. 13,318

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. This debt is being retired by the Tax Increment Financing Fund. 92,902

\$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. This debt is being retired by the General Fund. 200,000

\$256,667 capital lease, Commerce Bank, N.A., dated October 17, 2016, for one new street sweeper, secured by the equipment, bears interest at 1.836%; semi-annual principal and interest payments of \$26,772 are due through April 2021. This debt is being retired by the Tax Increment Financing Fund. 205,306

\$247,946 note payable, Bank of Belleville, dated May 6, 2016, for new fire equipment, secured by the equipment, bears interest at 1.805%; semi-annual principal and interest payments of \$20,000 are due through May 2020. This debt is being retired by the General Fund. 164,300

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, 2017 are as follows:

Year Ending April 30,	Principal	Interest	Totals
2018	\$ 351,114	\$ 29,463	\$ 380,577
2019	324,352	21,928	346,280
2020	174,564	14,003	188,567
2021	155,742	10,610	166,352
2022	88,499	7,383	95,882
2023 - 2025	<u>167,504</u>	<u>8,015</u>	<u>175,519</u>
	<u>\$ 1,261,775</u>	<u>\$ 91,402</u>	<u>\$ 1,353,177</u>

Proprietary Fund Debt

General Obligation Bonds

\$3,180,546 2009 General Obligation Refunding Bonds, dated December 1, 2009, interest ranging from 3.10% to 4.35% payable January 1 and July 1, with principal payments on January 1 through 2028. This debt is being retired by the Sewer Fund. \$ 2,142,288

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

The annual requirement to retire business-type bonds outstanding as of April 30, 2017 is as follows:

Year Ending <u>April 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 159,732	\$ 83,402	\$ 243,134
2019	164,430	78,450	242,880
2020	173,826	72,858	246,684
2021	178,524	66,602	245,126
2022	183,222	59,996	243,218
2023-2027	1,047,654	184,764	1,232,418
2028	234,900	10,216	245,116
	<u>\$ 2,142,288</u>	<u>\$ 556,288</u>	<u>\$ 2,698,576</u>

Notes Payable

\$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. \$ 13,418

\$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. 44,145

\$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. 18,421

\$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. 13,665,891

\$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. 14,929,723

\$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. 3,119,388

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

\$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. 7,015,766

\$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. 2,440,030

\$17,877,100 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. 17,877,100

The IEPA loans are all paid by the Sewer Fund. The annual requirement to retire business-type activities notes outstanding as of April 30, 2017 is as follows:

Year Ending April 30,	Principal	Interest	Totals
2018	\$ 2,295,481	\$ 631,885	\$ 2,927,366
2019	2,665,681	1,348,423	4,014,104
2020	3,096,571	885,216	3,981,787
2021	3,145,595	836,192	3,981,787
2022	3,197,200	784,588	3,981,788
2023-2027	16,777,661	3,131,276	19,908,937
2028-2032	18,184,535	1,724,405	19,908,940
2033-2037	8,675,999	455,935	9,131,934
2038	<u>1,085,159</u>	<u>15,190</u>	<u>1,100,349</u>
	<u>\$ 59,123,882</u>	<u>\$ 9,813,110</u>	<u>\$ 68,936,992</u>

The overall debt activity of the City for the year ended April 30, 2017 is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$ 74,968,731	\$ -	\$ 2,586,019	\$ 72,382,712	\$ 9,495,268
Note Payable	438,156	247,946	228,899	457,203	215,658
Leases Payable	682,448	256,667	134,543	804,572	135,456
	<u>\$ 76,089,335</u>	<u>\$ 504,613</u>	<u>\$ 2,949,461</u>	<u>\$ 73,644,487</u>	<u>\$ 9,846,382</u>
<u>Business-type Activities:</u>					
Bonds Payable	\$ 2,936,268	\$ -	\$ 793,980	\$ 2,142,288	\$ 159,732
Net Pension Liability	1,243,682	43,714	-	1,287,396	-
Notes Payable	45,924,127	15,220,313	2,020,558	59,123,882	2,295,481
	<u>\$ 50,104,077</u>	<u>\$ 15,264,027</u>	<u>\$ 2,814,538</u>	<u>\$ 62,553,566</u>	<u>\$ 2,455,213</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.

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 2016 was 11.85 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	165
Inactive, non-Retired Members	80
Active Members	<u>200</u>
Total	<u>445</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-

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

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 3.78%; and the resulting single discount rate is 7.50%.

Actuarial Valuation Date	12/31/16
Measurement Date of the Net Pension Liability	12/31/16
Fiscal Year End	04/30/17
Development of the Single Discount Rate as of December 31, 2016	
Long-Term Expected Rate of Investment Return	7.50%
Long-Term Municipal Bond Rate	3.78%
Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded	2115
Resulting Single Discount Rate based on the above development	7.50%
Single Discount Rate calculated using December 31, 2015 Measurement Date	7.48%

The Long-Term Municipal Bond Rate is based on the Bond Buyer 20-Bond Index of general obligation municipal bonds as of December 29, 2016.

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: 27 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	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	An IMRF specific mortality table was used with fully generational projection scale MP-2014. The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014.

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.

Total pension liability	
Service Cost	\$ 966,744
Interest on the Total Pension Liability	3,911,304
Changes of benefit terms	-
Difference between expected and actual experience of the Total Pension Liability	(190,574)
Changes of assumptions	(131,532)
Benefit payments, including refunds of employee contributions	<u>(2,317,764)</u>
Net change in total pension liability	\$ 2,238,178
Total pension liability - beginning	<u>52,965,665</u>
Total pension liability - ending	<u>\$ 55,203,843</u>
 Plan fiduciary net position	
Contributions - employer	\$ 1,124,495
Contributions - employee	436,840
Net investment income	3,245,792
Benefit payments, including refunds of employee contributions	(2,317,764)
Other (Net Transfer)	<u>(280,407)</u>
Net change in plan fiduciary net position	\$ 2,208,956
Plan fiduciary net position - beginning	<u>46,680,180</u>
Plan fiduciary net position - ending	<u>\$ 48,889,136</u>
 Net pension liability/(asset)	 <u>\$ 6,314,707</u>
 Plan fiduciary net position as a percentage of the total pension liability	 88.56%
 Covered valuation payroll	 \$ 9,457,035
 Net pension liability as a percentage of covered valuation payroll	 66.77%

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.

	Current Single Discount		
	1% Decrease <u>6.50%</u>	Rate Assumption <u>7.50%</u>	1% Increase <u>8.50%</u>
Total Pension Liability	\$ 62,287,352	\$ 55,203,843	\$ 49,343,587
Plan Fiduciary Net Position	<u>48,889,136</u>	<u>48,889,136</u>	<u>48,889,136</u>
Net Pension Liability/(Asset)	<u>\$ 13,398,216</u>	<u>\$ 6,314,707</u>	<u>\$ 454,451</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.

	Deferred Outflows of <u>Resources</u>
Difference between expected and actual experience	\$ (757,177)
Changes in assumptions	(66,489)
Subsequent contributions to plan	358,424
Net difference between projected and actual earnings on pension plan investments	<u>2,145,013</u>
Total	<u>\$ 1,679,771</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2017	\$ 387,374
2018	387,374
2019	526,137
2020	<u>378,886</u>
	<u>\$1,679,771</u>

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.

Plan Membership as of April 30, 2017:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	69
Active Plan Members	<u>82</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.

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

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 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, 2017:

<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, 2017, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 10.52%. 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, 2017 were as follows:

Total Pension Liability	\$ 70,820,021
Plan Fiduciary Net Position	<u>(38,381,803)</u>
Net Pension Liability	<u>\$ 32,438,218</u>
Plan Fiduciary Net Position as a % of Total Pension Liability	54.20%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2017 using the following actuarial assumptions.

Inflation	0.00%
Payroll Growth	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.

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. Fully funded benefit payments are projected through 2068.

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.

	Current Single Discount		
	1% Decrease <u>6.00%</u>	Rate Assumption <u>7.00%</u>	1% Increase <u>8.00%</u>
Total Pension Liability	\$ 79,884,123	\$ 70,820,021	\$ 63,302,293
Plan Fiduciary Net Position	<u>38,381,803</u>	<u>38,381,803</u>	<u>38,381,803</u>
Net Pension Liability/(Asset)	<u>\$ 41,502,320</u>	<u>\$ 32,438,218</u>	<u>\$ 24,920,490</u>

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

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.

	Deferred Outflows of <u>Resources</u>
Difference between expected and actual experience	\$ 396,924
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	<u>(999,484)</u>
Total	<u>\$ (602,560)</u>

	Net Deferred Outflows of <u>Resources</u>
<u>Year Ending</u> <u>December 31,</u>	
2018	\$ (197,259)
2019	(197,259)
2020	(197,259)
2021	(197,259)
2022	52,612
Thereafter	<u>133,864</u>
	<u>\$ (602,560)</u>

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, 2017:

Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	86
Active Plan Members	<u>53</u>
Total	<u>139</u>

Benefits Provided:

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

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

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 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

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

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.

b) Investments

Investment Policy:

The following was the Board's adopted asset allocation policy as of April 30, 2017:

<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, 2017, the annual money-weighted rate of return on Pension Plan investments, net of pension plan investment expense, was 7.52%. 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, 2017 were as follows:

Total Pension Liability	\$ 60,502,106
Plan Fiduciary Net Position	<u>(26,927,015)</u>
Net Pension Liability	<u>\$ 33,575,091</u>
Plan Fiduciary Net Position	
as a % of Total Pension Liability	44.51%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of April 30, 2017 using the following actuarial assumptions.

Inflation	0.00%
Payroll Growth	3.50%
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.

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. Fully funded benefit payments are projected through 2068.

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.

	Current Single Discount		
	1% Decrease <u>6.00%</u>	Rate Assumption <u>7.00%</u>	1% Increase <u>8.00%</u>
Total Pension Liability	\$ 67,777,117	\$ 60,502,106	\$ 54,426,628
Plan Fiduciary Net Position	<u>26,927,015</u>	<u>26,927,015</u>	<u>26,927,015</u>
Net Pension Liability/(Asset)	<u>\$ 40,850,102</u>	<u>\$ 33,575,091</u>	<u>\$ 27,499,613</u>

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

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.

	Deferred Outflows of <u>Resources</u>
Difference between expected and actual experience	\$ 230,104
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	<u>(173,810)</u>
Total	<u>\$ 56,294</u>

Year Ending <u>December 31,</u>	Net Deferred Outflows of <u>Resources</u>
2018	\$ (644)
2019	(644)
2020	(644)
2021	(644)
2022	42,808
Thereafter	<u>16,062</u>
	<u>\$ 56,294</u>

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 \$147,794 during the year ended April 30, 2017. These payments are being reported as development expense in the financial statements. The note balances related to this project in the amounts of \$6,668,656, \$6,668,656, \$3,128,760, and \$3,128,760 are still outstanding and not reflected in the debt of the City as of April 30, 2017.

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, 2017 amounted to \$53,042 and were reported as development expense. The balance of the Temporary Notes as of April 30, 2017 is \$927,839.

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, 2017:

	<u>General</u>	<u>Other Major Funds</u>	<u>Enterprise Funds</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Unbilled Revenue	\$ -	\$ -	\$ 386,472	\$ -	\$ 386,472
Notes	-	48,192	-	-	48,192
Accounts	-	-	1,129,914	-	1,129,914
	<u>-</u>	<u>48,192</u>	<u>1,516,386</u>	<u>-</u>	<u>1,564,578</u>
Gross Receivables	-	48,192	1,516,386	-	1,564,578
Less: Allowance for uncollectible	-	-	135,414	-	135,414
	<u>-</u>	<u>-</u>	<u>135,414</u>	<u>-</u>	<u>135,414</u>
Net Total Receivables	<u>\$ -</u>	<u>\$ 48,192</u>	<u>\$ 1,380,972</u>	<u>\$ -</u>	<u>\$ 1,429,164</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, 2017:

General Fund Transfer From (To):	
Motor Fuel Tax Fund	\$ 300,000
Tax Increment Financing Fund	1,417,950
Tax Increment Financing Fund Transfer (To):	
General Fund	(1,417,950)
Sewerage Fund	(1,300,000)
TIF Debt Service Fund	(254,300)
PD Project Debt Service Fund	(1,271,013)
TIF Debt Service Fund Transfer From:	
Tax Increment Financing Fund	254,300
PD Project Debt Service Fund Transfer From:	
Tax Increment Financing Fund	1,271,013
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, 2017:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 807,958	\$ -
Insurance Fund	<u>-</u>	<u>807,958</u>
Totals	<u>\$ 807,958</u>	<u>\$ 807,958</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	173,413
Adjustment to ARC	<u>(226,392)</u>
Annual OPEB cost	761,293
Contributions made	<u>(365,689)</u>
Increase in OPEB	395,604
Net OPEB – Beg of Year	<u>3,853,605</u>
Net OPEB – End of Year	<u>\$ 4,249,209</u>

The City's annual OPEB costs, the percentages of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 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>
04/30/17	\$ 761,293	48.04%	\$ 4,249,209
04/30/16	834,283	40.40%	3,853,605
04/30/15	1,113,989	42.80%	3,356,364

Funding Status and Funding Progress. As of May 1, 2017, 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 \$9,741,373. The plan has no assets as payments are made on a pay-as-you-go basis. The covered payroll was \$19,522,812 and the ratio of the UAAL to the covered payroll was 49.9 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, 2017 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 8.0 percent for 2017, reduced by decrements to an ultimate rate of 4.5 percent after eight years. These rates include a 3.5 percent salary progression assumption. The UAAL is being amortized as a level percentage of pay over 30 years.

NOTE 12: FOREIGN FIRE INSURANCE

The City's fire department maintains a bank account that provides for the receipts and expenditures related to foreign fire insurance funds. The balance in this bank account is \$89,546 as of April 30, 2017. Current year receipts from foreign fire insurance are \$82,265 and the current year expenditures were \$124,570. These funds were used for the maintenance, use and benefit of the department.

NOTE 13: TAX ABATEMENTS

In addition to the redevelopment agreements in Note 6, the City also has several other agreements in the TIF Funds to rebate a certain level of property and sales taxes paid. These agreements were all entered into through Council approval for development purposes. Payments made to private organizations during the year ended April 30, 2017 were \$125,478.

NOTE 14: SUBSEQUENT EVENT

The City has evaluated events occurring after the financial statement date through September 25, 2017 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, 2017

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Local Taxes:			
Hotel/Motel	\$ 90,000	\$ 90,000	\$ 86,362
Utility	3,625,000	3,625,000	3,271,331
Total Taxes	<u>3,715,000</u>	<u>3,715,000</u>	<u>3,357,693</u>
Licenses, Permits and Fees:			
Liquor Licenses	82,000	82,000	68,743
Franchise Fees	800,000	800,000	737,501
Business Licenses	50,000	50,000	43,414
Building Permits	145,000	145,000	122,058
Electrical Permits	30,700	30,700	29,665
Other Permits	24,600	24,600	39,801
Occupancy Permits	160,000	160,000	143,785
Housing Inspection Permits	350,000	350,000	341,870
Fire Inspection Fees	70,000	70,000	58,440
Other Fees	67,200	67,200	66,626
Total Licenses and Permits	<u>1,779,500</u>	<u>1,779,500</u>	<u>1,651,903</u>
Intergovernmental:			
State Income Tax	4,600,000	4,600,000	4,234,875
Sales Tax	8,878,600	8,878,600	8,571,513
Local Use Tax	1,050,000	1,050,000	1,086,709
Personal Property Replacement Tax	278,000	278,000	282,353
Grants	175,000	175,000	153,046
Gaming Tax	225,000	225,000	256,708
Telecommunications Tax	1,300,000	1,300,000	1,166,272
Total Intergovernmental	<u>16,506,600</u>	<u>16,506,600</u>	<u>15,751,476</u>
Charges for Services:			
Trash Disposal Charges	3,056,000	3,056,000	2,984,235
Cemetery Fees	60,600	60,600	47,991
Rent/Lease	99,300	99,300	70,610
Total Charges for Services	<u>3,215,900</u>	<u>3,215,900</u>	<u>3,102,836</u>
Fines and Forfeitures:			
Police and Circuit Clerk Fines	624,100	624,100	321,170
Total Fines and Forfeitures	<u>624,100</u>	<u>624,100</u>	<u>321,170</u>
Interest	<u>10,345</u>	<u>10,345</u>	<u>10,781</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual
	Original	Final	(Budget Basis)
Receipts (continued):			
Miscellaneous:			
Donations	16,005	16,005	8,751
Departmental Reimbursement	571,700	571,700	567,219
Other	42,500	42,500	30,334
Total Miscellaneous	630,205	630,205	606,304
Total Receipts	\$ 26,481,650	\$ 26,481,650	\$ 24,802,163
Disbursements:			
General Government:			
Administrative:			
Personal Services	\$ 619,500	\$ 574,500	\$ 566,531
Contractual Services	1,262,925	1,402,925	1,388,191
Commodities	21,200	21,200	17,045
Capital Outlay	3,000	3,000	1,680
Debt Service	388,032	404,032	402,820
Other	109,000	39,000	27,742
	2,403,657	2,444,657	2,404,009
Legal:			
Personal Services	175,200	175,200	175,021
Contractual Services	69,200	59,200	56,686
	244,400	234,400	231,707
Health and Housing:			
Personal Services	773,500	773,500	762,595
Contractual Services	124,900	128,900	124,075
Commodities	18,700	14,700	12,001
Capital Outlay	1,100	1,100	320
	918,200	918,200	898,991
Mayor's Office:			
Personal Services	197,000	197,000	196,052
Contractual Services	7,100	7,100	4,486
Commodities	2,800	2,800	1,738
Capital Outlay	500	500	-
	207,400	207,400	202,276
Finance:			
Personal Services	187,400	241,658	240,920
Contractual Services	2,300	2,300	1,910
Commodities	900	900	777
Capital Outlay	500	500	-
	191,100	245,358	243,607

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Disbursements (continued):			
Human Resources:			
Personal Services	154,200	159,200	158,686
Contractual Services	42,000	32,000	26,442
Commodities	500	500	437
Capital Outlay	250	250	-
	<u>196,950</u>	<u>191,950</u>	<u>185,565</u>
City Clerk:			
Personal Services	289,000	242,742	237,636
Contractual Services	18,700	20,442	19,530
Commodities	3,000	1,500	1,434
Capital Outlay	15,000	14,758	14,758
	<u>325,700</u>	<u>279,442</u>	<u>273,358</u>
Treasurer:			
Personal Services	\$ 143,100	\$ 144,100	\$ 142,998
Contractual Services	9,000	9,000	5,788
Commodities	2,300	2,300	2,112
Capital Outlay	400	400	359
	<u>154,800</u>	<u>155,800</u>	<u>151,257</u>
Maintenance:			
Personal Services	549,500	547,000	544,372
Contractual Services	183,500	148,500	128,858
Commodities	24,600	25,400	25,074
Capital Outlay	1,250	1,250	513
	<u>758,850</u>	<u>722,150</u>	<u>698,817</u>
Total General Government	<u>5,401,057</u>	<u>5,399,357</u>	<u>5,289,587</u>
Public Safety:			
Police Department:			
Personal Services	8,824,800	8,695,300	8,505,613
Contractual Services	706,570	786,570	761,553
Commodities	256,000	226,000	215,728
Capital Outlay	458,500	458,500	322,122
Other	30,500	30,500	19,948
	<u>10,276,370</u>	<u>10,196,870</u>	<u>9,824,964</u>
Fire Department:			
Personal Services	5,706,612	5,857,112	5,854,723
Contractual Services	586,900	613,848	603,190
Commodities	83,000	92,052	82,976
Capital Outlay	70,000	294,946	286,142
Other	6,000	6,000	2,584
	<u>6,452,512</u>	<u>6,863,958</u>	<u>6,829,615</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
 FOR THE YEAR ENDED APRIL 30, 2017

	Budgeted Amounts		Actual
	Original	Final	(Budget Basis)
Disbursements (continued):			
Public Safety:			
Board of Police and Fire Commissioners:			
Contractual Services	3,000	6,000	5,595
	3,000	6,000	5,595
Total Public Safety	16,731,882	17,066,828	16,660,174
Public Works:			
Personal Services	\$ 1,494,000	\$ 1,467,000	\$ 1,461,395
Contractual Services	265,200	237,550	224,551
Commodities	195,500	195,500	162,445
Total Public Works	1,954,700	1,900,050	1,848,391
Parks and Recreation:			
Personal Services	569,200	547,200	539,174
Contractual Services	288,905	264,405	224,607
Commodities	172,625	172,625	110,668
Capital Outlay	64,600	64,600	47,384
Total Parks and Recreation	1,095,330	1,048,830	921,833
Health and Sanitation:			
Personal Services	1,126,500	1,056,500	1,051,353
Contractual Services	1,033,600	1,185,700	1,177,177
Commodities	259,500	249,500	245,960
Capital Outlay	25,000	27,500	27,408
Total Health and Sanitation	2,444,600	2,519,200	2,501,898
Cemetery:			
Personal Services	191,500	186,500	180,604
Contractual Services	31,400	29,450	25,904
Commodities	21,300	23,300	23,133
Total Cemetery	244,200	239,250	229,641
Engineering:			
Personal Services	247,500	227,500	225,439
Contractual Services	24,600	25,600	21,025
Commodities	6,600	5,600	4,205
Capital Outlay	1,800	26,800	25,935
Total Engineering	280,500	285,500	276,604

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Disbursements (continued):			
Planning & Economic Development:			
Personal Services	263,100	246,100	243,485
Contractual Services	37,960	21,960	11,388
Commodities	5,700	4,900	1,173
Capital Outlay	6,500	6,500	150
Total Planning & Economic Development	<u>313,260</u>	<u>279,460</u>	<u>256,196</u>
 Total Disbursements	 <u>\$ 28,465,529</u>	 <u>\$ 28,738,475</u>	 <u>\$ 27,984,324</u>
 Excess (Deficiency) of Receipts Over			
Disbursements	<u>(1,983,879)</u>	<u>(2,256,825)</u>	<u>(3,182,161)</u>
 Other Financing Sources:			
Proceeds From Debt	-	-	247,946
Proceeds From Fixed Asset Sales	5,000	5,000	106,514
Transfers Out	(85,000)	(85,000)	(84,527)
Transfers In	<u>2,067,950</u>	<u>2,067,950</u>	<u>1,717,950</u>
 Excess of Receipts and Other			
Financing Sources Over Disbursements	<u>\$ 4,071</u>	<u>\$ (268,875)</u>	<u>(1,194,278)</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>\$ (1,194,278)</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
 TAX INCREMENT FINANCING FUND
 FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Property Tax	\$ 16,078,500	\$ 16,078,500	\$ 15,735,007
Intergovernmental	2,924,000	2,924,000	2,939,639
Interest	20,565	20,565	33,949
Miscellaneous	<u>137,000</u>	<u>137,000</u>	<u>178,684</u>
Total Receipts	<u>19,160,065</u>	<u>19,160,065</u>	<u>18,887,279</u>
Disbursements:			
Current:			
Development:			
Contractual Services	1,030,900	1,044,750	452,437
Tax District Reimbursements and Rebates	7,264,000	7,185,900	6,081,815
Capital Outlay	4,495,308	4,848,408	4,345,896
Debt Service	<u>4,400,000</u>	<u>4,400,000</u>	<u>4,592,736</u>
Total Disbursements	<u>17,190,208</u>	<u>17,479,058</u>	<u>15,472,884</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>1,969,857</u>	<u>1,681,007</u>	<u>3,414,395</u>
Other Financing Sources:			
Transfers In	170,500	170,500	-
Transfers Out	(4,413,764)	(4,593,914)	(4,243,263)
Proceeds from Debt	<u>-</u>	<u>-</u>	<u>256,667</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (2,273,407)</u>	<u>\$ (2,742,407)</u>	(572,201)
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>\$ (572,201)</u>

CITY OF BELLEVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (MODIFIED CASH BASIS)
PD PROJECT CONSTRUCTION FUND
FOR THE YEAR ENDED APRIL 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>(Budget Basis)</u>
Receipts:			
Investment Earnings	\$ 11,000	\$ 11,000	\$ 20,462
Total Receipts	<u>11,000</u>	<u>11,000</u>	<u>20,462</u>
Disbursements:			
Capital Outlay	<u>8,777,483</u>	<u>8,777,483</u>	<u>5,208,180</u>
Total Disbursements	<u>8,777,483</u>	<u>8,777,483</u>	<u>5,208,180</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(8,766,483)</u>	<u>(8,766,483)</u>	<u>(5,187,718)</u>
Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements	<u>\$ (8,766,483)</u>	<u>\$ (8,766,483)</u>	<u>(5,187,718)</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>\$ (5,187,718)</u>

CITY OF BELLEVILLE, ILLINOIS

POLICE PENSION FUND
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 APRIL 30, 2017

	<u>Fiscal Year</u>	
	<u>2017</u>	<u>2016</u>
Total Pension Liability:		
Service Cost	\$ 1,073,387	\$ 1,066,998
Interest	4,653,937	4,406,637
Difference between expected and actual	449,535	1,325,604
Benefit payments, including refunds	<u>(3,399,973)</u>	<u>(3,153,346)</u>
Net change in total pension liability	2,776,886	3,645,893
Total pension liability - beginning	<u>68,043,135</u>	<u>64,397,242</u>
Total pension liability - ending	<u>\$ 70,820,021</u>	<u>\$ 68,043,135</u>
Plan Fiduciary Net Position		
Contributions - employer	3,061,478	2,388,327
Contributions - employee	565,398	595,180
Net investment income	3,641,360	(808,519)
Benefit payments, including refunds	(3,399,973)	(3,153,346)
Administrative	<u>(27,817)</u>	<u>(35,261)</u>
Net change in plan fiduciary net position	3,840,446	(1,013,619)
Plan fiduciary net position - beginning	<u>34,541,357</u>	<u>35,554,976</u>
Plan fiduciary net position - ending	<u>\$ 38,381,803</u>	<u>\$ 34,541,357</u>
Net Pension Liability	<u>\$ 32,438,218</u>	<u>\$ 33,501,778</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>54.20%</u>	<u>50.76%</u>
Covered-employee Payroll	<u>\$ 5,543,274</u>	<u>\$ 5,465,773</u>
Net position liability as a percentage of covered-employee payroll	<u>585.18%</u>	<u>612.94%</u>

CITY OF BELLEVILLE, ILLINOIS

FIREMEN'S PENSION FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
APRIL 30, 2017

	Fiscal Year	
	<u>2017</u>	<u>2016</u>
Total Pension Liability:		
Service Cost	\$ 873,241	\$ 888,935
Interest	4,001,639	3,665,431
Difference between expected and actual	272,913	3,490,547
Benefit payments, including refunds	<u>(3,345,140)</u>	<u>(3,154,634)</u>
Net change in total pension liability	1,802,653	4,890,279
Total pension liability - beginning	<u>58,699,453</u>	<u>53,809,174</u>
Total pension liability - ending	<u>\$ 60,502,106</u>	<u>\$ 58,699,453</u>
Plan Fiduciary Net Position		
Contributions - employer	2,966,715	2,832,970
Contributions - employee	432,164	422,345
Net investment income	1,881,873	(372,624)
Benefit payments, including refunds	(3,345,140)	(3,154,634)
Administrative	<u>(32,529)</u>	<u>(41,915)</u>
Net change in plan fiduciary net position	1,903,083	(313,858)
Plan fiduciary net position - beginning	<u>25,023,932</u>	<u>25,337,790</u>
Plan fiduciary net position - ending	<u>\$ 26,927,015</u>	<u>\$ 25,023,932</u>
Net Pension Liability	<u>\$ 33,575,091</u>	<u>\$ 33,675,521</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>44.51%</u>	<u>42.63%</u>
Covered-employee Payroll	<u>\$ 4,349,765</u>	<u>\$ 4,379,022</u>
Net position liability as a percentage of covered-employee payroll	<u>771.88%</u>	<u>769.02%</u>

CITY OF BELLEVILLE, ILLINOIS

POLICE PENSION FUND
SCHEDULE OF CONTRIBUTIONS
APRIL 30, 2017

	<u>Fiscal Year</u>	
	<u>2017</u>	<u>2016</u>
Actuarial Determined Contribution	\$ 3,397,194	\$ 3,303,241
Contributions in relation to actuarial determined contribution	<u>3,061,477</u>	<u>2,388,327</u>
Contribution deficiency (excess)	<u>\$ 335,717</u>	<u>\$ 914,914</u>
Covered-employee Payroll	<u>\$ 5,543,274</u>	<u>\$ 5,465,773</u>
Contributions as a percentage of covered-employee payroll	<u>55.23%</u>	<u>43.70%</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, 2017.

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:	24 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

FIREMEN'S PENSION FUND
SCHEDULE OF CONTRIBUTIONS
APRIL 30, 2017

	Fiscal Year	
	<u>2017</u>	<u>2016</u>
Actuarial Determined Contribution	\$ 3,412,016	\$ 3,350,301
Contributions in relation to actuarial determined contribution	<u>2,966,715</u>	<u>2,832,970</u>
Contribution deficiency (excess)	<u>\$ 445,301</u>	<u>\$ 517,331</u>
 Covered-employee Payroll	 <u>\$ 4,349,765</u>	 <u>\$ 4,379,022</u>
 Contributions as a percentage of covered-employee payroll	 <u>68.20%</u>	 <u>64.69%</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, 2017.

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:	24 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

POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
APRIL 30, 2017

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

2017	10.52%
2016	-2.38%
2015	6.45%
2014	8.29%
2013	6.24%
2012	0.14%
2011	7.34%
2010	10.14%

CITY OF BELLEVILLE, ILLINOIS

FIREMEN'S PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
APRIL 30, 2017

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

2017	7.52%
2016	-1.63%
2015	5.41%
2014	9.67%
2013	8.65%
2012	3.19%
2011	8.91%
2010	12.74%

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2017

	<u>2016</u>	<u>2015</u>
Total Pension Liability:		
Service Cost	\$ 966,744	\$ 977,248
Interest	3,911,304	3,810,790
Difference between expected and actual experience	(190,574)	(1,116,165)
Assumption changes	(131,532)	63,016
Benefit payments, including refunds	<u>(2,317,764)</u>	<u>(2,317,937)</u>
Net change in total pension liability	2,238,178	1,416,952
Total pension liability - beginning	<u>52,965,665</u>	<u>51,548,713</u>
Total pension liability - ending	<u>\$ 55,203,843</u>	<u>\$ 52,965,665</u>
Plan Fiduciary Net Position		
Contributions - employer	1,124,495	1,076,108
Contributions - employee	436,840	402,058
Net investment income	3,245,792	235,252
Benefit payments, including refunds	(2,317,764)	(2,317,937)
Other	<u>(280,407)</u>	<u>(185,553)</u>
Net change in plan fiduciary net position	2,208,956	(790,072)
Plan fiduciary net position - beginning	<u>46,680,180</u>	<u>47,470,252</u>
Plan fiduciary net position - ending	<u>\$ 48,889,136</u>	<u>\$ 46,680,180</u>
Net Pension Liability	<u>\$ 6,314,707</u>	<u>\$ 6,285,485</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>88.56%</u>	<u>88.13%</u>
Covered-employee Payroll	<u>\$ 9,457,035</u>	<u>\$ 8,923,922</u>
Net position liability as a percentage of covered-employee payroll	<u>66.77%</u>	<u>70.43%</u>

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND
APRIL 30, 2017

	<u>2016</u>	<u>2015</u>
Actuarial Determined Contribution	\$ 1,120,659	\$ 1,076,225
Contributions in relation to actuarial determined contribution	<u>1,124,495</u>	<u>1,076,108</u>
Contribution deficiency (excess)	<u>\$ (3,836)</u>	<u>\$ 117</u>
Covered-employee Payroll	<u>9,457,035</u>	<u>8,923,922</u>
Contributions as a percentage of covered-employee payroll	<u>11.89%</u>	<u>12.06%</u>

Actuarial valuation date for above is December 31, 2016.

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:	27 years
Asset Valuation Method:	Gains and losses recognized over a five year period
Actuarial Assumptions:	
Interest Rate (current and prior)	7.50%
Wage Growth	3.50%
Price Inflation	2.75%

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF POST-EMPLOYMENT HEALTHCARE
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2017

	Fiscal Year					
	2017	2016	2015	2014	2013	2012
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	9,741,373	9,209,241	13,410,157	12,649,505	13,085,224	12,357,232
Unfunded AAL (UAAL)	9,741,373	9,209,241	13,410,157	12,649,505	13,085,224	12,357,232
Funded Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	19,522,812	18,862,620	18,432,075	17,808,768	16,829,778	16,260,655
UAAL as a % of Covered Payroll	49.90%	48.82%	72.75%	71.03%	77.75%	75.99%
Employer Contributions:						
Required	761,293	834,283	1,113,989	1,108,456	1,064,575	1,059,370
Made	365,725	337,042	476,736	437,372	466,394	427,884
Percentage of Employer Contributions						
Made to Required Contributions	48.04%	40.40%	42.80%	39.46%	43.81%	40.39%

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, 2017

	Total Special Revenue	Special Service Area	Debt Service			Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Government Funds	
			2011 Bond Fund	TIF	PD Project				Total
<u>Assets</u>									
Cash and Investments	\$ 3,268,381	\$ 248,630	\$ 1,443,789	\$ 257,476	\$ 1,277,173	\$ 3,227,068	\$ 10,163	\$ 234,168	\$ 6,739,780
Land	-	-	-	-	-	-	-	33,750	33,750
Total Assets	<u>\$ 3,268,381</u>	<u>\$ 248,630</u>	<u>\$ 1,443,789</u>	<u>\$ 257,476</u>	<u>\$ 1,277,173</u>	<u>\$ 3,227,068</u>	<u>\$ 10,163</u>	<u>\$ 267,918</u>	<u>\$ 6,773,530</u>
<u>Liabilities and Fund Balance</u>									
Liabilities:									
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-	-	-	-	-	-
Fund Balances:									
Nonspendable	-	-	-	-	-	-	-	33,750	33,750
Restricted	3,097,552	248,630	1,443,789	257,476	1,277,173	3,227,068	-	234,168	6,558,788
Committed	170,829	-	-	-	-	-	10,163	-	180,992
Total Fund Balances	<u>3,268,381</u>	<u>248,630</u>	<u>1,443,789</u>	<u>257,476</u>	<u>1,277,173</u>	<u>3,227,068</u>	<u>10,163</u>	<u>267,918</u>	<u>6,773,530</u>
Total Liabilities and Fund Balances	<u>\$ 3,268,381</u>	<u>\$ 248,630</u>	<u>\$ 1,443,789</u>	<u>\$ 257,476</u>	<u>\$ 1,277,173</u>	<u>\$ 3,227,068</u>	<u>\$ 10,163</u>	<u>\$ 267,918</u>	<u>\$ 6,773,530</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES AND EXPENDITURES
ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Total Special Revenue	Special Service Area	Debt Service				Capital Projects Fund	Permanent Fund Cemetery Care	Total Nonmajor Government Funds
			2011 Bond Fund	TIF Debt	PD Project	Total			
Revenues:									
Property Tax	\$ 3,899,430	\$ 98,232	\$ -	\$ -	\$ -	\$ 98,232	\$ -	\$ -	\$ 3,997,662
Intergovernmental	1,376,086	-	1,135,945	-	-	1,135,945	-	-	2,512,031
Local Tax	57,574	-	-	-	-	-	-	-	57,574
Charges for Services	418,548	-	-	-	-	-	1,650	-	420,198
Fines and Forfeitures	12,931	-	-	-	-	-	-	-	12,931
Investment Income	11,835	534	3,819	745	5,243	10,341	36	(196)	22,016
Contributions	32,901	-	-	-	-	-	-	-	32,901
Miscellaneous	90,916	-	-	-	-	-	-	-	90,916
Total Revenues	<u>5,900,221</u>	<u>98,766</u>	<u>1,139,764</u>	<u>745</u>	<u>5,243</u>	<u>1,244,518</u>	<u>36</u>	<u>1,454</u>	<u>7,146,229</u>
Expenditures:									
Current:									
General Government	2,201,823	-	-	-	-	-	-	144	2,201,967
Public Works	454,845	-	-	-	-	-	-	-	454,845
Cultural and Recreational	2,148,019	-	-	-	-	-	-	-	2,148,019
Capital Outlay	183,490	-	-	-	-	-	-	6,987	190,477
Debt Service:									
Principal	-	60,000	795,000	-	635,000	1,490,000	-	-	1,490,000
Interest and Fiscal Charges	-	38,521	212,780	254,012	636,049	1,141,362	-	-	1,141,362
Total Expenditures	<u>4,988,177</u>	<u>98,521</u>	<u>1,007,780</u>	<u>254,012</u>	<u>1,271,049</u>	<u>2,631,362</u>	<u>-</u>	<u>7,131</u>	<u>7,626,670</u>
Excess (Deficiency) of Revenues Over Expenditures	912,044	245	131,984	(253,267)	(1,265,806)	(1,386,844)	36	(5,677)	(480,441)
Other Financing Sources (Uses):									
Transfers In	-	-	-	254,300	1,271,013	1,525,313	-	-	1,525,313
Transfers Out	(300,000)	-	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>254,300</u>	<u>1,271,013</u>	<u>1,525,313</u>	<u>-</u>	<u>-</u>	<u>1,225,313</u>
Net Change in Fund Balances	612,044	245	131,984	1,033	5,207	138,469	36	(5,677)	744,872
Fund Balances, Beginning of Year	<u>2,656,337</u>	<u>248,385</u>	<u>1,311,805</u>	<u>256,443</u>	<u>1,271,966</u>	<u>3,088,599</u>	<u>10,127</u>	<u>273,595</u>	<u>6,028,658</u>
Fund Balances, End of Year	<u>\$ 3,268,381</u>	<u>\$ 248,630</u>	<u>\$ 1,443,789</u>	<u>\$ 257,476</u>	<u>\$ 1,277,173</u>	<u>\$ 3,227,068</u>	<u>\$ 10,163</u>	<u>\$ 267,918</u>	<u>\$ 6,773,530</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF ASSETS, LIABILITIES AND
FUND BALANCES ARISING FROM MODIFIED CASH BASIS TRANSACTIONS
NONMAJOR SPECIAL REVENUE GOVERNMENTAL FUNDS
APRIL 30, 2017

	<u>Parks Project</u>	<u>Playground and Recreation</u>	<u>Motor Fuel Tax</u>	<u>Illinois Municipal Retirement</u>	<u>Public Library</u>	<u>Tort Liability</u>	<u>Belleville Illinois Tourism</u>	<u>Veteran's Memorial Fountain</u>	<u>Special Service Area</u>	<u>Total</u>
<u>Assets</u>										
Cash and Investments	\$ 97,745	\$ 1,297,798	\$ 604,414	\$ 215,928	\$ 461,157	\$ 361,789	\$ 73,084	\$ 5,222	\$ 151,244	\$ 3,268,381
Total Assets	<u>\$ 97,745</u>	<u>\$ 1,297,798</u>	<u>\$ 604,414</u>	<u>\$ 215,928</u>	<u>\$ 461,157</u>	<u>\$ 361,789</u>	<u>\$ 73,084</u>	<u>\$ 5,222</u>	<u>\$ 151,244</u>	<u>\$ 3,268,381</u>
<u>Liabilities and Fund Balance</u>										
Liabilities:										
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:										
Restricted	-	1,297,798	604,414	215,928	461,157	361,789	-	5,222	151,244	3,097,552
Committed	97,745	-	-	-	-	-	73,084	-	-	170,829
Total Fund Balance	<u>97,745</u>	<u>1,297,798</u>	<u>604,414</u>	<u>215,928</u>	<u>461,157</u>	<u>361,789</u>	<u>73,084</u>	<u>5,222</u>	<u>151,244</u>	<u>3,268,381</u>
Total Liabilities and Fund Balance	<u>\$ 97,745</u>	<u>\$ 1,297,798</u>	<u>\$ 604,414</u>	<u>\$ 215,928</u>	<u>\$ 461,157</u>	<u>\$ 361,789</u>	<u>\$ 73,084</u>	<u>\$ 5,222</u>	<u>\$ 151,244</u>	<u>\$ 3,268,381</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, 2017

	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	\$ -	\$ 375,816	\$ -	\$ 1,450,590	\$ 1,235,730	\$ 797,293	\$ -	\$ -	\$ 40,001	\$ 3,899,430
Intergovernmental	-	15,378	1,166,685	91,025	102,998	-	-	-	-	1,376,086
Local Tax	-	-	-	-	-	-	57,574	-	-	57,574
Charges for Services	-	392,788	132	-	25,628	-	-	-	-	418,548
Fines and Forfeitures	-	-	-	-	12,931	-	-	-	-	12,931
Investment Income	390	3,148	2,127	1,394	2,201	1,789	256	22	508	11,835
Contributions	-	8,590	-	-	19,811	-	-	4,500	-	32,901
Miscellaneous	-	1,265	-	2,092	87,559	-	-	-	-	90,916
Total Revenues	<u>390</u>	<u>796,985</u>	<u>1,168,944</u>	<u>1,545,101</u>	<u>1,486,858</u>	<u>799,082</u>	<u>57,830</u>	<u>4,522</u>	<u>40,509</u>	<u>5,900,221</u>
Expenditures:										
Current:										
General Government	-	-	-	1,449,777	-	702,813	49,233	-	-	2,201,823
Public Works	-	-	416,237	-	-	-	-	-	38,608	454,845
Cultural and Recreational	37,620	717,270	-	-	1,389,156	-	-	3,973	-	2,148,019
Capital Outlay	<u>28,223</u>	<u>20,000</u>	<u>128,584</u>	<u>-</u>	<u>6,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,490</u>
Total Expenditures	<u>65,843</u>	<u>737,270</u>	<u>544,821</u>	<u>1,449,777</u>	<u>1,395,839</u>	<u>702,813</u>	<u>49,233</u>	<u>3,973</u>	<u>38,608</u>	<u>4,988,177</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(65,453)</u>	<u>59,715</u>	<u>624,123</u>	<u>95,324</u>	<u>91,019</u>	<u>96,269</u>	<u>8,597</u>	<u>549</u>	<u>1,901</u>	<u>912,044</u>
Other Financing Sources (Uses):										
Transfers Out	-	-	(300,000)	-	-	-	-	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>
Net Change in Fund Balances	<u>(65,453)</u>	<u>59,715</u>	<u>324,123</u>	<u>95,324</u>	<u>91,019</u>	<u>96,269</u>	<u>8,597</u>	<u>549</u>	<u>1,901</u>	<u>612,044</u>
Fund Balance, Beginning of Year	<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>
Fund Balance, End of Year	<u>\$ 97,745</u>	<u>\$ 1,297,798</u>	<u>\$ 604,414</u>	<u>\$ 215,928</u>	<u>\$ 461,157</u>	<u>\$ 361,789</u>	<u>\$ 73,084</u>	<u>\$ 5,222</u>	<u>\$ 151,244</u>	<u>\$ 3,268,381</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
APRIL 30, 2017

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
<u>Assets</u>			
Current Assets:			
Cash and Investments	\$ 375,155	\$ 3,074	\$ 378,229
Total Assets	<u>\$ 375,155</u>	<u>\$ 3,074</u>	<u>\$ 378,229</u>
<u>Liabilities</u>			
Current Liabilities:			
Due to Other Funds	\$ -	\$ 807,958	\$ 807,958
Total Current Liabilities	<u>-</u>	<u>807,958</u>	<u>807,958</u>
<u>Net Position</u>			
Unassigned	<u>375,155</u>	<u>(804,884)</u>	<u>(429,729)</u>
Total Net Position	<u>\$ 375,155</u>	<u>\$ (804,884)</u>	<u>\$ (429,729)</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, 2017

	<u>Working Cash</u>	<u>Insurance</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ -	\$ 4,092,560	\$ 4,092,560
Operating Expenses:			
Personal Services	-	4,469,486	4,469,486
Total Operating Expenses	-	4,469,486	4,469,486
Operating Income (Loss)	-	(376,926)	(376,926)
Nonoperating Revenues:			
Property Tax	-	346,165	346,165
Investment Earnings	793	98	891
Total Nonoperating Revenues	793	346,263	347,056
Change in Net Position	793	(30,663)	(29,870)
Net Position, Beginning of Year	374,362	(774,221)	(399,859)
Net Position, End of Year	<u>\$ 375,155</u>	<u>\$ (804,884)</u>	<u>\$ (429,729)</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION TRUST FUNDS
APRIL 30, 2017

	<u>Police Pension</u>	<u>Firemen's Pension</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 1,380,485	\$ 989,077	\$ 2,369,562
Investments, at Market	34,021,536	22,964,699	56,986,235
Receivables:			
Taxes Receivable	2,912,427	2,912,427	5,824,854
Interest Receivable	<u>67,399</u>	<u>60,812</u>	<u>128,211</u>
Total Assets	<u>38,381,847</u>	<u>26,927,015</u>	<u>65,308,862</u>
Liabilities	<u>44</u>	<u>-</u>	<u>44</u>
Net Position - Restricted for Pensions	<u>\$ 38,381,803</u>	<u>\$ 26,927,015</u>	<u>\$ 65,308,818</u>

CITY OF BELLEVILLE, ILLINOIS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PENSION TRUST FUNDS
FOR THE YEAR ENDED APRIL 30, 2017

	Police Pension	Firemen's Pension	Total
Additions:			
Contributions:			
Employee Contributions	\$ 565,398	\$ 428,765	\$ 994,163
Employer Contributions:			
Property Taxes	2,886,052	2,881,205	5,767,257
City Contribution	84,528	-	84,528
Personal Property Replacement Taxes	90,898	85,510	176,408
Total Contributions	3,626,876	3,395,480	7,022,356
Investment Income:			
Interest and Dividend Income	1,508,986	475,791	1,984,777
Gain (Loss) on Sales of Securities	89,030	546,987	636,017
Net Appreciation in Fair Market Value of Investments	2,075,089	943,932	3,019,021
	3,673,105	1,966,710	5,639,815
Less Investment Expense	(37,946)	(84,837)	(122,783)
Total Investment Income	3,635,159	1,881,873	5,517,032
Reimbursements	6,201	3,399	9,600
Total Additions	7,268,236	5,280,752	12,548,988
Deductions:			
Benefits Paid to Participants:			
Service and Disability	2,971,273	2,882,065	5,853,338
Dependents	302,755	458,258	761,013
Refund of Contributions	125,945	4,817	130,762
Professional Fees	18,159	24,285	42,444
Other	9,658	8,244	17,902
Total Deductions	3,427,790	3,377,669	6,805,459
Change in Net Position	3,840,446	1,903,083	5,743,529
Net Position, Beginning of Year	34,541,357	25,023,932	59,565,289
Net Position, End of Year	\$ 38,381,803	\$ 26,927,015	\$ 65,308,818

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF ASSESSED VALUATION, TAX RATES,
EXTENSIONS AND COLLECTIONS
(UNAUDITED)
APRIL 30, 2017

Tax Rates

Levy Year	Total Assessed Valuation	Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Social Security Fund	Playground and Recreation Fund	Total
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
2015	394,711,073	0.0887	0.2083	0.5864	0.7010	0.3167	0.2043	0.1634	0.0963	2.3651

Taxes Extended

Levy Year	Corporate Fund	Retirement Fund	Police Pension Fund	Firemen's Pension Fund	Library Fund	Liability Insurance Fund	Social Security Fund	Playground and Recreation Fund	Total
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
2015	350,109	822,183	2,314,586	2,766,924	1,250,050	806,395	644,958	380,107	9,335,312

Taxes Collected

Levy Year	Total Taxes Extended	Total Taxes Collected	Percent of Current Year Taxes Collected	Current Year Uncollected Balance
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
2015	9,335,312	9,228,726	98.86%	106,586

**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, 2017, 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 25, 2017.

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. Schlem / Co. LLC

Certified Public Accountants

Alton, Illinois

September 25, 2017

**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, 2017. 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, 2017.

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. Schwan & Co. LLC
Certified Public Accountants
Alton, Illinois
September 25, 2017

CITY OF BELLEVILLE, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2017

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	L174909	\$ 3,989,497	\$ 3,989,497
				<u>3,989,497</u>
<u>Department of Justice</u>				
Direct Award:				
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	2013-DJ-BX-0314	181,175	<u>152,296</u>
				<u>152,296</u>
Total Federal Awards				<u>\$ 4,141,793</u>

See notes to schedule of expenditures of federal awards

CITY OF BELLEVILLE, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
APRIL 30, 2017

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, 2017.

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, 2017

Part 1 -- Summary of Auditor's Results

- (a) The independent accountants' report expresses an adverse opinion on the governmental activities and unmodified 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 unmodified 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, 2017

None