



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

CITY OF EDWARDSVILLE, ILLINOIS

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

APRIL 30, 2014

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CITY OF EDWARDSVILLE, ILLINOIS

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CERTIFIED PUBLIC ACCOUNTANTS

J. Terry Dooling
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Edwardsville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the City of Edwardsville, Illinois as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 to 12), budgetary comparison information (pages 55 to 56) and schedules of funding progress and employer contributions (pages 57 to 59) 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 Edwardsville, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

C. J. Schloer & Co., LLC

Certified Public Accountants
Alton, Illinois

October 1, 2014

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Edwardsville, we offer readers of the City of Edwardsville financial statements this narrative overview and analysis of the financial activities of the City of Edwardsville for the fiscal year ended April 30, 2014. All dollar amounts unless otherwise indicated, are expressed in thousands of dollars.

Profile of the City

The City of Edwardsville, the third oldest city in the State of Illinois incorporated in 1872, is located in the southwestern part of the state of Illinois. The City of Edwardsville currently occupies a land area of approximately 17 square miles and serves an estimated population of 26,000. The City is the county seat of Madison County, Illinois and the home of Southern Illinois University Edwardsville as well as the N.O. Nelson Campus of Lewis and Clark Community College. The City of Edwardsville is empowered to levy a property tax on real properties located within its boundaries. In addition, the City is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Edwardsville has operated under the aldermanic-city form of government since 1872. Policy-making and legislative authority are vested in a governing council consisting of the mayor and seven aldermen. The governing council is responsible, among other things, for passing ordinances, adopting the appropriations ordinance, appointing committees and hiring both the City Administrator and Attorney. The City's Administrator is responsible for carrying out the policies and ordinances of the governing council and for overseeing the day-to-day operations of the government. The Council is elected on a non-partisan basis with council members serving four year staggered terms, with four council members elected at one election and three council members elected two years later each representing one ward of the City. The Mayor, City Clerk and City Treasurer are elected at large to serve four-year terms.

The City of Edwardsville provides a full range of services, including police and fire protection, the construction and maintenance of highways, streets and other infrastructure; water, sewer and sanitation services and recreational activities and cultural events. The City of Edwardsville is also financially accountable for a legally separate Public Library which has its own governing board, who sets the operational budget and which is reported separately within the City of Edwardsville's financial statements.

Financial Highlights

- The assets of the City of Edwardsville exceeded its liabilities at the close of the most recent fiscal year by \$63,717 (net position). Of this amount, \$4,483 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Edwardsville's governmental activities reported combined ending net position of \$39,167.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$7,733 or 56% of total general fund expenditures.

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Edwardsville's basic financial statements. The City of Edwardsville's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the City of Edwardsville is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Edwardsville that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Edwardsville include general government, public safety, highways and streets, economic development and culture and recreation. The business-type activities of the City of Edwardsville include water, sewer and garbage operations.

The government-wide financial statements include not only the City of Edwardsville itself (known as the primary government), but also a legally separate Library for which the City of Edwardsville is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However,

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Edwardsville maintains twenty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund and the TIF #3 fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Edwardsville adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the major funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds. The City of Edwardsville maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Edwardsville uses enterprise funds to account for its water, sewer and garbage operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Edwardsville's various functions. The City of Edwardsville uses an internal service fund to account for its group health care costs, however since this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer and garbage operations which provide water and water distribution, sewage treatment, pumping stations and collection systems and sanitation collection activities.

The basic proprietary fund financial statements can be found on pages 19-22 of this report.

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

The basic fiduciary fund financial statements can be found on pages 23-24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 25-54 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Edwardsville's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

Required supplementary information can be found on pages 55-59 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 60-65 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City of Edwardsville, assets exceeded liabilities by \$63,718 at the close of the 2014 fiscal year.

Of this net position, \$4,483 or 7.04% are unrestricted and available to the City to meet future needs of citizens and creditors. The other major component is reflected in the City's investment in capital assets \$53,150 or 83.41% (e.g. land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Edwardsville uses these capital assets to provide services to citizens and consequently these assets are not available for future spending. Although the City of Edwardsville's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CITY OF EDWARDSVILLE'S NET POSITION

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 16,179	\$ 16,942	\$ 176	\$ 1,673	\$ 16,355	\$ 18,615
Capital assets	39,770	38,620	37,612	37,235	77,382	75,855
Total assets	<u>\$ 55,949</u>	<u>\$ 55,562</u>	<u>\$ 37,788</u>	<u>\$ 38,908</u>	<u>\$ 93,737</u>	<u>\$ 94,470</u>
Long-term liabilities	\$ 15,966	\$ 17,119	\$ 12,205	\$ 13,104	\$ 28,171	\$ 30,223
Other liabilities	815	880	1,033	1,866	1,848	2,746
Total liabilities	<u>\$ 16,781</u>	<u>\$ 17,999</u>	<u>\$ 13,238</u>	<u>\$ 14,970</u>	<u>\$ 30,019</u>	<u>\$ 32,969</u>
Invested in capital assets, net of related debt	\$ 27,356	\$ 24,711	\$ 25,794	\$ 24,558	\$ 53,150	\$ 49,269
Restricted	5,192	5,977	893	893	6,085	6,870
Unrestricted	6,620	6,875	(2,137)	(1,513)	4,483	5,362
Total net position	<u>\$ 39,168</u>	<u>\$ 37,563</u>	<u>\$ 24,550</u>	<u>\$ 23,938</u>	<u>\$ 63,718</u>	<u>\$ 61,501</u>

At the end of the current fiscal year, the City of Edwardsville is able to report positive balances in net position, for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental activities. Governmental activities increased the City's net assets by \$1,605 as shown in the schedule below, and business-type activities reported an increase of \$612.

CITY OF EDWARDSVILLE'S CHANGES IN NET POSITION

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 2,742	\$ 2,621	\$ 8,867	\$ 8,507	\$ 11,609	\$ 11,128
Operating grants and contributions	195	321	-	-	195	321
Capital grants and contributions	1,204	73	-	-	1,204	73
General revenues:						
Property taxes	7,918	8,360	576	581	8,494	8,941
Other taxes	11,252	11,001	-	-	11,252	11,001
Other	56	594	(8)	(17)	48	577
Total revenues	<u>\$ 23,367</u>	<u>\$ 22,970</u>	<u>\$ 9,435</u>	<u>\$ 9,071</u>	<u>\$ 32,802</u>	<u>\$ 32,041</u>

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

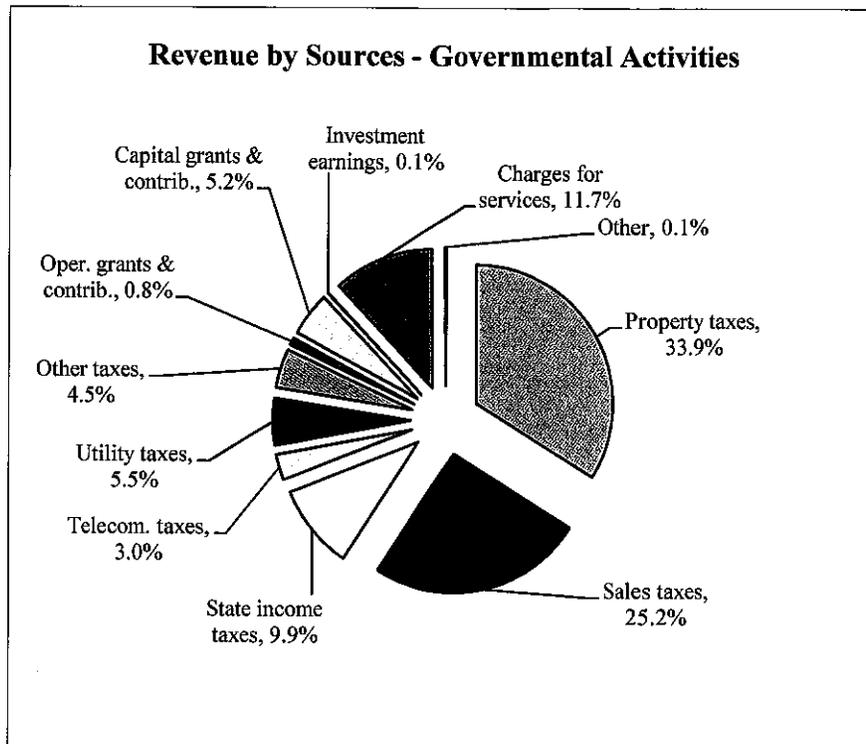
CITY OF EDWARDSVILLE'S CHANGES IN NET POSITION

	Governmental activities		Business-type activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Expenses:						
General government	\$ 4,731	\$ 4,400	\$ -	\$ -	\$ 4,731	\$ 4,400
Public safety	8,523	8,295	-	-	8,523	8,295
Highways and streets	4,772	4,885	-	-	4,772	4,885
Public works	1,054	1,201	-	-	1,054	1,201
Culture and recreation	2,196	2,327	-	-	2,196	2,327
Interest on long-term debt	543	545	-	-	543	545
Water	-	-	4,111	4,005	4,111	4,005
Sewer	-	-	2,979	2,783	2,979	2,783
Garbage	-	-	1,676	1,610	1,676	1,610
Total expenses	<u>21,819</u>	<u>21,653</u>	<u>8,766</u>	<u>8,398</u>	<u>30,585</u>	<u>30,051</u>
Increase (decrease) in net position before transfers	1,548	1,317	669	673	2,217	1,990
Transfers	<u>57</u>	<u>58</u>	<u>(57)</u>	<u>(58)</u>	<u>-</u>	<u>-</u>
Change in net position	1,605	1,375	612	615	2,217	1,990
Net position, beg of year	<u>37,563</u>	<u>36,188</u>	<u>23,938</u>	<u>23,323</u>	<u>61,501</u>	<u>59,511</u>
Net position, end of year	<u>\$ 39,168</u>	<u>\$ 37,563</u>	<u>\$ 24,550</u>	<u>\$ 23,938</u>	<u>\$ 63,718</u>	<u>\$ 61,501</u>

The City of Edwardsville's revenue sources for governmental activities are well diversified between charges for services, property taxes, sales taxes and other taxes in order not to rely upon any one specific revenue source as shown in the chart below. The City has seen an annual average growth of 13.006 in sales taxes revenue since 1996 primarily due to the population and related retail growth experienced by the City during this time which resulted in an increase of approximately \$440 over prior year. In addition, the City has experienced an annual average increase in assessed valuation of 5.03% during the past 10 years thereby increasing property tax revenue while the City's combined tax rate has fallen from \$1.3373 per \$100 of assessed valuation in 2004 to \$1.3310 in 2013.

Property taxes reported a decrease of \$447. The City reported a \$251 increase in other taxes which includes income taxes and other taxes received from the State of Illinois. Capital contributions include construction projects related to the City's infrastructure.

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)



Financial Analysis of the Government's Funds

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

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

At the end of fiscal 2014, the City of Edwardsville's governmental funds reported combined ending fund balances of \$13,983. Approximately \$7,729 or 55% constitutes assigned or unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either nonspendable, restricted or committed, to indicate that it is not available for new spending because it is in a nonspendable form, has already been committed to pay for capital or other projects, or is restricted for other purposes.

The general fund is the chief operating fund of the City of Edwardsville. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,733 which represents 95% of the City's general fund balance. As a measure of the general fund's liquidity, it may be useful to compare the fund balance to total fund expenditures. Unassigned fund balance represents 55.7% of total general fund expenditures. The City's general fund balance decreased \$1,418 during the current year which primarily resulted from transfers to other funds and reduced state income tax of \$1,200.

CITY OF EDWARDSVILLE, ILLINOIS
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

General Fund Budgetary Highlights

There were no changes to the budget during 2014.

Capital Asset and Debt Administration

Capital assets

The City of Edwardsville's investment in capital assets for its governmental and business type activities as of April 30, 2014 and 2013 amounted to \$77,382 and \$75,855 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, construction in progress, land improvements, machinery and equipment and park facilities.

**CITY OF EDWARDSVILLE'S CAPITAL ASSETS
 (net of depreciation)**

	Governmental activities		Business-type activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 2,232	\$ 2,232	\$ 294	\$ 294	\$ 2,526	\$ 2,526
Land improvements	588	629	-	-	588	629
Buildings and systems	4,881	5,257	36,878	36,620	41,759	41,877
Equipment	747	833	207	225	954	1,058
Vehicles	501	599	233	96	734	695
Infrastructure	<u>30,821</u>	<u>29,070</u>	<u>-</u>	<u>-</u>	<u>30,821</u>	<u>29,070</u>
Total	<u>\$ 39,770</u>	<u>\$ 38,620</u>	<u>\$ 37,612</u>	<u>\$ 37,235</u>	<u>\$ 77,382</u>	<u>\$ 75,855</u>

Major capital asset events during the current fiscal year included the following:

- Continued additions to the City's water and wastewater plants through construction.

Additional information on the City of Edwardsville's capital assets can be found in Note 7 on pages 39-40 of this report.

CITY OF EDWARDSVILLE, ILLINOIS
 MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Long-term debt

At the end of the current fiscal year, the City of Edwardsville had total bonded debt outstanding of \$20,060. This amount comprises debt backed by the full faith and credit of the City. The balance of \$4,228 represents low interest loans from other governmental agencies.

CITY OF EDWARDSVILLE'S OUTSTANDING DEBT

	Governmental activities		Business-type activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 12,423	\$ 13,911	\$ 7,637	\$ 7,883	\$ 20,060	\$ 21,794
Loans and capital leases	<u>4</u>	<u>12</u>	<u>4,224</u>	<u>4,806</u>	<u>4,228</u>	<u>4,818</u>
Total revenues	<u>\$ 12,427</u>	<u>\$ 13,923</u>	<u>\$ 11,861</u>	<u>\$ 12,689</u>	<u>\$ 24,288</u>	<u>\$ 26,612</u>

The City of Edwardsville received an AA rating from Standard & Poor's and AAA bond insurance from FGIC.

Additional information on the City of Edwardsville's long-term debt can be found in Note 8 on pages 41-43 of this report.

Economic Factors and Net Year's Budgets and Rates

The unemployment rate for the County was 6.0% compared to state of Illinois and St. Louis metropolitan area, which Edwardsville is considered part of, unemployment rates of 6.3%. The City has seen continued growth in sales tax revenue, increased assessed valuation and population (from 14,500 in 1990 to 20,491 in 2000 to an estimated 25,073 by special census in 2007). The 2010 census by the Census Bureau was determined to be 24,293. A special census of 26,617 is currently awaiting certification.

Inflationary trends in the region compare favorably to national indices.

The City increases its water rates .10 per 1,000 gallons effective May 1 of each year. The sewer rate includes an annual .15 increase per 1,000 gallons, effective May 1 of each year. Trash service increased \$.65 per month on August 1, 2014.

CITY OF EDWARDSVILLE, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Requests for Information

This financial report is designed to provide a general overview of the City of Edwardsville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of City Clerk/Collector, City of Edwardsville, 118 Hillsboro Avenue, Edwardsville, IL 62025

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF NET POSITION
APRIL 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<u>Assets</u>				
Cash and Cash Equivalents	\$ 6,088,930	\$ (3,221,046)	\$ 2,867,884	\$ 368,189
Investments	6,476,373	879,258	7,355,631	204,684
Receivables (Net of allowance for uncollectibles):	2,916,208	1,221,201	4,137,409	-
Inventory	-	188,776	188,776	-
Prepaid Expenses	697,872	215,485	913,357	16,914
Restricted Assets:				
Cash and Cash Equivalents	-	276,670	276,670	-
Investments	-	616,377	616,377	-
Capital Assets:				
Land	2,231,805	294,193	2,525,998	-
Land Improvements	1,060,466	-	1,060,466	-
Buildings and Systems	10,176,515	59,108,711	69,285,226	4,750,067
Equipment	2,791,232	1,367,884	4,159,116	92,366
Vehicles	3,652,390	684,423	4,336,813	-
Infrastructure	79,890,053	-	79,890,053	-
Accumulated Depreciation	(60,032,790)	(23,843,559)	(83,876,349)	(4,582,508)
Total Assets	<u>55,949,054</u>	<u>37,788,373</u>	<u>93,737,427</u>	<u>849,712</u>
<u>Liabilities</u>				
Accounts Payable	125,776	817,008	942,784	6,040
Accrued Salaries	475,488	43,536	519,024	31,293
Accrued Interest Payable	95,139	88,834	183,973	-
Deferred Revenue	118,050	-	118,050	-
Customer Deposits	-	83,270	83,270	-
Noncurrent Liabilities:				
Due Within One Year	2,755,901	1,011,033	3,766,934	-
Due in More Than One Year	13,211,511	11,194,381	24,405,892	38,682
Total Liabilities	<u>16,781,865</u>	<u>13,238,062</u>	<u>30,019,927</u>	<u>76,015</u>
<u>Net Position</u>				
Invested in Capital Assets, Net of Related Debt	27,355,905	25,794,551	53,150,456	259,925
Restricted	5,191,402	892,710	6,084,112	-
Unrestricted	6,619,882	(2,136,950)	4,482,932	513,772
Total Net Position	<u>\$ 39,167,189</u>	<u>\$ 24,550,311</u>	<u>\$ 63,717,500</u>	<u>\$ 773,697</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 4,730,953	\$ 356,079	\$ -	\$ -	\$ (4,374,874)	\$ (4,374,874)	
Public Safety	8,523,108	1,078,730	70,294	-	(7,374,084)	(7,374,084)	
Highways and Streets	4,772,079	-	124,660	1,108,518	(3,538,901)	(3,538,901)	
Public Works	1,053,954	247,990	-	-	(805,964)	(805,964)	
Culture and Recreation	2,196,395	1,059,458	-	95,052	(1,041,885)	(1,041,885)	
Interest on Long-term Debt	544,489	-	-	-	(544,489)	(544,489)	
Total Governmental Activities	21,820,978	2,742,257	194,954	1,203,570	(17,680,197)	(17,680,197)	
Business-type Activities:							
Water	4,111,075	4,111,668	-	-	\$ 593	593	
Sewer	2,979,431	3,562,511	-	-	583,080	583,080	
Garbage	1,674,771	1,193,042	-	-	(481,729)	(481,729)	
Total Business-type Activities	8,765,277	8,867,221	-	-	101,944	101,944	
Total Primary Government	\$ 30,586,255	\$ 11,609,478	\$ 194,954	\$ 1,203,570	(17,680,197)	(17,578,253)	
Component Unit:							
Library	\$ 1,290,681	\$ 48,622	\$ 52,517	\$ -	\$ (1,189,542)	\$ (1,189,542)	
Total Component Unit	\$ 1,290,681	\$ 48,622	\$ 52,517	\$ -	(1,189,542)	(1,189,542)	
General Revenues:							
Property Tax, Levied for General Purposes					7,918,275	8,494,658	1,156,355
Sales and Use Tax					5,893,182	5,893,182	-
Replacement Tax					201,796	201,796	19,657
State Income Tax					2,319,944	2,319,944	-
Motor Fuel Tax					622,395	622,395	-
Telecommunications Tax					706,330	706,330	-
Utility Tax					1,274,604	1,274,604	-
Motel Tax					34,950	34,950	-
Amusement Tax					200,320	200,320	-
Unrestricted Investment Earnings					(8,690)	(8,690)	9,808
Miscellaneous					34,732	34,732	1,346
Transfers					(57,378)	-	-
Total General Revenues and Transfers					19,284,576	19,794,891	1,187,166
Change in Net Position					1,604,379	2,216,638	(2,376)
Net Position - Beginning					37,562,810	61,500,862	776,073
Net Position - Ending					\$ 39,167,189	\$ 63,717,500	\$ 773,697

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

CITY OF EDWARDSVILLE, ILLINOIS

BALANCE SHEET
GOVERNMENTAL FUNDS
APRIL 30, 2014

	<u>General Fund</u>	<u>TIF #3 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 4,322,452	\$ 1,561,454	\$ (64,081)	\$ 5,819,825
Investments	2,432,530	804,036	3,112,554	6,349,120
Receivables (Net, where applicable, of allowances for uncollectibles):				
Property Tax	2,963,100	1,575,400	3,497,200	8,035,700
Services	85,414	-	104,589	190,003
Intergovernmental	2,279,211	-	355,975	2,635,186
Interest	7,497	1,979	7,758	17,234
Other	73,785	-	-	73,785
Due From Other Funds	21,607	-	31,362	52,969
Prepaid Expenses	407,299	-	126,774	534,073
Total Assets	<u>\$ 12,592,895</u>	<u>\$ 3,942,869</u>	<u>\$ 7,172,131</u>	<u>\$ 23,707,895</u>
 <u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ 88,015	\$ -	\$ 23,950	\$ 111,965
Accrued Salaries and Compensated Absences	463,905	-	11,583	475,488
Due to Other Funds	19,756	-	28,925	48,681
Deferred Revenue	3,880,784	1,575,400	3,632,070	9,088,254
Total Liabilities	<u>4,452,460</u>	<u>1,575,400</u>	<u>3,696,528</u>	<u>9,724,388</u>
 Fund Balance:				
Nonspendable	407,299	-	360,293	767,592
Restricted	-	2,367,469	2,823,933	5,191,402
Committed	-	-	295,208	295,208
Assigned	-	-	1,044,914	1,044,914
Unassigned	7,733,136	-	(1,048,745)	6,684,391
Total Fund Balance	<u>8,140,435</u>	<u>2,367,469</u>	<u>3,475,603</u>	<u>13,983,507</u>
Total Liabilities and Fund Balance	<u>\$ 12,592,895</u>	<u>\$ 3,942,869</u>	<u>\$ 7,172,131</u>	<u>\$ 23,707,895</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

RECONCILIATION OF THE BALANCE SHEET OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED APRIL 30, 2014

Amounts reported for governmental fund balances are different because:

Fund balances - total governmental funds	\$ 13,983,507
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	39,769,671
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(1,937,222)
The amount of accrued retirement benefits is not recorded as a liability on the balance sheet of the governmental funds.	(818,855)
The amount of net pension obligation related to the police and fire pensions is not recorded as a liability on the balance sheet of the governmental funds.	(797,569)
Long-term debt (e.g., bonds, leases) is not reported as a liability on the balance sheet of the governmental funds.	(12,427,359)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(95,139)
Some receivables are not available to pay current-period expenditures and, therefore, are deferred in the governmental funds balance sheet, but recognized as revenue as economic financial resources.	934,504
Net effect of including internal service fund in governmental activities.	542,058
Debt issuance premiums and discounts are not reported as an asset to be amortized on the balance sheet of the governmental funds.	<u>13,593</u>
Net assets of governmental activities	<u>\$ 39,167,189</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

	<u>General Fund</u>	<u>TIF #3 Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Tax	\$ 3,075,113	\$ 1,497,389	\$ 3,345,773	\$ 7,918,275
Intergovernmental:				
Sales and Use Tax	5,315,908	-	495,761	5,811,669
Replacement Tax	201,796	-	-	201,796
State Income Tax	1,952,769	-	-	1,952,769
Motor Fuel Tax	-	-	622,395	622,395
Telecommunications Tax	325,584	-	385,218	710,802
Grants	86,070	-	203,936	290,006
Other Local Taxes	111,977	-	1,397,897	1,509,874
Licenses, Fees and Permits	142,279	-	-	142,279
Charges for Services	1,584,428	-	584,514	2,168,942
Fines	294,801	-	-	294,801
Investment Earnings	(61,271)	46,648	28,237	13,614
Miscellaneous Revenues/Reimbursements	34,732	-	136,235	170,967
Total Revenues	<u>13,064,186</u>	<u>1,544,037</u>	<u>7,199,966</u>	<u>21,808,189</u>
Expenditures:				
Current:				
General Government	2,888,787	148,706	1,596,496	4,633,989
Public Safety	7,873,059	-	11,226	7,884,285
Highways and Streets	1,721,301	1,920	1,162,186	2,885,407
Public Works	1,061,666	-	-	1,061,666
Culture and Recreation	153,645	-	1,640,970	1,794,615
Debt Service:				
Principal	-	1,075,000	421,119	1,496,119
Interest/Fees	-	278,630	269,440	548,070
Capital Outlay	185,465	-	2,577,439	2,762,904
Total Expenditures	<u>13,883,923</u>	<u>1,504,256</u>	<u>7,678,876</u>	<u>23,067,055</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(819,737)</u>	<u>39,781</u>	<u>(478,910)</u>	<u>(1,258,866)</u>
Other Financing Sources (Uses):				
Transfers In (Out)	<u>(598,522)</u>	<u>-</u>	<u>655,900</u>	<u>57,378</u>
Total Other Financing Sources (Uses)	<u>(598,522)</u>	<u>-</u>	<u>655,900</u>	<u>57,378</u>
Net Change in Fund Balances	(1,418,259)	39,781	176,990	(1,201,488)
Fund Balance, Beginning of Year	<u>9,558,694</u>	<u>2,327,688</u>	<u>3,298,613</u>	<u>15,184,995</u>
Fund Balance, End of Year	<u>\$ 8,140,435</u>	<u>\$ 2,367,469</u>	<u>\$ 3,475,603</u>	<u>\$ 13,983,507</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2014**

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

Net change in fund balances - total governmental funds \$ (1,201,488)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and contributed capital exceeded depreciation expense and disposal losses in the current year.

1,149,890

The amount of net pension obligations are not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the public safety functional expense category. This amount is the difference between beginning and ending net pension obligation balances that has been included in the statement of activities.

(222,885)

The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balances that has been included in the statement of activities.

7,007

The amount of accrued retirement benefits is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the current year addition to accrued retirement benefits that has been included in the statement of activities.

(127,570)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

1,499,700

Net effect of including internal service fund in governmental activities.

55,509

Some intergovernmental revenues will not be collected for several months after the City's fiscal year end. They are not considered "available" revenues in the governmental funds. This is the change in deferred revenues between fiscal years.

444,216

Change in net position of governmental activities

\$ 1,604,379

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 APRIL 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds			Total	
	Water	Sewer	Garbage		
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ (1,309,766)	\$ (1,401,563)	\$ (509,717)	\$ (3,221,046)	\$ 269,105
Investments	80,382	757,373	41,503	879,258	127,253
Receivables:					
Property Tax	-	-	575,500	575,500	-
Customer/Unbilled	531,714	461,243	224,133	1,217,090	-
Interest	1,905	2,206	-	4,111	-
Inventory, at Cost	188,776	-	-	188,776	-
Prepaid Expenses	41,635	33,203	140,647	215,485	163,799
Total Current Assets	(465,354)	(147,538)	472,066	(140,826)	560,157
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	276,670	-	-	276,670	-
Restricted Investments	616,377	-	-	616,377	-
Capital Assets:					
Land	177,530	116,663	-	294,193	-
Equipment	865,763	502,121	-	1,367,884	-
Vehicles	446,026	238,397	-	684,423	-
Plant and System	26,539,351	32,569,360	-	59,108,711	-
Less: Accumulated Depreciation	(8,511,924)	(15,331,635)	-	(23,843,559)	-
Total Noncurrent Assets	20,409,793	18,094,906	-	38,504,699	-
Total Assets	19,944,439	17,947,368	472,066	38,363,873	560,157
LIABILITIES					
Current Liabilities:					
Accounts Payable	379,282	437,726	-	817,008	13,811
Accrued Salaries	28,115	15,421	-	43,536	-
Due to Other Funds	-	-	-	-	4,288
Compensated Absences	143,232	33,365	-	176,597	-
Accrued Retirement Health Benefits	77,365	37,660	-	115,025	-
Deferred Income	-	-	575,500	575,500	-
Loans Payable - Current	30,333	539,280	-	569,613	-
Accrued Interest	-	41,058	-	41,058	-
Total Current Liabilities	658,327	1,104,510	575,500	2,338,337	18,099
Current Liabilities (Payable from Restricted Assets):					
Accrued Interest	47,776	-	-	47,776	-
General Obligation Debt - Current	441,420	-	-	441,420	-
Customer Deposits	83,270	-	-	83,270	-
Total Current Liabilities (Payable from Restricted Assets)	572,466	-	-	572,466	-
Noncurrent Liabilities:					
General Obligation Debt (Net of Current Portion)	7,196,380	-	-	7,196,380	-
Less - Unamortized Premium/Discount on Bond	52,388	-	-	52,388	-
Loans Payable	304,733	3,349,258	-	3,653,991	-
Total Noncurrent Liabilities	7,553,501	3,349,258	-	10,902,759	-
Total Liabilities	8,784,294	4,453,768	575,500	13,813,562	18,099
NET POSITION					
Invested in Capital Assets, Net of Related Debt	11,629,241	14,165,310	-	25,794,551	-
Restricted for Debt Service	892,710	-	-	892,710	-
Unrestricted	(1,361,806)	(671,710)	(103,434)	(2,136,950)	542,058
Total Net Position	\$ 11,160,145	\$ 13,493,600	\$ (103,434)	\$ 24,550,311	\$ 542,058

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds			Total	
	Water	Sewer	Garbage		
Operating Revenue:					
Customer User Charges	\$ 3,877,229	\$ 2,538,923	\$ 1,193,042	\$ 7,609,194	\$ -
Other Service Contributions	-	-	-	-	2,099,015
Tap On Fees	213,385	1,004,375	-	1,217,760	-
Miscellaneous	21,054	19,213	-	40,267	-
Total Operating Revenue	<u>4,111,668</u>	<u>3,562,511</u>	<u>1,193,042</u>	<u>8,867,221</u>	<u>2,099,015</u>
Operating Expenses:					
Personal Services	890,332	463,715	-	1,354,047	-
Contractual Services	1,999,822	1,476,933	1,674,771	5,151,526	2,050,562
Supplies	109,519	26,111	-	135,630	-
Heat, Light, and Power	430,282	262,549	-	692,831	-
Depreciation	481,765	646,476	-	1,128,241	-
Total Operating Expenses	<u>3,911,720</u>	<u>2,875,784</u>	<u>1,674,771</u>	<u>8,462,275</u>	<u>2,050,562</u>
Operating Income (Loss)	<u>199,948</u>	<u>686,727</u>	<u>(481,729)</u>	<u>404,946</u>	<u>48,453</u>
Nonoperating Revenue (Expense):					
Tax Revenue	-	-	576,383	576,383	-
Interest Income	1,151	(5,055)	(4,786)	(8,690)	7,056
Bond Amortization	25,438	-	-	25,438	-
Interest Expense	(224,793)	(103,647)	-	(328,440)	-
Total Nonoperating Revenue (Expense)	<u>(198,204)</u>	<u>(108,702)</u>	<u>571,597</u>	<u>264,691</u>	<u>7,056</u>
Income before Transfers	<u>1,744</u>	<u>578,025</u>	<u>89,868</u>	<u>669,637</u>	<u>55,509</u>
Transfers In (Out)	<u>(39,353)</u>	<u>86,975</u>	<u>(105,000)</u>	<u>(57,378)</u>	<u>-</u>
Change in Net Position	<u>(37,609)</u>	<u>665,000</u>	<u>(15,132)</u>	<u>612,259</u>	<u>55,509</u>
Net Position, Beginning of Year	<u>11,197,754</u>	<u>12,828,600</u>	<u>(88,302)</u>	<u>23,938,052</u>	<u>486,549</u>
Net Position, End of Year	<u>\$ 11,160,145</u>	<u>\$ 13,493,600</u>	<u>\$ (103,434)</u>	<u>\$ 24,550,311</u>	<u>\$ 542,058</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds			Total	
	Water	Sewer	Garbage		
Cash flows from operating activities:					
Receipts for services	\$ 4,139,144	\$ 3,530,954	\$ 1,183,253	\$ 8,853,351	\$ 2,099,015
Payments to suppliers	(2,915,521)	(1,970,535)	(1,680,124)	(6,566,180)	(2,062,021)
Payments to employees	(652,920)	(360,560)	-	(1,013,480)	-
Other fees	21,054	19,213	-	40,267	-
Net cash provided (used) by operating activities	<u>591,757</u>	<u>1,219,072</u>	<u>(496,871)</u>	<u>1,313,958</u>	<u>36,994</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(2,088,452)	(38,261)	-	(2,126,713)	-
Principal paid on bonds	(245,000)	-	-	(245,000)	-
Interest/issuance costs paid	(224,875)	(109,469)	-	(334,344)	-
Proceeds from bonds	-	-	-	-	-
Principal paid on loans	(28,738)	(553,961)	-	(582,699)	-
Net cash provided (used) by capital and related financing activities	<u>(2,587,065)</u>	<u>(701,691)</u>	<u>-</u>	<u>(3,288,756)</u>	<u>-</u>
Cash flows from non-capital financing activities:					
Payments from (to) other funds	(39,353)	86,975	(105,000)	(57,378)	-
Customer deposits	(3,130)	-	-	(3,130)	-
Tax revenue	-	-	576,383	576,383	-
Net cash provided (used) by non-capital financing activities	<u>(42,483)</u>	<u>86,975</u>	<u>471,383</u>	<u>515,875</u>	<u>-</u>
Cash flows from investing activities:					
Net (purchase) sale of investment securities	1,789	7,566	3,464	12,819	(3,961)
Interest on investments	3,963	(1,762)	(4,786)	(2,585)	7,056
Net cash provided (used) by investing activities	<u>5,752</u>	<u>5,804</u>	<u>(1,322)</u>	<u>10,234</u>	<u>3,095</u>
Net change in cash and cash equivalents	(2,032,039)	610,160	(26,810)	(1,448,689)	40,089
Cash and cash equivalents, beginning of year	<u>998,943</u>	<u>(2,011,723)</u>	<u>(482,907)</u>	<u>(1,495,687)</u>	<u>229,016</u>
Cash and cash equivalents, end of year	<u>\$ (1,033,096)</u>	<u>\$ (1,401,563)</u>	<u>\$ (509,717)</u>	<u>\$ (2,944,376)</u>	<u>\$ 269,105</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED APRIL 30, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Major Funds			Total	
	Water	Sewer	Garbage		
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 199,948	\$ 686,727	\$ (481,729)	\$ 404,946	\$ 48,453
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	481,765	646,476	-	1,128,241	-
(Increase) decrease in:					
Customer receivable/unbilled	48,530	(12,344)	(9,789)	26,397	-
Inventory	12,862	-	-	12,862	-
Prepaid expenses	(2,474)	(2,383)	(5,353)	(10,210)	(13,593)
Increase (decrease) in:					
Accounts payable	(140,281)	(67,461)	-	(207,742)	2,134
Accrued retirement health benefits	9,931	4,519	-	14,450	-
Accrued salaries/vacation/sick	(18,524)	(36,462)	-	(54,986)	-
Net cash provided (used) by operating activities	<u>\$ 591,757</u>	<u>\$ 1,219,072</u>	<u>\$ (496,871)</u>	<u>\$ 1,313,958</u>	<u>\$ 36,994</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
APRIL 30, 2014

	<u>Pension Trust Funds</u>			<u>Agency Fund</u>
	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total</u>	<u>St. Louis Street SSA</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,006,343	\$ 296,789	\$ 1,303,132	\$ 662
Investments:				
US Treasury Securities	6,540,753	5,336,963	11,877,716	-
Municipal Bonds	131,109	-	131,109	-
Mutual Funds	9,781,954	6,367,454	16,149,408	-
Prepaid Expense	-	2,464	2,464	-
Receivables:				
Property Tax	816,100	632,600	1,448,700	-
Interest	25,890	17,519	43,409	-
Total Assets	<u>18,302,149</u>	<u>12,653,789</u>	<u>30,955,938</u>	<u>662</u>
<u>Liabilities</u>				
Accounts Payable	16,525	6,946	23,471	-
Total Liabilities	<u>16,525</u>	<u>6,946</u>	<u>23,471</u>	<u>-</u>
<u>Net Position</u>				
Held in Trust for Pension				
Benefits and Other Purposes	<u>\$ 18,285,624</u>	<u>\$ 12,646,843</u>	<u>\$ 30,932,467</u>	<u>\$ 662</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

	Pension Trust Funds		
	Police Pension	Fire Pension	Total
<u>Additions</u>			
Contributions:			
Property Tax	\$ 817,654	\$ 633,578	\$ 1,451,232
Employee Contributions	290,534	185,349	475,883
Investment Income:			
Investment Income	1,607,087	1,079,993	2,687,080
Less: Investment Expense	<u>(35,746)</u>	<u>(28,148)</u>	<u>(63,894)</u>
Net Investment Income	<u>1,571,341</u>	<u>1,051,845</u>	<u>2,623,186</u>
 Total Additions	 <u>2,679,529</u>	 <u>1,870,772</u>	 <u>4,550,301</u>
<u>Deductions</u>			
Benefits	813,598	998,355	1,811,953
Refund of Contributions	-	-	-
Administrative Expenses	<u>27,641</u>	<u>16,766</u>	<u>44,407</u>
Total Deductions	<u>841,239</u>	<u>1,015,121</u>	<u>1,856,360</u>
 Change in Net Position	 1,838,290	 855,651	 2,693,941
 Net Position, Beginning of Year	 <u>16,447,334</u>	 <u>11,791,192</u>	 <u>28,238,526</u>
 Net Position, End of Year	 <u>\$ 18,285,624</u>	 <u>\$ 12,646,843</u>	 <u>\$ 30,932,467</u>

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

CITY OF EDWARDSVILLE, ILLINOIS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Edwardsville, Illinois is a municipal corporation which operates under an aldermanic-city form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, culture and recreation, water and sewerage and general administrative services. The City Administrator and aldermen exercise oversight responsibility for these governmental services.

The financial statements of the City of Edwardsville, Illinois ("City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

(a) The financial reporting entity

The City is a political subdivision of the State of Illinois. An elected board of seven aldermen and a mayor governs the City. One alderman is elected from each of the City's seven wards. These financial statements present all the fund types of the City (the primary government) and its component units. Component units are legally separate entities for which the City is financially accountable. Component units, although legally separate entities, are part of the City's operations.

Edwardsville Public Library

The Edwardsville Public Library (the Library) is governed by a board appointed by the Mayor with the advice and consent of the City Council. The Library provides services to residents within the geographic boundaries of the City. Budgetary and tax levy functions are also combined with the City.

As required by GAAP, these financial statements present the City and its component unit. The component unit (the Library) is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. The Library is presented as a

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

discretely presented component unit in a separate column in the financial statements of the City. The Library is reported in this manner to indicate that it is legally separate from the City. The City maintains the financial reporting statements for the Library.

(b) Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The primary government is also reported separately from component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental taxes, utility taxes, franchise taxes, service revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. Other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General fund is the City's primary operating fund. This fund accounts for all financial resources of the City, except those required to be accounted for in another fund.

The TIF #3 fund accounts for the taxes received and amounts paid related to TIF development expenses.

The government reports the following major proprietary funds:

The water, sewer and garbage funds account for all activities related to the billing, administration, distribution and collection processes of the water and sewer utilities and for garbage collections. The City operates the water distribution system as well as the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fund types:

The internal service fund accounts for the activities of the group health insurance fund, which consists of the collections of employee's share of premiums and payment of premiums to health, life and disability insurance providers for the City's eligible and covered employees and retirees.

The pension trust funds account for the activities of the police and fire pension funds, which accumulate resources for pension benefit payments to qualified public safety employees.

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

Permanent funds include the police department endowment fund and the mobile intensive care unit fund. The police department endowment fund accumulates resources for equipment and other police department expenditures and the mobile intensive care unit fund accumulates resources for equipment and vehicle purchases related to the City's ambulance services.

The agency funds account for the activities of the St. Louis Street SSA fund, which collect taxes on a fiduciary basis in order to pay for debt service and improvements in the specific area.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(d) Assets, liabilities and net assets or equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. All short-term cash surpluses are maintained in cash and investment pools and the interest is allocated to each fund based on month-end balances and investment policies.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan associations or credit unions, certain short-term obligations of corporations organized in the United States of America, money market mutual funds that invest in obligations of the United States of America or its agencies or are guaranteed by the full faith and

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

credit of the United States of America, and the Illinois Funds. The pension trust funds are also allowed to invest limited percentages of their monies in bonds, mutual funds and equity securities.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The allowance for uncollectibles, which has been deducted from the related receivable on the statement of net assets, consists of the following amounts.

General Fund	Ambulance Receivables	\$ 132,311
Proprietary Fund	Water Customer Receivables	10,940
Proprietary Fund	Sewer Customer Receivables	10,885
Proprietary Fund	Garbage Customer Receivables	7,461

Unbilled water, sewer and garbage customer receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The City levied its property taxes on December 3, 2013 based upon the assessed valuation as of the previous January 1. Property taxes are due in four installments. Collections of property taxes normally begin in June and July and are considered delinquent after the due dates. Property taxes for 2013 become an enforceable lien in January 2014. Because this tax levy will be used to pay for expenses budgeted in fiscal year 2015, no part of this tax levy is shown as tax revenue as of April 30, 2014 in the statement of activities.

Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory in the business-type fund consists of waterworks supplies.

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted assets

Certain balances of the enterprise funds are set aside for the repayment of debt related to outstanding bond issues.

These amounts are classified as restricted accounts on the balance sheet and are as follows:

Water Meter Deposit	\$ 83,270
Water Works Debt Service	<u>809,777</u>
Total Restricted Assets	<u>\$ 893,047</u>

Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at either historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City did not record any capitalized interest in the current year, due to any calculated amounts being immaterial.

Property, plant and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	7 - 40
Public domain infrastructure	5 - 30
System infrastructure	7 - 50
Vehicles	3 - 10
Office and other equipment	5 - 10

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

Compensated absences

Accumulated unpaid vacation and sick pay amounts are accrued when incurred. The City's policy permits employees to earn vacation time based on length of service. In addition, sick leave accumulates according to the various contracts with the City employees. Upon voluntary separation, all full-time employees of the City who have been employed for at least five full years shall receive 50 percent of unused sick leave. Upon retirement, as defined by the Illinois Compiled Statutes, an employee will be paid 100 percent of accumulated sick leave up to a maximum of 720 hours. Upon termination for just cause, an employee will not be compensated for any unused or accumulated sick leave.

At April 30, 2014, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$1,937,222. Amounts reflected in the financial statements at April 30, 2014 for Enterprise Fund employees related to unused vacation and sick leave benefits totaled \$176,597.

Fund equity

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

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

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

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

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

Unassigned - the residual classification of the General Fund balance.

When expenditures are incurred for which the City has both restricted and unrestricted funds available, the City spends any restricted funds before using unrestricted sources. Likewise, the City uses committed, assigned and then unassigned balances, in that order, when spending amounts for which all three categories are available. The following

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

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

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

<u>Governmental Funds</u>	
Nonspendable:	
Prepaid Insurance	\$ 436,539
Other Prepaid Expenses	97,534
Permanent Endowment	<u>233,519</u>
	<u>\$ 767,592</u>
Restricted:	
TIF Fund Balances	\$ 4,261,248
Motor Fuel Tax Fund	599,692
ESDA Fund	12,584
Street and Bridge Fund	37,637
Municipal Band Fund	90,609
Social Security Fund	1,848
Incremental Sales Tax Fund	80,903
Permanent Funds	<u>106,881</u>
	<u>\$ 5,191,402</u>
Committed:	
Capital Improvement Fund	\$ 219,598
Tourism Fund	3,684
Grants Fund	<u>71,926</u>
	<u>\$ 295,208</u>
Assigned:	
Parks Improvement Fund	<u>\$ 1,044,914</u>
<u>Fiduciary Funds</u>	
Reserved for Employees' Pension Benefits	<u>\$ 30,932,467</u>

Long-term obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

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

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

NOTE 2: BUDGETARY AND LEGAL COMPLIANCE

Annual appropriated budgets are adopted for all governmental funds. All annual appropriations lapse at fiscal year-end. Project length financial plans are adopted for all capital projects funds.

On June 4, 2013, the City Council approved an ordinance adopting the annual appropriations. The City also develops an annual budget which is the budgetary data reflected in these financial statements. Formal budgetary integration is employed as a management control device during the year for the governmental funds.

The City prepares its annual budget on the cash basis (budget basis) which differs from accounting principles generally accepted in the United States of America (GAAP basis). The budget and all transactions are presented in accordance with the City's method (budget basis) in the required supplementary information for the major governmental funds to provide a meaningful comparison of actual results with the budget. The difference between budget and GAAP basis is that the budget is prepared on the cash basis of accounting.

Budgeted amounts are as originally adopted, unless amended by the City Council. If amended, the amounts presented in the required supplementary information represent original and final authorized amounts. Comparisons of actual to budgeted amounts are performed using the operating budget amounts for all funds.

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

1. The budgetary package for the coming fiscal year is made available by the City Clerk for distribution to persons responsible for budget preparations.
2. The completed budgetary package is returned to the City Clerk and City Administrator.

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

3. The proposed budget prepared by management is forwarded to the Finance Committee for review and then submitted to the Mayor and City Council.
4. The budget and necessary ordinances are adopted by the City Council.

NOTE 3: RECEIVABLES

Receivables as of year-end for the City as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Other Major Funds</u>	<u>Water, Sewer & Garbage</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 7,497	\$ 1,979	\$ 4,111	\$ 7,758	\$ 21,345
Other	73,785	-	-	-	73,785
Accounts	217,725	-	1,246,376	104,589	1,568,690
Intergovernmental	<u>2,279,211</u>	<u>-</u>	<u>-</u>	<u>355,975</u>	<u>2,635,186</u>
Gross Receivables	2,578,218	1,979	1,250,487	468,322	4,299,006
Less: Allowance for uncollectible	<u>132,311</u>	<u>-</u>	<u>29,286</u>	<u>-</u>	<u>161,597</u>
Net Total Receivables	<u>\$ 2,445,907</u>	<u>\$ 1,979</u>	<u>\$ 1,221,201</u>	<u>\$ 468,322</u>	<u>\$ 4,137,409</u>

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition for resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable	\$ 8,035,700	\$ -
Intergovernmental	934,504	-
Fees for services	-	118,050

NOTE 4: CASH AND CASH EQUIVALENTS AND INVESTMENTS

General Government, Business-Like Activities & Component Unit

At April 30, 2014, the carrying amount of the City's deposits was \$10,666,598 and the bank balance was \$11,480,725. The deposits were comprised of checking, interest checking, money market and certificates of deposit.

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name. As of April 30, 2014, \$136,323 of the City's total bank balances was not insured or collateralized. The amount exceeding FDIC coverage and collateralized is \$4,543,275.

As of April 30, 2014, the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	--	\$ 42,873
Federal Home Loan Bank	4.54	318,411
Federal Home Loan Mortgage	2.16	456,325
US Treasury Note	1.76	<u>205,890</u>
		1,023,499
Deposits as reported above		<u>10,666,598</u>
Total deposits and investments		<u>\$ 11,690,097</u>
As Reported in the Statement of Net Position:		
Governmental and Business-type Activities:		
Cash and Cash Equivalents		\$ 2,867,884
Investments		7,355,631
Cash and Cash Equivalents - Restricted		276,670
Investments - Restricted		616,377
Component Unit:		
Cash and Cash Equivalents		368,189
Investments		204,684
Cash and Investments Reported in Agency Funds		<u>662</u>
		<u>\$ 11,690,097</u>

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

Credit Risk. As of April 30, 2014, the credit rating of the City's investment was as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--
Federal Home Loan Bank	AA+	Aaa
Federal Home Loan Mortgage	AA+	Aaa

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

Concentration of Credit Risk. As of April 30, 2014, the City did not have a concentration of credit risk related to the City's investments.

Foreign Currency Risk. As of April 30, 2014, the City has no foreign currency risk.

Fire Pension Fund

At April 30, 2014, the carrying amount of the Fire Pension Fund's deposits was \$296,789, and the bank balance was \$290,179. The deposits were comprised of interest checking and money market accounts.

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

Foreign Currency Risk. As of April 30, 2014, the Fire Pension Fund has no foreign currency risk.

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

As of April 30, 2014, the Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	3.27	\$ 4,817,579
Federal National Mortgage Association	2.44	315,652
Federal Home Loan Mortgage Corporation	7.71	187,125
Government National Mortgage Association	17.39	16,607
Mutual Funds	--	6,367,454
		<u>11,704,417</u>
Deposits as reported above		<u>296,789</u>
Total deposits and investments		<u>\$ 12,001,206</u>
 <u>As Reported in the Statement of Fiduciary Net Position:</u>		
Cash and Cash Equivalents		\$ 296,789
Investments		<u>11,704,417</u>
		<u>\$ 12,001,206</u>

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

Credit Risk. As of April 30, 2014, the Fire Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal National Mortgage Association	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Aaa

Concentration of Credit Risk. As of April 30, 2014, the Fire Pension Fund did not have a concentration of investments.

Police Pension Fund

At April 30, 2014, the carrying amount and bank balance of the Police Pension Fund's deposits was \$1,006,343. The deposits were comprised of checking and money market accounts.

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

As of April 30, 2014, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Notes	3.47	\$ 5,602,766
Federal Home Loan Bank	3.36	259,313
Federal National Mortgage Association	3.49	158,202
Federal Home Loan Mortgage Corporation	7.71	246,217
Federal Farm Credit Bank	3.62	274,255
Municipal Bonds	1.72	131,109
Mutual Funds	--	9,781,954
		16,453,816
Deposits as reported above		1,006,343
Total deposits and investments		<u>\$ 17,460,159</u>

As Reported in the Statement of Fiduciary Net Position:

Cash and Cash Equivalents	\$ 1,006,343
Investments	16,453,816
	<u>\$ 17,460,159</u>

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

Credit Risk. As of April 30, 2014, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal Home Loan Bank	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal Farm Credit Bank	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa
Municipal Bonds	NR	A3

Concentration of Credit Risk. As of April 30, 2014, the Police Pension Fund's did not have a concentration of credit risk.

Foreign Currency Risk. As of April 30, 2014, the Police Pension Fund has no foreign currency risk.

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

NOTE 5: SPECIAL SERVICE AREA

On November 1, 2011, the City adopted an ordinance to establish the St. Louis Street Special Service Area. On December 16, 2011 the City issued Special Ad Valorem Tax Bond, Series 2011 in the amount of \$550,000; principal and interest payable through December 15, 2036, for projects in the special service area. The total balance outstanding on the bonds at April 30, 2014 is \$526,000. The debt service funding is accomplished by a separate tax levy and the activity is being recorded as an agency fund.

NOTE 6: TAX INCREMENT FINANCING DISTRICTS

Tax Incremental Financing (TIF) Funds have been established to account for the portion of taxes attributable to the increase in the current equalized assessed valuation of property within the TIF areas. Tax receipts are deposited into the TIF Funds to be used for paying the debt service on obligations incurred on project costs and for current expenditures for area improvements. On March 15, 1988, the City adopted an ordinance approving the Central Area Tax Increment Redevelopment Plan and Redevelopment Project. A second TIF district, TIF District #2, was approved by the City Council on April 15, 1997. The City established a third TIF district, the North Gateway Commerce Center Redevelopment Project Area, on February 4, 2003. A fourth TIF district, the North Main Street TIF was established on March 4, 2008.

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

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2014 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 2,231,805	\$ -	\$ -	\$ 2,231,805
Total capital assets, not being depreciated	<u>2,231,805</u>	<u>-</u>	<u>-</u>	<u>2,231,805</u>
Capital assets, being depreciated:				
Land improvements	1,060,466	-	-	1,060,466
Buildings and improvements	10,071,156	105,359	-	10,176,515
Equipment	2,716,989	74,243	-	2,791,232
Vehicles	3,551,752	128,898	28,260	3,652,390
Infrastructure	<u>76,327,131</u>	<u>3,562,922</u>	<u>-</u>	<u>79,890,053</u>
Total capital assets being depreciated	<u>93,727,494</u>	<u>3,871,422</u>	<u>28,260</u>	<u>97,570,656</u>
Less accumulated depreciation for:				
Land improvements	430,580	42,270	-	472,850
Buildings and improvements	4,814,974	480,193	-	5,295,167
Equipment	1,884,297	159,535	-	2,043,832
Vehicles	2,953,004	226,975	28,260	3,151,719
Infrastructure	<u>47,256,663</u>	<u>1,812,559</u>	<u>-</u>	<u>49,069,222</u>
Total accumulated depreciation	<u>57,339,518</u>	<u>2,721,532</u>	<u>28,260</u>	<u>60,032,790</u>
Total capital assets being depreciated, net	<u>36,387,976</u>	<u>1,149,890</u>	<u>-</u>	<u>37,537,866</u>
Governmental activities capital assets, net	<u>\$ 38,619,781</u>	<u>\$ 1,149,890</u>	<u>\$ -</u>	<u>\$ 39,769,671</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 294,193	\$ -	\$ -	\$ 294,193
Total capital assets, not being depreciated	<u>294,193</u>	<u>-</u>	<u>-</u>	<u>294,193</u>
Capital assets, being depreciated:				
Equipment	1,367,884	-	-	1,367,884
Vehicles	514,329	170,094	-	684,423
Buildings and systems	<u>57,773,581</u>	<u>1,335,130</u>	<u>-</u>	<u>59,108,711</u>
Total capital assets being depreciated	<u>59,655,794</u>	<u>1,505,224</u>	<u>-</u>	<u>61,161,018</u>
Less accumulated depreciation for:				
Equipment	1,142,810	18,552	-	1,161,362
Vehicles	418,246	32,819	-	451,065
Buildings and systems	<u>21,154,262</u>	<u>1,076,870</u>	<u>-</u>	<u>22,231,132</u>
Total accumulated depreciation	<u>22,715,318</u>	<u>1,128,241</u>	<u>-</u>	<u>23,843,559</u>
Total capital assets being depreciated, net	<u>36,940,476</u>	<u>376,983</u>	<u>-</u>	<u>37,317,459</u>
Business-type activities capital assets, net	<u>\$ 37,234,669</u>	<u>\$ 376,983</u>	<u>\$ -</u>	<u>\$ 37,611,652</u>

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

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 207,913
Public safety	250,601
Highways and streets	1,872,033
Public works	8,127
Culture and recreation	<u>382,858</u>
Total depreciation expense - governmental activities	<u>\$ 2,721,532</u>
Business-type activities:	
Water and sewer	<u>\$ 1,128,241</u>

Discretely Presented Component Unit

The capital asset activity for the City Library for the year ended April 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 4,750,067	\$ -	\$ -	\$ 4,750,067
Equipment	<u>92,366</u>	<u>-</u>	<u>-</u>	<u>92,366</u>
	<u>4,842,433</u>	<u>-</u>	<u>-</u>	<u>4,842,433</u>
Less accumulated depreciation for:				
Buildings	4,420,650	74,615	-	4,495,265
Equipment	<u>85,876</u>	<u>1,367</u>	<u>-</u>	<u>87,243</u>
	<u>4,506,526</u>	<u>75,982</u>	<u>-</u>	<u>4,582,508</u>
Total capital assets, net of depreciation	<u>\$ 335,907</u>	<u>\$ (75,982)</u>	<u>\$ -</u>	<u>\$ 259,925</u>

Depreciation expense related to the City Library assets is included in the expenses of the component unit.

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

NOTE 8: LONG-TERM DEBT

General Obligation Debt

The City issues general obligation debt to provide funds for the acquisition and construction of major capital facilities. General obligation debt has been issued for both governmental and business-type activities. The City has the following outstanding general obligation debt issues:

\$3,000,000 General Obligation Debt Certificates, Series 2006A dated May 1, 2006, due in annual installments of \$150,000 through November 1, 2025; interest at 4.29%. The amount of certificates outstanding as of April 30, 2014 is \$1,800,000.

\$1,200,000 General Obligation Debt Certificates, Series 2007A dated August 22, 2007, due in monthly installments of \$9,125 through September 1, 2022; interest at 4.33%. The amount of certificates outstanding as of April 30, 2014 is \$769,896.

\$5,100,000 General Obligation Debt Certificates, Series 2009A dated August 13, 2009, due in annual installments of \$255,000 to \$430,000 from February 2, 2015 through February 1, 2029; interest at 2.750% to 4.500%. The amount of certificates outstanding as of April 30, 2014 is \$5,100,000.

\$7,565,000 General Obligation Debt Certificates, Series 2010 dated April 13, 2010, due in annual installments of \$450,000 to \$1,510,000 through April 1, 2018; interest at 3.834% to 3.936%. The outstanding balance as of April 30, 2014 is \$5,240,000.

\$2,975,000 Recovery Zone Economic Development Bonds, Series 2010C dated November 16, 2010, due in annual installments of \$135,000 to \$200,000 through October 1, 2030; interest at 2.25% to 5.85%. The bonds are Recovery Zone Economic Development Bonds and the City qualifies for a 45% rebate on interest payments from the federal government. The rebate earned and received in the current year is \$53,245. The outstanding balance as of April 30, 2014 is \$2,715,000.

\$4,680,000 General Obligation Refunding and Improvement Bonds, Series 2013 dated March 7, 2013, due in annual installments of \$275,000 to \$370,000 through February 1, 2028; interest at 2.00% to 3.00%. These bonds were issued to refinance the General Obligation Waterworks Refunding Bonds (Alternate Revenue Source), Series 2003. The outstanding balance as of April 30, 2014 is \$4,435,000.

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

The annual requirements to retire general obligation debt as of April 30, 2014 are as follows:

Fiscal Year Ended April 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 2,751,488	\$ 510,634	\$ 441,420	\$ 226,226
2016	1,990,975	437,665	474,680	216,149
2017	1,941,405	362,593	507,940	204,709
2018	525,062	256,613	538,060	192,321
2019	517,850	236,727	529,220	178,459
2020-2024	2,491,056	862,441	2,655,740	685,818
2025-2029	1,809,260	343,132	2,490,740	242,274
2030-2031	395,000	23,254	-	-
	<u>\$ 12,422,096</u>	<u>\$ 3,033,059</u>	<u>\$ 7,637,800</u>	<u>\$ 1,945,956</u>

Loans and Capital Leases

The City has entered into the following loans and capital lease agreements as of April 30, 2014 for both the governmental and business-type activities:

\$450,000 agreement dated December 30, 1968 with the Treasurer of the State of Illinois in accordance with House Bill 1719 for the construction of the Poag water main. Payments are due at the rate of \$.10 per 1000 gallons of water sold by the City to users receiving water from the Poag water main. The outstanding balance as of April 30, 2014 is \$251,055.

\$786,051 Water Pollution Control Revolving Fund loan dated March 21, 1994 with the Illinois Environmental Protection Agency for the West Interceptor Sewer Project. The loan is to be repaid in semi-annual installments of \$29,084 through June 2014, including interest at 3.015%. The outstanding balance as of April 30, 2014 is \$28,652.

\$9,609,304 Water Pollution Control Revolving Fund loan dated November 8, 1999 with the Illinois Environmental Protection Agency for the Sewer Treatment Plant Improvements Project. The loan is to be repaid in semi-annual installments of \$302,630 through December 1, 2020, including interest at 2.535%. The outstanding balance as of April 30, 2014 is \$3,859,886.

\$340,000 agreement dated November 1997 with the Village of Glen Carbon for the expansion of the water treatment plant. Credits are applied against water service fees for a 20 year period ending October 2017. The outstanding balance as of April 30, 2014 is \$84,011.

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

\$37,165 lease/purchase agreement dated May 18, 2009 with Lyon Financial Services for the acquisition of a 2008 Dodge Sprinter 2500 Van. The lease/purchase is to be paid in monthly installments of \$731 through May 18, 2014 including interest at 9.436%. The outstanding balance as of April 30, 2014 is \$4,413.

The annual requirements to retire loans and capital leases are as follows:

Fiscal Year Ended April 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 4,413	\$ 35	\$ 569,613	\$ 98,454
2016	-	-	554,760	83,933
2017	-	-	569,234	69,460
2018	-	-	570,958	54,717
2019	-	-	572,163	40,498
2020-2024	-	-	1,386,876	37,404
	<u>\$ 4,413</u>	<u>\$ 35</u>	<u>\$ 4,223,604</u>	<u>\$ 384,466</u>

In addition to the debt reported above, the City also agreed to Subordinate Tax Increment Revenue Bonds (North Gateway Project) Series 2010B in the amount of \$450,000. These bonds are only to be repaid contingent to available excess TIF funds related to this project. If the monies are not available at the end of the term, the debt will not be paid. The amount to be paid, including interest at 7.00%, is due April 1, 2026.

The following is a summary of changes in long-term liabilities for the year ended April 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities:					
Bond and notes payable:					
General obligation debt	\$ 13,910,909	\$ -	\$ 1,488,813	\$ 12,422,096	\$ 2,751,488
Loans and capital leases	11,719	-	7,306	4,413	4,413
	13,922,628	-	1,496,119	12,426,509	2,755,901
Less: deferred refunding	13,593	-	850	12,743	-
Total debt payable	13,909,035	-	1,495,269	12,413,766	2,755,901
Other liabilities:					
Retirement health benefits	691,285	127,570	-	818,855	-
Net pension obligation	574,684	222,885	-	797,569	-
Compensated absences	1,944,229	-	7,007	1,937,222	-
Governmental activities long-term liabilities	<u>\$ 17,119,233</u>	<u>\$ 350,455</u>	<u>\$ 1,502,276</u>	<u>\$ 15,967,412</u>	<u>\$ 2,755,901</u>
Business-type Activities:					
Bond and notes payable:					
General obligation debt	\$ 7,882,800	\$ -	\$ 245,000	\$ 7,637,800	\$ 441,420
Loans	4,806,303	-	582,699	4,223,604	569,613
	12,689,103	-	827,699	11,861,404	1,011,033
Add net premium	77,826	-	25,438	52,388	-
Total debt payable	12,766,929	-	853,137	11,913,792	1,011,033
Other liabilities:					
Retirement health benefits	100,575	14,450	-	115,025	-
Compensated absences	236,485	-	59,888	176,597	-
Business-type activities long-term liabilities	<u>\$ 13,103,989</u>	<u>\$ 14,450</u>	<u>\$ 913,025</u>	<u>\$ 12,205,414</u>	<u>\$ 1,011,033</u>

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

NOTE 9: RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

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

Funding Policy. As set by statute, members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2013 was 11.41 percent. The employer also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2013 was \$597,140.

Three-Year Trend Information for IMRF

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/03	\$ 597,140	100%	\$ -
12/31/12	578,629	100%	-
12/31/11	528,921	100%	-

The required contribution for 2013 was determined as part of the December 31, 2011 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

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

Funded Status and Funding Progress. As of December 31, 2013, the most recent actuarial valuation date, the plan was 79.78 percent funded. The actuarial accrued liability for benefits was \$13,055,912 and the actuarial value of assets was \$10,416,002, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,639,910. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$5,233,479 and the ratio of the UAAL to the covered payroll was 50 percent.

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

2. Police Pension Fund and Firefighters' Pension Fund

a) Plan Description and Contribution Information

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 governed by Illinois Compiled Statutes (Chapter 40 – Act 5, Article 3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2014 was \$2,923,655.

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

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	16
Active Participants	<u>42</u>
Total	<u>58</u>

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

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one-half of the salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75% of such salary.

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

Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit.

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the current pension.

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

Beginning January 1, 2011, several changes were implemented for all new officers. These changes include:

- An officer age 55 or more must now have 10 years of creditable service to receive a monthly pension of 2.50 percent for each year of service
- An officer retiring at age 50 shall have their pension reduced by 1% for each month under the age of 55.
- The maximum salary for calculation of benefits shall not exceed \$106,800, to be adjusted for inflation.
- Pension payment increases shall be limited based on inflationary rates.
- Changes required funding date to 2040 and provides for required measures by the State Comptroller to ensure the municipalities are providing the required funding.

Fire sworn personnel are covered by the Fire 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 Compiled Statutes (Chapter 40 – Act 5, Article 4) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Fire Pension Plan for the year ended April 30, 2014 was \$1,877,585.

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

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

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	22
Active Participants	<u>26</u>
Total	<u>48</u>

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

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

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching at least the age of 55, by 3% of the original pension and an additional 3% annually, in January thereafter.

Covered employees are required to contribute 9.455% of their salary to the pension plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

Beginning January 1, 2011, several changes were implemented for all new firefighters. These changes include:

- A firefighter must now be age 55 or more and have 10 or more years of creditable service to receive a monthly pension of 2.50 percent for each year of service.
- A firefighter retiring at age 50 shall have their pension reduced by 1/2 of 1% for each month under the age of 55.
- The maximum salary for calculation of benefits shall not exceed \$106,800, to be adjusted for inflation.

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

- Pension payment increases shall be limited based on inflationary rates and will not occur until the latter of age 60 or the first anniversary of the pension start date.
- Changes required funding date to 2040 and provides for required measures by the State Comptroller to ensure the municipalities are providing the required funding.

b) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value in accordance with GASB 25. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

c) Annual Pension Cost and Net Pension Obligation

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

	<u>Police Pension</u>	<u>Fire Pension</u>
Annual required contribution	\$ 1,033,303	\$ 638,861
Interest on net pension obligation	15,976	23,386
Adjustment to annual required contribution	<u>(10,238)</u>	<u>(15,542)</u>
Annual pension cost	1,039,041	646,705
Contributions made	<u>824,000</u>	<u>638,861</u>
Increase in net pension obligation	215,041	7,844
Net pension obligation beginning of year	<u>228,214</u>	<u>346,470</u>
Net pension obligation end of year	<u>\$ 443,255</u>	<u>\$ 354,314</u>

The annual required contribution for the current year was determined as part of the May 1, 2013, actuarial valuation using the projected unit credit and entry age normal cost methods. The actuarial assumptions included (a) 6.75% (7.00% police) investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% per year. Both (a) and (b) included an inflation component of 1.25% (3.00% police). The actuarial value of assets was determined using adjusted market values. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis.

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

Three-Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension	04/30/13	\$1,039,040	79.30%	\$ 443,255
	04/30/12	809,023	89.06%	228,214
	04/30/11	782,379	92.03%	139,738
Fire Pension	04/30/13	\$ 646,705	98.79%	\$ 354,314
	04/30/12	657,903	70.30%	346,470
	04/30/11	525,822	86.47%	163,696

d) Concentration

The City's pension funds did not have a concentration of 5% or more investments in any non-Federally backed organizations.

e) Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 18,285,624
Fire Pension	12,646,843

3. Laborer's International Union of North America National (Industrial) Pension Fund

The Plan was established pursuant to a Trust Agreement and Declaration of Trust dated February 1, 1967 to provide retirement, disability, and death benefits for eligible participants. The Plan is funded primarily by employer contributions as specified in the collective bargaining and/or participation agreements between the union and various employers and employer associations. During 1996, the Trustees approved an amendment to the Plan to allow participants, for whom no employer contributions will be made, to contribute to the Plan on their own behalf. The Plan is a multiple employer defined benefit pension plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The City makes contributions to the pension fund for employees of various departments. The payments are made based on number of hours worked by the covered employees.

The plan provides for various types of pension upon retirement. To receive a regular pension, the participants must be (a) be at least age 62, (b) have earned at least 5 years of pension credit and (c) have earned at least one year of pension credit during the period the City is contributing to the Pension Fund.

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

Retirement payments vary depending at what level of hourly contribution is being made by the City and the total years of employee pension credit. Total payments made by the City were \$140,862 for the year ended April 30, 2014. The City has fully contributed all required payments during this period.

4. Social Security

Employees, excluding Police and Fire Pension members, are covered under Social Security. The City paid \$497,042, the total required contribution for the current fiscal year.

5. Retiree Medical Plan

Plan Description. The City's provides health insurance for retirees of the City. The retired employee reimburses the City for 100% of the health insurance premium. In accordance with GASB #45, the City must recognize any future costs related to these future premiums in the year to which the liability has incurred. The amount calculated to be a liability consists of the actuarially determined costs of having retirees on the City's health insurance plan. As a result of having retirees on the plan, the imputed cost related to the increased premium costs are required to be included as a current liability of the City.

Funding Policy. The City currently pays the insurance premium on a monthly basis. The GASB statement requires employers to contribute the amount necessary, in addition to normal contributions, to finance the retirement coverage of its own employees.

Annual Pension Cost. For 2014, the City's contribution was \$27,940. The annual required contribution cost was determined to be \$184,795. The net OPEB obligation related to retirement health insurance costs in \$972,562. Of this amount, \$818,855 is reported as a liability in the governmental activities, \$115,025 is reported as a liability in the business-type activities, and \$38,682 is recorded as a liability of the component unit.

Trend Information for Retirement Health

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
04/30/13	\$ 184,795	15.1%	\$ 972,562
04/30/13	220,866	12.7%	825,576
04/30/12	220,866	10.6%	635,780

The required contribution for 2014 was determined as part of the May 1, 2013 actuarial valuation using the projected credit unit funding method. The actuarial assumptions at May 1, 2013 included (a) 5.0%

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

investment rate of return, (b) projected retirement age of 58 years with ten years of service, and (c) mortality rate from the 1994 Group Annuity Reserving Table. The amortization period at the May 1, 2013 valuation was 30 years.

Funded Status and Funding Progress. As of May 1, 2013, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$1,372,644 with no offsetting assets leaving the entire balance unfunded. The schedule of funding progress is presented as RSI following the notes to the financial statements.

NOTE 10: INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivable and payable balances as of April 30, 2014 are as follows:

	Interfund Receivable/ <u>(Payable)</u>
General Fund due from (to):	
Motor Fuel Tax Fund	\$ (19,756)
Mobile Intensive Care Fund	9,700
Group Health Insurance Fund	4,288
Parks and Playgrounds Fund	7,619
Motor Fuel Tax Fund due from:	
General Fund	19,756
Tourism Promotion Fund due from:	
Community Redevelopment Fund	11,606
Community Redevelopment Fund due (to):	
Tourism Promotion Fund	(11,606)
Parks and Playgrounds Fund due (to):	
General Fund	(7,619)
Mobile Intensive Care Fund due (to):	
General Fund	(9,700)
Group Health Insurance Fund due (to):	
General Fund	<u>(4,288)</u>
	<u>\$ -</u>

The interfund receivables/payables are short term in nature and are expected to be repaid in the subsequent year.

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

NOTE 11: INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended April 30, 2014:

General Fund Transfer From (To):	
Water Fund	\$ 105,449
Motor Fuel Tax Fund	100,000
Liability Insurance Fund	395,592
Garbage Fund	55,000
Mobile Intensive Care Fund	(15,500)
Community Redevelopment Fund	(99,760)
Parks & Playground Fund	(209,000)
Municipal Facilities Fund	(61,302)
Tourism Fund	(5,000)
Social Security Fund	(32,001)
Retirement Fund	(47,000)
Wildey Fund	(785,000)
TIF #2 Fund Transfer To TIF #4 Fund	(520,000)
TIF #4 Fund Transfer From TIF #2 Fund	520,000
Motor Fuel Tax Fund Transfer To General Fund	(100,000)
Grant Fund Transfer From:	
Park Improvement Fund	94,052
Parks & Playground Fund	1,000
Tourism Fund Transfer From General Fund	5,000
Liability Insurance Fund Transfer From (To):	
General Fund	(395,592)
Parks & Playground Fund	(27,414)
Municipal Band Fund	(2,463)
Parks & Playground Fund Transfer From (To):	
General Fund	209,000
Grants Fund	(1,000)
Liability Insurance Fund	27,414
Wildey Fund	(29,700)
Municipal Band Fund Transfer From Liability Insurance Fund	2,463
Retirement Fund Transfer From (To):	
General Fund	47,000
Water Fund	(37,871)
Sewer Fund	(21,185)
Social Security Fund Transfer From (To):	
General Fund	32,001
Water Fund	(28,225)
Sewer Fund	(15,790)

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

NOTE 11: INTERFUND TRANSFERS (continued)

Municipal Facilities Prin/Int Fund Transfer From:	
General Fund	61,302
Parks Improvement Fund Transfer From:	
Grants Fund	94,052
Capital Improvement Bond Fund Transfer From:	
Capital Improvement Fund	306,412
Capital Improvement Fund Transfer From (To):	
Capital Improvement Bond Fund	(306,412)
Wildey Fund Transfer From:	
General Fund	785,000
Parks & Playground Fund	29,700
Mobile Intensive Care Fund Transfer From General Fund	15,500
Community Redevelopment Fund Transfer From:	
General Fund	99,760
Water Fund Transfer From (To):	
Retirement Fund	37,871
Social Security Fund	28,225
General Fund	(105,449)
Sewer Fund Transfer From:	
Retirement Fund	21,185
Social Security Fund	15,790
Garbage Fund	50,000
Garbage Fund Transfer From (To):	
Sewer Fund	(50,000)
General Fund	(55,000)
	<u> -</u>

The City makes various transfers between funds during the fiscal year. The majority of transfers are made to reimburse expenses paid by one fund that relate to expenses of another fund. Other transfers are the result of transferring funds to make debt service payments or to assist in paying for capital projects.

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

NOTE 12: ILLINOIS MUNICIPAL LEAGUE RISK MANAGEMENT ASSOCIATION (IMLRMA)

The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. The City has entered into an agreement with IMLRMA, an intergovernmental association formed pursuant to Article VII, Section 10 of the Illinois Constitution of 1970, to provide the City insurance coverage. There has been no significant reduction in coverage from the prior year.

NOTE 13: SUBSEQUENT EVENTS

The City has evaluated events occurring after the financial statement date through October 1, 2014 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

CITY OF EDWARDSVILLE, ILLINOIS

**REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2014**

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Property Tax	\$ 2,939,382	\$ 2,939,382	\$ 3,075,113
Intergovernmental:			
Sales and Use Tax	4,888,900	4,888,900	5,129,392
Replacement Tax	150,000	150,000	207,594
State Income Tax	2,175,000	2,175,000	2,349,014
Telecommunications Tax	390,500	390,500	379,654
Other	101,087	101,087	92,280
Other Local Taxes	-	-	113,004
Licenses, Fees and Permits	135,370	135,370	142,279
Charges for Services	1,440,381	1,440,381	1,585,625
Fines	256,600	256,600	296,713
Investment Earnings	141,000	141,000	130,560
Miscellaneous Revenues/Reimbursements	57,700	57,700	34,732
Total Receipts	<u>12,675,920</u>	<u>12,675,920</u>	<u>13,535,960</u>
Disbursements			
Current:			
General Government	2,641,230	2,641,230	2,804,314
Public Safety	8,095,766	8,095,766	7,800,223
Highways and Streets	1,372,322	1,372,322	1,571,438
Public Works	1,195,724	1,195,724	1,062,609
Welfare	1,750	1,750	-
Culture and Recreation	151,159	151,159	152,388
Capital Outlay	237,417	237,417	298,700
Total Disbursements	<u>13,695,368</u>	<u>13,695,368</u>	<u>13,689,672</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>(1,019,448)</u>	<u>(1,019,448)</u>	<u>(153,712)</u>
Other Financing Sources:			
Operating Transfers In (Out)	1,032,279	1,032,279	(703,975)
Total Other Financing Sources	<u>1,032,279</u>	<u>1,032,279</u>	<u>(703,975)</u>
Excess of Receipts and Other Financing Sources Over Disbursements	<u>\$ 12,831</u>	<u>\$ 12,831</u>	<u>(857,687)</u>
Change in other receivable on modified accrual basis			(4,086)
Change in intergovernmental revenue on modified accrual basis			(262,115)
Change in accrued interest receivable on modified accrual basis			(14,677)
Change in accrued salaries on modified accrual basis			(53,705)
Change in accounts payable on modified accrual basis			(66,663)
Change in charges for services receivable on modified accrual basis			(230)
Change in prepaid expenses on modified accrual basis			31,572
Change in market value of investments			(177,154)
Change in deferred income on modified accrual basis			(13,514)
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (1,418,259)</u>

CITY OF EDWARDSVILLE, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (CASH BASIS)
TIF #3 FUND
FOR THE YEAR ENDED APRIL 30, 2014

	Budgeted Amounts		Actual (Budget Basis)
	Original	Final	
Receipts:			
Property Taxes	\$ 1,597,321	\$ 1,597,321	\$ 1,497,389
Investment Earnings	<u>40,000</u>	<u>40,000</u>	<u>46,648</u>
Total Receipts	<u>1,637,321</u>	<u>1,637,321</u>	<u>1,544,037</u>
Disbursements:			
Current:			
General Government	158,732	158,732	148,706
Highways and Streets	664,910	664,910	1,920
Debt Service Fees	<u>-</u>	<u>-</u>	<u>1,353,630</u>
Total Disbursements	<u>823,642</u>	<u>823,642</u>	<u>1,504,256</u>
Excess of Receipts Over Disbursements	<u>\$ 813,679</u>	<u>\$ 813,679</u>	39,781
No change for modified accrual basis			<u>-</u>
As reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 39,781</u>

CITY OF EDWARDSVILLE, ILLINOIS

SCHEDULE OF POLICE AND FIRE PENSION
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2014

	Fiscal Year Valuation					
	2013	2012	2010	2009	2008	2007
Police Pension:						
Actuarial Value of Assets	\$ 16,655,800	\$ 15,300,020	\$ 12,451,033	\$ 10,373,564	\$ 11,546,168	\$ 11,234,856
Actuarial Accrued Liability (AAL)	27,077,472	21,801,295	19,552,409	18,301,196	16,973,498	15,580,596
Unfunded AAL (UAAL)	10,421,672	6,501,275	7,101,376	7,927,632	5,427,330	4,345,740
Funded Ratio	61.51%	70.18%	63.68%	56.68%	68.02%	72.11%
Covered Payroll	2,843,782	2,901,964	2,662,153	2,556,499	2,333,619	2,149,635
UAAL as a % of Covered Payroll	366.47%	224.03%	266.75%	310.10%	232.57%	202.16%
Employer Contributions:						
Required	1,033,303	805,510	780,930	788,458	621,361	529,841
Made - Tax Levy	824,000	720,546	720,018	683,305	621,043	530,559
Percentage of Employer Contributions						
Made to Required Contribution	79.74%	89.45%	92.20%	86.66%	99.95%	100.14%
Firefighters' Pension:						
Actuarial Value of Assets	11,830,768	11,451,783	10,120,349	8,706,333	9,949,723	9,988,289
Actuarial Accrued Liability (AAL)	19,005,484	18,368,210	13,916,672	14,004,660	12,878,975	11,029,443
Unfunded AAL (UAAL)	7,174,716	6,916,427	3,796,323	5,298,327	2,929,252	1,041,154
Funded Ratio	62.25%	62.35%	72.72%	62.17%	77.26%	90.56%
Covered Payroll	1,614,628	1,696,391	1,554,761	1,501,134	1,323,056	1,210,629
UAAL as a % of Covered Payroll	444.36%	407.71%	244.17%	352.95%	221.40%	86.00%
Employer Contributions:						
Required	638,861	653,788	524,089	583,646	425,209	303,740
Made - Tax Levy	638,861	475,130	454,687	412,987	375,045	353,139
Percentage of Employer Contributions						
Made to Required Contribution	100.00%	72.67%	86.76%	70.76%	88.20%	116.26%

2013 is the last reported year due to receiving tax revenue related to the 2014 valuation in the fiscal year ended April 30, 2015. All information is reported for all available years.

Actuarial Cost Method:	Projected Unit Credit (Fire), Entry Age Normal (Police)
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	27 Years
Asset Valuation Method:	Market with investment gains and losses recognized over a 5 year period
Actuarial Assumptions:	
Interest Rate	6.75% Fire, 7.00% Police
Payroll Growth	4.50%
Cost of Living Adjustments	1.25% Fire, 3.00% Police

CITY OF EDWARDSVILLE, ILLINOIS

SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2014

	Calendar Year Valuation					
	2013	2012	2011	2010	2009	2008
Actuarial Value of Assets	\$ 10,416,002	\$ 11,378,997	\$ 10,397,387	\$ 9,624,859	\$ 8,826,976	\$ 7,957,460
Actuarial Accrued Liability (AAL)	13,055,912	14,043,731	12,996,710	12,474,502	10,902,623	10,142,702
Unfunded AAL (UAAL)	2,639,910	2,664,734	2,599,323	2,849,643	2,075,647	2,185,242
Funded Ratio	79.78%	81.03%	80.00%	77.16%	80.96%	78.46%
Covered Payroll	5,233,479	5,071,248	4,938,569	5,019,642	4,507,236	4,235,415
UAAL as a % of Covered Payroll	50.44%	52.55%	52.63%	56.77%	46.05%	51.59%
Employer Contributions:						
Required	597,140	578,629	528,921	564,710	398,890	386,270
Made	597,140	578,629	528,921	564,710	398,890	386,270
Percentage of Employer Contributions						
Made to Required Contribution	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$12,409,326. On a market basis, the funded ratio would be 95.05%.

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

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

Actuarial Cost Method:	Entry Age Normal Actuarial Cost
Amortization Method:	Level Percentage of Payroll
Remaining Amortization Period:	Open 30 Year Basis
Asset Valuation Method:	Techniques that spread the effects of short term volatility over a five year period.
Actuarial Assumptions:	
Interest Rate	7.50%
Salary Progression	4.4 - 14.0%
Cost of Living Adjustments	3.00%

CITY OF EDWARDSVILLE, ILLINOIS

**SCHEDULE OF RETIREMENT MEDICAL PLAN
FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
APRIL 30, 2014**

	Fiscal Year Valuation					
	2014	2013	2012	2011	2010	2009
Actuarial Value of Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actuarial Accrued Liability (AAL)	1,372,644	1,372,644	1,844,845	1,675,781	1,847,293	1,847,293
Unfunded AAL (UAAL)	1,372,644	1,372,644	1,844,845	1,675,781	1,847,293	1,847,293
Funded Ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	9,472,909	9,472,909	8,679,158	8,679,158	9,334,000	9,334,000
UAAL as a % of Covered Payroll	14.49%	14.49%	21.26%	19.31%	19.79%	19.79%
Employer Contributions:						
Required	184,795	220,866	220,866	215,562	245,823	248,491
Made	27,940	27,940	23,412	23,470	25,313	25,313
Percentage of Employer Contributions						
Made to Required Contribution	15.12%	12.65%	10.60%	10.89%	10.30%	10.19%

The City had a bi-annual actuarial valuation performed for fiscal years 2012 and 2013 and will update as required in fiscal year 2015.

The actuarial valuations presented are prepared using the following parameters:

Funding Method: Projected Unit Credit Funding Method

Remaining Amortization Period: 30 Years

Actuarial Assumptions:

Interest Rate 5.00%
Assumed Retirement Age Age 58 and 10 Years of Service
Mortality Rates 1994 Group Annuity Reserving Table

CITY OF EDWARDSVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2014

Special Revenue Funds

	TIF #2	TIF #4	Grants	MFT	ESDA	Street and Bridge	Liability Insurance	Tourism Promotion
Assets								
Cash and Equivalents	\$ 651,155	\$ 477,231	\$ (23,126)	\$ (112,118)	\$ 11,522	\$ 15,309	\$ (21,821)	\$ (12,873)
Investments	673,187	90,126	-	645,275	1,062	22,328	21,808	456
Receivables:								
Accounts Receivable	-	-	-	-	-	-	-	4,495
Property Tax	732,200	34,700	-	-	6,400	600,000	447,500	-
Interest	2,080	-	-	1,994	-	-	-	-
Intergovernmental	-	-	95,052	44,785	-	-	-	-
Due From Other Funds	-	-	-	19,756	-	-	-	11,606
Prepaid Expenses	-	-	-	-	-	-	-	-
Total Assets	\$ 2,058,622	\$ 602,057	\$ 71,926	\$ 599,692	\$ 18,984	\$ 637,637	\$ 447,487	\$ 3,684

Liabilities and Fund Balance

Liabilities:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Deferred Revenue	732,200	34,700	-	-	6,400	600,000	447,500	-
Total Liabilities	732,200	34,700	-	-	6,400	600,000	447,500	-
Fund Balance:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	1,326,422	567,357	-	599,692	12,584	37,637	-	-
Committed	-	-	71,926	-	-	-	-	3,684
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(13)	-
Total Fund Balance (Deficit)	1,326,422	567,357	71,926	599,692	12,584	37,637	(13)	3,684
Total Liabilities and Fund Balance	\$ 2,058,622	\$ 602,057	\$ 71,926	\$ 599,692	\$ 18,984	\$ 637,637	\$ 447,487	\$ 3,684

CITY OF EDWARDSVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2014

Special Revenue Funds

	Parks and Playgrounds	Municipal Band	Retirement	Social Security	Capital Improvement	Community Redevelopment	Incremental Sales Tax	Wildley Theatre
Cash and Equivalents	\$ (45,673)	\$ 78,714	\$ (85,560)	\$ (61,557)	\$ 114,177	\$ (812,012)	\$ -	\$ 5,696
Investments	123,558	11,895	17,308	63,405	25,582	683,476	-	-
Receivables:								
Accounts Receivable	-	-	-	-	100,094	-	-	-
Property Tax	512,600	92,000	535,900	535,900	-	-	-	-
Interest	-	-	-	-	-	2,112	-	-
Intergovernmental	-	-	-	-	-	95,146	120,992	-
Due From Other Funds	-	-	-	-	-	-	-	-
Prepaid Expenses	18,276	167	-	-	-	97,534	-	10,797
Total Assets	\$ 608,761	\$ 182,776	\$ 467,648	\$ 537,748	\$ 239,853	\$ 66,256	\$ 120,992	\$ 16,493

Assets

Cash and Equivalents
Investments
Receivables:
 Accounts Receivable
 Property Tax
 Interest
 Intergovernmental
 Due From Other Funds
 Prepaid Expenses

Liabilities and Fund Balance

Liabilities:	\$ 3,695	\$ -	\$ -	\$ -	\$ 20,255	\$ -	\$ -	\$ -
Accounts Payable	3,523	-	-	-	-	-	-	8,060
Accrued Wages	7,619	-	-	-	-	11,606	-	-
Due to Other Funds	576,137	92,000	535,900	535,900	-	31,244	40,089	-
Deferred Revenue	590,974	92,000	535,900	535,900	20,255	42,850	40,089	8,060
Total Liabilities	18,276	167	-	-	-	97,534	-	10,797
Fund Balance:	-	90,609	-	1,848	-	-	80,903	-
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	219,598	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	(489)	-	(68,252)	-	-	(74,128)	-	(2,364)
Unassigned	17,787	90,776	(68,252)	1,848	219,598	23,406	80,903	8,433
Total Fund Balance (Deficit)	\$ 608,761	\$ 182,776	\$ 467,648	\$ 537,748	\$ 239,853	\$ 66,256	\$ 120,992	\$ 16,493
Total Liabilities and Fund Balance								

Total Liabilities and Fund Balance

CITY OF EDWARDSVILLE, ILLINOIS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
APRIL 30, 2014

	Special Revenue Funds		Debt Service Funds			Permanent Funds			Total Nonmajor Governmental Funds
	Parks Improvement	Total	Municipal Facilities	Capital Improvement	Total	Police Department Endowment	Mobile Intensive Care	Total	
Assets									
Cash and Equivalents	\$ 534,553	\$ 713,617	\$ (865,609)	\$ -	\$ (865,609)	\$ 22,997	\$ 64,914	\$ 87,911	\$ (64,081)
Investments	508,789	2,888,255	(37,890)	-	(37,890)	51,361	210,828	262,189	3,112,554
Receivables:									
Accounts Receivable	-	104,589	-	-	-	-	-	-	104,589
Property Tax	-	3,497,200	-	-	-	-	-	-	3,497,200
Interest	1,572	7,758	-	-	-	-	-	-	7,758
Intergovernmental	-	355,975	-	-	-	-	-	-	355,975
Due From Other Funds	-	31,362	-	-	-	-	-	-	31,362
Prepaid Expenses	-	126,774	-	-	-	-	-	-	126,774
Total Assets	\$ 1,044,914	\$ 7,725,530	\$ (903,499)	\$ -	\$ (903,499)	\$ 74,358	\$ 275,742	\$ 350,100	\$ 7,172,131
Liabilities and Fund Balance									
Liabilities:									
Accounts Payable	\$ -	\$ 23,950	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,950
Accrued Wages	-	11,583	-	-	-	-	-	-	11,583
Due to Other Funds	-	19,225	-	-	-	-	9,700	9,700	28,925
Deferred Revenue	-	3,632,070	-	-	-	-	-	-	3,632,070
Total Liabilities	-	3,686,828	-	-	-	-	9,700	9,700	3,696,528
Fund Balance:									
Nonspendable	-	126,774	-	-	-	-	233,519	233,519	360,293
Restricted	-	2,717,052	-	-	-	74,358	32,523	106,881	2,823,933
Committed	-	295,208	-	-	-	-	-	-	295,208
Assigned	1,044,914	1,044,914	-	-	-	-	-	-	1,044,914
Unassigned	-	(145,246)	(903,499)	-	(903,499)	-	-	-	(1,048,745)
Total Fund Balance (Deficit)	1,044,914	4,038,702	(903,499)	-	(903,499)	74,358	266,042	340,400	3,475,603
Total Liabilities and Fund Balance	\$ 1,044,914	\$ 7,725,530	\$ (903,499)	\$ -	\$ (903,499)	\$ 74,358	\$ 275,742	\$ 350,100	\$ 7,172,131

CITY OF EDWARDSVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

Special Revenue Funds

	TIF #2	TIF #4	Grants	MFT	ESDA	Street and Bridge	Liability Insurance	Tourism Promotion
Revenues:								
Property Tax	\$ 642,399	\$ 35,535	\$ -	\$ -	\$ 6,327	\$ 601,192	\$ 456,950	\$ -
Telecommunication Tax	-	-	-	-	-	-	-	-
Sales Tax	-	-	-	-	-	-	-	-
State Allotments	-	-	95,052	622,395	-	-	-	-
Grants	-	-	-	108,884	-	-	-	34,950
Other Local Taxes	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Investment Earnings	25,065	9,164	-	9,391	188	338	(386)	(429)
Miscellaneous	-	-	-	-	-	-	-	-
Total Revenues	667,464	44,699	95,052	740,670	6,515	601,530	456,564	34,521
Expenditures:								
General Government	-	-	-	-	-	-	-	30,804
Highways and Streets	226,157	56,875	-	537,980	-	4,638	-	-
Public Safety	-	-	-	-	3,456	-	-	-
Culture and Recreation	-	-	4,599	-	-	-	-	-
Capital Outlay	388,920	342,843	113,579	423,821	-	598,820	-	-
Debt Service:								
Principal	-	130,000	-	-	-	-	-	-
Interest and Charges	-	75,303	-	-	-	-	-	-
Total Expenditures	615,077	605,021	118,178	961,801	3,456	603,458	-	30,804
Excess (Deficiency) of Revenues Over Expenditures	52,387	(560,322)	(23,126)	(221,131)	3,059	(1,928)	456,564	3,717
Other Financing Sources (Uses):								
Transfers In (Out)	(520,000)	520,000	95,052	(100,000)	-	-	(425,469)	5,000
Total Other Financing Sources (Uses)	(520,000)	520,000	95,052	(100,000)	-	-	(425,469)	5,000
Net Change in Fund Balances	(467,613)	(40,322)	71,926	(321,131)	3,059	(1,928)	31,095	8,717
Fund Balance, (Deficit) Beginning of Year	1,794,035	607,679	-	920,823	9,525	39,565	(31,108)	(5,033)
Fund Balance (Deficit), End of Year	\$ 1,326,422	\$ 567,357	\$ 71,926	\$ 599,692	\$ 12,584	\$ 37,637	\$ (13)	\$ 3,684

CITY OF EDWARDSVILLE, ILLINOIS

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2014

	Special Revenue Funds							
	Parks and Playgrounds	Municipal Band	Retirement	Social Security	Capital Improvement	Community Redevelopment	Incremental Sales Tax	Wildley Theatre
Revenues:								
Property Tax	\$ 512,916	\$ 116,548	\$ 536,570	\$ 437,336	\$ -	\$ -	\$ -	\$ -
Telecommunication Tax	-	-	-	-	-	385,218	-	-
Sales Tax	-	-	-	-	-	-	495,761	-
State Allotments	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Other Local Taxes	-	-	-	-	1,162,627	200,320	-	-
Charges for Services	132,704	-	-	-	-	-	-	443,995
Investment Earnings	(251)	1,811	(134)	648	(604)	(12,032)	-	(10,766)
Miscellaneous	3,135	100	-	-	-	65,000	-	67,097
Total Revenues	648,504	118,459	536,436	437,984	1,162,023	638,506	495,761	500,326
Expenditures:								
General Government	-	-	580,873	453,029	-	35,000	496,790	-
Highways and Streets	-	-	-	-	336,536	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Culture and Recreation	778,369	96,579	-	-	-	-	-	688,462
Capital Outlay	-	-	-	-	689,395	20,061	-	-
Debt Service:								
Principal	-	7,306	-	-	-	-	-	-
Interest and Charges	-	732	-	-	-	-	-	-
Total Expenditures	778,369	104,617	580,873	453,029	1,025,931	55,061	496,790	688,462
Excess (Deficiency) of Revenues Over Expenditures	(129,865)	13,842	(44,437)	(15,045)	136,092	583,445	(1,029)	(188,136)
Other Financing Sources (Uses):								
Transfers In (Out)	205,714	2,463	(12,056)	(12,014)	(306,412)	99,760	-	814,700
Total Other Financing Sources (Uses)	205,714	2,463	(12,056)	(12,014)	(306,412)	99,760	-	814,700
Net Change in Fund Balances	75,849	16,305	(56,493)	(27,059)	(170,320)	683,205	(1,029)	626,564
Fund Balance, (Deficit) Beginning of Year	(58,062)	74,471	(11,759)	28,907	389,918	(659,799)	81,932	(618,131)
Fund Balance (Deficit), End of Year	\$ 17,787	\$ 90,776	\$ (68,252)	\$ 1,848	\$ 219,598	\$ 23,406	\$ 80,903	\$ 8,433

CITY OF EDWARDSVILLE, ILLINOIS

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2014

	<u>Budget</u>	<u>Actual</u>
General Government: (Continued)		
Public Grounds and Buildings:		
Personal Services	\$ 39,974	\$ 39,955
Supplies	17,100	18,095
Contractual Services	<u>314,000</u>	<u>270,432</u>
Total Public Grounds and Buildings	<u>371,074</u>	<u>328,482</u>
Contingency:		
Capital Outlay	<u>237,417</u>	<u>298,700</u>
Total Contingency	<u>237,417</u>	<u>298,700</u>
Total General Government	<u>2,878,647</u>	<u>3,103,014</u>
Public Safety:		
Police and Fire Commission:		
Supplies	50	118
Contractual Services	<u>9,725</u>	<u>3,259</u>
Total Police and Fire Commission	<u>9,775</u>	<u>3,377</u>
Police Department:		
Personal Services	4,931,033	4,742,580
Supplies	183,878	190,925
Contractual Services	<u>190,410</u>	<u>143,152</u>
Total Police Department	<u>5,305,321</u>	<u>5,076,657</u>
Fire Department:		
Personal Services	2,581,715	2,522,807
Supplies	77,555	75,178
Contractual Services	<u>121,400</u>	<u>122,204</u>
Total Fire Department	<u>2,780,670</u>	<u>2,720,189</u>
Total Public Safety	<u>8,095,766</u>	<u>7,800,223</u>

CITY OF EDWARDSVILLE, ILLINOIS

**GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2014**

	<u>Budget</u>	<u>Actual</u>
Highways and Streets:		
Personal Services	\$ 728,872	\$ 796,931
Supplies	69,750	77,191
Contractual Services	<u>573,700</u>	<u>697,316</u>
Total Highways and Streets	<u>1,372,322</u>	<u>1,571,438</u>
Public Works:		
Personal Services	1,061,819	947,643
Supplies	29,350	36,183
Contractual Services	<u>104,555</u>	<u>78,783</u>
Total Public Works	<u>1,195,724</u>	<u>1,062,609</u>
Welfare:		
Human Relations:		
Supplies	<u>1,750</u>	-
Total Human Relations	<u>1,750</u>	-
Total Welfare	<u>1,750</u>	-
Culture and Recreation:		
Cable TV Commission:		
Personal Services	87,859	107,761
Supplies	11,000	5,764
Contractual Services	<u>15,550</u>	<u>8,571</u>
Total Cable TV Commission	<u>114,409</u>	<u>122,096</u>
Historic Preservation:		
Supplies	1,000	714
Contractual Services	<u>1,250</u>	<u>2,375</u>
Total Historic Preservation	<u>2,250</u>	<u>3,089</u>

CITY OF EDWARDSVILLE, ILLINOIS

**GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (CONTINUED)
FOR THE YEAR ENDED APRIL 30, 2014**

	<u>Budget</u>	<u>Actual</u>
Culture and Recreation: (Continued)		
Beautification Committee		
Supplies	\$ 16,000	\$ 11,693
Contractual Services	<u>18,500</u>	<u>15,510</u>
Total Beautification Committee	<u>34,500</u>	<u>27,203</u>
Total Culture and Recreation	<u>151,159</u>	<u>152,388</u>
Total Expenditures	<u>\$ 13,695,368</u>	<u>\$ 13,689,672</u>

CITY OF EDWARDSVILLE, ILLINOIS

**TAX RATES AND EXTENSIONS
APRIL 30, 2014**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Assessed Value	\$ 386,793,989	\$ 437,044,362	\$ 494,293,603	\$ 546,665,921	\$ 566,836,688	\$ 576,106,306	\$ 577,603,490	\$ 575,553,655	\$ 581,554,858	\$ 588,365,147
Tax Increment Financing -										
District #1	\$ 6,842,100	\$ 6,025,450	\$ 6,748,620	\$ 7,288,320	\$ 8,687,360	\$ 7,592,930	\$ 7,080,350	\$ 6,816,870	\$ -	\$ -
District #2	\$ 4,436,390	\$ 4,358,870	\$ 5,269,410	\$ 5,921,190	\$ 6,606,340	\$ 7,188,660	\$ 7,266,990	\$ 8,856,750	\$ 9,087,420	\$ 10,207,860
North Gateway Commerce Center	\$ 19,456,280	\$ 26,088,740	\$ 22,345,380	\$ 24,445,820	\$ 25,176,690	\$ 22,624,950	\$ 22,301,080	\$ 20,708,960	\$ 20,100,450	\$ 19,733,280
North Main Street	\$ -	\$ -	\$ -	\$ 314,670	\$ 594,740	\$ 679,330	\$ 622,360	\$ 556,580	\$ 502,680	\$ 484,240
Special Service Area -										
Edwardsville	\$ 1,284,800	\$ 1,392,780	\$ 1,550,400	\$ 1,995,950	\$ 2,217,700	\$ 2,021,020	\$ -	\$ -	\$ -	\$ -
Madison Avenue	\$ 11,282,900	\$ 11,417,150	\$ 12,072,260	\$ 12,850,910	\$ 12,473,460	\$ 11,449,120	\$ 11,195,780	\$ 10,875,510	\$ 10,897,710	\$ 10,547,170
St. Louis Street	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,868,730	\$ 6,603,910	\$ 6,439,840
Rates:										
General	\$ 0.2500	\$ 0.2500	\$ 0.2347	\$ 0.2465	\$ 0.2500	\$ 0.2510	\$ 0.2503	\$ 0.2458	\$ 0.2584	\$ 0.2555
ESDA	0.0014	0.0013	0.0011	0.0012	0.0012	0.0011	0.0011	0.0011	0.0011	0.0011
Garbage	0.1358	0.1225	0.1093	0.0986	0.0990	0.0955	0.0918	0.1009	0.0999	0.0988
Parks and Playgrounds	0.0900	0.0900	0.0850	0.0868	0.0862	0.0849	0.0857	0.0861	0.0853	0.0844
Library	0.2250	0.2128	0.2018	0.1989	0.1976	0.1979	0.2028	0.2035	0.2005	0.2064
School Crossing Guard	0.0117	0.0115	0.0104	0.0098	0.0094	0.0093	0.0093	0.0094	0.0094	0.0093
Public Comfort Station	0.0196	0.0195	0.0174	0.0164	0.0163	-	0.0035	0.0036	0.0036	0.0036
Band	0.0299	0.0277	0.0259	0.0243	0.0242	0.0238	0.0203	0.0204	0.0202	0.0158
Fire Protection	0.1500	0.1500	0.1396	0.1479	0.1500	0.1563	0.1605	0.1611	0.1595	0.1577
Fire Pension	0.0566	0.0488	0.0537	0.0485	0.0623	0.0651	0.0715	0.0790	0.0817	0.1086
Police Protection	0.0750	0.0750	0.0698	0.0740	0.0750	0.0809	0.0877	0.0881	0.0872	0.0862
Police Pension	0.1081	0.0979	0.0945	0.0893	0.0936	0.1078	0.1183	0.1251	0.1239	0.1401
IMRF	0.0647	0.0687	0.0842	0.0789	0.0847	0.0912	0.0883	0.0939	0.0930	0.0920
Bond and Interest	0.0264	0.0227	0.0194	0.0179	0.0175	0.0175	0.0176	-	-	-
Social Security	0.1035	0.1122	0.0820	0.0769	0.0776	0.0738	0.0736	0.0739	0.0758	0.0809
Street and Bridge	0.1000	0.1000	0.0941	0.0961	0.0836	0.0964	0.0961	0.1052	0.1042	0.1030
Liability Insurance	0.1146	0.1145	0.1063	0.0996	0.0551	0.0618	0.0632	0.0722	0.0792	0.0940
Library Bond	0.0613	0.0543	0.0478	0.0428	-	-	-	-	-	-
	\$ 1.6236	\$ 1.5794	\$ 1.4770	\$ 1.4544	\$ 1.3833	\$ 1.4143	\$ 1.4416	\$ 1.4693	\$ 1.4829	\$ 1.5374
Tax Increment Financing -										
District #1	\$ 6.9954	\$ 6.8538	\$ 6.6643	\$ 6.7278	\$ 6.6819	\$ 6.7782	\$ 6.9105	\$ 6.9312	\$ -	\$ -
District #2	\$ 6.9954	\$ 6.8538	\$ 6.6643	\$ 6.7278	\$ 6.6819	\$ 6.7782	\$ 6.9105	\$ 6.9312	\$ 7.0689	\$ 7.2455
North Gateway Commerce Center	\$ 7.5462	\$ 7.3518	\$ 7.2356	\$ 7.3198	\$ 7.2283	\$ 7.3074	\$ 7.4596	\$ 7.7132	\$ 7.8831	\$ 8.0642
North Main Street	\$ -	\$ -	\$ -	\$ 6.7280	\$ 6.6819	\$ 6.7782	\$ 6.9106	\$ 6.9312	\$ 7.0690	\$ 7.2455
Special Service Area -										
Edwardsville	\$ 0.4281	\$ 0.3949	\$ 0.3548	\$ 0.2756	\$ 0.2481	\$ 0.2722	\$ -	\$ -	\$ -	\$ -
Madison Avenue	\$ 0.2954	\$ 0.2904	\$ 0.2728	\$ 0.2541	\$ 0.2670	\$ 0.2872	\$ 0.2982	\$ 0.3016	\$ -	\$ -
St. Louis Street	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.4926	\$ -	\$ 0.5442

CITY OF EDWARDSVILLE, ILLINOIS

TAX RATES AND EXTENSIONS
APRIL 30, 2014

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Extensions:										
General	\$ 966,985	\$ 1,092,611	\$ 1,160,107	\$ 1,347,531	\$ 1,417,092	\$ 1,446,027	\$ 1,445,742	\$ 1,414,711	\$ 1,502,738	\$ 1,503,273
ESDA	5,415	5,682	5,437	6,560	6,802	6,337	6,354	6,331	6,397	6,472
Garbage	525,266	535,379	540,263	539,013	561,168	550,182	530,240	580,734	580,973	581,305
Parks and Playgrounds	348,115	393,340	420,150	474,506	488,613	489,114	495,006	495,552	496,066	496,380
Library	870,286	930,030	997,484	1,087,319	1,120,069	1,140,114	1,171,380	1,171,252	1,166,017	1,214,386
School Crossing Guard	45,255	50,260	51,407	53,573	53,283	53,578	53,717	54,102	54,666	54,718
Public Comfort Station	75,812	85,224	86,007	89,653	92,394	-	20,216	20,720	20,936	21,181
Band	115,651	121,061	128,022	132,840	137,175	137,113	117,254	117,413	117,474	92,962
Fire Protection	580,191	655,567	690,034	808,519	850,255	900,454	927,054	927,217	927,580	927,852
Fire Pension	218,925	213,278	265,436	265,133	353,139	375,045	412,986	454,687	475,130	638,964
Police Protection	290,095	327,783	345,017	404,533	425,128	466,070	506,558	507,063	507,116	507,171
Police Pension	418,124	427,866	467,107	488,173	530,559	621,043	683,305	720,017	720,547	824,300
IMRF	250,256	300,249	416,195	431,319	480,111	525,409	510,024	540,445	540,846	541,296
Bond and Interest	102,114	99,209	95,893	97,853	99,196	100,819	101,658	-	-	-
Social Security	400,332	490,364	405,321	420,386	439,865	425,166	425,116	425,334	440,819	475,987
Street and Bridge	386,794	437,044	465,130	525,346	473,876	555,366	555,077	605,482	605,980	606,016
Liability Insurance	443,266	500,416	525,434	544,479	312,327	356,034	365,045	415,550	460,591	553,063
Library Bond	237,105	237,315	236,272	233,973	-	-	-	-	-	-
	\$ 6,279,987	\$ 6,902,678	\$ 7,300,716	\$ 7,950,709	\$ 7,841,052	\$ 8,147,871	\$ 8,326,732	\$ 8,456,610	\$ 8,623,876	\$ 9,045,526
Tax Increment Financing -										
District #1	\$ 478,632	\$ 412,972	\$ 449,748	\$ 490,344	\$ 580,472	\$ 514,664	\$ 489,288	\$ 472,491	\$ -	\$ -
District #2	\$ 310,343	\$ 298,748	\$ 351,169	\$ 398,367	\$ 441,423	\$ 487,263	\$ 502,186	\$ 613,880	\$ 642,381	\$ 739,611
North Gateway Commerce Center	\$ 1,468,203	\$ 1,917,971	\$ 1,616,812	\$ 1,789,390	\$ 1,819,827	\$ 1,653,297	\$ 1,663,562	\$ 1,597,324	\$ 1,584,539	\$ 1,591,331
North Main Street	\$ -	\$ -	\$ -	\$ 21,171	\$ 39,740	\$ 46,047	\$ 43,009	\$ 38,578	\$ 35,534	\$ 35,086
Special Service Area -										
Edwardsville	\$ 5,500	\$ 5,500	\$ 5,501	\$ 5,501	\$ 5,502	\$ 5,501	\$ -	\$ -	\$ -	\$ -
Madison Avenue	\$ 33,330	\$ 33,155	\$ 32,933	\$ 32,654	\$ 33,304	\$ 32,882	\$ 33,386	\$ 32,801	\$ -	\$ -
St. Louis Street	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,835	\$ -	\$ 35,046



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

J. Terry Dooling
David M. Bartosiak
Cindy A. Tefeller
Kevin J. Tepen

**INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE WITH TAX INCREMENT FINANCING ACT**

To the Mayor and City Council
City of Edwardsville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the of the City of Edwardsville, Illinois as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Other Matters

The management of the City of Edwardsville, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

The results of our tests indicate that for the items tested, the City of Edwardsville, Illinois, complied with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act". Nothing came to our attention that caused us to believe that, for the items not tested, the City of Edwardsville, Illinois was not in compliance with Subsection (q) of 65 ILCS 5/11-74.4-3, "Tax Increment Allocation Redevelopment Act".

C. J. Schlosman & Company LLC

Certified Public Accountants

October 1, 2014