

CITY OF ALTON, ILLINOIS

REPORT AND FINANCIAL STATEMENTS

MARCH 31, 2015

CITY OF ALTON, ILLINOIS

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON BETHALTO

October 6, 2015

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the
City Council
City of Alton, Illinois

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 Alton, Illinois, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Alton's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Basis for Qualified Opinion

The City has omitted disclosures required by Governmental Accounting Standards Board Statement 67, *Financial Reporting for Pension Plans*, due to the unavailability of information. The amount by which these disclosures would affect the financial statements is not reasonably determinable.

Qualified Opinion

In our opinion, except for the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Alton, Illinois, as of March 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 7 through 14, 54 through 59, and 60, respectively, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Alton's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2015, on our consideration of the City of Alton's 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 Alton's internal control over financial reporting and compliance.

Schaffel Boyle
Alton, Illinois



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSO BETHALTO

October 6, 2015

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*

Honorable Mayor and Members of the
City Council
City of Alton, 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 Alton, Illinois, as of and for the year ended March 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Alton's basic financial statements and have issued our report thereon dated October 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Alton's 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 Alton's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Alton's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2015-1 and 2015-2.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2015-3, 2015-4, and 2015-5.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Alton's 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*. Additional matters were communicated to management in a separate letter.

The City of Alton's Response to Findings

The City of Alton's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Alton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Alton, Illinois



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON BETHALTO

October 6, 2015

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

Honorable Mayor and Members of the
City Council
City of Alton, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Alton, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Alton's major federal programs for the year ended March 31, 2015. The City of Alton's 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 the City of Alton's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Alton'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 Alton's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Alton 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 March 31, 2015.

Report on Internal Control over Compliance

Management of the City of Alton, 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 the City of Alton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Alton's internal control over compliance.

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

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

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


Alton, Illinois

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

This section of the City of Alton's financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended March 31, 2015.

FINANCIAL HIGHLIGHTS

For the year ended March 31, 2015, total assets for the City were \$145.5 million consisting of \$121.7 million for governmental activities and \$23.8 million for business-type activities. Included in the governmental activities total assets are capital assets of \$88.6 million and capital assets of \$15.9 million for business-type activities. Compared to year end March 31, 2014, total assets were \$144.9 million consisting of \$120.8 for governmental activities and \$24.1 million for business-type activities.

For the year ended March 31, 2015, total liabilities for the City were \$125.2 million consisting of \$4.2 million current and \$113.1 million long-term for governmental activities and \$0.8 million current and \$7.1 million long-term for business-type activities. Total deferred inflows of resources for the City were \$9.6 million consisting of \$9.4 million for governmental activities and \$0.2 million for business-type activities. Compared to year end March 31, 2014, total liabilities for the City were \$123.4 million consisting of \$3.5 million current and \$111.5 million long-term for governmental activities and \$0.8 million current and \$7.6 million long-term for business-type activities. Total deferred inflows of resources for the City were \$9.2 million consisting of \$9.0 million for governmental activities and \$0.2 million for business-type activities.

As such, net position from the current year ended totaled \$10.8 million consisting of \$(4.9) million for governmental activities and \$15.7 million for business-type activities. Of the governmental activities, \$76.4 million was invested in capital assets, net of related debt, \$12.5 million was restricted and \$(93.8) million was unrestricted. Of the business-type activities, \$11.6 million was invested in capital assets, net of related debt, \$1.9 was restricted and \$2.1 million was unrestricted. Net position from the prior year ended totaled \$12.3 million consisting of \$(3.2) million for governmental activities and \$15.5 million for business-type activities. Of the governmental activities, \$77.4 million was invested in capital assets, net of related debt, \$11.3 million was restricted and \$(91.9) million was unrestricted. Of the business-type activities, \$11.5 million was invested in capital assets, net related debt, \$2.7 million was restricted and \$1.3 million was unrestricted.

Shown within the Statement of Net Position, the year-end balance of fixed assets for the year ended March 31, 2015 is \$104.5 million (net of depreciation). This is comprised of \$88.6 million for governmental activities and \$15.9 million for business-type activities. Compared to the year ended March 31, 2014, we reported fixed assets of \$106.9 million (net of depreciation), which included \$90.5 million for governmental activities and \$16.4 million for business-type activities.

Also, shown within the Statement of Net Position, the year-end balance of compensated absences for vacation and sick time for the year ended March 31, 2015 is \$2.8 million. This is comprised of \$2.6 million for governmental activities and \$0.2 million for business-type activities. Compared to the year ended March 31, 2014, we reported \$2.8 million of compensated absences which included \$2.7 million for governmental activities and \$0.1 million for business-type activities.

For the year ended March 31, 2015, the total change in net position was \$(1.5) million comprised of \$(1.7) million for governmental activities and \$0.2 million for business-type activities. Transfers in the primary government were \$0.2 million from the governmental activities to the business-type activities. Compared to the year ended March 31, 2014, the total change in net position was \$(6.0) million consisting of \$(5.9) million for governmental activities and \$(0.1) million for business-type activities. Net transfers in the primary government were \$0.1 million from the governmental activities to the business-type activities.

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

- The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- For governmental activities, the fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.
- The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole-

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the City's Most Significant Funds-

Fund Financial Statements

Some funds are required to be established by State law and bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Sewer Fund Projects) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The City's three types of activities (governmental, business-type, and fiduciary) use different accounting approaches:

- Governmental activities – Most of the City's basic services are included in governmental activities, which focus on (1) how cash and other financial assets that can readily be converted to cash flow into and out of these governmental funds and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations within Exhibits "D" and "F".
- Business-type activities – Services for which the City charges customers for the full cost of the services it provides are generally reported in business-type activities. Business-type activities, like the government-wide statements, provide both long-term and short-term financial information. Business-type activities are reported on the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.
- Fiduciary funds – The City has fiduciary responsibility for other assets that – because of trust arrangements – can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison between the current year activities and last years activities. The reconciliation for the two reporting models for the current fiscal year can be found in Exhibits "B" and "D".

Changes in the City of Alton Activities
(in millions of dollars)

	<u>Governmental</u> Activities		<u>Business-type</u> Activities		<u>Totals</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 4.3	\$ 4.0	\$ 4.5	\$ 4.4	\$ 8.8	\$ 8.4
Operating Grants and Contributions	1.2	1.1			1.2	1.1
Capital Grants and Contributions	1.2	0.7		0.1	1.2	0.8
General Revenues						
Property Taxes, Levied for General Purposes	8.5	8.2			8.5	8.2
Property Taxes, Levied for Debt Service	0.4	0.3			0.4	0.3
Sales, Franchise, Utility and Other Taxes	12.0	11.5			12.0	11.5
Intergovernmental	8.3	8.5			8.3	8.5
Miscellaneous	<u>3.2</u>	<u>3.0</u>	<u>0.1</u>	<u>0.1</u>	<u>3.3</u>	<u>3.1</u>
Total Revenues	<u>\$39.1</u>	<u>\$37.3</u>	<u>\$ 4.6</u>	<u>\$ 4.6</u>	<u>\$43.7</u>	<u>\$41.9</u>
Expenditures						
General Government	\$ 2.7	\$ 4.6			\$ 2.7	\$ 4.6
Public Safety	22.3	23.3			22.3	23.3
Highways and Streets	7.3	7.0			7.3	7.0
Sanitation	2.3	2.2			2.3	2.2
Health	1.3	1.7			1.3	1.7
Culture and Recreation	2.9	2.6			2.*	2.6
Development	0.7	0.4			0.7	0.4
Capital Projects	0.6	0.6			0.6	0.6
Miscellaneous	0.1	0.1			0.1	0.1
Interest on Long-Term Debt	0.4	0.5			0.4	0.5
Sewer			\$ 3.5	\$ 3.7	3.5	3.7
Marina			<u>1.1</u>	<u>1.2</u>	<u>1.1</u>	<u>1.2</u>
Total Expenditures	<u>\$40.6</u>	<u>\$43.0</u>	<u>\$ 4.6</u>	<u>\$ 4.9</u>	<u>\$45.2</u>	<u>\$47.9</u>
Net Transfers	<u>(0.2)</u>	<u>(0.1)</u>	<u>0.2</u>	<u>0.1</u>		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1.7)</u>	<u>\$ (5.8)</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$ (1.5)</u>	<u>\$ (6.0)</u>

Governmental Activities

Revenues for the City's governmental activities increased by 4.8% over the prior fiscal year and total expenses decreased by 5.6% during the same period. The increase in total revenues is primarily due to additional grant monies received for the Multimodal Tiger Grant as well as increased revenue for sanitation charges. The decrease in expenses is primarily due to the decrease in contributions to the Policemen's Pension and Firefighters' Pension funds as well as a decrease in the contribution to the retiree medical plan in the current year. The Policemen and Firefighter pension contributions are based on actuarial assumptions used to calculate the statutory minimum contribution requirements. The retiree medical plan contribution is based on actuarial assumptions and was reduced this year due to the elimination of the City paid medical subsidy for Medicare eligible retirees from the plan.

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

Business-type Activities

Revenues of the City's business type activities remained relatively the same over the prior fiscal year while total expenses decreased by 6.1% during the same period. The decrease in total expenses is primarily due to a decrease in contractual services.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budget amendments require passage of an ordinance by City Council. Over the course of the year, the City Council revised the City budget to transfer funds from certain line items within certain departments. Budgeted revenues for the general fund were \$29.3 million including the amendments. Actual revenues for the general fund were \$31.1 million. The initial budgeted expenditures for the year ended March 31, 2015 were \$31.0 million. The final budgeted expenditures were \$31.1 million including amendments. Actual expenditures for the general fund were \$30.9 million. All amounts budgeted and reported for the general fund were prepared on the modified-accrual basis.

STATUS OF CITY RESERVES

The governmental funds reported a combined fund balance of \$20.3 million at March 31, 2015, an 8.0% increase from a balance of \$18.8 million at March 31, 2014. The following is a listing of the City's governmental funds reserves reported on the modified-accrual basis of accounting under GASB 34 rules.

City of Alton
Statement of Governmental Funds

<u>Fund Balance Category</u>	<u>Fiscal Year Ending</u> <u>March 31, 2015</u>
Nonspendable	\$ 2,374,291
Restricted	10,255,563
Committed	
Assigned	2,334,778
Unassigned	<u>5,379,095</u>
Total Fund Balances	<u>\$ 20,343,727</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At March 31, 2015, the City had \$104.5 million (net of depreciation) invested in a broad range of capital assets that include building and improvements, sewer system, machinery and equipment, vehicles and infrastructure. The Finance Department established an implementation policy for capital and fixed assets. A threshold for capitalization of \$5,000, based on a per piece basis, was established. Infrastructure is valued based on the composite cost. Depreciation is calculated based on the straight-line method, and salvage value is estimated to be zero in all cases.

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

City of Alton Capital Assets
(net depreciation in millions of dollars)

	<u>Governmental</u>		<u>Business-type</u>		<u>Totals</u>	
	<u>Activities</u>	<u>2015</u>	<u>Activities</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land		\$24.0	\$24.0		\$ 24.0	\$ 24.0
Construction in Progress		2.2	0.9	\$ 0.3	\$ 0.1	2.5
Buildings and Improvements		20.3	21.3	14.7	15.5	35.0
Furniture and Equipment		0.9	1.0	0.3	0.2	1.2
Vehicles		1.5	1.4	0.6	0.6	2.1
Infrastructure		<u>39.7</u>	<u>41.9</u>	—	—	<u>39.7</u>
Totals		<u>\$88.6</u>	<u>\$90.5</u>	<u>\$15.9</u>	<u>\$16.4</u>	<u>\$104.5</u>

Debt

The City of Alton continues to maintain responsible and manageable debts. Total long-term outstanding debt, including compensated absences and pension benefit obligation, increased by 0.8%. At the end of the current fiscal year, the City had \$113.0 million in total long-term debt for the governmental activities and \$7.1 million in sewer related debt compared to \$111.5 million in total long-term debt for governmental activities and \$7.6 million in sewer related debt at the prior year end. The City is a Home Rule Unit of Government and therefore, has no legal debt limitation.

CURRENT ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Alton had many factors to consider when establishing the fiscal year 2015 budget. The budgeted expenditures for the general, special revenue and capital projects funds for the upcoming year was established by City ordinance at \$49.1 million, unchanged from the 2014 budget.

There is a strong retail and tourist base in Alton. The top five employers in Alton provide over 4,102 jobs to the area residents. Significant fields of employment include gaming, healthcare, sales, and education. As of the end of fiscal year 2015, the City of Alton had 208 full time employees and 2 regular part-time employees.

Alton is in the process of experiencing quite a bit of residential, industrial and commercial growth.

Residential Development

In-fill Housing Development:

The City continues to champion the success of recent in-fill housing developments. The Landings at Belle Meadows, a sixty (60) unit low-income housing tax credit project (LIHTC) is currently in construction. This rehabilitation project includes the gut renovation of the former Belle Manor apartments and will include new tenant amenities including a technology center, enhanced lighting/security, playgrounds and on-site management.

Market-Rate Housing Development:

The City of Alton continues to encourage the development of market-rate housing. The City has contributed financial and/or regulatory assistance to the development of several market-rate subdivisions including: Lincoln School Estates, Leverett Place, Northridge Estates, Homes of Virden Woods, Greenleaf Estates and Heritage Woods. The City of Alton will continue the use of annexations and infrastructure improvements to induce future development.

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

CURRENT ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

Downtown Loft/Condo Development:

Revitalization efforts to convert former commercial buildings into downtown residential living spaces have continued throughout the downtown central business district. Prior completed projects include Laura Lofts, Lincoln Lofts, the former Germania and Wead buildings, and Mineral Springs Mall. Additional units are currently under development at the former Cracker Factory and Hudson Jewelry buildings.

Industrial Development

Alton Center Business Park:

Alton Center Business Park continues to experience new tenant growth and expansion of existing tenants. The park's two (2) principal tenants, American Water Works and Imperial Manufacturing, both maintain strong employment levels with the total number of employees currently exceeding 600 people. American Water Resources, a subsidiary of American Water, has recently completed a second expansion at the park. In July of 2015, Advance Outsource Solutions opened a new 40,000 sq. ft. light manufacturing facility within the park. This \$1.5 million addition brings the total square footage of occupied space to approx. 350,000.

Industrial Corridor Infrastructure Improvements:

The extension of Morrison Avenue has progressed through the preliminary engineering phase and is subject to final design and bid award. The extension of Morrison Avenue would provide increased accessibility for heavy transport within the industrial corridor including tenants/customers of Alton Center Business Park and Alton Steel. Additionally, the City of Alton has received approx. \$1 million dollars in enhancement funding for beautification and infrastructure improvements along Landmarks Boulevard and the western terminus of IL Rt. 143. The improvements to Landmarks Blvd. are currently under construction with estimated project completion by June 30, 2016.

Commercial Development

Multi-Modal Transit Facility:

In 2011, the City of Alton was awarded a \$13.8 million dollar TIGER grant through USDOT for the development of a multi-modal transit facility to accommodate the expansion of high-speed rail service from Chicago to Alton. This mixed use development, north of Homer Adams Parkway, will include the construction of a new 9,000 sq. ft. train station, mass transit connections, retail development as well as infrastructure improvements to Golf Road, Barons Commerce Parkway, and the construction of a new service road to serve the site. The project will break ground during the fourth quarter of 2015 with anticipated project completion by December 31, 2016.

Homer Adams Parkway:

Homer Adams Parkway continues it's near capacity growth with recent new construction activity. Projects currently under construction include a Jimmy John's restaurant and adjacent commercial space. Planned improvements along the corridor include the development of a new 84 room Hampton Inn Hotel adjacent to the Wadlow Town Center site. The hotel is currently under construction with estimated completion during the second quarter of 2016. The City continues to adequately plan the anticipated transit oriented development related to the multi-modal facility directly north of the parkway.

Alton Square Mall:

Alton Square Mall was recently acquired by Hull Property Group of Augusta, GA. Hull is the owner and operator of 21 enclosed malls across 9 states. Hull Property Group has over 40 years of retail real estate experience and the City firmly believes that the new owner will be able to leverage its relationships with national retailers to stabilize the property and attract new tenants. The property is experiencing new momentum with the recent additions of Ross Dress for Less, Hibbett Sports and the newly renovated Maurice's.

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

CURRENT ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

Central Business District

Riverfront Park:

Liberty Bank Alton Amphitheater, a 4,000 seat riverfront facility is currently in its 6th year of operation as a commercially staged entertainment venue. The City's Amphitheater Commission has continued its corporate sponsorship revenue model to sustain commercial operations and expand the entertainment offerings. The current season enjoy record turnouts for several events including Alison Krauss & Union Station, Dwight Yoakam, Lynyrd Skynyrd and the Sauce Magazine Food Truck Festival.

Dining & Entertainment:

The downtown area has continued to experience the revitalization of former commercial spaces offering new dining and entertainment options. Old Bakery Beer Company microbrewery and restaurant opened in early 2015 in the former Colonial Bakery building. Elijah P's Burgers & Brews opened in April of 2015 in a vacant space previously occupied by a furniture store. Both developments follow the recent trend of successful craft brewers in the St. Louis metropolitan area and the desire for unique dining options.

TIF Grant Program:

To encourage additional redevelopment within the tax increment financing district, the City anticipates continued funding for this program which makes available up to \$25,000 for interior or exterior improvements. Recent program amendments provide assistance for the conversion of commercial space into residential units within the TIF district. A development subsidy of \$7,500 is provided for each new or substantially renovated unit. Additional financial assistance may be available for eligible architectural fees related to residential development.

Commercial Facade Program:

The Commercial Facade Program is available for commercially zoned business generally located south of Homer Adams Parkway. The program provides a 25% reimbursement grant to improve the exterior facades of a building. A maximum grant reimbursement of \$7,500 is available for a single façade and \$10,000 for multiple facades. Free architectural services for exterior improvements are available through the Alton Marketplace Association and Illinois Historic Preservation Agency.

Flood Memorial Plaza:

The City of Alton received a Scenic Byway grant to develop a memorial and interpretive plaza located along the intersection of Broadway and Piasa Ave. The grant funds will be used to construct the "Great Rivers Flood Memorial," which will include interpretive elements and a landscaped plaza. The flood memorial plaza, along with the enhancements to Landmarks Blvd., are currently under construction with estimated completion by June 30, 2016.

CITY OF ALTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2015

Park and Recreation Department

In fiscal year 2014-2015, the City has:

- Managed the Alton Riverfront Amphitheater. The City of Alton Riverfront Amphitheater hosted 15 events/concerts in 2014/2015.
- The Alton Park and Recreation Department was awarded a \$405,000 Scenic Byways Grant to renovate Riverview Park overlooking the Mississippi River in conjunction with an OSLAD grant for \$125,000 for the lower renovations of the park. The OSLAD grant is currently on hold due to state restrictions. Construction has started on the park with Scenic Byways money.
- The Alton Park and Recreation Department has opened the Dog Park and currently sells passes for annual memberships.
- Gordon Moore Park hosted its 25th ASA Co-Ed state championship on August 14th, 15th, 16th.
- Gordon F. Moore Park hosted the annual “Kick It” 3x3 youth soccer Midwest regional tourney on July 25th
- Funding from Madison County PEP Grant helped renovate Hopkins Field at Gordon Moore Park
- The Alton Park and Recreation Department has continued with recycling centers at Gordon F. Moore Park and Alton Riverfront Park/Marina Complex in conjunction with “Cool Cities” initiative.
- The Alton Park and Recreation Department, Alton Middle School, Upper Alton Business Association, and Drug Free Alton scheduled “Clean Up” work days in Rock Spring Park.
- The Alton Park and Recreation Department, Alton Police Department, Alton Fire Department will host its 14th National night out kick-off party at the amphitheater.
- Thanks to donations, Gordon Moore Park received 4 news scoreboards at various athletic fields.
- Friends of Haskell and Riverview Park continue to beautify their neighborhood parks with landscaping and painting, as needed.
- Friends of Haskell Park completed renovations on the Haskell Playhouse with the money raised last year.
- The Alton Godfrey Rotary donated a new pavilion at Haskell Park
- The American Legion hosted the Great Lakes Regional at Gordon Moore Park, attracting several hundreds of visitors for baseball games in early August.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or wish to request additional information, contact Jeannie Cowan, Comptroller, at Alton City Hall, 101 East Third Street, Alton, Illinois 62002.

CITY OF ALTON, ILLINOIS
STATEMENT OF NET POSITION
MARCH 31, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 15,765,804	\$ 1,801,469	\$ 17,567,273
Investments (at fair value)		3,745,513	3,745,513
Receivables (net, where applicable of allowance for uncollectibles):			
Taxes	9,538,076		9,538,076
Gaming Tax Surcharge	442,756		442,756
Intergovernmental	3,721,286		3,721,286
Accounts Receivable	1,042,480	356,514	1,398,994
Due from Other Funds	5,109	14,516	19,625
Inventory (at cost)	92,295	14,942	107,237
Prepaid Expenses	317,530	27,554	345,084
Other Current Assets	97,351		97,351
Restricted Assets:			
Cash and Investments (at fair value)		1,982,263	1,982,263
Total Current Assets	<u>\$ 31,022,687</u>	<u>\$ 7,942,771</u>	<u>\$ 38,965,458</u>
Noncurrent Assets:			
Fixed Assets (net of accumulated depreciation)	\$ 88,626,162	\$ 15,898,924	\$ 104,525,086
Other Assets (net of accumulated amortization)		6,625	6,625
Due from Other Funds - Loan to Alton Marina	2,000,000		2,000,000
Note Receivable	58,900		58,900
Total Noncurrent Assets	<u>\$ 90,685,062</u>	<u>\$ 15,905,549</u>	<u>\$ 106,590,611</u>
Total Assets	<u><u>\$ 121,707,749</u></u>	<u><u>\$ 23,848,320</u></u>	<u><u>\$ 145,556,069</u></u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,316,728	\$ 72,810	\$ 1,389,538
Accrued Payroll	571,721	52,092	623,813
Other Payables	722,951		722,951
Due to Other Funds	115,578	5,109	120,687
Bonds and Notes Payable	1,219,523	672,438	1,891,961
Capital Lease Obligations	126,020	923	126,943
Accrued Interest on Bonds, Notes Payable, and Capital Leases	113,840	34,256	148,096
Total Current Liabilities	<u>\$ 4,186,361</u>	<u>\$ 837,628</u>	<u>\$ 5,023,989</u>
Long-Term Liabilities:			
Bonds and Notes Payable	\$ 10,741,516	\$ 3,605,614	\$ 14,347,130
Capital Lease Obligations	129,579	1,987	131,566
Due to Other Funds - Loan from General Fund		2,000,000	2,000,000
Pension Benefit Obligation	85,371,666		85,371,666
OPEB Obligation	14,148,444	1,368,604	15,517,048
Compensated Absences	2,628,405	143,243	2,771,648
Total Long-Term Liabilities	<u>\$ 113,019,610</u>	<u>\$ 7,119,448</u>	<u>\$ 120,139,058</u>
Total Liabilities	<u><u>\$ 117,205,971</u></u>	<u><u>\$ 7,957,076</u></u>	<u><u>\$ 125,163,047</u></u>
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	\$ 9,263,667		\$ 9,263,667
Grants Received In Advance	32,121		32,121
Prepaid Title Sponsorship	100,000		100,000
Prepaid Boat Slip Revenue		\$ 216,639	216,639
Total Deferred Inflows of Resources	<u>\$ 9,395,788</u>	<u>\$ 216,639</u>	<u>\$ 9,612,427</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 76,409,524	\$ 11,617,962	\$ 88,027,486
Restricted For:			
Special Revenue Purposes	12,522,994		12,522,994
Long-Term Debt		248,211	248,211
Sewer Reserves, Replacements, and Maintenance		1,734,052	1,734,052
Unrestricted	(93,826,528)	2,074,380	(91,752,148)
Total Net Position	<u><u>\$ (4,894,010)</u></u>	<u><u>\$ 15,674,605</u></u>	<u><u>\$ 10,780,595</u></u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 121,707,749</u></u>	<u><u>\$ 23,848,320</u></u>	<u><u>\$ 145,556,069</u></u>

The accompanying notes are an integral part of the financial statements.

EXHIBIT "B"

CITY OF ALTON, ILLINOIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue And Changes In Net Position		
		<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Primary Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Primary Government:</u>							
Governmental Activities:							
General Government	\$ 2,671,286	\$ 408,383			\$ (2,262,903)		\$ (2,262,903)
Public Safety	22,357,749	1,142,986	\$ 248,812		(20,965,951)		(20,965,951)
Highways and Streets	7,261,577	27,729	934,391		(6,299,457)		(6,299,457)
Sanitation	2,300,969	2,545,146			244,177		244,177
Health	1,285,655				(1,285,655)		(1,285,655)
Culture and Recreation	2,949,374	190,335	3,000	\$ 160,159	(2,595,880)		(2,595,880)
Development	654,114				(654,114)		(654,114)
Capital Projects	627,340			1,044,480	417,140		417,140
Miscellaneous	85,722				(85,722)		(85,722)
Interest on Long-Term Debt	432,093				(432,093)		(432,093)
Total Governmental Activities	<u>\$ 40,625,879</u>	<u>\$ 4,314,579</u>	<u>\$ 1,186,203</u>	<u>\$ 1,204,639</u>	<u>\$ (33,920,458)</u>	<u>\$ 0</u>	<u>\$ (33,920,458)</u>
Business-Type Activities:							
Sewer	\$ 3,507,504	\$ 3,740,825				\$ 233,321	\$ 233,321
Marina	1,118,800	850,264				(268,536)	(268,536)
Total Business-Type Activities	<u>\$ 4,626,304</u>	<u>\$ 4,591,089</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (35,215)</u>	<u>\$ (35,215)</u>
Total Primary Government	<u>\$ 45,252,183</u>	<u>\$ 8,905,668</u>	<u>\$ 1,186,203</u>	<u>\$ 1,204,639</u>	<u>\$ (33,920,458)</u>	<u>\$ (35,215)</u>	<u>\$ (33,955,673)</u>
<u>General Revenues:</u>							
Taxes:							
Property Taxes, Levied for General Purposes					\$ 8,537,098		\$ 8,537,098
Property Taxes, Levied for Debt Service					385,503		385,503
Sales, Franchise, Utility, and Other Taxes					12,004,443		12,004,443
Intergovernmental					8,261,501		8,261,501
Miscellaneous					3,212,521	\$ 52,433	3,264,954
Transfers					(155,520)	155,520	
Total General Revenues					<u>\$ 32,245,546</u>	<u>\$ 207,953</u>	<u>\$ 32,453,499</u>
Change in Net Position					<u>\$ (1,674,912)</u>	<u>\$ 172,738</u>	<u>\$ (1,502,174)</u>
Net Position, Beginning					<u>(3,219,098)</u>	<u>15,501,867</u>	<u>12,282,769</u>
Net Position, Ending					<u>\$ (4,894,010)</u>	<u>\$ 15,674,605</u>	<u>\$ 10,780,595</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2015

	MULTIMODAL GENERAL	MULTIMODAL TIGER GRANT	MOTOR FUEL TAX	TIF BOND FUND	TAX INCREMENTAL FINANCING FUND	TIF PROJECT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash and Cash Equivalents	\$ 6,837,831	\$ 274,152	\$ 753,461	\$ 2,929	\$ 4,349,200	\$ 1,835	\$ 3,546,396	\$ 15,765,804
Receivables (net, where applicable of allowance for uncollectibles):								
Taxes	6,016,502				2,346,700		1,174,874	9,538,076
Gaming Tax Surcharge	419,440						23,316	442,756
Intergovernmental	3,718,921		25,681					3,744,602
Accounts Receivable	378,945	640,264					343	1,019,552
Note Receivable						58,900		58,900
Due from Other Funds	650,162	1,070			600,000	54,730	1,057	1,307,019
Due from Other Funds -								
Loan to Alton Marina	2,000,000							2,000,000
Inventory (at cost)	92,295							92,295
Prepaid Expenses	281,996						35,534	317,530
Other Assets	97,351							97,351
Total Assets	<u>\$ 20,493,443</u>	<u>\$ 915,486</u>	<u>\$ 779,142</u>	<u>\$ 2,929</u>	<u>\$ 7,295,900</u>	<u>\$ 115,465</u>	<u>\$ 4,781,520</u>	<u>\$ 34,383,885</u>
LIABILITIES								
Accounts Payable	\$ 363,083	\$ 409,475	\$ 40,743			\$ 429,964	\$ 73,850	\$ 1,317,115
Accrued Payroll	571,326	395						571,721
Other Payables	132,591						24,308	156,899
Due to Other Funds	114,653	2,793	118,406				1,181,637	1,417,489
Total Liabilities	<u>\$ 1,181,653</u>	<u>\$ 412,663</u>	<u>\$ 159,149</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 429,964</u>	<u>\$ 1,279,795</u>	<u>\$ 3,463,224</u>
DEFERRED INFLOWS OF RESOURCES								
Property Taxes	\$ 5,838,730				\$ 2,280,501		\$ 1,144,436	\$ 9,263,667
Other Taxes	1,181,146							1,181,146
Grants Received In Advance	32,121							32,121
Prepaid Title Sponsorship						100,000	100,000	
Total Deferred Inflows of Resources	<u>\$ 7,051,997</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,280,501</u>	<u>\$ 0</u>	<u>\$ 1,244,436</u>	<u>\$ 10,576,934</u>
FUND BALANCES								
Nonspendable	\$ 2,374,291							\$ 2,374,291
Restricted	1,027,193	\$ 502,823	\$ 608,277	\$ 2,803	\$ 5,015,399		\$ 3,099,068	10,255,563
Committed								
Assigned	2,023,046		11,716	126			299,890	2,334,778
Unassigned	6,835,263					(314,499)	(1,141,669)	5,379,095
Total Fund Balances (Deficits)	<u>\$ 12,259,793</u>	<u>\$ 502,823</u>	<u>\$ 619,993</u>	<u>\$ 2,929</u>	<u>\$ 5,015,399</u>	<u>\$ (314,499)</u>	<u>\$ 2,257,289</u>	<u>\$ 20,343,727</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 20,493,443</u>	<u>\$ 915,486</u>	<u>\$ 779,142</u>	<u>\$ 2,929</u>	<u>\$ 7,295,900</u>	<u>\$ 115,465</u>	<u>\$ 4,781,520</u>	<u>\$ 34,383,885</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
MARCH 31, 2015

Total fund balances for governmental funds	\$ 20,343,727
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Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 23,992,447
Construction in Progress	2,248,095
Infrastructure, net of \$41,864,027 accumulated depreciation	39,690,392
Buildings and Improvements, net of \$15,813,828 accumulated depreciation	20,365,103
Vehicles, net of \$4,149,550 accumulated depreciation	1,459,330
Equipment, net of \$2,148,512 accumulated depreciation	<u>870,795</u>
	88,626,162

Certain taxes applicable to the City's governmental activities are not earned until available for fund financial reporting and accordingly are not reported as revenues on the fund statements.

The City's health insurance is a self-insured plan. An estimate has been made for the amount of claims currently in process but not paid and accordingly are not reported as expenditures on the fund statements.

1,181,146

(566,052)

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the Statement of Net Position.

Balances at March 31, 2014:

Accrued Interest on Bonds and Capital Leases	\$ (113,840)
Bonds and Notes Payable	(11,961,039)
Capital Leases Payable	(255,599)
OPEB Obligation	(14,148,444)
Pension Benefit Obligation	(85,371,666)
Compensated Absences	<u>(2,628,405)</u>
Total	<u>(114,478,993)</u>

Total net position of governmental activities

\$ (4,894,010)

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	GENERAL	MULTIMODAL TIGER GRANT	MOTOR FUEL TAX	TIF BOND FUND	TAX INCREMENTAL FINANCING FUND	TIF PROJECT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:								
Taxes:								
General Property Taxes	\$ 5,583,703				\$ 2,200,908		\$ 1,137,990	\$ 8,922,601
Food and Beverage Tax							391,932	391,932
Tourism Tax							398,589	398,589
Municipal Auto Rental Tax	20,884							20,884
State Sales Tax	5,559,860							5,559,860
Local Sales Tax	3,501,886							3,501,886
Business District Tax	323,951							323,951
Electric Franchise Tax	238,635							238,635
Gas Franchise Tax	139,755							139,755
Cable TV Franchise Tax	342,727							342,727
Telephone Franchise Tax	523,858							523,858
Water Utility Tax	379,935							379,935
Off Track Betting Tax	48,647							48,647
Municipal Aggregation	90,950							90,950
Total Taxes	<u>\$ 16,754,791</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,200,908</u>	<u>\$ 0</u>	<u>\$ 1,928,511</u>	<u>\$ 20,884,210</u>
Intergovernmental:								
Illinois Income Tax	\$ 2,698,402							\$ 2,698,402
Corporate Personal Property Replacement Tax	1,572,330						\$ 179,682	1,752,012
Gaming Tax	3,684,167						96,374	3,780,541
Total Intergovernmental	<u>\$ 7,954,899</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 276,056</u>	<u>\$ 8,230,955</u>
Grants	\$ 361,971	\$ 1,044,480	\$ 934,391					\$ 2,340,842
Licenses and Permits	351,429							351,429
Fines and Forfeitures	501,572							501,572
Charges for Current Services	3,429,021						\$ 32,557	3,461,578
Revenue from Use of Money and Property	990,897	1,053	4,402	\$ 2	\$ 25,855	\$ 1,833	\$ 29,449	1,053,491
Other Revenue	781,589		9,675	657			1,566,134	2,358,055
Total Revenues	<u>\$ 31,126,169</u>	<u>\$ 1,045,533</u>	<u>\$ 948,468</u>	<u>\$ 659</u>	<u>\$ 2,226,763</u>	<u>\$ 1,833</u>	<u>\$ 3,832,707</u>	<u>\$ 39,182,132</u>
Expenditures:								
Current-								
General Government	\$ 2,330,307							\$ 2,330,307
Public Safety	19,882,717							19,882,717
Highways and Streets	4,026,415			\$ 1,044,914				5,071,329
Sanitation	2,300,969							2,300,969
Health	112,822						\$ 1,257,531	1,370,353
Culture and Recreation	2,019,495						587,211	2,606,706
Development	141,522						582,390	723,912
Capital Projects		\$ 1,044,431						1,674,280
Miscellaneous	85,607		114			\$ 629,849		85,721
Debt Service Expenditures-								
Principal Retirement					\$ 825,000		\$ 250,000	
Interest and Fiscal Charges					54,109		140,772	
Total Expenditures	<u>\$ 30,899,854</u>	<u>\$ 1,044,431</u>	<u>\$ 1,045,028</u>	<u>\$ 879,109</u>	<u>\$ 243,446</u>	<u>\$ 629,849</u>	<u>\$ 2,817,904</u>	<u>\$ 37,559,621</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 226,315</u>	<u>\$ 1,102</u>	<u>\$ (96,560)</u>	<u>\$ (878,450)</u>	<u>\$ 1,983,317</u>	<u>\$ (628,016)</u>	<u>\$ 1,014,803</u>	<u>\$ 1,622,511</u>
Other Financing Sources (Uses):								
Operating Transfers In	\$ 829,216	\$ 1,070			\$ 1,121,694	\$ 243,186	\$ 238,410	\$ 2,635,179
Operating Transfers Out	(238,410)			\$ (145,020)	(243,186)	(1,323,297)	(840,786)	(2,790,699)
Proceeds From Line of Credit	106,102							106,102
Total Other Financing Sources (Uses)	<u>\$ 696,908</u>	<u>\$ 1,070</u>	<u>\$ (145,020)</u>	<u>\$ 878,508</u>	<u>\$ (1,080,111)</u>	<u>\$ 201,603</u>	<u>\$ (602,376)</u>	<u>\$ (49,418)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Sources (Uses)	<u>\$ 923,223</u>	<u>\$ 2,172</u>	<u>\$ (241,580)</u>	<u>\$ 58</u>	<u>\$ 903,206</u>	<u>\$ (426,413)</u>	<u>\$ 412,427</u>	<u>\$ 1,573,093</u>
Fund Balance (Deficit), Beginning	<u>11,336,570</u>	<u>500,651</u>	<u>861,573</u>	<u>2,871</u>	<u>4,112,193</u>	<u>111,914</u>	<u>1,844,862</u>	<u>18,770,634</u>
Fund Balance (Deficit), Ending	<u><u>\$ 12,259,793</u></u>	<u><u>\$ 502,823</u></u>	<u><u>\$ 619,993</u></u>	<u><u>\$ 2,929</u></u>	<u><u>\$ 5,015,399</u></u>	<u><u>\$ (314,499)</u></u>	<u><u>\$ 2,257,289</u></u>	<u><u>\$ 20,343,727</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2015

Net change in fund balances - total governmental funds	\$ 1,573,093
Total net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation expense exceeded capital outlay in the current period.	(1,845,940)
Gains and losses from the sale of fixed assets are recorded based on proceeds in the Statement of Revenues, Expenditures, and Changes in Fund Balances, and net of net book value on the Statement of Activities.	(149,023)
Certain taxes applicable to the City's governmental activities are not earned until available for fund financial reporting and accordingly are not reported as revenues on the fund statements.	73,379
Proceeds from debt issuance is Other Financing Sources in the governmental funds, but a debt issue increases long-term liabilities in the Statement of Net Position.	(106,102)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Current year decrease in compensated absences	\$ 25,950
Current year increase in OPEB Obligation	(188,159)
Current year increase in pension benefit obligation	(2,396,863)
Current year decrease in health insurance claims payable	85,819
Change in accrued interest on capital leases and notes payable	(1,564)
Change in accrued interest on bonds payable	<u>(10,950)</u>
	(2,485,767)
Bond premiums received are reported as revenue in the governmental funds but are reported as a liability and amortized over the life of the bonds on the Statement of Net Position	17,184
Repayment of principal on capital lease obligations is an expenditure in the governmental funds but reduces liability in the Statement of Position	124,977
Repayment of principal on bonds and notes payable is an expenditure in the governmental funds but reduces liability in the Statement of Net Position	<u>1,123,287</u>
Total change in net position of governmental activities	<u>\$ (1,674,912)</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
MARCH 31, 2015

	<u>SEWER</u>	<u>MARINA</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,578,102	\$ 223,367	\$ 1,801,469
Investments (at fair value)	3,745,513		3,745,513
Accounts Receivables (net, where applicable of allowance for uncollectibles)	348,554	7,960	356,514
Due from Other Funds	1,336	13,180	14,516
Inventory (at cost)		14,942	14,942
Prepaid Expenses	26,014	1,540	27,554
Restricted Cash and Cash Equivalents	1,734,052	248,211	1,982,263
Total Current Assets	<u>\$ 7,433,571</u>	<u>\$ 509,200</u>	<u>\$ 7,942,771</u>
Other Assets:			
Fixed Assets (net of accumulated depreciation)	\$ 12,753,961	\$ 3,144,963	\$ 15,898,924
Other Assets (net of accumulated amortization)		6,625	6,625
Total Other Assets	<u>\$ 12,753,961</u>	<u>\$ 3,151,588</u>	<u>\$ 15,905,549</u>
Total Assets	<u><u>\$ 20,187,532</u></u>	<u><u>\$ 3,660,788</u></u>	<u><u>\$ 23,848,320</u></u>
	<u>LIABILITIES</u>		
Current Liabilities:			
Accounts Payable	\$ 71,281	\$ 1,529	\$ 72,810
Accrued Payroll	52,092		52,092
Due to Other Funds	5,109		5,109
Bonds and Notes Payable	322,438	350,000	672,438
Capital Lease Obligations	923		923
Accrued Interest on Bonds Payable	26,063	8,193	34,256
Total Current Liabilities	<u>\$ 477,906</u>	<u>\$ 359,722</u>	<u>\$ 837,628</u>
Long-Term Liabilities:			
Bonds and Notes Payable	\$ 3,045,614	\$ 560,000	\$ 3,605,614
Capital Lease Obligations	1,987		1,987
Due to Other Funds - Loan from General Fund		2,000,000	2,000,000
OPEB Obligation	1,368,604		1,368,604
Compensated Absences	143,243		143,243
Total Long-Term Liabilities	<u>\$ 4,559,448</u>	<u>\$ 2,560,000</u>	<u>\$ 7,119,448</u>
Total Liabilities	<u><u>\$ 5,037,354</u></u>	<u><u>\$ 2,919,722</u></u>	<u><u>\$ 7,957,076</u></u>
	<u>DEFERRED INFLOWS OF RESOURCES</u>		
Prepaid Boat Slip Revenue		\$ 216,639	\$ 216,639
Total Deferred Inflows of Resources	<u><u>\$ 0</u></u>	<u><u>\$ 216,639</u></u>	<u><u>\$ 216,639</u></u>
	<u>NET POSITION</u>		
Invested in Capital Assets, Net of Related Debt	\$ 9,382,999	\$ 2,234,963	\$ 11,617,962
Restricted For:			
Long-Term Debt		248,211	248,211
Sewer Reserves, Replacements, and Maintenance	1,734,052		1,734,052
Unrestricted	<u>4,033,127</u>	<u>(1,958,747)</u>	<u>2,074,380</u>
Total Net Position	<u><u>\$ 15,150,178</u></u>	<u><u>\$ 524,427</u></u>	<u><u>\$ 15,674,605</u></u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 20,187,532</u></u>	<u><u>\$ 3,660,788</u></u>	<u><u>\$ 23,848,320</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	SEWER	MARINA	TOTALS
OPERATING REVENUES:			
Charges For Services	\$ 3,740,825	\$ 850,264	\$ 4,591,089
OPERATING EXPENSES:			
Personnel Services	1,972,901	382,951	2,355,852
Contractual Services	573,295	210,336	783,631
Commodities	133,036	220,525	353,561
Minor Equipment	19,657		19,657
Depreciation and Amortization	701,215	262,180	963,395
Total Operating Expenses	<u>\$ 3,400,104</u>	<u>\$ 1,075,992</u>	<u>\$ 4,476,096</u>
OPERATING INCOME (LOSS)	<u>\$ 340,721</u>	<u>\$ (225,728)</u>	<u>\$ 114,993</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	\$ 44,307	\$ 977	\$ 45,284
Other Revenue (Expense)	(1,263)	8,412	7,149
Interest and Fiscal Charges	(107,400)	(42,808)	(150,208)
Total Non-Operating Revenues (Expenses)	<u>\$ (64,356)</u>	<u>\$ (33,419)</u>	<u>\$ (97,775)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	<u>\$ 276,365</u>	<u>\$ (259,147)</u>	<u>\$ 17,218</u>
TOTAL OPERATING TRANSFERS FROM OTHER FUNDS		<u>155,520</u>	<u>155,520</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ 276,365</u>	<u>\$ (103,627)</u>	<u>\$ 172,738</u>
TOTAL NET POSITION, BEGINNING	<u>14,873,813</u>	<u>628,054</u>	<u>15,501,867</u>
TOTAL NET POSITION, ENDING	<u><u>\$ 15,150,178</u></u>	<u><u>\$ 524,427</u></u>	<u><u>\$ 15,674,605</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	SEWER FUND	MARINA FUND	TOTALS
CASH FLOW FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 3,868,325	\$ 842,218	\$ 4,710,543
Cash Payments for Goods and Services	(707,001)	(427,552)	(1,134,553)
Cash Payments to Employees	(1,730,375)	(382,951)	(2,113,326)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,430,949</u>	<u>\$ 31,715</u>	<u>\$ 1,462,664</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:			
Borrowings (to) from Other Funds	\$ (11,445)	\$ (745)	\$ (12,190)
Operating Transfers (to) from Other Funds		155,520	155,520
Other Receipts (Payments)	(1,263)	8,412	7,149
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>\$ (12,708)</u>	<u>\$ 163,187</u>	<u>\$ 150,479</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest Paid	\$ (101,325)	\$ (45,140)	\$ (146,465)
Payments for Capital Acquisitions	(444,406)	(7,872)	(452,278)
Repayments of Debt	(315,105)	(350,000)	(665,105)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>\$ (860,836)</u>	<u>\$ (403,012)</u>	<u>\$ (1,263,848)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of Investments	\$ (1,706,150)		\$ (1,706,150)
Receipts from Maturity of Investments	728,237		728,237
Receipt of Interest	44,307	\$ 977	45,284
Net Cash Provided (Used) by Investing Activities	<u>\$ (933,606)</u>	<u>\$ 977</u>	<u>\$ (932,629)</u>
NET (DECREASE) INCREASE IN CASH AND RESTRICTED CASH	<u>\$ (376,201)</u>	<u>\$ (207,133)</u>	<u>\$ (583,334)</u>
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>3,688,355</u>	<u>678,711</u>	<u>4,367,066</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 3,312,154</u>	<u>\$ 471,578</u>	<u>\$ 3,783,732</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 340,721	\$ (225,728)	\$ 114,993
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities:			
Depreciation and Amortization Expense	\$ 701,215	\$ 262,180	\$ 963,395
(Increase) Decrease in Accounts Receivables	127,500	1,627	129,127
(Increase) Decrease in Inventory		2,424	2,424
(Increase) Decrease in Prepaid Expenses	941		941
Increase (Decrease) in Accounts Payable	18,046	885	18,931
Increase (Decrease) in Accrued Payroll	6,611		6,611
Increase (Decrease) in Deferred Revenue		(9,673)	(9,673)
Increase (Decrease) in OPEB Obligation	238,583		238,583
Increase (Decrease) in Compensated Absences	(2,668)		(2,668)
Total Adjustments	<u>\$ 1,090,228</u>	<u>\$ 257,443</u>	<u>\$ 1,347,671</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,430,949</u></u>	<u><u>\$ 31,715</u></u>	<u><u>\$ 1,462,664</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
MARCH 31, 2015

<u>ASSETS</u>	<u>POLICEMEN'S PENSION TRUST FUND</u>	<u>FIREFIGHTERS' PENSION TRUST FUND</u>	<u>TOTALS</u>
Cash	<u>\$ 459,987</u>	<u>\$ 583,108</u>	<u>\$ 1,043,095</u>
Receivables:			
Interest Receivable	<u>\$ 58,275</u>	<u>\$ 75,190</u>	<u>\$ 133,465</u>
Total Receivables	<u>\$ 58,275</u>	<u>\$ 75,190</u>	<u>\$ 133,465</u>
Due from Other Funds	<u>\$ 53,316</u>	<u>\$ 47,747</u>	<u>\$ 101,063</u>
Investments:			
Government Securities	<u>\$ 5,035,323</u>	<u>\$ 4,559,933</u>	<u>\$ 9,595,256</u>
Corporate Securities	<u>3,415,017</u>	<u>3,174,737</u>	<u>6,589,754</u>
Municipal Securities	<u>268,485</u>	<u>178,687</u>	<u>447,172</u>
Mutual Funds	<u>10,038,907</u>	<u>8,459,989</u>	<u>18,498,896</u>
Stocks	<u>2,318,935</u>	<u>2,096,868</u>	<u>4,415,803</u>
Total Investments	<u>\$ 21,076,667</u>	<u>\$ 18,470,214</u>	<u>\$ 39,546,881</u>
Total Assets	<u>\$ 21,648,245</u>	<u>\$ 19,176,259</u>	<u>\$ 40,824,504</u>
<u>NET POSITION</u>			
Net Position Held in Trust			
For Pension Benefits and Other Purposes	<u>\$ 21,648,245</u>	<u>\$ 19,176,259</u>	<u>\$ 40,824,504</u>
Total Liabilities and Net Position	<u>\$ 21,648,245</u>	<u>\$ 19,176,259</u>	<u>\$ 40,824,504</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	POLICEMEN'S PENSION TRUST FUND	FIREFIGHTERS' PENSION TRUST FUND	<u>TOTALS</u>
Additions:			
Interest	\$ 317,601	\$ 301,036	\$ 618,637
Dividends	519,437	493,265	1,012,702
Realized Gain (Loss) on Sale of Investments	796,770	721,259	1,518,029
Unrealized Gain (Loss) on Investments	(427,292)	(388,059)	(815,351)
Employee Contributions	410,047	282,099	692,146
Additional Contribution from City	2,388,562	2,265,669	4,654,231
Other Income	101		101
Total Additions	<u>\$ 4,005,226</u>	<u>\$ 3,675,269</u>	<u>\$ 7,680,495</u>
Deductions:			
Benefit Payments	\$ 3,486,920	\$ 3,630,139	\$ 7,117,059
Administration	115,847	116,261	232,108
Total Deductions	<u>\$ 3,602,767</u>	<u>\$ 3,746,400</u>	<u>\$ 7,349,167</u>
Change in Net Position	\$ 402,459	\$ (71,131)	\$ 331,328
Net Position, Beginning	<u>21,245,786</u>	<u>19,247,390</u>	<u>40,493,176</u>
Net Position, Ending	<u>\$ 21,648,245</u>	<u>\$ 19,176,259</u>	<u>\$ 40,824,504</u>

The accompanying notes are an integral part of the financial statements.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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

The City of Alton, Illinois was incorporated during 1837. The City is a Home Rule Unit of Government and operates under a mayor-aldermanic form of government. As authorized by its charter, the City provides the following services: public safety (police and fire), highways and streets, sanitation, culture, recreation, public improvements, planning and zoning, and general administrative services. The City operates independently of any other local government units.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

A. **Reporting Entity**

These financial statements present the City of Alton, Illinois. There are no component units, as defined in GASB Statement No. 14, which are to be included in the City's reporting entity.

The accounting policies of the City of Alton, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

B. **Basic Financial Statements – Government-Wide Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks and recreation, public works and general administrative services are classified as governmental activities. The City's marina and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police and fire protection, parks and recreation, public works, etc.) or a business-type activity. Operating grants and contributions include operating-specific and discretionary (either operating or capital) sources while the capital grants and contributions column reflects capital-specific sources.

The net costs (by function or business-type activity) are normally covered by general revenue (property, sales or utility taxes, intergovernmental revenues, interest income, etc.).

C. **Basic Financial Statements – Fund Financial Statements**

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures or expenses, as appropriate. The various funds are reported by generic classification within the financial statements. The City reports the following major funds:

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. **Basic Financial Statements – Fund Financial Statement (Continued)**

General Fund – This is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Multimodal Tiger Grant – This fund is used to account for all activity related to the construction of a new Alton Regional Multimodal Transportation Center and a new passenger rail station at the Robert Wadlow Town Centre.

Motor Fuel Tax – This fund is used to account for state allotments of motor fuel tax receipts and the subsequent use of those monies for purposes outlined.

TIF Bond Fund – This fund is used to accumulate resources for, and payment of, the Tax Increment Financing District bonds.

Tax Increment Financing (TIF) District – This fund is used to collect revenues of the TIF District.

TIF Project Fund – This fund is used for the payment of projects located within the TIF District.

Sewer Fund – This fund is used to account for all activity of the Sewer Department.

Marina Fund – This fund is used to account for all activity of the Alton Marina.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds – Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds, Special Assessment Funds, and Trust Funds).

Special Assessment Funds – Special Assessment Funds are used to account for the financing of public improvements or services deemed to benefit the properties against which special assessments are levied.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Fiduciary Funds

Nonexpendable Trust Funds – Nonexpendable Trust Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. These include Pension Trust Funds. Pension Trust Funds are accounted for essentially in the same manner as proprietary funds since capital maintenance is critical.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The City's internal service fund is presented in the governmental funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

The City's fiduciary funds are presented in the fiduciary fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Where appropriate, the prior year's financial information has been reclassified to conform to the current year presentation.

E. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

F. **Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During the first quarter of the fiscal year, the Mayor submits to the City Council a proposed appropriation ordinance for the year commencing April 1 of that quarter.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 31, the appropriation ordinance is legally enacted.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Enterprise Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.
5. Budgets for the General and Special Revenue and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles.

G. **Cash and Cash Equivalents**

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and at the day of purchase, have a maturity date no longer than three months.

H. **Investments**

Investment securities, including those held in the pension funds, are recorded at fair value using quoted market prices. Amortization of premiums and the accretion of discounts are reported in interest income and recognized ratably over the lives of the securities. Time deposits and other deposits with financial institutions are recorded at original cost and include accrued interest, if any.

I. **Receivables**

Based on prior years' experience, the City sets up a 2% allowance for uncollectible accounts for General Property Taxes. For the fiscal year ended March 31, 2015, the General Property Taxes Receivable less allowance for uncollectible accounts was as follows:

	<u>General</u>	<u>Special</u>	<u>Debt</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Service</u>
	<u>2015</u>	<u>2015</u>	<u>2015</u>
General Property Taxes Receivable	\$ 5,957,887	\$ 3,104,383	\$ 390,450
2% Allowances	<u>(119,157)</u>	<u>(62,087)</u>	<u>(7,809)</u>
Net Amount for 2014 Levy	\$ 5,838,730	\$ 3,042,296	\$ 382,641
2013 Levy Receivable	<u>177,772</u>	<u>84,363</u>	<u>12,274</u>
Total	<u>\$ 6,016,502</u>	<u>\$ 3,126,659</u>	<u>\$ 394,915</u>

J. **Inventories**

All inventories are carried at cost on a first-in, first-out basis. However, purchases of supplies are expensed when recorded.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 (\$20,000 for infrastructure) or more are reported at historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets and right of ways are capitalized. Other costs for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20-40 years
Sewer system	30-50 years
Machinery and equipment	5-20 years
Vehicles	5-15 years
Infrastructure	30 years

L. Vacation and Sick Leave

Sick leave is earned for City employees at the rate of twelve days a year (no maximum) with the exception of firemen, who earn 5 days a year, or 120 hours. Civilian employees and policemen are eligible to receive compensation for each day of earned sick leave up to thirty days and one-half day for each day over thirty days while firemen can only receive full compensation for the first fifteen days. However, policemen can elect to waive payment for the first 30 days and receive full compensation for each day thereafter. Each employee who has accumulated and maintained a minimum of twenty sick leave days (fifteen sick leave days for firemen) is eligible to request payment of unused sick pay earned during the year. The City is liable in the amount of \$2,628,405 for payments to qualified employees of the General and Special Revenue Funds and \$143,243 for payments to qualified employees of the Enterprise Funds as of March 31, 2015. These amounts have been accrued for under the heading Compensated Absences.

M. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables (due from other funds) and payables (due to other funds) as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. FUND BALANCE REPORTING

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the differences and how these balances are reported:

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 2. FUND BALANCE REPORTING (CONTINUED)

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories or prepaid amounts. The City had nonspendable funds of \$2,374,291 as of March 31, 2015.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions not controlled by the entity, such as restrictions imposed by creditors, grantors, contributors, or law and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specific purposes. The City has several revenue sources received within different funds that fall into these categories:

1. Property Tax Levy and Replacement Taxes

Proceeds from the restricted property tax levy and restricted replacement tax monies are accounted for in the respective funds of the City. At March 31, 2015, revenues received exceeded expenditures disbursed from these monies, resulting in a restricted fund balance of \$153,597.

2. Federal Grants

Proceeds from federal grants and the related expenditures have been included in their respective funds of the City. At March 31, 2015 revenues received equaled expenditures disbursed from federal grants, resulting in a restricted fund balance of \$0. However, as part of the City’s matching portion related to the Multimodal Tiger Grant, \$500,000 has been transferred to the Multimodal Tiger Grant Fund from the Tourism Fund, which is restricted under the terms of the grant at March 31, 2015.

3. Gaming and Tourism Taxes

Proceeds from gaming and tourism taxes and the related expenditures have been included in their respective funds of the City. At March 31, 2015, revenues received exceeded expenditures disbursed from gaming and tourism taxes, resulting in a restricted fund balance of \$2,878,737.

4. Motor Fuel Taxes

Proceeds from motor fuel taxes and the related expenditures have been included in the Motor Fuel Tax Fund. At March 31, 2014, revenues received exceeded expenditures disbursed from motor fuel taxes, resulting in a restricted fund balance of \$608,277.

5. Tax Increment Financing Districts

Proceeds from tax increment financing districts and the related expenditures have been included in their respective funds of the City. At March 31, 2015, revenues received exceeded expenditures disbursed, resulting in a restricted fund balance of \$5,015,399.

6. General Obligation Bonds

Proceeds from general obligation bonds and the related expenditures have been included in their respective funds of the City. At March 31, 2015, revenues received exceeded expenditures disbursed, resulting in a restricted fund balance of \$2,803.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 2. FUND BALANCE REPORTING (CONTINUED)

B. Restricted Fund Balance (Continued)

7. Employee Health Benefits

Proceeds from employee health benefits and the related expenditures have been included in the Employee Health Benefits Fund. At March 31, 2015, revenues received exceeded expenditures disbursed, resulting in a restricted fund balance of \$32,289.

8. Various

Proceeds from various minor revenues and the related expenditures have been included in their respective funds of the City. At March 31, 2015, revenues received exceeded expenditures disbursed, resulting in a restricted fund balance of \$1,064,461.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the City's Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The City's Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. There were no committed balances for the City as of March 31, 2015.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the City's Board itself or (b) the finance committee, if applicable, to assign amounts to be used for specific purposes. The City had \$2,334,778 of assigned fund balances as of March 31, 2015.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. It also encompasses any other Governmental Fund with a negative fund balance at year end. The City had \$5,379,095 of unassigned fund balances as of March 31, 2015.

F. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of March 31, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 17,567,273
Investments	3,745,513
Restricted Cash and Investments	<u>1,982,263</u>
	<u>\$ 23,295,049</u>
Fiduciary Funds:	
Cash	\$ 1,043,095
Investments	<u>39,546,881</u>
	<u>\$ 40,589,976</u>
Total Cash and Investments	<u>\$ 63,885,025</u>

Cash and investments as of March 31, 2015 consisted of the following:

Cash on Hand	\$ 1,765
Deposits with Financial Institutions	24,336,379
Government Securities	9,595,256
Corporate Securities	6,589,754
Municipal Securities	447,172
Mutual Funds	18,498,896
Stocks	<u>4,415,803</u>
	<u>\$ 63,885,025</u>

The City is authorized to invest in U.S. Treasury Securities, U.S. Government Agencies and Instrumentalities, Direct Obligations of Banks and Savings Institutions, Money Market Mutual Funds and State Investment Pools.

The Policemen's and Firefighters' Pension Funds are allowed to invest in the following.

1. Interest bearing bonds or tax anticipation warrants
2. Insured accounts with savings and loans and credit unions
3. Savings accounts or Certificates of Deposit with banks
4. Securities described in item 5.1 of section 1-113 of the Illinois Code
5. Investments in FNMA and SLMA
6. General accounts of a life insurance company
7. Accounts comprised of common or preferred stocks, bonds, or money market instruments, with each separate account not to exceed 45% of the aggregate book value of all investments.
8. Mutual Funds, not to exceed 35% of the aggregate book value of all investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided in the following table that shows the distribution of the City's investments by maturity.

Investment Type	Remaining Maturity				
	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months	Total
City Funds					
Certificates of Deposit	\$ 1,537,726	\$ 501,637	\$ 1,706,150		\$ 3,745,513
Policemen's Pension					
U.S. Treasury Notes	427,343	366,260	1,262,988	\$ 724,424	2,781,015
U.S. Treasury Bonds			179,050	27,397	206,447
Mortgage-backed Securities		146,650	136,723	543,673	827,046
Federal Agency Securities		75,111		1,145,704	1,220,815
Corporate Securities	158,561	308,292	1,417,658	1,530,506	3,415,017
Municipal Securities			128,814	139,671	268,485
Mutual Funds	10,038,907				10,038,907
Stocks	2,318,935				2,318,935
Firefighters' Pension					
U.S. Treasury Notes	85,087	459,743	1,377,982	743,254	2,666,066
Mortgage-backed Securities		187,610	171,194	657,932	1,016,736
Federal Agency Securities	90,133	75,349	7,417	704,232	877,131
Corporate Securities	98,677	230,007	1,378,241	1,467,812	3,174,737
Municipal Securities			85,552	93,135	178,687
Mutual Funds	8,459,989				8,459,989
Stocks	<u>2,096,868</u>				<u>2,096,868</u>
Totals	<u>\$25,312,226</u>	<u>\$ 2,350,659</u>	<u>\$ 7,851,769</u>	<u>\$ 7,777,740</u>	<u>\$43,292,394</u>

Investments with fair values highly sensitive to interest rate fluctuations

The Policemen's and Firefighters' Pension investments include the following investments that are highly sensitive to interest rate fluctuations to a greater degree than already indicated in the information provided above.

<u>Highly Sensitive Investments</u>	<u>Fair Value at March 31, 2015</u>
Mortgage-backed securities – These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	<u>\$ 1,843,782</u>

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by a nationally recognized statistical ratings organization. The City has \$1,561,302 deposited into various accounts with the Illinois Funds. The Illinois Funds are rated AAAm. Presented below is the rating as of March 31, 2015 for each investment type.

Investment Type		Exempt from Disclosure	Ratings as of Year End				
			<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>
U.S. Treasury Notes	\$ 5,447,081	\$ 5,447,081					
U.S. Treasury Bonds	206,447	206,447					
Mortgage-backed Securities		1,843,782			\$ 1,843,782		
Federal Agency Securities	2,097,946			2,097,946			
Corporate Securities	6,589,754			583,556	\$ 2,956,250	\$ 2,992,332	\$ 57,616
Municipal Securities	447,172		\$ 45,080	357,765	44,327		
Certificates of Deposit	3,745,513	3,745,513					
Mutual Funds	18,498,896	18,498,896					
Stocks	4,415,803	4,415,803					
Totals	<u>\$43,292,394</u>	<u>\$32,313,740</u>	<u>\$ 45,080</u>	<u>\$ 4,883,049</u>	<u>\$ 3,000,577</u>	<u>\$ 2,992,332</u>	<u>\$ 57,616</u>

Concentration of Credit Risk

The investment policy of the City limits the amount of investments in any one issuer to 25% of the total investments of the City. The Policemen's and Firefighters' Pensions do not specifically limit the amount in any one issuer. Investments in any one issuer that represent 5% or more of total investments for each entity are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
<u>City of Alton</u>		
None		
<u>Firefighters' Pension</u>		
FNMA	Mortgage Backed Securities	\$ 953,166
<u>Policemen's Pension</u>		
FHLMC	Federal Agency Securities	\$ 1,145,704

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk of investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

As of March 31, 2015, \$21,530,367 of the City's deposits with financial institutions exceeded federal depository insurance limits but were held in accounts collateralized with securities held by the City or in the City's name.

As of March 31, 2015, \$1,561,302 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in accounts collateralized with securities but not held by the City or in the City's name.

As of March 31, 2015, the Firefighters' Pension and the Policemen's Pension deposits in institutional money market funds with brokerage firms were covered by the securities investor protection coverage and were held in accounts collateralized with securities held by the pensions or in the pensions' names.

NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the City prior to or on the second Tuesday of September. The county bills and collects property taxes for the City. Final settlement of the 2013 tax levy was received on April 9, 2015. The property taxes receivable reflected in these financial statements are the taxes expected to be collected in the following fiscal year on the 2014 levy and the final payment on the 2013 levy.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	<u>2014</u> <u>Levy</u>	<u>2013</u> <u>Levy</u>	<u>2012</u> <u>Levy</u>	<u>2011</u> <u>Levy</u>	<u>2010</u> <u>Levy</u>
General	.4224	.7118			
Streets and Bridges					
Band	.0189	.0185	.0181	.0167	.0162
Audit					
Liability Insurance				.2051	.1699
Playground and Recreation				.0738	.0683
Parks			.0738	.0576	
Retirement	.3249	.3175	.3464	.3195	.2975
Policemen's Pension	.8075	.6012	.7562	.5810	.5605
Firefighters' Pension	.7787	.5384	.6875	.6040	.5605
Street Lighting					
Refunding Bonds	.1418	.1384	.1149	.1109	.1072
Total	<u>2.4942</u>	<u>2.3258</u>	<u>2.1489</u>	<u>1.9848</u>	<u>1.8377</u>

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2015, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>April 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2015</u>
Governmental Activities:				
Not Being Depreciated:				
Land/Land Improvements	\$ 23,972,797	\$ 19,650	\$ 0	\$ 23,992,447
Construction in Progress	<u>934,430</u>	<u>1,313,666</u>	<u>0</u>	<u>2,248,096</u>
Subtotal	<u>\$ 24,907,227</u>	<u>\$ 1,333,316</u>	<u>\$ 0</u>	<u>\$ 26,240,543</u>
Other Capital Assets:				
Buildings and Improvements	\$ 37,057,986	\$ 119,726		\$ 37,177,712
Furniture and Equipment	3,124,542	54,092		3,178,634
Vehicles	5,583,766	493,872	\$ 1,399,290	4,678,348
Infrastructure	<u>83,818,075</u>	<u>299,387</u>	<u>0</u>	<u>84,117,462</u>
Subtotal	<u>\$129,584,369</u>	<u>\$ 967,077</u>	<u>\$ 1,399,290</u>	<u>\$129,152,156</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 15,813,828	\$ 998,780		\$ 16,812,608
Furniture and Equipment	2,148,512	159,327		2,307,839
Vehicles	4,149,550	309,236	\$ 1,239,767	3,219,019
Infrastructure	<u>41,864,027</u>	<u>2,563,044</u>	<u>0</u>	<u>44,427,071</u>
Subtotal	<u>\$ 63,975,917</u>	<u>\$ 4,030,387</u>	<u>\$ 1,239,767</u>	<u>\$ 66,766,537</u>
Net Other Capital Assets	<u>\$ 65,608,452</u>	<u>\$ (3,063,310)</u>	<u>\$ (159,523)</u>	<u>\$ 62,385,619</u>
Net Capital Assets	<u>\$ 90,515,679</u>	<u>\$ (1,729,994)</u>	<u>\$ (159,523)</u>	<u>\$ 88,626,162</u>

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$ 164,460
Public Safety	492,316
Highways and Streets	2,863,407
Culture and Recreation	510,204
Total Governmental Activities Depreciation	<u>\$ 4,030,387</u>

	<u>Balance</u>			<u>Balance</u>
	<u>April 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>March 31, 2015</u>
Business-Type Activities:				
Not Being Depreciated:				
Land	\$ 30,400			\$ 30,400
Construction in Progress	<u>59,928</u>	<u>\$ 186,138</u>	<u>\$ 0</u>	<u>246,066</u>
Subtotal	<u>\$ 90,328</u>	<u>\$ 186,138</u>	<u>\$ 0</u>	<u>\$ 276,466</u>
Other Capital Assets:				
Buildings and Improvements	\$ 36,480,031	\$ 103,858		\$ 36,583,889
Furniture and Equipment	1,122,153	80,294		1,202,447
Vehicles	<u>1,548,413</u>	<u>81,988</u>	<u>\$ 0</u>	<u>1,630,401</u>
Subtotal	<u>\$ 39,150,597</u>	<u>\$ 266,140</u>	<u>\$ 0</u>	<u>\$ 39,416,737</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 21,017,860	\$ 843,270		\$ 21,861,130
Furniture and Equipment	872,613	40,266		912,879
Vehicles	<u>942,896</u>	<u>77,374</u>	<u>\$ 0</u>	<u>1,020,270</u>
Subtotal	<u>\$ 22,833,369</u>	<u>\$ 960,910</u>	<u>\$ 0</u>	<u>\$ 23,794,279</u>
Net Other Capital Assets	<u>\$ 16,317,228</u>	<u>\$ (694,770)</u>	<u>\$ 0</u>	<u>\$ 15,622,458</u>
Net Capital Assets	<u>\$ 16,407,556</u>	<u>\$ (508,632)</u>	<u>\$ 0</u>	<u>\$ 15,898,924</u>

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 5. CAPITAL ASSETS (CONTINUED)

Depreciation was charged to functions as follows:

Business-Type Activities:

Sewer	\$ 701,215
Marina	<u>259,695</u>
Total Business-Type Activities Depreciation	<u>\$ 960,910</u>

NOTE 6. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended March 31, 2015.

	<u>Payable</u> <u>April 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Liability/Pension Payable</u>	<u>Net Change in OPEB</u>	<u>Payable</u> <u>March 31, 2015</u>
Governmental Activities:						
General Obligation Bonds 2006A	\$ 3,345,000		\$ 250,000		\$ 3,095,000	
General Obligation Bonds 2006B	5,675,000				5,675,000	
General Obligation Bonds 2014	3,515,000		825,000		2,690,000	
Bond Premiums	121,230		17,183		104,047	
Capital Lease Purchases	275,130	\$ 105,446	124,977		255,599	
Line of Credit	339,177	106,102	48,287		396,992	
Pension Benefit Obligation	82,974,803			\$ 2,396,863	85,371,666	
OPEB Liability	13,960,285			188,159	14,148,444	
Compensated Absences	2,654,355	2,140,543	2,166,493		2,628,405	
Total	<u>\$112,859,980</u>	<u>\$ 2,352,091</u>	<u>\$ 3,431,940</u>	<u>\$ 2,585,022</u>	<u>\$114,365,153</u>	
Business-Type Activities:						
Sewer Wastewater Project	\$ 3,682,277		\$ 314,225		\$ 3,368,052	
General Obligation Refunding Bonds	1,260,000		350,000		910,000	
Capital Lease Purchases	3,789		879		2,910	
OPEB Liability	1,130,021			\$ 238,583	1,368,604	
Compensated Absences	145,911	\$ 140,849	143,517		143,243	
Total	<u>\$ 6,221,998</u>	<u>\$ 140,849</u>	<u>\$ 808,621</u>	<u>\$ 238,583</u>	<u>\$ 5,792,809</u>	

Long-term debts at March 31, 2015 are comprised of the following individual issues:

Governmental Activities:

General Obligation Bonds

General Obligation Bonds Series 2006A \$4,315,000 General
Obligation Bonds due in annual installments of \$15,000 to
\$325,000 through December 2025, interest at 3.75 to 4.375
percent \$ 3,095,000

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 6. CHANGES IN LONG-TERM DEBT (CONTINUED)

General Obligation Bonds Series 2006B \$5,675,000 General Obligation Bonds due in annual installments of \$610,000 to \$820,000 beginning in January 2019 through December 2025, interest at 4.150 to 4.375 percent 5,675,000

General Obligation Bonds Series 2014 \$3,515,000 General Obligation Bonds due in annual installments of \$825,000 to \$945,000 through January 2018, interest at 2.00 percent 2,690,000
\$11,460,000

Capital lease purchases of ten pieces of equipment with varying payments between February 2012 and March 2018.

John Deere Cab Tractor	\$ 20,816
Smeal Pumper	<u>97,052</u>
International Dump Truck	26,496
Ford Interceptor	14,453
Ford Interceptor	14,400
4 2014 Ford Interceptor	78,128
Toshiba eStudio 4540C Copier/Printer	<u>4,254</u>
	<u><u>\$ 255,599</u></u>

Line of Credit

Note Payable to Bank of \$450,000 Line of Credit due in annual installments of \$52,342 through October 2018, interest at 1.85% \$ 396,992

Business-Type Activities:

General Obligation Refunding Bonds

General Obligation Refunding Bonds Series 2010 due in annual installments of \$205,000 to \$355,000 through November 2017, interest at 2.00 to 3.00 percent. \$ 910,000

Sewer Wastewater Project

Project loan approved in the amount of \$1,399,672 under the provisions of the Environmental Protection Act to the City at 2.625 percent; payable in semi-annual payments through April, 2020 \$ 461,061

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 6. CHANGES IN LONG-TERM DEBT (CONTINUED)

Project loan approved in the amount of \$2,293,917 under the provisions of the Environmental Protection Act to the City at 2.675 percent; payable in semi-annual payments through August, 2023	1,146,856
Project loan approved in the amount of \$2,310,465 under the provisions of the Environmental Protection Act to the City at 2.5 percent; payable in semi-annual payments through June, 2027	<u>1,760,135</u>
	<u><u>\$ 3,368,052</u></u>
Capital lease purchase of one piece of equipment with annual payments of \$1,044 between March 2014 and March 2018.	
Toshiba E355S Copier	<u>2,910</u>

Following is a summary of bond and loan principal maturities and interest requirements as of March 31, 2015:

<u>Year Ending March 31,</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>General Obligation Bonds</u>		<u>Line of Credit</u>	<u>Sewer Wastewater Project</u>	<u>General Obligation Refunding Bonds</u>	<u>Total</u>
2016	\$ 1,532,436		\$ 104,684	\$ 407,143	\$ 374,580	\$ 2,418,843
2017	1,570,136		104,684	407,143	371,268	2,453,231
2018	1,596,336		104,684	407,143	211,150	2,319,313
2019	1,251,236		82,940	407,143		1,741,319
2020	1,248,311			407,143		1,655,454
2021	1,253,149			361,856		1,615,005
2022	1,156,074			316,568		1,472,642
2023	1,161,030			316,567		1,477,597
2024	1,158,155			240,698		1,398,853
2025	1,158,530			164,828		1,323,358
2026	1,161,937			164,828		1,326,765
2027				164,827		164,827
2028				82,414		82,414
2029						
Total	\$ 14,247,330		\$ 396,992	\$ 3,848,301	\$ 956,998	\$19,449,621
Less Interest	<u>2,787,330</u>			<u>480,249</u>	<u>46,998</u>	<u>3,314,577</u>
Outstanding Principal	<u>\$ 11,460,000</u>		<u>\$ 396,992</u>	<u>\$ 3,368,052</u>	<u>\$ 910,000</u>	<u>\$16,135,044</u>

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 6. CHANGES IN LONG-TERM DEBT (CONTINUED)

The following is a summary of capital lease obligations and interest requirements as of March 31, 2015.

<u>Year Ending March 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2016	\$ 135,035	\$ 1,044
2017	107,569	1,044
2018	<u>27,999</u>	<u>1,044</u>
Total	\$ 270,603	\$ 3,132
Less Interest	<u>15,004</u>	<u>222</u>
Outstanding Principal	<u>\$ 255,599</u>	<u>\$ 2,910</u>

Total interest expense on the above bonds for the fiscal year ended March 31, 2015 was \$565,380 consisting of: General Obligation Refunding Bonds of \$29,247, General Obligation Bonds of \$437,142, and Sewer Wastewater Project Loans of \$98,991. Accrued Employee Benefits, Pension Obligations, and Other Post Employment Benefit Obligations will be paid from revenues earned from the funds in which the respective benefits were accrued.

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivables and payables balances at March 31, 2015 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities:		
General Fund	\$ 2,650,162	\$ 114,653
Special Revenue Funds:		
Spencer T. Olin		13,180
Hunter/Russell-Easton	1,057	
IMRF		1,070
Motor Fuel Tax		118,406
Tax Increment Financing Fund	600,000	
TIF Project Fund	54,730	
Tax Increment Financing Fund #2		651,730
Capital Projects Funds:		
Multimodal Tiger Grant	1,070	2,793
Debt Service Funds:		
GO Bond Series 2006A		459,600
Internal Service Funds:		
Health Insurance Fund		56,057
Subtotal	<u>\$ 3,307,019</u>	<u>\$ 1,417,489</u>
Business-Type Activities:		
Marina	\$ 13,180	\$ 2,000,000
Sewer	<u>1,336</u>	<u>5,109</u>
Subtotal	<u>\$ 14,516</u>	<u>\$ 2,005,109</u>
Fiduciary Funds:		
Police Pension Fund	\$ 53,316	
Fire Pension Fund	<u>47,747</u>	
Subtotal	<u>\$ 101,063</u>	<u>\$ 0</u>
Total	<u>\$ 3,422,598</u>	<u>\$ 3,422,598</u>

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

The \$2,000,000 due to the General Fund from the Marina Fund resulted from loans made to build the Marina. The \$2,000,000 will be paid back to the General Fund when funds become available but it is not expected to be paid back in the near term.

The \$600,000 due to the Tax Increment Financing Fund from the Tax Increment Financing Fund #2 resulted from a loan made to establish funds for the second TIF district. The \$600,000 will be paid back to the Tax Increment Financing Fund when funds become available.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8. DEFICIT FUND BALANCES AND EXPENDITURES OVER BUDGET

The following funds had a deficit fund balance at March 31, 2015:

Governmental Activities:

Debt Service Funds:

General Obligation Bonds Series 2006A	\$ (434,669)
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Special Revenue Funds:

TIF Project Fund	(314,499)
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Tax Increment Financing #2	(607,001)
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The following funds had expenditures over budget at March 31, 2015:

Governmental Activities:

Special Revenue Funds:

Tax Increment Financing #2	\$ (119,110)
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NOTE 9. LEASES

During the year ended March 31, 2015, the City signed an operating lease agreement to lease nine copiers for various departments. The lease term is 60 months with a monthly payment amount of \$936 beginning in January 2015. Future minimum lease payments for the copier lease agreement are as follows:

<u>Year Ending</u>	<u>Governmental</u>
<u>March 31,</u>	<u>Activities</u>
2016	\$ 11,232
2017	11,232
2018	11,232
2019	11,232
2020	8,424
	<hr/>
	<hr/>
	\$ 53,352

Rental expense for the year ended March 31, 2015 is \$2,808.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 10. PENSION AND RETIREMENT FUND COMMITMENTS

A. Illinois Municipal Retirement Fund

Plan Description. The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2014 was 12.69 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2014 was \$669,073.

THREE YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/14	\$ 699,073	100%	\$ 0
12/31/13	781,701	100	0
12/31/12	739,306	100	0

The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 82.27 percent funded. The actuarial accrued liability for benefits was \$20,342,084 and the actuarial value of assets was \$16,735,858 resulting in an underfunded actuarial accrued liability (UAAL) of \$3,606,226. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$5,508,847 and the ratio of the UAAL to the covered payroll was 65 percent.

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

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 10. PENSION AND RETIREMENT FUND COMMITMENTS (CONTINUED)

B. Policemen's Pension

Plan Description. Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City administers and accounts for the plan as a pension trust fund. The City does not separately issue a financial report for the police pension plan.

Management of the Police Pension Plan is vested in the City's Police Pension Fund Board of Trustees, which consists of five members – two appointed by the mayor or president of the board of trustees, two elected from the active participants of the police pension fund by such active participants, and one elected by and from the beneficiaries.

Plan Membership. At March 31, 2015, the Police Pension Plan membership consisted of:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	71
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	2
Active Plan Members	<u>58</u>
Total	<u>131</u>

Benefits Provided. The Police Pension Plan provides retirement benefits as well as death and disability benefits. The Police Pension Plan has two tiers for eligibility. Participants first entering the Police Pension Plan prior to January 1, 2011 are eligible for Tier 1 benefits. Participants first entering the Police Pension Plan after December 31, 2010 are eligible for Tier 2 benefits.

Normal Retirement Benefit

For Tier 1, police officers attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of 50% of the monthly salary at retirement. The pension shall be increased by one-twelfth of 2.5% of such salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such salary. The minimum monthly benefit is \$1,000. Police officers with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit equal to 2.5% of the monthly salary on the date of retirement or separation of service, for each year of creditable service.

For Tier 2, police officers attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly retirement benefit of 2.5% of the final average salary at retirement for each year of service with a maximum of 75%. Police officers with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit equal to 2.5% of the final average salary at retirement or separation for each year of service with a maximum of 75%. Final average salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service.

Disability Retirement Benefit

For Tier 1 and Tier 2, police officers, whether disabled while in the line of duty or not in the line of duty, are entitled to receive a monthly pension of 50% of the monthly salary at disability retirement. If an officer receives benefits under the Workers Compensation or Workers' Occupational Disease Acts, disability pension benefits are reduced. The minimum monthly pension is \$1,000.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 10. PENSION AND RETIREMENT FUND COMMITMENTS (CONTINUED)

B. Policemen's Pension (Continued)

Survivor Benefits

Benefits are payable to the surviving spouse, dependent children, and, if no other dependents survive the police officer, dependent parents.

For Tier 1, upon the death of a police officer while in service with at least 20 years of creditable service or who retired with at least 20 years of service, or who dies while receiving a disability pension, the surviving spouse is entitled to a pension equal to the pension the police officer was receiving or entitled to receive. Upon the death of a police officer with less than 20 years of creditable service while active in the line of duty, or if not in the line of duty with at least 10 years of creditable service, the surviving spouse is entitled to a pension equal to 50% of the salary of the officer at the time of death. The minimum surviving spouse's pension is \$1,000 per month.

For Tier 2, the surviving spouse is entitled to a pension equal to 66.67% of the salary of the officer at the time of death.

Pension Increases

For Tier 1, pensions are increased by 3% of the original pension, first paid on the anniversary date of retirement upon reaching the age of at least 55 years, and by 3% annually each year thereafter on January 1.

For Tier 2, pensions are increased by the lesser of 3% or half of the Consumer Price Index for the proceeding calendar year of the original pension for each full month that has elapsed since the pension began and by 3% annually each year thereafter on January 1, provided the retired police officer is the age of at least 60 years.

For a disability retirement, pensions are increased by 3% of the original pension for each full month that has elapsed since the pension began and by 3% annually thereafter on January 1, provided the retired police officer is the age of at least 60 years.

Contributions. Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If a covered employee leaves employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

The City's payroll for employees covered by the Police Pension Plan for the year ended March 31, 2015, was \$5,830,349 out of a total payroll of \$14,233,259. For the year ended March 31, 2015, the City contributed \$2,388,562 to the Police Pension Plan, which was 40.97% of covered payroll.

Unfunded Actuarial Accrued Liability. The components of the unfunded actuarial accrued liability of the City at March 31, 2014, is as follows:

Actuarial Accrued Liability	\$ 68,232,947
Actuarial Value of Assets	<u>(21,016,356)</u>
Unfunded Actuarial Accrued Liability	\$ 47,216,591
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	30.80%

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 10. PENSION AND RETIREMENT FUND COMMITMENTS (CONTINUED)

B. Policemen's Pension (Continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of March 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Tier 2 Cost of Living Adjustment	1.25 percent
Salary Scale	3.00 percent
Interest Rate	6.75 percent

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table using mortality rates that reflect blue collar adjustments.

The actuarial assumptions used in the March 31, 2014 valuation were based on the results of an actuarial experience study for the period of April 1, 2013 through March 31, 2014.

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

C. Firefighters' Pension

Plan Description. Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contributions levels are mandated by Illinois State Statutes (Chapter 40 ILCS 5/4) and may be amended only by the Illinois legislature. The City administers and accounts for the plan as a pension trust fund. The City does not separately issue a financial report for the police pension plan.

Management of the Firefighters' Pension Plan is vested in the City's Fire Pension Fund Board of Trustees, which consists of five members – two appointed by the mayor or president of the board of trustees, two elected from the active participants of the firefighters' pension fund by such active participants, and one who is retired under the Firemen's Pension Fund Act of 1919 or Article 4.

Plan Membership. At March 31, 2015, the Firefighters' Pension Plan membership consisted of:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	84
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	3
Active Plan Members	45
Total	<u>132</u>

Benefits Provided. The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. The Firefighters' Pension Plan has two tiers for eligibility. Participants first entering the Firefighters' Pension Plan prior to January 1, 2011 are eligible for Tier 1 benefits. Participants first entering the Firefighters' Pension Plan after December 31, 2010 are eligible for Tier 2 benefits.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 10. PENSION AND RETIREMENT FUND COMMITMENTS (CONTINUED)

C. Firefighters' Pension (Continued)

Normal Retirement Benefit

For Tier 1, firefighters attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of 50% of the monthly salary at retirement. The pension shall be increased by one-twelfth of 2.5% of such salary for each additional month of service over 20 years up to 30 years, to a maximum of 75% of such salary. Firefighters with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit equal the following percentage of monthly salary on the date of retirement or separation from service:

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

For Tier 2, firefighters attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly retirement benefit of 2.5% of the final average salary at retirement for each year of service with a maximum of 75%. Final average salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service.

Disability Retirement Benefit

For Tier 1 and Tier 2, firefighters, whether disabled in the line of duty or due to an occupational disease, are entitled to receive a monthly pension of 65% of the monthly salary at disability retirement or the normal retirement benefit, if greater, plus \$20 per month for each dependent unmarried child under age 18, to a maximum of 75% of monthly salary. Firefighters disabled while not in the line of duty are entitled to a monthly pension of 50% of the monthly salary at disability retirement.

Survivor Benefits

Benefits are payable to the surviving spouse, dependent children, and, if no other dependents survive the firefighter, dependent parents. Death must occur while the firefighter is active, on disability retirement, after retirement with 20 or more years of service, or while on a vested deferred pension.

For Tier 1, the surviving spouse is entitled to a regular pension of 54% of the monthly salary at death or retirement plus 12% for each dependent child, to a maximum of 75% but not less than 100% of the monthly pension earned by the firefighter at the time of death. If there is no surviving spouse and no surviving dependent children, a dependent parent is eligible for 18% of the pension. If there are no surviving dependents, then the firefighter's contributions less any payments are refunded to his estate.

The surviving spouse's pension shall not be less than 100% of the monthly salary at death of a firefighter who died because of sickness, accident or injury incurred or resulting from the performance of an act of duty or from the cumulative effects of acts of duty.

For Tier 2, the surviving spouse is entitled to a pension equal to 66-2/3% of the pension of the firefighter at the time of death, increased annually by the lesser of half of the Consumer Price Index – Urban (CPI-U) or 3% of the original pension amount after attainment of age 60, followed by an additional 3% of the originally granted pension amount on each January 1 thereafter.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 10. PENSION AND RETIREMENT FUND COMMITMENTS (CONTINUED)

C. Firefighters' Pension (Continued)

Pension Increases

For Tier 1, pensions are increased by 3% of the original pension upon reaching the age of at least 55 years, and by 3% annually each year thereafter on January 1.

For Tier 2, service retirement pensions are increased by the lesser of half of the CPI-U or 3% of the original pension amount after attainment of age 60, followed by 3% of the originally granted pension amount on each January 1 thereafter. For Tier 2, disability retirement pensions are increased by 3% of the original pension amount after attainment of age 60, followed by 3% of the original granted pension amount on each January 1 thereafter.

Contributions. Covered employees are required to contribute 6.955% of their salary plus 2.5% for the automatic increase in pensions to the Firefighters' Pension Plan. If a covered employee leaves employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts (not less than 9.25%) necessary to finance the plan as actuarially determined by an enrolled actuary.

The City's payroll for employees covered by the Firefighters' Pension Plan for the year ended March 31, 2015, was \$3,291,457 out of a total payroll of \$14,233,259. For the year ended March 31, 2015, the City contributed \$2,265,669 to the Firefighters' Pension Plan, which was 68.83% of covered payroll.

Unfunded Actuarial Accrued Liability. The components of the unfunded actuarial accrued liability of the City at March 31, 2014, is as follows:

Actuarial Accrued Liability	\$ 65,165,608
Actuarial Value of Assets	<u>(19,168,937)</u>
Unfunded Actuarial Accrued Liability	\$ 45,996,671
Actuarial Value of Assets as a Percentage of the Actuarial Accrued Liability	29.42%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of March 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Tier 2 Cost of Living Adjustment	1.25 percent
Salary Scale	3.00 percent
Interest Rate	6.75 percent

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table using mortality rates that reflect blue collar adjustments.

The actuarial assumptions used in the March 31, 2014 valuation were based on the results of an actuarial experience study for the period of April 1, 2013 through March 31, 2014.

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

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 10. PENSION AND RETIREMENT FUND COMMITMENTS (CONTINUED)

D. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements presented are prepared using the accrual basis of accounting. No separate financial statements are issued for the plans. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

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

E. Actuarially Determined Contribution Requirements and Contribution Made

Policemen's Pension and Firefighters' Pension

The Systems' funding policy provides for actuarially determined periodic contributions at rates that, for individual employees, accumulate assets gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the City's employee group as a whole has tended to remain level as a percentage of annual covered payroll. The contribution rate for normal cost is determined using the entry age normal actuarial funding method. The Systems used a level dollar amount method to amortize the unfunded liability over a 26 year period. The City's contribution rate for 2014 is 12.418% and 13.877% for the Policemen's Pension and the Firefighters' Pension respectively.

NOTE 11. LITIGATION

The City is a defendant in numerous lawsuits arising in the normal course of operations. While the results of litigation cannot be predicted with certainty, it appears, based upon advice from legal counsel, the final outcome of such litigation will not materially adversely affect the financial position of the City.

The City is under an agreement with the Firefighters' Pension Fund and the Policemen's Pension Fund that requires the City to contribute annually a sum established by an actuary mutually agreeable to both parties to assure that the pension funds meet the "fully funded" definition as established by the Illinois Department of Insurance.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 12. INTERFUND TRANSFERS

Interfund transfers for the year ended March 31, 2015 consisted of the following:

	Transfer From:					
	<u>General</u>	<u>Fuel Tax</u>	<u>TIF Bond Fund</u>	<u>Tax Increment Financing</u>	<u>Non Major Funds</u>	<u>Total</u>
Transfer To:						
General Fund		\$ 145,020			\$ 684,196	\$ 829,216
Multimodal Tiger Grant					1,070	1,070
TIF Bond Fund				\$ 1,121,694		1,121,694
Tax Increment Financing			\$ 243,186			243,186
TIF Project Fund					201,603	201,603
Non Major Funds	\$ 238,410					238,410
Marina Fund					155,520	155,520
Total	\$ 238,410	\$ 145,020	\$ 243,186	\$ 1,323,297	\$ 840,786	\$ 2,790,699

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 13. TAX INCREMENTAL FINANCING FUND

During the fiscal year ending March 31, 1995, the City adopted a riverfront redevelopment plan subject to tax incremental financing. The Tax Incremental Financing Fund (TIF) was established to account for the portion of taxes attributable to the increase in the current equalized assessed valuation of property within the riverfront and industrial corridor redevelopment area. Such property tax increases, if any, are to be paid to the City for deposit into the TIF Fund for the purpose of paying obligations incurred from Riverfront Redevelopment Project costs.

During the fiscal year ending March 31, 2010, the City adopted a redevelopment plan for the area known as Hunterstown subject to tax incremental financing. The Tax Incremental Financing Fund 2 (TIF 2) was established to account for the portion of taxes attributable to the increase in the current equalized assessed valuation of property within the Hunterstown Redevelopment Project Area. Such property tax increases, if any, are to be paid to the City for deposit into the TIF 2 Fund for the purpose of paying obligations incurred from the Hunterstown Redevelopment Project costs.

NOTE 14. ECONOMIC DEPENDENCY

Included in revenue is approximately \$4 million received from one source for 2015. This amount represents the City's portion of gaming tax collected from Argosy's Alton Belle Casino.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 15. COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all City funds; instead, certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the City Council.

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated the effect of subsequent events on the financial statements through the date of this report, which is the date the financial statements were available to be issued. The following subsequent event met the requirement for disclosure:

After the fiscal year end of March 31, 2015, through the date of this report, the City of Alton received \$1,292,169 from the U.S. Army Corps of Engineers' federal cost sharing agreement. The money is a result of the City's 2005 project cooperation agreement with the U.S. Army Corps of Engineers and relates to the replacement of Lock and Dam 26 and recreational improvements along the Alton riverfront.

NOTE 17. COMMITMENTS

The City of Alton entered into a grant agreement with the U.S. Department of Transportation's Federal Railroad Administration for the Alton Regional Multimodal Transportation Center project, which has a performance period from July 1, 2013 through December 31, 2016. The total estimated project cost is \$17,312,500 with federal funding assistance of 80%, or \$13,850,000. The remaining project cost of 20%, or \$3,462,500, is to come from dedicated land valued at \$1,437,000, in-kind work of \$432,525, with the remaining portion coming from contributions from Madison County Transit as well as tourism revenues.

The City of Alton entered into an intergovernmental agreement with the Illinois Department of Transportation for the Chicago-St. Louis Corridor High Speed Rail project, which has a completion date no later than December 31, 2016. The total federal funds available for this grant are \$6,496,434 and there is no local match required by the City.

NOTE 18. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; worker's compensation, and employee benefits. The City purchases general liability and property insurance and worker's compensation insurance from the Illinois Municipal League Risk Management Association. The City purchases commercial insurance for all other risks. There have been no significant reductions in insurance for any risk of loss in the past year and the City believes it is reasonably covered for all possible risks of loss.

The City has established a medical self-insurance internal service fund. The purpose of this fund is to pay medical claims of the City employees and their covered dependents to minimize the total cost of annual medical insurance to the City. Under this program, the City is self-insured up to \$100,000 per employee claim. Claims in excess of these amounts are covered by the Employee Reinsurance Corporation. During fiscal year ending March 31, 2015, the City transferred \$3,730,425 to the Employee Health Benefit Fund from the governmental and enterprise funds.

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 19. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

In addition to providing the pension benefits described, the City provides post-employment health care insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and union contracts. The activity of the plan is reported in the City's Employee Health Benefits Fund.

Benefits Provided

The City provides post-employment health care insurance benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits if they qualify for retirement through the IMRF. All health care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the City's plan becomes secondary.

At March 31, 2015, membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Inactive Participants Entitled to But Not Yet Receiving Benefits	227
Active Participants and Covered Dependents	<u>413</u>
Total	<u>640</u>
Participating Employers	1

Funding Policy

The City negotiates the contribution percentages between the City and employees through the union contracts and personnel policy. All retirees contribute approximately \$275 per month for single coverage or \$750 for family coverage of the actuarially determined premium to the plan, if the retiree is non-medicare eligible. Changes to the plan have now eliminated coverage for medicare eligible retirees. The City contributes the remainder to cover the cost of providing the benefits to the retirees via the self-insured plan (pay as you go). Since the City is self-insured, this amount fluctuates on an annual basis. For the fiscal year ended March 31, 2015, retirees contributed \$906,858, active employees contributed \$335,323 and the City contributed \$3,730,425.

Annual OPEB Costs and Net OPEB Obligation

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
March 31, 2015	\$ 1,176,742	\$ 750,000	63.7%	\$ 15,517,048
March 31, 2014	2,952,787	750,000	25.4	15,090,306
March 31, 2013	2,832,034	900,000	31.8	12,887,519

CITY OF ALTON, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 19. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Costs and Net OPEB Obligation (Continued)

The net OPEB obligation (NOPEBO) as of March 31, 2015, was calculated as follows:

Annual Required Contribution	\$ 1,404,030
Interest on Net OPEB Obligation	754,515
Amortization	<u>(981,803)</u>
Annual OPEB Cost	\$ 1,176,742
Contributions Made	<u>750,000</u>
Increase (Decrease) in Net OPEB Obligation	426,742
Net OPEB Obligation, Beginning of Year	<u>15,090,306</u>
Net OPEB Obligation, End of Year	<u>\$ 15,517,048</u>

The above table is derived from an actuarial study performed on a bi-annual basis.

Funded Status and Funding Progress. The funded status of the plan as of March 31, 2015, was as follows:

Actuarial Accrued Liability (AAL)	\$14,310,419
Actuarial Value of Plan Assets	0
Unfunded Actuarial Accrued Liability (UAAL)	\$14,310,419
Funded Ratio (Actuarial Value of Plan Assets/AAL)	0.0%
Covered Payroll (Active Plan Members)	\$14,613,631
UAAL as a Percentage of Covered Payroll	97.9%

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 ARCs 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 financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the March 31, 2015 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included 5.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 7.0% reduced by 0.50% each year to arrive at an ultimate healthcare cost trend rate of 5.0%. Both rates include an inflation assumption. The actuarial value of assets was \$0. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at March 31, 2015, was 24 years.

CITY OF ALTON, ILLINOIS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	GENERAL FUND		
	Budgeted Amounts		Actual Amounts GAAP Basis
	Original Budget	Final Budget	
Revenues:			
Taxes:			
General Property Taxes	\$ 5,655,256	\$ 5,655,256	\$ 5,583,703
Municipal Auto Rental Tax	15,000	15,000	20,884
State Sales Tax	5,190,000	5,190,000	5,559,860
Local Sales Tax	3,200,000	3,200,000	3,501,886
Business District Tax	320,000	320,000	323,951
Electric Franchise Tax	220,000	220,000	238,635
Gas Franchise Tax	85,000	85,000	139,755
Cable TV Franchise Tax	314,329	314,329	342,727
Telephone Franchise Tax	675,000	675,000	523,858
Water Utility Tax	370,000	370,000	379,935
Off Track Betting Tax	42,000	42,000	48,647
Municipal Aggregation	85,000	85,000	90,950
Total Taxes	<u>\$16,171,585</u>	<u>\$16,171,585</u>	<u>\$16,754,791</u>
Intergovernmental:			
Illinois Income Tax	\$ 2,687,082	\$ 2,687,082	\$ 2,698,402
Corporate Personal Property			
Replacement Tax	1,321,009	1,321,009	1,572,330
Gaming Tax	3,640,000	3,640,000	3,684,167
Total Intergovernmental	<u>\$ 7,648,091</u>	<u>\$ 7,648,091</u>	<u>\$ 7,954,899</u>
Grants	\$ 334,000	\$ 334,000	\$ 361,971
Licenses and Permits	313,000	313,000	351,429
Fines and Forfeitures	334,950	334,950	501,572
Charges for Current Services	3,272,700	3,272,700	3,429,021
Revenue from Use of			
Money and Property	545,085	595,085	990,897
Other Revenue	669,575	669,575	781,589
Total Revenues	<u>\$29,288,986</u>	<u>\$29,338,986</u>	<u>\$31,126,169</u>
Expenditures:			
General Government	\$ 2,469,641	\$ 2,469,641	\$ 2,330,307
Public Safety	20,144,806	20,132,621	19,882,717
Highways and Streets	3,920,158	3,920,158	4,026,415
Sanitation	2,293,385	2,293,385	2,300,969
Health	135,548	135,548	112,822
Culture and Recreation	1,945,126	2,020,126	2,019,495
Development			141,522
Miscellaneous	134,100	109,100	85,607
Total Expenditures	<u>\$31,042,764</u>	<u>\$31,080,579</u>	<u>\$30,899,854</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (1,753,778)</u>	<u>\$ (1,741,593)</u>	<u>\$ 226,315</u>
Other Financing Sources (Uses):			
Operating Transfers In	\$ 146,270	\$ 146,270	\$ 829,216
Operating Transfers Out			(238,410)
Proceeds From Line of Credit			106,102
Total Other Financing Sources (Uses)	<u>\$ 146,270</u>	<u>\$ 146,270</u>	<u>\$ 696,908</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Sources (Uses)	<u>\$ (1,607,508)</u>	<u>\$ (1,595,323)</u>	<u>\$ 923,223</u>
Fund Balance, Beginning			11,336,570
Fund Balance, Ending			<u>\$12,259,793</u>

CITY OF ALTON, ILLINOIS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	MULTIMODAL TIGER GRANT		
	Budgeted Amounts		
	Original Budget	Final Budget	Actual Amounts GAAP Basis
Revenues:			
Grants	\$ 1,000,000	\$ 1,086,175	\$ 1,044,480
Revenue from Use of Money and Property	500	500	1,053
Total Revenues	<u>\$ 1,000,500</u>	<u>\$ 1,086,675</u>	<u>\$ 1,045,533</u>
Expenditures:			
Capital Projects	\$ 1,000,000	\$ 1,086,175	\$ 1,044,431
Total Expenditures	<u>\$ 1,000,000</u>	<u>\$ 1,086,175</u>	<u>\$ 1,044,431</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	\$ 500	\$ 500	\$ 1,102
Other Financing Sources (Uses):			
Operating Transfers In	\$ 0	\$ 0	\$ 1,070
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,070</u>
Excess (Deficiency) of Revenues and Other			
Financing Sources Over (Under) Expenditures	\$ 500	\$ 500	\$ 2,172
and Other Sources (Uses)			
Fund Balance, Beginning			\$ 500,651
Fund Balance, Ending			<u>\$ 502,823</u>

CITY OF ALTON, ILLINOIS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	MOTOR FUEL TAX		
	Budgeted Amounts		Actual Amounts GAAP Basis
	Original Budget	Final Budget	
Revenues:			
Grants	\$ 675,000	\$ 675,000	\$ 934,391
Revenue from Use of Money and Property	1,700	1,700	4,402
Other Revenue			9,675
Total Revenues	<u>\$ 676,700</u>	<u>\$ 676,700</u>	<u>\$ 948,468</u>
Expenditures:			
Highways and Streets	\$ 1,117,380	\$ 1,117,380	\$ 1,044,914
Miscellaneous	75	75	114
Total Expenditures	<u>\$ 1,117,455</u>	<u>\$ 1,117,455</u>	<u>\$ 1,045,028</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (440,755)</u>	<u>\$ (440,755)</u>	<u>\$ (96,560)</u>
Other Financing Sources (Uses):			
Operating Transfers Out	\$ (146,270)	\$ (146,270)	\$ (145,020)
Total Other Financing Sources (Uses)	<u>\$ (146,270)</u>	<u>\$ (146,270)</u>	<u>\$ (145,020)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Sources (Uses)	<u>\$ (587,025)</u>	<u>\$ (587,025)</u>	<u>\$ (241,580)</u>
Fund Balance, Beginning			<u>861,573</u>
Fund Balance, Ending			<u>\$ 619,993</u>

CITY OF ALTON, ILLINOIS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	TIF BOND FUND		
	Budgeted Amounts		Actual Amount: GAAP Basis
	Original Budget	Final Budget	
Revenues:			
Revenue from Use of Money and Property	\$ 20	\$ 20	\$ 2
Other Revenue			657
Total Revenues	\$ 20	\$ 20	\$ 659
Expenditures:			
Principal Retirement	\$ 825,000	\$ 825,000	\$ 825,000
Interest and Fiscal Charges	297,692	297,692	54,109
Total Expenditures	\$ 1,122,692	\$ 1,122,692	\$ 879,109
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,122,672)	\$ (1,122,672)	\$ (878,450)
Other Financing Sources (Uses):			
Operating Transfers In	\$ 879,506	\$ 879,506	\$ 1,121,694
Operating Transfers Out			(243,186)
Total Other Financing Sources (Uses)	\$ 879,506	\$ 879,506	\$ 878,508
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Sources (Uses)	\$ (243,166)	\$ (243,166)	\$ 58
Fund Balance, Beginning			2,871
Fund Balance, Ending			\$ 2,929

CITY OF ALTON, ILLINOIS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

TAX INCREMENTAL FINANCING FUND			
Budgeted Amounts			
	Original Budget	Final Budget	Actual Amounts GAAP Basis
Revenues:			
Taxes:			
General Property Taxes	\$ 2,097,675	\$ 2,097,675	\$ 2,200,908
Total Taxes	<u>\$ 2,097,675</u>	<u>\$ 2,097,675</u>	<u>\$ 2,200,908</u>
Revenue from Use of Money and Property	\$ 8,000	\$ 8,000	\$ 25,855
Total Revenues	<u>\$ 2,105,675</u>	<u>\$ 2,105,675</u>	<u>\$ 2,226,763</u>
Expenditures:			
Interest and Fiscal Charges	\$ 240	\$ 240	\$ 243,447
Total Expenditures	<u>\$ 240</u>	<u>\$ 240</u>	<u>\$ 243,447</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ 2,105,435</u>	<u>\$ 2,105,435</u>	<u>\$ 1,983,316</u>
Other Financing Sources (Uses):			
Operating Transfers In			\$ 243,186
Operating Transfers Out	<u>\$ (3,582,888)</u>	<u>\$ (3,582,888)</u>	<u>(1,323,296)</u>
Total Other Financing Sources (Uses)	<u>\$ (3,582,888)</u>	<u>\$ (3,582,888)</u>	<u>\$ (1,080,110)</u>
Excess (Deficiency) of Revenues and Other			
Financing Sources Over (Under) Expenditures			
and Other Sources (Uses)	<u>\$ (1,477,453)</u>	<u>\$ (1,477,453)</u>	<u>\$ 903,206</u>
Fund Balance, Beginning			<u>4,112,193</u>
Fund Balance, Ending			<u>\$ 5,015,399</u>

CITY OF ALTON, ILLINOIS
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2015

	TIF PROJECT FUND		
	Budgeted Amounts		Actual Amounts
	Original Budget	Final Budget	GAAP Basis
Revenues:			
Revenue from Use of Money and Property	\$ 50	\$ 50	\$ 1,833
Other Revenue			
Total Revenues	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 1,833</u>
Expenditures:			
Capital Projects	\$ 2,664,000	\$ 2,664,000	\$ 629,849
Total Expenditures	<u>\$ 2,664,000</u>	<u>\$ 2,664,000</u>	<u>\$ 629,849</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>\$ (2,663,950)</u>	<u>\$ (2,663,950)</u>	<u>\$ (628,016)</u>
Other Financing Sources (Uses):			
Operating Transfers In	\$ 2,703,382	\$ 2,703,382	\$ 201,603
Total Other Financing Sources (Uses)	<u>\$ 2,703,382</u>	<u>\$ 2,703,382</u>	<u>\$ 201,603</u>
Excess (Deficiency) of Revenues and Other			
Financing Sources Over (Under) Expenditures			
and Other Sources (Uses)	\$ 39,432	\$ 39,432	\$ (426,413)
Fund Balance, Beginning			<u>111,914</u>
Fund Balance (Deficit), Ending			<u>\$ (314,499)</u>

SCHEDULE "2"

CITY OF ALTON, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - IMRF
MARCH 31, 2015

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL)			Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
		Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>				
12/31/14	\$ 16,735,858	\$ 20,342,084	\$ 3,606,226	82.27 %	\$ 5,508,847	65.46 %		
12/31/13	18,264,859	21,453,966	3,189,107	85.14	5,953,549	53.57		
12/31/12	17,623,583	22,230,291	4,606,708	79.28	6,015,505	76.58		

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$20,743,373. On a market basis, the funded ratio would be 101.97%.

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

SCHEDULE OF FUNDING PROGRESS – RETIREE MEDICAL PLAN
MARCH 31, 2015

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL)			Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
		Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>				
3/31/15	\$0	\$ 14,310,419	\$ 14,310,419	0.0%	\$ 14,613,631	97.9%		
3/31/14	0	32,395,268	32,395,268	0.0	12,686,092	255.4		
3/31/13	0	30,475,827	30,475,827	0.0	12,686,092	240.2		

CITY OF ALTON, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

<u>FEDERAL GRANTOR/</u> <u>PASS-THROUGH GRANTOR/</u> <u>PROGRAM TITLE</u>	<u>FEDERAL</u> <u>CFDA</u> <u>NUMBER</u>	<u>FEDERAL</u> <u>EXPENDITURES</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Drug-Free Communities Support Program Grant	93.276	\$ 106,799
Total Department of Health and Human Services		\$ 106,799
DEPARTMENT OF TRANSPORTATION		
Pass-through from IDOT		
Sustained Traffic Enforcement Program 2014	20.600	\$ 90,589
Sustained Traffic Enforcement Program 2015	20.600	2,040
Total Sustained Traffic Enforcement Program		\$ 92,629
Highway Planning & Construction/Infrastructure Transportation Enhancement Program	20.205	\$ 2,007
ARRA - Chicago-St. Louis Corridor High Speed Rail Project FR-HSR-0015-11-01-02	20.319	190,564
FY 2011 TIGER Grant	20.933	853,916
Total Department of Transportation		\$ 1,139,116
Total Federal Awards		\$ 1,245,915

See accompanying notes to schedule of expenditures of federal awards.

CITY OF ALTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2015

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Qualified in relation to GASB Statement No. 67 disclosures

Internal Control Over Financial Reporting:

Material Weaknesses Identified? Yes

See 2015-1 and 2015-2

Significant Deficiencies Identified That Are Not Considered to Be Material Weaknesses? Yes

See 2015-3, 2015-4, and 2015-5.

Noncompliance Material to Financial Statements Noted? No

Federal Awards

Internal Control Over Major Programs:

Material Weaknesses Identified? No

Significant Deficiencies Identified That Are Not Considered To Be Material Weaknesses? No

Type of Auditor's Report Issued On Compliance For Major Programs: Unmodified

Audit Findings Disclosed That Are Required To Be Reported In Accordance With Section 510(a) of Circular A-133? No

Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.933	FY 2011 TIGER Grant

Dollar Threshold Used To Determine Between Type A and Type B Programs: \$300,000

Auditee does not qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weaknesses

2015-1

Condition: The City of Alton relies on its auditors for the preparation of the City's financial statements, schedule of expenditures of federal awards, and related disclosures in accordance with generally accepted accounting principles.

Criteria: Generally accepted accounting principles is the body of rules that all accountants must follow when they prepare financial statements. These rules cover how your assets, liabilities, revenues, and expenses are recorded in your books and records. Your books and records are then used to prepare financial statements and related disclosures.

Again, generally accepted accounting principles will determine proper presentation of your assets, liabilities, revenues, and expenses and the related disclosures. This is deemed necessary so that misstatements will not occur in the financial statements.

Cause: The City does not have personnel who are adequately trained to ensure the City's annual financial statements and schedule of expenditures of federal awards are prepared in accordance with generally accepted accounting principles.

CITY OF ALTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2015

FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

Material Weaknesses (Continued)

2015-1 (Continued)

Effect: The possibility exists that the financial statements are not properly prepared to accurately report financial activity and the possibility that the schedule of expenditures of federal awards is not accurate or complete.

Recommendation: The City should consider the costs and benefits of hiring additional expertise or training accounting staff to ensure the City's financial statements and schedule of expenditures of federal awards are prepared in accordance with generally accepted accounting principles.

Response: See the Corrective Action Plan.

2015-2

Condition: A large amount of journal entries are made in various areas by Scheffel Boyle to convert the City's books to the accrual basis of accounting.

Criteria: Scheffel Boyle makes journal entries to capitalize fixed assets and record depreciation expense for the fiscal year as well as prepares and maintains the fixed asset and associated depreciation expense schedule for the City's capital assets to be presented on the Government-Wide Financial Statements. Scheffel Boyle also makes accrual journal entries to record receivables, payables, and prepaid expenses in accordance with generally accepted accounting principles.

Cause: The City does not have personnel who are adequately trained to make the journal entries to convert the City's books to the accrual basis of accounting or to prepare and maintain the fixed asset and associated depreciation expense schedule.

Effect: Since the City does not make these journal entries or prepare its depreciation schedule, there is a greater possibility that if there were an error or omission, City personnel may not detect it. The possibility exists that the financial statements are not properly prepared to accurately report financial activity.

Recommendation: The City should consider the costs and benefits of hiring additional expertise or training accounting staff to record these accrual entries and maintain the fixed asset and depreciation schedule, and to acquire the necessary software to maintain the fixed asset schedule. At a minimum, the City should maintain a schedule of additions and deletions of fixed assets at year end.

Response: See the Corrective Action Plan.

Significant Deficiencies

2015-3

Condition: The City has designated an individual to maintain centralized control over financial reporting of grant expenditures, including federal expenditures, as required by various granting agencies. However, not all grants are being reviewed for compliance under this individual's control.

Criteria: Granting agencies contain rules regarding internal control compliance requirements for grant programs. These rules are designed to provide reasonable assurance regarding management and other personnel's preparation of reliable financial statements, maintaining accountability over assets, and demonstrating compliance with laws and regulations. In addition, granting agencies require that management and personnel complete transactions in compliance with: laws and regulations of grant agreements that could have a direct and material effect on the federal program, any regulations identified in the compliance supplement, and that funds, property, and assets are properly safeguarded against loss due to unauthorized use or disposition.

CITY OF ALTON, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED MARCH 31, 2015

FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

Significant Deficiencies (Continued)

2015-3 (Continued)

Cause: The City's designated person to maintain accountability over grant compliance and related expenditures is not receiving all grants for review of compliance.

Effect: The possibility exists that the City is not complying with grant requirements including federal program laws and regulations which could result in the disallowance of grant expenditures.

Recommendation: The City should ensure that the individual who was designated to maintain accountability over grant compliance requirements and related expenditures is receiving all grant information to perform this assigned function.

Response: See the Corrective Action Plan.

2015-4

Condition: The City did not perform bank reconciliations in a timely fashion throughout the fiscal year for the General Fund.

Criteria: A cash reconciliation that reconciles from the bank balance to the general ledger should be prepared to determine that all cash transactions have been recorded properly and to discover bank errors in a timely manner.

Cause: City personnel did not perform timely bank reconciliations due to staffing changes and time constraints.

Effect: The possibility exists that errors or other problems might not be recognized and resolved on a timely basis.

Recommendation: It is recommended that the City reconcile the bank statements to the general ledger on a monthly basis to ensure accurate financial reporting and reduce the possibility of undetected errors.

Response: See the Corrective Action Plan.

2015-5

Condition: The City did not perform any reconciliation of the aging account reports to the general ledger during the fiscal year.

Criteria: A reconciliation of accounts receivable from the general ledger to the aging account reports should be prepared to ensure that the recording of transactions is accurate and proper.

Cause: City personnel did not perform monthly reconciliations due to staffing changes and time constraints.

Effect: The possibility exists that errors or other problems might not be recognized and resolved on a timely basis.

Recommendation: It is recommended that the City reconcile the aging account reports to the general ledger on a monthly basis to ensure that the billings and collections are being appropriately accounted for and to ensure accurate financial reporting.

Response: See the Corrective Action Plan.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None



OFFICE OF THE
CITY COMPTROLLER

**CITY OF ALTON
ILLINOIS**

101 E. THIRD ST.
ROOM 104
ALTON, IL 62002

October 6, 2015

CORRECTIVE ACTION PLAN

Department of Transportation

The City of Alton, Illinois respectfully submits the following corrective action plan for the year ended March 31, 2015.

Name and address of independent public accounting firm:

Scheffel Boyle
322 State Street
Alton, IL 62002

Audit Period: For the Year Ended March 31, 2015

The findings from the October 6, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

Material Weaknesses

2015-1

Condition: The City of Alton does not have personnel who are adequately trained or possess the necessary knowledge that enables the preparation of the City's financial statements and disclosures in accordance with generally accepted accounting principles.

Recommendation: The City should consider the costs and benefits of hiring additional expertise or training accounting staff to ensure the City's financial statements are prepared in accordance with generally accepted accounting principles.

View of Responsible Officials and Planned Corrective Action: Management has considered the recommendation but feels that it does not have the necessary resources to expend general funds to address this finding. Management will continue to rely on the assistance of Scheffel Boyle in the preparation of the City's financial statements and related disclosures in accordance with generally accepted accounting principles. Management will continue to oversee and approve the financial statements and related disclosures and take responsibility for them.

2015-2

Condition: A large amount of journal entries are made in various areas by Scheffel Boyle to convert the City's books to the accrual basis of accounting.

Recommendation: The City should consider the costs and benefits of hiring additional expertise or training accounting staff to record these accrual entries and maintain the fixed asset and depreciation schedule, and to acquire the necessary software to maintain the fixed asset schedule. At a minimum, the City should maintain a schedule of additions and deletions at year end.

FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

Material Weaknesses (Continued)

2015-2 (Continued)

View of Responsible Officials and Planned Corrective Action: Management has considered the recommendation but feels that it does not have the necessary resources to expend general funds to address this finding. Management will continue to rely on the assistance of Scheffel Boyle in the preparation of the necessary accrual entries and the fixed asset and associated depreciation expense schedule.

Significant Deficiencies

2015-3

Condition: The City has designated an individual to maintain centralized control over financial reporting of grant expenditures, including federal expenditures, as required by various granting agencies. However, not all grants are being reviewed for compliance under this individual's control.

Recommendation: The City should ensure that the individual who was designated to maintain accountability over grant compliance requirements and related expenditures is receiving all grant information to perform this assigned function.

View of Responsible Officials and Planned Corrective Action: Management has considered the recommendation and will follow up with the designated individual to verify that all grants are being reviewed for compliance.

2015-4

Condition: The City did not perform bank reconciliations in a timely fashion throughout the fiscal year for the General Fund.

Recommendation: It is recommended that the City reconcile the bank statements to the general ledger on a monthly basis to ensure accurate financial reporting and reduce the possibility of undetected errors.

View of Responsible Officials and Planned Corrective Action: Management agrees with the recommendation and has adopted procedures to ensure timely completion of the bank reconciliations.

2015-5

Condition: The City did not perform any reconciliation of the aging account reports to the general ledger during the fiscal year.

Recommendation: It is recommended that the City reconcile the aging account reports to the general ledger on a monthly basis to ensure that the billings and collections are being appropriately accounted for and to ensure accurate financial reporting.

View of Responsible Officials and Planned Corrective Action: Management agrees with the recommendation and has adopted procedures to ensure the reconciliation is performed.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

If the Department of Transportation has any questions regarding this plan, please contact Jeannie M. Cowan at 618-463-3550.

Sincerely yours,



Brant Walker
Mayor, City of Alton



Jeannie M. Cowan
Comptroller, City of Alton

CITY OF ALTON, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Alton, Illinois (the City) under programs of the federal government for the year ended March 31, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Federal awards passed through other governmental agencies are included on the Schedule.

NOTE 2. SUBRECIPIENTS

The City did not pass through any federal funds to subrecipients during the year ended March 31, 2015.

NOTE 3. NONMONETARY ASSISTANCE

The City did not receive any nonmonetary assistance from federal programs during the year ended March 31, 2015.

NOTE 4. FEDERAL INSURANCE

The City had no federal insurance as it relates to federal programs in effect for the year ended March 31, 2015.

NOTE 5. LOANS AND LOAN GUARANTEES

The City had loans outstanding of \$3,368,052 related to federal programs as of March 31, 2015.