

**CITY OF LOVES PARK, ILLINOIS**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
APRIL 30, 2015**

Prepared by City Treasurer's Office

John C. Danielson  
City Treasurer

**CITY OF LOVES PARK, ILLINOIS**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended April 30, 2015**

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## **INTRODUCTORY SECTION**



OFFICE OF THE CITY TREASURER  
**CITY OF LOVES PARK**

100 HEART BOULEVARD • LOVES PARK, ILLINOIS 61111 • 815 / 654-5027 • Fax: 815 / 633-5068

**John C. Danielson, City Treasurer**

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December 22, 2015

To the Honorable Mayor,  
Members of the City Council and  
The Citizens of the City of Loves Park, Illinois

The comprehensive annual financial report of the City of Loves Park for the year ended April 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. We believe that the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The City implemented, for FY04, GASB Statement No. 34, Basic Financial Statements and Management Discussion and Analysis for state and local governments, including general capital asset reporting. Retroactive infrastructure reporting was implemented during FY08, as required for Phase 2 governments. The CAFR presents the management's discussion and analysis (MD & A), basic financial statements and required supplementary information. The MD & A provides an analytical overview of the City's financial activity. Included in the basic financial statements are the government-wide financial statements, fund financial statements and notes to the financial statements. The required supplementary information presents the budgetary comparison schedules and other schedules.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD & A) required by GASB No. 34 and should be read in conjunction with it. The City's MD & A can be found immediately following the independent auditor's report.

The City did not receive more than \$500,000 of federal funds during the fiscal year ended April 30, 2015 and, therefore, is not required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Entities*.

The financial reporting entity (the government) includes all the funds and entity-wide accounting of the primary government. The City is not financially accountable for any component units or other entities. The City provides a full range of services, including: police and fire protection, maintenance of streets and infrastructure, water service, planning and zoning, code enforcement, financial and administrative services.

## **PROFILE OF THE CITY OF LOVES PARK**

The City of Loves Park was incorporated in 1947 and encompasses an area of 15.6 square miles. The City is located in north central Illinois, approximately 90 miles northwest of the Chicago "Loop" business district and approximately 85 miles southwest of Milwaukee, Wisconsin. The Rock River is located on the western border of the City. The current population is estimated to be 23,996.

The City is a non-home rule municipality operating under a Mayoral-Aldermanic form of government. Ten aldermen are elected from five wards for staggered four-year terms. The Mayor, City Clerk and Treasurer are elected at large for four-year terms of office.

Management of the City is responsible for establishing and maintaining an internal control structure to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefits requires estimates and judgments by management.

In addition, the City maintains budgeting controls. The objective of these controls is to ensure compliance with legal provisions embodied in the Annual Budget and Appropriation Ordinance. The level of budgetary control is by line item within department within each fund. The City does not utilize an encumbrance system of accounting. All appropriations lapse at the end of each fiscal year. The appropriation ordinance is revised during the year to transfer funds from line items within the department and then one department to another within the fund when it becomes apparent that the activities of a department will exceed the amount appropriated.

As demonstrated by the statements and schedules included in the financial section of this report the City continues to meet its responsibility for sound financial management. The amounts presented in the financial section and the remainders of this letter are presented as whole dollars.

## **MAJOR INITIATIVES**

Loves Park has a number of initiatives currently underway.

In order to facilitate the redevelopment of the original business district of Loves Park, the City has established the North 2<sup>nd</sup> Street tax increment financing (TIF) district. Stretching two miles from North to South along North Second Street (IL 251) the involved area is a main thoroughfare, which has experienced a decline in property values, building occupation rates and aesthetics in recent years. The City is committed to revitalizing this important resource. A TIF district creates the opportunity for the City to partner with the private sector in increasing economic activity in the district and creating jobs. Helping to encourage business to invest in the area by improving infrastructure, aiding in the acquisition of land, demolishing of old structures, supporting environmental remediation and addition of green space are some of the activities that can be undertaken within the TIF district. The opportunities provided by the TIF district have made development in this section of the City more attractive and those opportunities lead to the creation of new jobs and the retention of current jobs. The City is actively looking for ways to encourage development in this TIF area. The new Forest Hills TIF was established in June 2014 to try to encourage development in another section of the City that has experienced the same decline in property values, building occupation rates and aesthetics.

In 2011, two Industrial Jobs Recovery Law (IJRL) TIFs were established to attract and retain industrial jobs in underutilized industrial areas. The Loves Park Corporate Center IJRL TIF is located in the eastern part of the City next to the I-90 Tollway. A local manufacturer, Danfoss Drives, entered into a redevelopment agreement with the City to expand their manufacturing capabilities within this TIF in 2012 and is occupying their new building as of 2013. Additional development is currently underway in the Loves Park Corporate Center TIF. The Zenith Cutter IJRL TIF is located on Forest Hills Road in the northeastern section of Loves Park. A large local employer, Woodward, has constructed a multi-million dollar manufacturing expansion within the Zenith Cutter TIF. Woodward's decision to make this investment locally makes a huge economic and employment impact on the regional economy now and well into the future. During 2013, the City received an Economic Development Project grant and a Truck Access Route Program grant from the Illinois Department of Transportation to help build the public infrastructure needed to service this area. The State of Illinois Department of Commerce and Economic Opportunity also provided Business Development Public Infrastructure grant funds to aid in funding the road construction necessary for the new facility. Construction of the public improvements is completed and the new facility was occupied in the summer of 2015. Locating in the TIF district allows Woodward to recapture some of the costs of expansion over time, and was an important factor in the decision to expand locally. In conjunction with the development of the new Woodward campus, the City has been awarded a Willow Creek ITEP grant for construction of a bike path and trail head project to connect to existing bike paths in the City.

During 2012, Loves Park also established a third Industrial Jobs Recovery Law TIF, Spring Creek Lakes TIF in the eastern part of the City. Development of a business park is currently underway in this TIF and Spring Creek Lakes Development Corporation has constructed a new 110,000 square foot manufacturing facility and currently has two tenants. An Economic Development Grant was received from the Illinois Department of Transportation to pay a portion of the cost to extend Interstate Boulevard within this TIF. The road construction will be substantially completed in the Fall of 2015.

Construction is underway on Phase I of the Alpine Road Reconstruction Project. When completed in 2017, the three phase project will rebuild Alpine Road from Riverside Boulevard through its intersection with Harlem Road. The cost estimate for the project is approximately \$14 million dollars and it will be financed with the municipal non-home rule 1% sales tax that was instituted in July 2014 and with \$8.5 million dollars in Debt Certificates issued in October 2015.

The Loves Park Water Department is continuing improvements of the water treatment plants at Wells #4, 5, and 6 as part of an ongoing effort to improve the water quality for the citizens served, and to be ready for future commercial and industrial development in the City.

#### Cash Management

Cash temporarily idle during the year was invested in demand deposits, obligations of the U.S. Treasury, and Illinois State Treasurer's pool (Illinois Funds). All investments of the governmental fund types have maturities of less than 210 days. Investments of the police pension trust fund range from 30 days or less to 27 years. The city's investment policy stresses security, liquidity and return, in that order. All investments are in keeping with the Illinois Public Funds Investment Act, 30 ILCS 235/2 and are collateralized.

### **OTHER INFORMATION**

#### Economic Outlook

The City's main revenue sources, sales and use taxes and local share of income taxes are very susceptible to fluctuations in the economy. The sales tax revenue has recovered from the recent economic downturn, and the income tax revenue has improved as well. The State of Illinois faces many fiscal challenges and seeking to solve those challenges sometimes has a large impact on local governments. The outlook for the national economy is cautiously optimistic. The timing of improvement in the financial condition of the State is unknown. The City has adopted a policy of fiscal caution and will remain on that course for the foreseeable future.

#### Independent Audit

The City's financial statements are required by state law to be audited by an independent certified public accountant. The City's financial statements have been

audited in accordance with state law by the accounting firm of Beggin Tipp Lamm LLC. Their opinion on the financial statements is included in the financial section of the report.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the entire staff of the Treasurer's Office. I would like to express my appreciation to all members of the department who assisted and contributed to the preparation of this report.

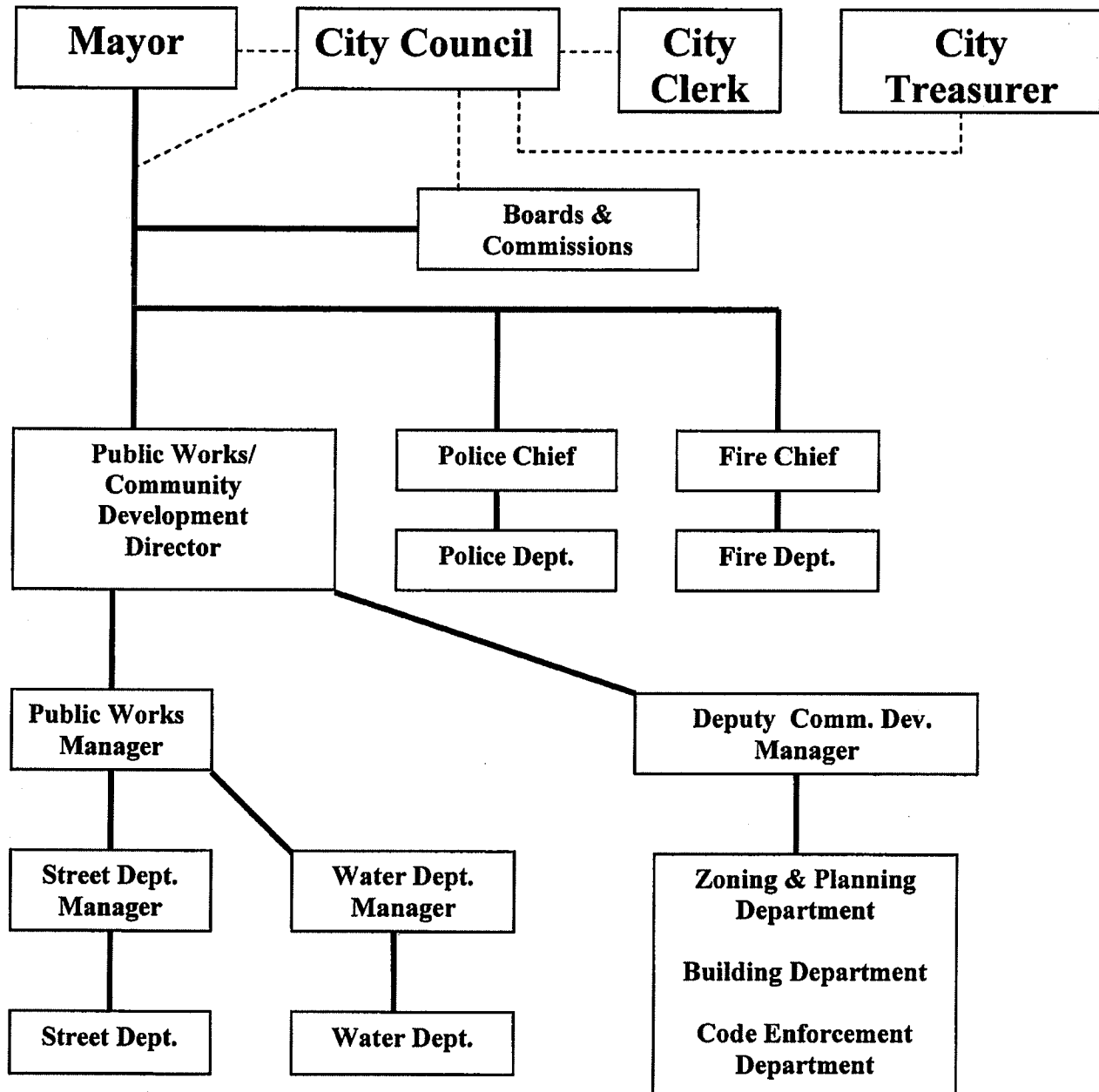
Credit also must be given to the Mayor and the City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Loves Park's finances.

Respectfully submitted,

A handwritten signature in black ink that reads "John C. Danielson". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

John C. Danielson  
City Treasurer

## City of Loves Park Organizational Structure



1. Mayor, 10 member City Council, Clerk and Treasurer – elected
2. Police Chief, Fire Chief, Department Director and Department Managers appointed by Mayor with Council approval.
3. All departmental and office staff approved by Council.

**City of Loves Park  
List of Elected and Appointed Officials  
April 30, 2015**

**Elected Officials**

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Mayor	Darryl F. Lindberg
City Clerk	Robert J. Burden
City Treasurer	John C. Danielson
Alderman-Ward 1	Gregory R. Jury
Alderman-Ward 1	Clint W. Little
Alderman-Ward 2	John L. Pruitt
Alderman-Ward 2	Charles A. Frykman
Alderman-Ward 3	Robert H. Schlensker
Alderman-Ward 3	Janet B. Novak
Alderman-Ward 4	Julie A. Hobel
Alderman-Ward 4	John M. Jacobson
Alderman-Ward 5	A. Marie Holmes
Alderman-Ward 5	Mark G. Peterson

**Appointed Officials**

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Public Works/Community Development Director	Daniel G. Jacobson
Police Chief	Rodney L. Scott
Fire Chief	Philip R. Foley, Jr.
Public Works Manager	Gerald R. Sowers
Street Department Manager	Shannon M. Messinger
Water Department Manager	Craig A. McDonald
City Attorney	Gino Galluzzo

## **FINANCIAL SECTION**

STRATEGIC THINKING • PROFESSIONAL INTEGRITY

## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
Members of the City Council  
City of Loves Park, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Loves Park, Illinois as of and for the year then ended April 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

The prior year comparative information has been derived from the City's 2014 financial statements and in our report dated October 20, 2014, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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

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

### **Auditor's Responsibility**

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

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

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

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## Opinions

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, each major fund, and the aggregate remaining fund information of the City of Loves Park, Illinois, as of April 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 11-24 and 73-79 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 Loves Park, Illinois' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, supplementary financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplementary financial information 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplementary financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Beggin Sipp Lamm LLC*

Freeport, Illinois  
December 21, 2015

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**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH STATE OF ILLINOIS  
PUBLIC ACT 85-1142**

Illinois Department of Revenue  
Springfield, Illinois

We have audited the basic financial statements of the City of Loves Park, Illinois for the year ended April 30, 2015, and have issued our report thereon dated December 21, 2015. The basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the eligibility for costs incurred incidental to the implementation of the redevelopment plan and redevelopment projects associated with the Loves Park Corporate Center TIF District, North 2<sup>nd</sup> Street TIF District, Spring Creek Lakes TIF District, Zenith Cutter TIF District, and Forest Hills TIF District pursuant to Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act.

Our audit was made in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The City of Loves Park, Illinois' management 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 State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our test indicate that for the items tested, the City of Loves Park, Illinois complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

*Beggin Tipp Lamm LLC*

Freeport, Illinois  
December 21, 2015

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
April 30, 2015

This section of the City of Loves Park's Annual Financial Report presents our discussion and analysis of the City's financial activities during the fiscal year ended April 30, 2015. The management discussion and analysis should be read in conjunction with the City's financial statements that follow this section. The letter of transmittal provides additional information.

<b>FINANCIAL HIGHLIGHTS</b>
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The assets of the City of Loves Park exceeded its liabilities as of April 30, 2015 and 2014 by \$68,367,583 and \$68,058,747 (net position), respectively. Of this amount, \$(6,536,718) and \$(6,396,688) may be used to meet the government's ongoing obligations to citizens.

The government's total net position increased by \$308,836 and decreased by \$9,075,872 during the years ended April 30, 2015 and 2014 respectively.

As of April 30, 2015, the City of Loves Park's governmental funds reported combined ending fund balances of \$12,906,390, an increase of \$1,344,621 as compared to 2014. Approximately 73 percent of this total amount, \$9,456,415, is available for spending at the government's discretion (unassigned fund balance). As of April 30, 2014, the City's governmental funds reported combined ending fund balances of \$11,561,769, an increase of \$1,055,365 as compared to 2013. Approximately 70 percent of this total amount, \$8,103,899, was available for spending at the government's discretion (unassigned fund balance).

As of April 30, 2015, the unassigned fund balance for the General fund was \$9,466,472 or approximately 70 percent of total General Fund expenditures and for 2014 the unassigned fund balance for the General fund was \$8,113,322 or approximately 65 percent of total General Fund expenditures.

The City of Loves Park's total long-term debt, increased by \$1,126,219 (5%) from 2014 to 2015. This increase was primarily a result of the issuance of \$679,030 in Tax increment revenue notes in the Spring Creek Lakes TIF fund and \$501,522 accrued interest on the tax increment revenue notes outstanding in the Zenith Cutter TIF. The long-term debt had increased by \$10,444,790 (87%) from 2013 to 2014. This increase was primarily a result of the issuance of \$8,802,300 in Tax increment revenue notes in the Zenith Cutter TIF fund and the recognition of the \$2,098,082 Meadow Mart business district note issued in a prior fiscal year.

<b>OVERVIEW OF THE FINANCIAL STATEMENTS</b>
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This discussion and analysis is intended to serve as an introduction to the City of Loves Park, Illinois' basic financial statements. The basic financial statements include two

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015

kinds of statements that present different views of the City: government-wide financial statements and fund financial statements. The basic financial statements also include notes to the financial statements.

**Government-wide financial statements**

The government-wide financial statements provide readers with a broad overview of the City of Loves Park, Illinois' finances in a manner similar to a private-sector business.

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

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 Loves Park that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health & welfare, and culture & recreation, while the business-type activities involve providing water service to the residents of Loves Park.

There are no other organizations or agencies whose financial statements should be combined and presented with the financial statements of the City of Loves Park, Illinois.

The government-wide financial statements can be found on pages 25-27 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 Loves Park, Illinois, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental 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, unlike the government-wide financial statements, governmental

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015

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

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

The City of Loves Park, Illinois maintains 11 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, Motor Fuel Tax Fund, and the North 2<sup>nd</sup> Street TIF Fund, which are considered to be major funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided as required supplementary information for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 28-31 of this report.

Proprietary funds - The City of Loves Park has one enterprise fund used to report the activities of the Loves Park Water Department, which is considered to be a major fund of the City. Enterprise funds are used to report the same functions presented as business-type 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 basic proprietary fund financial statements can be found on pages 32-36 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Loves Park, Illinois' own programs.

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015

The fiduciary funds of the City of Loves Park are pension trust funds and agency funds held for the Stateline Area Narcotics Teams. Total net position of the fiduciary funds was \$12,790,707.

The basic fiduciary funds financial statements can be found on pages 37-38 of this report.

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

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Loves Park, Illinois' progress in funding its obligation to provide pension benefits to its employees and the General Fund budgetary comparison.

The combining statements referred to earlier in connection with nonmajor governmental funds and pension trust funds are presented immediately following the notes to basic financial statements and the required supplementary information.

<b>GOVERNMENT-WIDE FINANCIAL ANALYSIS</b>
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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. Table 1 reflects total net position of \$68,367,583 which represents an increase of \$308,836 from 2014. Of the City of Loves Park's net position, approximately 99 percent reflect its investment in capital assets (e.g. land, construction-in-progress, buildings and improvements, vehicles, and infrastructure), less depreciation and any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its 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.

**NET POSITION**

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 April 30, 2015

**Table 1**  
**Statement of Net Position**  
**As of April 30, 2015**  
**With Comparative Totals for the Year Ended April 30, 2014**

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Current and other						
other assets	\$ 17,830,010	16,040,129	4,997,719	5,154,180	22,827,729	21,194,309
Capital assets	55,976,411	55,854,147	18,367,296	18,196,463	74,343,707	74,050,610
<b>Total assets</b>	<b>73,806,421</b>	<b>71,894,276</b>	<b>23,365,015</b>	<b>23,350,643</b>	<b>97,171,436</b>	<b>95,244,919</b>
Other liabilities	3,134,146	2,980,118	1,086,013	840,205	4,220,159	3,820,323
Long-term						
liabilities	23,174,364	21,674,786	-	393,359	23,174,364	22,068,145
<b>Total liabilities</b>	<b>26,308,510</b>	<b>24,654,904</b>	<b>1,086,013</b>	<b>1,233,564</b>	<b>27,394,523</b>	<b>25,888,468</b>
Deferred inflows of						
resources	1,409,330	1,297,704	-	-	1,409,330	1,297,704
<b>Total liabilities and deferred</b>						
<b>inflows of resources</b>	<b>27,717,840</b>	<b>25,952,608</b>	<b>1,086,013</b>	<b>1,233,564</b>	<b>28,803,853</b>	<b>27,186,172</b>
Net position:						
Net investment in						
capital assets	49,897,807	49,519,585	17,972,296	17,428,104	67,870,103	66,947,689
Restricted	2,727,492	2,818,771	408,672	583,635	3,136,164	3,402,406
Unrestricted (deficit)	(6,536,718)	(6,396,688)	3,898,034	4,105,340	(2,638,684)	(2,291,348)
<b>Total net position</b>	<b>\$ 46,088,581</b>	<b>45,941,668</b>	<b>22,279,002</b>	<b>22,117,079</b>	<b>68,367,583</b>	<b>68,058,747</b>

A restricted portion of the City's net position (4.5% for 2015 and 5.0% for 2014) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$(2,638,684) for 2015 and \$(2,291,348) for 2014 may be used to meet the government's ongoing obligations to citizens and creditors.

The unrestricted net position category had a balance of \$(2,638,684) for 2015. The City's total net position increased by \$308,836 during 2015. The governmental-type activities' net position increased by \$146,913 for 2015 while business-type activities' net position increased by \$161,923 in 2015. During 2014 the City's total net position decreased by \$9,075,872. In the business-type activities, the 2014 total net position increased by \$578,099 and in the governmental-type activities, total net position decreased by \$9,653,971.

**CITY OF LOVES PARK, ILLINOIS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015

Table 2 highlights the City's revenues and expenses for the fiscal years ended April 30, 2015 and 2014. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for services, operating grants and contributions, and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

**Table 2**  
**Changes in Net Position**  
**For the Fiscal Year Ended April 30, 2015**  
**With Comparative Totals for the Year Ended April 30, 2014**

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,355,188	1,119,544	2,646,362	2,702,514	4,001,550	3,822,058
Grants & contributions						
Operating	913,329	834,336	66,465	82,145	979,794	916,481
Capital contributions	296,147	2,822,611	-	222,500	296,147	3,045,111
General revenues:						
Sales taxes	5,107,468	4,794,929	-	-	5,107,468	4,794,929
Other taxes	8,507,428	6,184,930	-	-	8,507,428	6,184,930
Investment income	31,922	36,441	611	931	32,533	37,372
Miscellaneous	243,122	235,250	-	-	243,122	235,250
<b>Total revenues</b>	<b>16,454,604</b>	<b>16,028,041</b>	<b>2,713,438</b>	<b>3,008,090</b>	<b>19,168,042</b>	<b>19,036,131</b>
<b>EXPENSES</b>						
General government	5,522,600	5,124,871	-	-	5,522,600	5,124,871
Health & welfare	247,102	228,420	-	-	247,102	228,420
Highways & streets	4,324,066	4,481,591	-	-	4,324,066	4,481,591
Public safety	4,596,855	4,449,980	-	-	4,596,855	4,449,980
Economic development	679,030	6,596,064	-	-	679,030	6,596,064
Interest	938,038	701,439	-	-	938,038	701,439
Water	-	-	2,551,515	2,429,991	2,551,515	2,429,991
<b>Total expenses</b>	<b>16,307,691</b>	<b>21,582,365</b>	<b>2,551,515</b>	<b>2,429,991</b>	<b>18,859,206</b>	<b>24,012,356</b>
<b>Changes in net position</b>	<b>146,913</b>	<b>(5,554,324)</b>	<b>161,923</b>	<b>578,099</b>	<b>308,836</b>	<b>(4,976,225)</b>
Beginning net position	45,941,668	55,595,639	22,117,079	21,538,980	68,058,747	77,134,619
Prior period adjustment	-	(4,099,647)	-	-	-	(4,099,647)
<b>Ending net position</b>	<b>\$ 46,088,581</b>	<b>45,941,668</b>	<b>22,279,002</b>	<b>22,117,079</b>	<b>68,367,583</b>	<b>68,058,747</b>

Table 3 below discloses cost of services for governmental activities. The total cost of services column contains all costs related to the programs and the net (expense) column shows how much of the total amount is not covered by program revenues. Net (expenses) are costs that must be covered by local taxes or other general revenue or transfers.

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 April 30, 2015

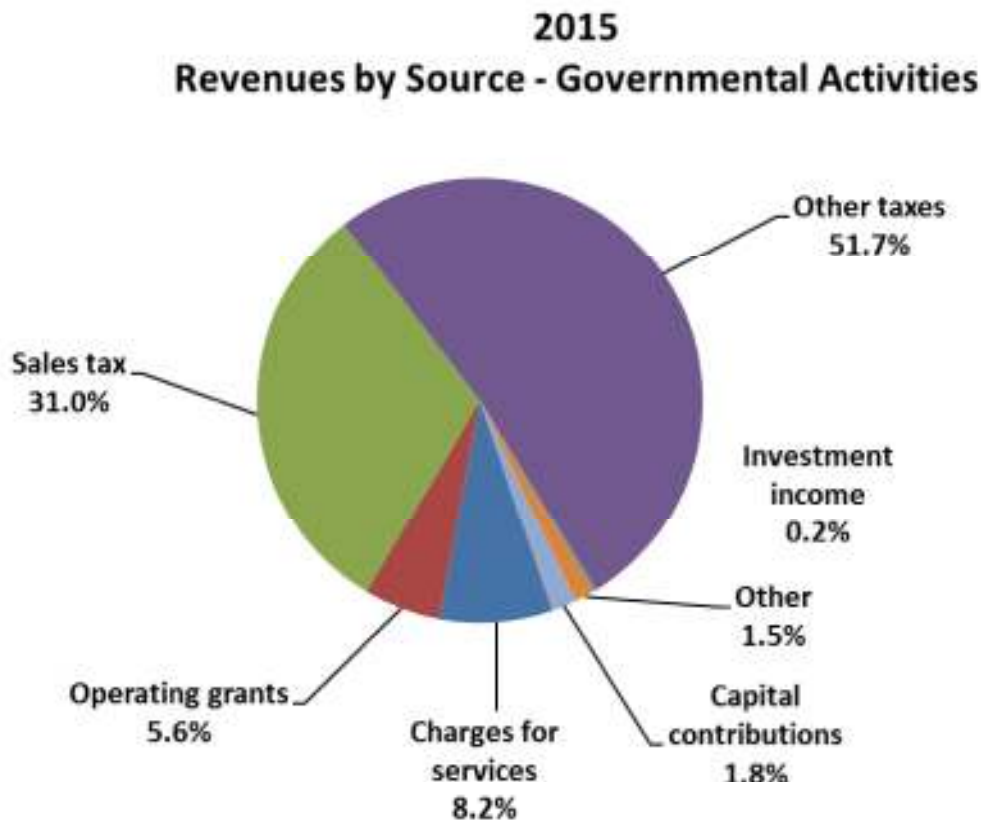
**Table 3 – Governmental Activities**

	Total Cost of Services FY 2015	Total Cost of Services FY 2014	Net (Expense) of Services FY 2015	Net (Expense) of Services FY 2014
<b>Programs</b>				
General government	\$ 5,522,600	5,124,871	(4,912,192)	(4,734,790)
Health & welfare	247,102	228,420	(247,102)	(228,420)
Highways & streets	4,324,066	4,481,591	(3,168,883)	(1,151,144)
Public safety	4,596,855	4,449,980	(3,797,782)	(3,624,757)
Culture & recreation	-	-	-	230,740
Economic development	679,030	6,596,064	(679,030)	(6,596,064)
Interest on long-term debt	938,038	701,439	(938,038)	(701,439)
<b>Total</b>	<b>\$ 16,307,691</b>	<b>21,582,365</b>	<b>(13,743,027)</b>	<b>(16,805,874)</b>

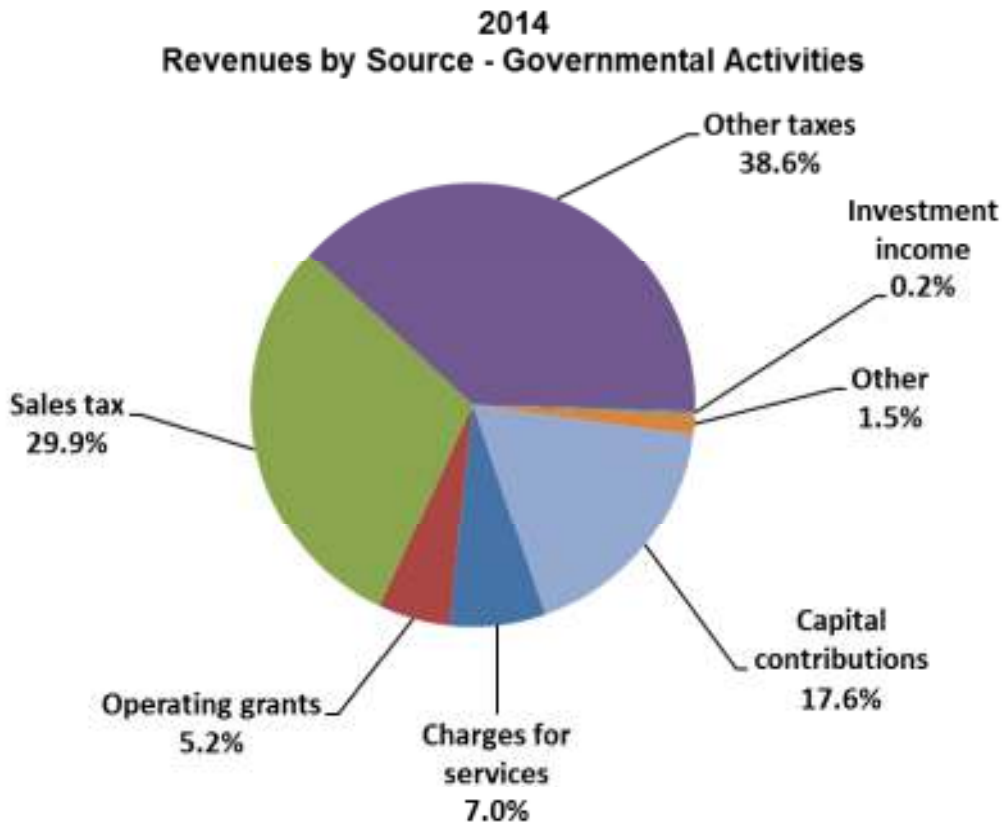
Net cost of services is approximately 84% of the total cost of services in 2015 and approximately 78% for the year ended April 30, 2014. The percentage is increasing reflecting an increasing reliance on taxes and other general revenue sources to fund the cost of services.

**Governmental Activities**

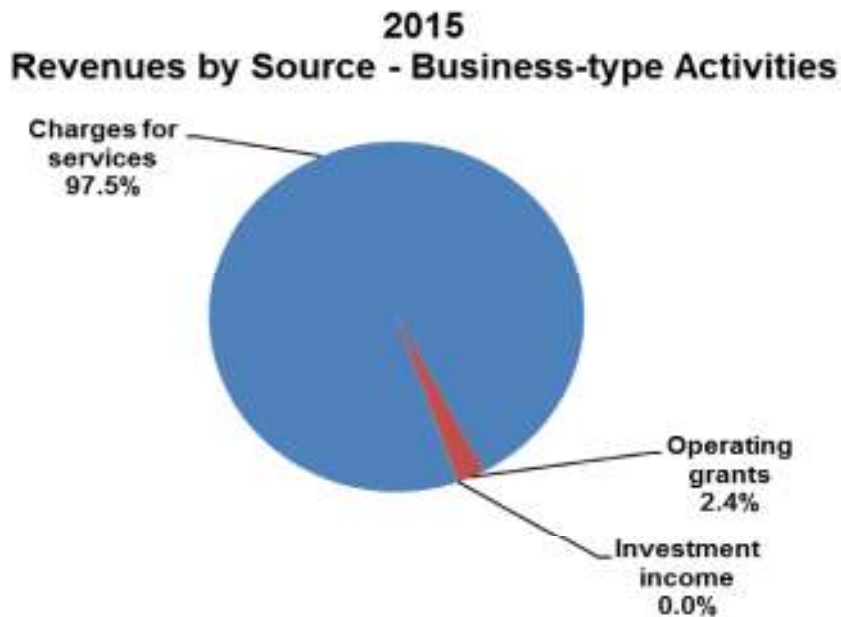
The graphs below show the percentage of the total governmental activities' revenues allocated by each revenue type for 2015 and 2014.



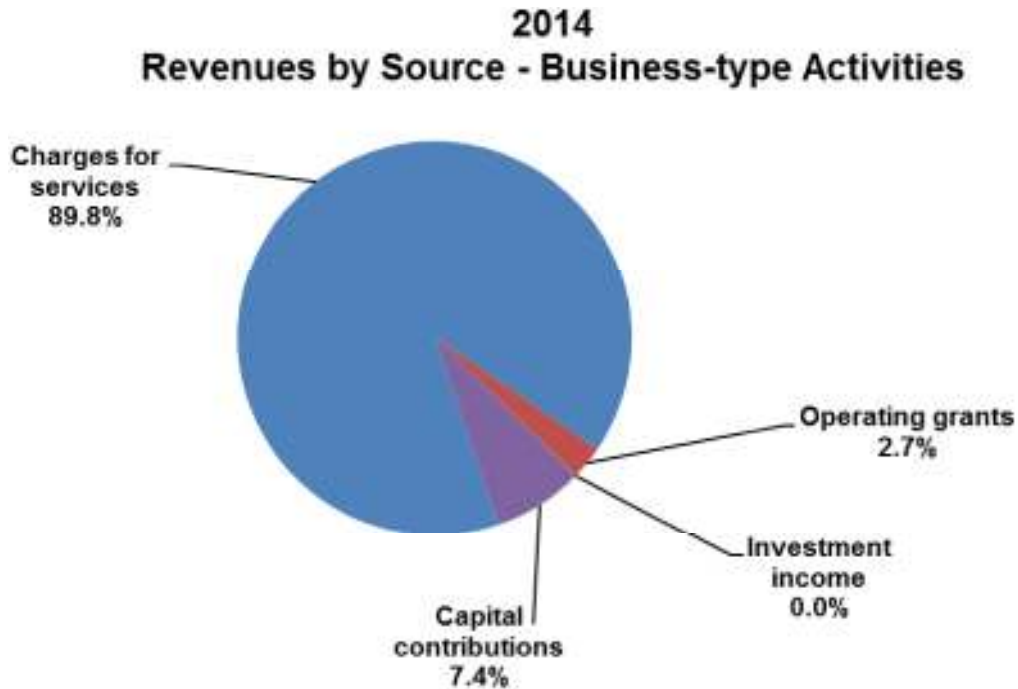
CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 April 30, 2015



The graphs below show the breakdown of revenues by source for the business-type activities.



CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015



**Business-type activities:** Business-type activities increased the City of Loves Park's net position by \$161,923 for the fiscal year ending April 30, 2015 compared to the fiscal year ended April 30, 2014 which reported an increase of \$578,099.

### **Financial Analysis of the Government's Funds**

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

**Governmental funds** - The focus of the City of Loves Park, Illinois' governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, 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.

As of April 30, 2015, the City of Loves Park, Illinois' governmental funds reported combined ending fund balances of \$12,906,390 an increase of \$1,344,621 in comparison with the prior year fund balance of \$11,561,769. Approximately 73% of this total amount, \$9,456,415, constitutes unassigned fund balance, which is available for spending at the government's discretion.

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015

As of April 30, 2014, the City of Loves Park, Illinois' governmental funds reported combined ending fund balances of \$11,561,769 an increase of \$1,055,365 in comparison with the prior year fund balance of \$10,506,404. Approximately 70% of this total amount, \$8,103,899, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operating fund of the City. The unassigned fund balance of the General Fund was \$9,466,472 for 2015 and the unassigned fund balance was \$8,113,322 for 2014 while total fund balance was \$9,870,725 for 2015 and \$8,514,518 for 2014. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to fund expenditures. For 2015, unassigned fund balance represents approximately 69 percent of total General Fund expenditures, while total fund balance represents approximately 72 percent of that same amount. For 2014, unassigned fund balance represents approximately 65 percent of total General Fund expenditures, while total fund balance represents approximately 68 percent of that same amount.

The fund balance of the City's General Fund increased by \$1,356,207 for 2015 and increased by \$1,508,388 for 2014. In 2015 total revenues increased by \$1,249,662 and expenditures increased by \$1,168,031. Tax revenues increased by \$2,424,783. Sales and use tax collections continued to recover, increasing by \$325,826 over the prior fiscal year. Video gaming tax increased by \$240,188 in 2015. Loves Park implemented a 1% non-home rule municipal sales tax for road and infrastructure repairs effective July 2014. The first partial year of collections produced \$1,879,141 toward needed infrastructure and road repairs. The main element of the increase in expenditures was an increase of \$1,873,634 for road resurfacing projects and engineering for the first phase of the Alpine Road rebuilding project.

In 2014 total revenues increased by \$1,916,128 and expenditures increased by \$1,656,952. Tax revenues increased by \$504,439 as sales and use tax collections continued to recover a portion of the losses experienced in prior fiscal years. A full year of revenue from the video gaming tax, which was implemented mid-year in 2013, increased revenues by \$311,217 in 2014 as compared to the partial prior year. The main elements of the increase in expenditures include \$317,965 increased expenditures for road resurfacing projects, \$1,205,316 expended on the Woodward Infrastructure project, and a \$450,000 increase in the City's contribution to the Loves Park Police Pension fund.

The Motor Fuel Tax fund is the fund used to account for the portion of the State of Illinois motor fuel taxes that are shared with municipalities. These funds are reserved for the purpose of road construction, repairs and other related activities. The use of these funds is closely regulated by the Illinois Department of Transportation. The fund balance of the City's Motor Fuel Tax fund decreased by \$86,026 for 2015 and decreased by \$490,704 for 2014. In 2015, the Motor Fuel Tax fund was utilized to fund \$54,083 in road resurfacing projects.

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015

Also, in 2015, expenditures of \$183,558 of EDP grant funds were made from the Motor Fuel Tax fund for construction of public roads for the Woodward economic development project. Salt expenditures were \$256,835 and electricity for street lighting was \$265,208.

In 2014, the Motor Fuel Tax fund was utilized to fund \$312,579 in road resurfacing projects. Also, in 2014, expenditures of \$1,232,245 of EDP/TARP grant funds were made from the Motor Fuel Tax fund for construction of public roads for the Woodward economic development project. Salt costs were also substantially increased for 2014 due to the harsh winter of 2013-2014.

The North 2<sup>nd</sup> Street TIF fund is the fund used for the redevelopment of IL 251, the main north/south thoroughfare through Loves Park. These funds are available for making public improvements and partnering with businesses located in the TIF to revitalize this retail corridor. In 2015, the fund balance of the North 2<sup>nd</sup> Street TIF increased by \$27,222. In 2014, the fund balance increased by \$38,318.

**Proprietary funds** - The City of Loves Park, Illinois' proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### **General Fund Budgetary Highlights**

The budget is adopted at the departmental level supported by detail line items within each departmental budget. There were no formal amendments made to the original budget during the year ended April 30, 2015 for the general fund; however, budget transfers were made between accounts within the related department and between departments in the General Fund.

During the year, actual revenues were more than budgeted revenues by \$1,082,383. Conservative budgeting for the sales and use tax, state income tax, and video gaming tax revenues account for \$1,012,206 of the variance.

Actual expenditures were less than budgetary expenditures by \$1,993,905. The Woodward Project was constructed under budget, and provided a variance of \$214,377. Legal services were \$124,068 under budget, and road repairs were \$267,338 less than what had been budgeted. Also, the City utilizes an appropriation policy that sets a maximum expenditure limit with no expectation of actually spending all the resources appropriated. All department heads operate with the understanding that only necessary funds are to be expended.

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 April 30, 2015

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City of Loves Park's investment in capital assets for its governmental and business-type activities as of April 30, 2015 and 2014 amounted to \$74,343,707 and 74,050,610. This investment in capital assets includes land, construction-in-progress, buildings and improvements, vehicles, furniture & equipment, and infrastructure. The total increase in net capital assets for 2015 was approximately .4%, and the total increase in net capital assets for 2014 was approximately .1%,

Capital asset events in the governmental activities during the year ended April 30, 2015 included the purchase of squad cars and final construction of the Woodward Infrastructure Project, and the beginning of the Alpine Road project. In the business-type activities, construction of improvements to Filter Plants #4, #5 and #6 was underway.

Capital asset events in the governmental activities during the year ended April 30, 2014 included the purchase of squad cars and the construction in progress of the Woodward Infrastructure Project. In the business-type activities contributed capital was received related to the Woodward Project.

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Land	\$ 778,534	778,534	-	-	778,534	778,534
Construction in progress	1,802,229	2,585,691	958,038	98,626	2,760,267	2,684,317
Buildings & improvements	3,459,225	3,391,957	892,867	892,867	4,352,092	4,284,824
Infrastructure	80,749,103	77,994,795	29,289,756	29,289,755	110,038,859	107,284,550
Trucks	3,615,828	3,642,336	303,508	303,508	3,919,336	3,945,844
Vehicles	88,118	102,524	-	-	88,118	102,524
Squad cars	658,769	661,418	-	-	658,769	661,418
Furniture & equipment	1,350,258	1,238,055	167,742	167,742	1,518,000	1,405,797
Tools & equipment		-	356,117	346,144	356,117	346,144
<b>Subtotals</b>	<b>92,502,064</b>	<b>90,395,310</b>	<b>31,968,028</b>	<b>31,098,642</b>	<b>124,470,092</b>	<b>121,493,952</b>
Accumulated depreciation	(36,525,653)	(34,541,163)	(13,600,732)	(12,902,179)	(50,126,385)	(47,443,342)
<b>Totals</b>	<b>\$ 55,976,411</b>	<b>55,854,147</b>	<b>18,367,296</b>	<b>18,196,463</b>	<b>74,343,707</b>	<b>74,050,610</b>

Additional information on the City of Loves Park's capital assets can be found in Note 3 of this report.

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
 April 30, 2015

**Debt Outstanding**

As of April 30, 2015, the City of Loves Park, Illinois had alternate revenue bonds outstanding in the governmental activities funds of \$4,410,000, Special Service Area Tax bonds outstanding in the amount of \$479,453, general obligation bonds outstanding in the amount of \$1,038,430, capital leases in the amount of \$150,721, compensated absences accrued of \$216,243, and post employment accrued liabilities of \$236,553. The City also has an unfunded police pension liability of \$4,409,586 and unamortized bond premium of \$26,796. Also reported in 2015 were tax increment revenue notes in the amount of \$9,982,852, and the Meadow Mart business district note of \$2,223,730. In 2015, the City paid \$387,066 toward the retirement of debt. In the business-type activities, the City had \$395,000 in alternate revenue bonds outstanding. In 2015, business activities debt was reduced by \$373,359.

As of April 30, 2014, the City of Loves Park, Illinois had alternate revenue bonds outstanding in the governmental activities funds of \$4,530,000, Special Service Area Tax bonds outstanding in the amount of \$513,704, general obligation bonds outstanding in the amount of \$1,120,990, capital leases in the amount of \$169,868, compensated absences accrued of \$212,531, and post-employment accrued liabilities of \$99,042. The City also has an unfunded police pension liability of \$4,099,411 and unamortized bond premium of \$28,858. Also reported in 2014 were tax increment revenue notes in the amount of \$8,802,300, and the Meadow Mart business district note of \$2,098,082. In 2014, the City paid \$357,898 toward the retirement of debt. In the business-type activities, the City had \$770,000 in alternate revenue bonds outstanding less the unamortized bond discount of \$1,641 as of April 30, 2014. In 2014, business activities debt was reduced by \$364,179.

The City's legal debt margin is \$29,779,397. The current debt level of \$1,038,430 is approximately 3.5% of the allowable limit.

	Governmental Activities		Business-type Activities		Total Government	
	2015	2014	2015	2014	2015	2014
Alternate revenue bonds	\$ 4,410,000	4,530,000	395,000	770,000	4,805,000	5,300,000
Special tax bonds	479,453	513,704	-	-	479,453	513,704
GO bonds	1,038,430	1,120,990	-	-	1,038,430	1,120,990
Tax increment revenue notes	9,982,852	8,802,300	-	-	9,982,852	8,802,300
Meadow Mart business district note	2,223,730	2,098,082	-	-	2,223,730	2,098,082
Capital leases	150,721	169,868	-	-	150,721	169,868
Compensated absences	216,243	212,531	-	-	216,243	212,531
Post employment benefits	236,553	99,042	-	-	236,553	99,042
Police pension underfunding	4,409,586	4,099,411	-	-	4,409,586	4,099,411
Unamortized bond premium (discount)	26,796	28,858	-	(1,641)	26,796	27,217
<b>Totals</b>	<b>\$ 23,174,364</b>	<b>21,674,786</b>	<b>395,000</b>	<b>768,359</b>	<b>23,569,364</b>	<b>22,443,145</b>

CITY OF LOVES PARK, ILLINOIS  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
April 30, 2015

See Note # 5 in the Financial Statements for additional information regarding the long-term debt of the City.

<b>ECONOMIC FACTORS</b>
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The City's main revenue sources are very susceptible to fluctuations in the economy. The City continues to look for ways to contain its costs without limiting citizen services. The State of Illinois is also in the midst of the worst financial crisis in its history, and decisions made at the State level are likely to have a significant effect on local governments. The budget for the next year will reflect continuing concern for an uncertain economic environment.

<b>CONTACTING THE CITY'S FINANCIAL MANAGEMENT</b>
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This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to John C. Danielson, Treasurer, City of Loves Park, 100 Heart Boulevard, Loves Park, Illinois 61111.

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements are intended to provide a financial overview of municipal operations. The following basic statements are presented:

### **Government-Wide Financial Statements**

Statement of Net Position

Statement of Activities

### **Fund Financial Statements**

Governmental Funds

Balance Sheet

Statement of Revenues, Expenditures and Changes in Fund Balance

Proprietary Funds

Statement of Net Position

Statement of Revenues, Expenses and Changes in Net Position

Statement of Cash Flows – Proprietary Fund Types

Fiduciary Funds

Statement of Fiduciary Net Position

Statement of Changes in Fiduciary Net Position

CITY OF LOVES PARK, ILLINOIS  
**Statement of Net Position**  
April 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 10,109,173	3,011,102	13,120,275
Investments	322,300	-	322,300
Receivables:			
Taxes receivable	532,221	-	532,221
Billed services	-	214,176	214,176
Unbilled trade	-	443,585	443,585
Special assessments	1,040,121	-	1,040,121
Other receivables	670,159	513,549	1,183,708
Notes	810,181	-	810,181
Due from other funds	617	(617)	-
Due from other governments	3,015,249	-	3,015,249
Inventory of supplies, at cost	-	25,446	25,446
Prepaid expenses	263,673	30,526	294,199
Land held for resale	187,967	-	187,967
Other assets	7,443	-	7,443
Restricted assets:			
Customer deposits	-	351,280	351,280
Bond account/Pledged taxes	319,961	408,672	728,633
Bond account/SSA tax bonds	140,580	-	140,580
Foreign fire insurance	211,071	-	211,071
Escrow accounts	199,294	-	199,294
Capital assets not being depreciated	2,580,763	958,038	3,538,801
Capital assets (net of accumulated depreciation)	<u>53,395,648</u>	<u>17,409,258</u>	<u>70,804,906</u>
<b>Total assets</b>	<b>\$ <u>73,806,421</u></b>	<b><u>23,365,015</u></b>	<b><u>97,171,436</u></b>

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

CITY OF LOVES PARK, ILLINOIS  
**Statement of Net Position**  
April 30, 2015

	Governmental Activities	Business-type Activities	Total
<b>Liabilities:</b>			
Accounts payable	\$ 1,943,837	306,507	2,250,344
Accrued liabilities	185,462	27,548	213,010
Accrued interest payable	318,741	5,678	324,419
Due to other governments	199,894	-	199,894
Payable from restricted assets:			
Customer deposits payable	-	351,280	351,280
Alternate revenue bonds payable	-	395,000	395,000
Deposits and escrow amounts	211,071	-	211,071
Unearned revenue	275,141	-	275,141
Noncurrent liabilities:			
Due within one year	562,377	-	562,377
Due in more than one year	22,611,987	-	22,611,987
<b>Total liabilities</b>	<b>26,308,510</b>	<b>1,086,013</b>	<b>27,394,523</b>
<b>Deferred Inflows of Resources:</b>			
Property taxes	118,919	-	118,919
Economic development	112,923	-	112,923
TIF increment	137,368	-	137,368
Special assessments - sewer extensions	1,040,120	-	1,040,120
<b>Total liabilities and deferred inflows of resources</b>	<b>27,717,840</b>	<b>1,086,013</b>	<b>28,803,853</b>
<b>Net Position:</b>			
Net investment in capital assets	49,897,807	17,972,296	67,870,103
Restricted for:			
Community development	1,398,956	-	1,398,956
Highways, streets and bridges	1,328,536	-	1,328,536
Debt service	-	408,672	408,672
Unrestricted (deficit)	(6,536,718)	3,898,034	(2,638,684)
<b>Total Net Position</b>	<b>\$ 46,088,581</b>	<b>22,279,002</b>	<b>68,367,583</b>

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

CITY OF LOVES PARK, ILLINOIS  
**Statement of Activities**  
For the Year Ended April 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 5,522,600	570,973	39,435	-	(4,912,192)	-	(4,912,192)
Health & welfare	247,102	-	-	-	(247,102)	-	(247,102)
Highways & streets	4,324,066	49,849	809,187	296,147	(3,168,883)	-	(3,168,883)
Public safety	4,596,855	734,366	64,707	-	(3,797,782)	-	(3,797,782)
Economic development	679,030	-	-	-	(679,030)	-	(679,030)
Interest on long-term debt	938,038	-	-	-	(938,038)	-	(938,038)
Total governmental activities	<u>16,307,691</u>	<u>1,355,188</u>	<u>913,329</u>	<u>296,147</u>	<u>(13,743,027)</u>	<u>-</u>	<u>(13,743,027)</u>
<b>Business-type activities:</b>							
Water	2,551,515	2,646,362	66,465	-	-	161,312	161,312
Total business-type activities	<u>2,551,515</u>	<u>2,646,362</u>	<u>66,465</u>	<u>-</u>	<u>-</u>	<u>161,312</u>	<u>161,312</u>
Total	<u>\$ 18,859,206</u>	<u>4,001,550</u>	<u>979,794</u>	<u>296,147</u>	<u>(13,743,027)</u>	<u>161,312</u>	<u>(13,581,715)</u>

**General revenues:**

Taxes							
Sales & Use	\$	5,107,468	-				5,107,468
Income		2,417,495	-				2,417,495
Road referendum		2,093,653	-				2,093,653
Municipal utility		1,605,004	-				1,605,004
Hotel/Motel		173,291	-				173,291
Telecommunications		722,896	-				722,896
Personal property replacement		72,656	-				72,656
Franchise		279,999	-				279,999
TIF Districts		261,482	-				261,482
Property tax - Intergovernmental Road and Bridge		184,577	-				184,577
Property tax - Special service areas		57,883	-				57,883
Video gaming		638,492	-				638,492
Interest		31,922	611				32,533
Other		243,122	-				243,122
<b>Total general revenues</b>		<u>13,889,940</u>	<u>611</u>				<u>13,890,551</u>
Change in net position		146,913	161,923				308,836
<b>Net position:</b>							
Beginning		<u>45,941,668</u>	<u>22,117,079</u>				<u>68,058,747</u>
Ending	\$	<u>46,088,581</u>	<u>22,279,002</u>				<u>68,367,583</u>

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

CITY OF LOVES PARK, ILLINOIS  
Balance Sheet  
**Governmental Funds**  
April 30, 2015

	General	Motor Fuel Tax	North 2nd Street TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash & cash equivalents	\$ 8,407,560	649,391	169,886	882,336	10,109,173
Investments	-	-	-	322,300	322,300
Receivables:					
Taxes	245,218	-	90,743	196,260	532,221
Special assessments	1,040,121	-	-	-	1,040,121
Other receivables	659,210	-	-	10,949	670,159
Notes	-	-	-	810,181	810,181
Prepaid items	263,673	-	-	-	263,673
Due from other funds	396,439	-	-	600	397,039
Due from other governments	2,959,439	55,810	-	-	3,015,249
Land held for resale	-	-	187,967	-	187,967
Other assets	7,443	-	-	-	7,443
Restricted assets:					
Bond account/Pledged taxes	-	319,961	-	-	319,961
Bond account/SSA tax bonds	140,580	-	-	-	140,580
Foreign fire insurance	211,071	-	-	-	211,071
Escrow accounts	-	-	-	199,294	199,294
<b>Total assets</b>	<u>14,330,754</u>	<u>1,025,162</u>	<u>448,596</u>	<u>2,421,920</u>	<u>18,226,432</u>
<b>Liabilities:</b>					
Accounts payable	1,822,259	117,433	-	4,145	1,943,837
Accrued liabilities	185,462	-	-	-	185,462
Due to other funds	-	-	340,164	56,258	396,422
Due to other governments	-	-	-	199,894	199,894
Deposits and escrow amounts	211,071	-	-	-	211,071
Unearned revenue	275,141	-	-	-	275,141
<b>Total liabilities</b>	<u>2,493,933</u>	<u>117,433</u>	<u>340,164</u>	<u>260,297</u>	<u>3,211,827</u>
<b>Deferred Inflows of Resources:</b>					
Property taxes	118,919	-	-	-	118,919
Economic development	112,923	-	-	-	112,923
TIF increment	-	-	41,225	96,143	137,368
Sales taxes	694,134	-	4,751	-	698,885
Special assessments - sewer extensions	1,040,120	-	-	-	1,040,120
<b>Total liabilities and deferred inflows of resources</b>	<u>4,460,029</u>	<u>117,433</u>	<u>386,140</u>	<u>356,440</u>	<u>5,320,042</u>
<b>Fund balances:</b>					
Nonspendable					
Prepaid items	263,673	-	-	-	263,673
Long-term portion of notes receivable	-	-	-	705,959	705,959
Bridge improvements	-	-	-	324,090	324,090
Restricted					
Special revenue funds	-	907,729	62,456	1,045,488	2,015,673
Bond account/SSA tax bonds	140,580	-	-	-	140,580
Unassigned	9,466,472	-	-	(10,057)	9,456,415
<b>Total fund balances</b>	<u>9,870,725</u>	<u>907,729</u>	<u>62,456</u>	<u>2,065,480</u>	<u>12,906,390</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 14,330,754</u>	<u>1,025,162</u>	<u>448,596</u>	<u>2,421,920</u>	<u>18,226,432</u>

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

CITY OF LOVES PARK, ILLINOIS  
**Reconciliation of Fund Balances of Governmental Funds to the  
Governmental Activities in the Statement of Net Position**  
April 30, 2015

**Fund balances of Governmental Funds** \$ 12,906,390

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Sales and use taxes	\$ 427,846	
Road referendum taxes	214,512	
Telecommunication taxes	<u>56,527</u>	698,885

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the fund:

Capital assets	92,502,064	
Accumulated depreciation	<u>(36,525,653)</u>	55,976,411

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Tax increment revenue notes	(9,982,852)	
Meadow Mart business district note	(2,223,730)	
Alternate revenue bonds	(4,410,000)	
Special tax bonds	(479,453)	
General obligation bonds	(1,038,430)	
Capital leases	(150,721)	
Unamortized bond premium	(26,796)	
Accrued interest payable	(318,741)	
Compensated absences	(216,243)	
Post employment benefit obligation	(236,553)	
Net pension obligation	<u>\$ (4,409,586)</u>	<u>(23,493,105)</u>

**Net position of governmental activities** \$ 46,088,581

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

CITY OF LOVES PARK, ILLINOIS  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
**Governmental Funds**  
For the Year Ended April 30, 2015

	General Fund	Motor Fuel Tax Fund	North 2nd Street TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 12,812,548	-	132,942	182,014	13,127,504
Intergovernmental	64,707	992,745	-	-	1,057,452
Licenses and permits	765,744	-	-	-	765,744
Fines	582,737	-	-	-	582,737
Interest	1,957	761	2	29,202	31,922
Other	710,463	-	8,434	(20,240)	698,657
Total revenues	<u>14,938,156</u>	<u>993,506</u>	<u>141,378</u>	<u>190,976</u>	<u>16,264,016</u>
<b>Expenditures:</b>					
Current:					
General government	5,705,580	-	14,236	822,788	6,542,604
Health and sanitation	77,988	-	-	-	77,988
Highways and streets	3,311,677	759,684	-	-	4,071,361
Public safety	4,116,343	-	-	-	4,116,343
Total current	<u>13,211,588</u>	<u>759,684</u>	<u>14,236</u>	<u>822,788</u>	<u>14,808,296</u>
Capital outlay	344,161	-	-	-	344,161
Debt service					
Principal payments	92,855	120,000	25,796	-	238,651
Interest payments	8,264	199,848	74,124	-	282,236
Total expenditures	<u>13,656,868</u>	<u>1,079,532</u>	<u>114,156</u>	<u>822,788</u>	<u>15,673,344</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,281,288</u>	<u>(86,026)</u>	<u>27,222</u>	<u>(631,812)</u>	<u>590,672</u>
<b>Other financing sources (uses):</b>					
TIF notes issued	-	-	-	679,030	679,030
Installment contract proceeds	74,919	-	-	-	74,919
Transfers in (out)	-	-	-	-	-
Total other financing sources	<u>74,919</u>	<u>-</u>	<u>-</u>	<u>679,030</u>	<u>753,949</u>
<b>Net change in fund balances</b>	1,356,207	(86,026)	27,222	47,218	1,344,621
<b>Fund balances:</b>					
Beginning	<u>8,514,518</u>	<u>993,755</u>	<u>35,234</u>	<u>2,018,262</u>	<u>11,561,769</u>
Ending	<u>\$ 9,870,725</u>	<u>907,729</u>	<u>62,456</u>	<u>2,065,480</u>	<u>12,906,390</u>

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

CITY OF LOVES PARK, ILLINOIS  
**Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the  
Governmental Activities in the Statement of Activities**  
April 30, 2015

**Net Change in Fund Balances - total governmental funds** \$ 1,344,621

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

Governmental funds report capital outlays as expenditures. However, they are capitalized and depreciated in the statement of activities:

Construction in progress - non-depreciable	\$ 1,970,845	
Capital assets purchased	411,151	
Gain or (loss) on disposal of fixed assets	14,619	
Proceeds received on sale of fixed assets	(16,805)	
Depreciation expense	<u>(2,257,546)</u>	122,264

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Road referendum taxes	214,512	
Sales and use taxes	(2,224)	
Telecommunication taxes	<u>(4,894)</u>	207,394

The issuance of long-term debt provides current financial resources to governmental funds and is reported as an other financing source, but is reported as an increase in outstanding principal in the statement of net position:

Issuance of tax increment revenue notes		(679,030)
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Some capital additions were financed through capital leases. A capital lease arrangement is considered a source of financing in the governmental funds but in the statement of net position, the lease obligation is reported as a liability.

		(74,919)
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The repayment of long-term debt is reported as an expenditure when due in governmental funds but as a reduction of principal outstanding in the statement of activities.

		330,877
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accretion of interest on tax increment revenue notes	(501,522)	
Accretion of interest on Meadow Mart business district note	(125,648)	
Increase in compensated absences	(3,712)	
Increase in net police pension obligation	(310,175)	
Increase in post employment benefit obligation	(137,511)	
Increase in accrued interest expense	(27,788)	
Amortization of bond premium	<u>\$ 2,062</u>	<u>(1,104,294)</u>

**Change in net position of governmental activities** \$ 146,913

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

CITY OF LOVES PARK, ILLINOIS  
Statement of Net Position  
**Proprietary Fund**  
April 30, 2015  
With Comparative Totals as of April 30, 2014

	Business-Type Activity Water	
	2015	2014
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,011,102	2,971,353
Accounts receivable:		
Billed services	214,176	231,902
Unbilled services	443,585	449,540
Total accounts receivable	657,761	681,442
Other receivables:		
Randy Road Trunk Sewer	513,549	513,549
Total other receivables	513,549	513,549
Inventories	25,446	33,235
Prepaid expenses	30,526	27,413
Total current assets	4,238,384	4,226,992
<b>Noncurrent assets:</b>		
Restricted assets - cash and cash equivalents:		
Customer deposits	351,280	344,426
Bond account/Alternate bond	-	179,936
Bond account/Pledged taxes	408,672	403,699
Total restricted assets	759,952	928,061
Capital assets:		
Cost	31,968,028	31,098,643
Accumulated depreciation	(13,600,732)	(12,902,180)
Net capital assets	18,367,296	18,196,463
Total noncurrent assets	19,127,248	19,124,524
<b>Total assets</b>	<b>\$ 23,365,632</b>	<b>23,351,516</b>

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

CITY OF LOVES PARK, ILLINOIS  
Statement of Net Position (Continued)

**Proprietary Fund**

April 30, 2015

With Comparative Totals as of April 30, 2014

	Business-Type Activity Water	
	2015	2014
<b>Current liabilities:</b>		
Accounts payable	\$ 306,507	88,782
Accrued liabilities	27,548	21,085
Accrued interest payable	5,678	10,912
Due to other funds	617	873
Liabilities payable from restricted assets:		
Customer deposits payable	351,280	344,426
Revenue bond payable	395,000	375,000
Total liabilities payable from restricted assets	746,280	719,426
Total current liabilities	1,086,630	841,078
<b>Noncurrent liabilities:</b>		
Revenue bonds payable (net of unamortized discounts)	-	393,359
Total noncurrent liabilities	-	393,359
Total liabilities	1,086,630	1,234,437
<b>Net position:</b>		
Net investment in capital assets	17,972,296	17,428,104
Restricted for debt service	408,672	583,635
Unrestricted	3,898,034	4,105,340
<b>Total net position</b>	\$ 22,279,002	22,117,079

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

CITY OF LOVES PARK, ILLINOIS  
Statement of Revenues, Expenses and Changes in Fund Net Position  
**Proprietary Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	Business-Type Activity	
	Water	
	<u>2015</u>	<u>2014</u>
<b>Operating revenues:</b>		
Charges for services:		
Water charges	\$ 2,571,832	2,655,128
Service and meter fees	74,530	47,386
Total charges for services	<u>2,646,362</u>	<u>2,702,514</u>
Tower rental fees	49,432	50,740
Miscellaneous	17,033	31,405
Total operating revenues	<u>2,712,827</u>	<u>2,784,659</u>
 <b>Operating expenses:</b>		
Operations	1,830,365	1,676,902
Depreciation	698,553	703,623
Total operating expenses	<u>2,528,918</u>	<u>2,380,525</u>
 Net operating income	<u>183,909</u>	<u>404,134</u>
 <b>Nonoperating revenue (expense):</b>		
Interest on investments	611	931
Amortization of bond discount and issue costs	(1,641)	(16,250)
Interest expense	(20,956)	(33,216)
Total nonoperating revenue (expense)	<u>(21,986)</u>	<u>(48,535)</u>
 Net Income before contributions	161,923	355,599
 Capital contributions	<u>-</u>	<u>222,500</u>
 Change in net position	161,923	578,099
 <b>Net position:</b>		
Beginning	<u>22,117,079</u>	<u>21,538,980</u>
Ending	<u>\$ 22,279,002</u>	<u>22,117,079</u>

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

CITY OF LOVES PARK, ILLINOIS  
Statement of Cash Flows  
**Proprietary Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	Business-Type Activity Water	
	2015	2014
<b>Cash flow from operating activities:</b>		
Receipts from customers & users	\$ 2,743,362	2,761,293
Payments to suppliers	(1,131,355)	(1,200,169)
Payments to employees	(470,402)	(473,355)
Net cash provided (used) by operating activities	1,141,605	1,087,769
<b>Cash flow from capital and related financing activities:</b>		
Purchase of capital assets	(869,386)	(45,063)
Principal paid on capital debt	(375,000)	(365,000)
Interest paid on capital debt	(26,190)	(38,235)
Net cash provided (used) by financing activities	(1,270,576)	(448,298)
<b>Cash flow from investing activities:</b>		
Interest received	611	931
Net cash provided by investing activities	611	931
Net increase (decrease) in cash and cash equivalents	(128,360)	640,402
<b>Cash and cash equivalents:</b>		
Beginning	3,899,414	3,259,012
Ending	\$ 3,771,054	3,899,414
Statement of Net Position classification of cash and cash equivalents is as follows:		
Unrestricted	\$ 3,011,102	2,971,353
Restricted	759,952	928,061
	\$ 3,771,054	3,899,414

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

CITY OF LOVES PARK, ILLINOIS

Statement of Cash Flows

**Proprietary Fund**

For the Year Ended April 30, 2015

With Comparative Totals for the Year Ended April 30, 2014

	Business-Type Activity	
	Water	
	<u>2015</u>	<u>2014</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income	\$ 183,909	404,134
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation	698,553	703,623
Increase (decrease) from changes in:		
Accounts receivable	23,681	(28,045)
Inventories	7,789	(6,075)
Prepaid expenses	(3,113)	(2,234)
Accounts payable	217,725	14,049
Accrued liabilities	6,463	1,181
Due to other funds	(256)	(3,543)
Customer deposits	<u>6,854</u>	<u>4,679</u>
<b>Net cash provided by operating activities</b>	<u><u>1,141,605</u></u>	<u><u>1,087,769</u></u>
<b>Noncash investing, capital and financing activities:</b>		
Contributions of capital assets from developers	\$ -	222,500
Amortization of bond discount and issue costs	1,641	16,250

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

CITY OF LOVES PARK, ILLINOIS  
Statement of Fiduciary Net Position  
**Trust & Agency Funds**  
April 30, 2015

	<u>Police Pension Trust</u>	<u>Agency Funds</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 367,134	632,630
Interest receivable	11,266	-
Investments held:		
Mutual funds	8,601,486	-
U.S. government obligations	3,509,660	-
Certificates of deposits	301,161	-
Total investments	<u>12,412,307</u>	<u>-</u>
 Total assets	 <u>12,790,707</u>	 <u>632,630</u>
<b>Liabilities:</b>		
Due to other governments	<u>-</u>	<u>632,630</u>
 Total liabilities	 <u>-</u>	 <u>632,630</u>
<b>Net position:</b>		
Held in trust for police pension benefits and other purposes	 \$ <u><u>12,790,707</u></u>	 <u><u>-</u></u>

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

CITY OF LOVES PARK, ILLINOIS  
Statement of Changes in Fiduciary Net Position  
**Police Pension Trust Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015	2014
<b>Additions:</b>		
Contributions:		
Employer	\$ 775,000	800,000
Plan member	220,396	215,436
Total contributions	995,396	1,015,436
Investment income:		
Net appreciation in fair value	328,018	841,118
Interest and dividends	610,961	401,437
Total investment income	938,979	1,242,555
Total additions	1,934,375	2,257,991
<b>Deductions:</b>		
Benefits	961,633	806,811
Member refunds	-	84,506
Administrative expenses	11,580	21,634
Total deductions	973,213	912,951
<b>Change in net position</b>	961,162	1,345,040
<b>Net Position:</b>		
Beginning	11,829,545	10,484,505
Ending	\$ 12,790,707	11,829,545

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

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Loves Park, Illinois (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). 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 City was incorporated in 1947. The City operates under a Mayoral-Aldermanic form of government and provides the following services as authorized by statute: public safety (police and fire), highways & streets, sanitation, water services, public transportation, public improvements, planning and zoning, financial and general administrative services. The City is a primary unit of government as defined by GASB-14.

B. Financial Reporting Entity

Generally accepted accounting principles require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a municipal corporation governed by a City Council, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the City is considered a primary government. The City is not financially accountable for any component units or other entities.

C. Fund Accounting

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate fund types.

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of capital assets (capital projects funds), and the management of funds held in trust that can be used for governmental services (permanent fund). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to outside parties (enterprise funds).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expense and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. The City utilizes pension trust funds to account for the activities of the Police Pension Fund and agency funds to account for the activities of the SLANT Funds.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. The effect of material interfund activity has been eliminated 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 statement of activities demonstrates the degree to which the direct expenses of a given function, segment or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function 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 properly not 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.

The City has chosen to report the following major governmental funds:

The General Fund accounts for the resources devoted to finance the services traditionally associated with local government. Included in these services are general administration of the City, financial management, police and fire protection, inspection services, streets, public works and building maintenance. Any other activity for which a special fund has not been created is accounted for in the general fund.

The Motor Fuel Tax Fund is a special revenue fund that accounts for the state allotments used to fund the street maintenance.

The North 2<sup>nd</sup> Street TIF Fund is a special revenue fund that accounts for the activity relating to the redevelopment of North 2<sup>nd</sup> Street.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Government-Wide and Fund Financial Statements (Continued)

The City reports the following major proprietary fund:

The Water Fund was established for control of operating revenues and expenses of the City's water utility. Although a program of the City government, the utility is operated as a separate enterprise and the accounting records are maintained on an enterprise fund basis. Accordingly, account classifications used are designed specifically for the water operations.

E. 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 and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied (i.e., intended to finance). Grants, contributions and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues and expenses are directly attributable to the operation of the proprietary funds. Nonoperating revenue/expenses are incidental to the operations of these funds.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, generally considered to be 60 days after year end. The City recognizes income tax revenue when it is vouchered by the State of Illinois. The State of Illinois is behind in income tax payments, therefore this method ensures there is a consistent recognition of 12 months of income tax revenue for every fiscal year. The City recognizes property taxes when they become both measurable and available in the year intended to finance. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as expenditures when due.

Those revenues susceptible to accrual are property taxes, income taxes, sales taxes, telecommunication taxes, municipal utility taxes, personal property replacement taxes, gaming taxes, licenses, permits and fees, fines, and interest associated with the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidelines. Monies that are virtually unrestricted as to purpose of expenditure, which are usually revocable only for failure to comply with prescribed compliance requirements, are reflected as revenues at the time of receipt or earlier if the susceptible-to-accrual criteria are met.

The City reports deferred inflows of resources on its financial statements for property taxes, levied in the current year to finance the subsequent year's budget (see Note 1.L.), as well as TIF increments, sales taxes and special assessments for sewer extensions since these items do not meet both the "measurable" and "available" criteria for recognition in the current period.

Unearned revenues may arise when the City receives resources before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. The City reports unearned revenues for advanced license sales, plat improvement fees, and plan review fees as the monies have been received but the City still has an obligation or service to fulfill.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources and the obligation has been met, the deferred inflow of resources or the liability for unearned revenue is removed from the financial statements and revenue is recognized.

F. Cash and Cash Equivalents

For purposes of reporting cash flows, the City considers all cash on hand, demand deposits and short-term investments with a maturity of three months or less when purchased to be cash and cash equivalents.

The Illinois Funds, a money-market mutual fund created by the Illinois State Legislature and controlled by the Illinois State Treasurer is reported at a \$1 per share value, which equals the City's fair value in the pool.

G. Investments

Investments with a maturity of one year or less are recorded at cost or amortized cost. All other investments and all investments of the pension trust funds are recorded at fair value.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Receivables / Deferrals

The City has road and sewer projects that were partially or completely funded by a special assessment tax on the property that benefited from the project. Since the receivable amount generally is not received within 60 days of year-end, the entire special assessment tax is recorded as a deferred inflow of resources. Income is recognized when the special assessment principal and interest payments are made by the property owner.

The City has notes receivable consisting of non-current economic development loans to businesses.

I. Prepaid items

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items.

J. Inventories

The inventory of miscellaneous chemicals and water meters of the water system is valued at the lower of cost (first in, first out) or market.

K. Restricted Assets

Certain proceeds of the City's alternate revenue bonds and special service area tax bonds, as well as resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Separate cash accounts are maintained to segregate resources accumulated for their debt service payments. In addition, there are restricted assets consisting of the General Fund's Foreign Fire Insurance accounts, which are restricted by state statute for fire equipment purchases, and the escrow account for the Flood Control Fund's project money due to the State of Illinois. The Water Fund has restricted assets consisting of customer deposits.

L. Property Taxes

The City does not levy a property tax; however, it receives one half of the Road & Bridge Tax levied by Harlem and Rockford Townships on the property within the City. The City also collects property taxes to pay for the private portion of two special service areas – Harvest Hills SSA#1 and Perryville Traffic Lights Project SSA#2.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Property Taxes (Continued)

Property taxes are assessed as of January 1 on the real property. Property taxes are levied by the townships and are filed with the Winnebago County Clerk by the last Tuesday in December. Generally, in April of the subsequent year, the County Clerk calculates the tax rates using the equalized assessed value of the townships as determined by the Illinois Department of Revenue. These rates are then extended against the equalized assessed value of each parcel of property. The tax bills are then normally mailed by May 1 with payments due in two equal installments in the beginning of June and September. The City receives its share of the Road & Bridge Tax levied by Harlem and Rockford Townships from the Winnebago County Collector during the period June through December of the year subsequent to the tax levy year. The 2013 taxes collected during fiscal year 2015 were due and payable on June 13 and September 5, 2014.

M. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, storm water), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amounts not rounded) with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings & improvements	10-50
Waterworks system	40
Trucks	5-20
Furniture & fixtures	5-15
Vehicles	5-10

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Capital Assets (Continued)

Infrastructure assets normally can be preserved for a significantly greater number of years than other capital assets because they normally (a) can be maintained in a condition that will allow them to be used longer than most other capital assets and (b) are stationary in nature. The City has elected to capitalize its infrastructure assets prospectively and retroactively as provided by GASB-34 for entities having less than \$10 million in revenues. During the year ended April 30, 2015, the City did not receive any contributed infrastructure assets from developers.

N. Compensated Absences

Employees earn vacation based upon their length of service and earn compensatory time for overtime worked which is payable upon the employee's termination. This liability is not expected to be paid from current available resources. Therefore the amount of \$71,628 has only been recognized in the government-wide financial statements.

A police officer with 15 years or more of service may sell back to the City 50% of the unused sick time at the time of resignation or retirement up to a maximum of 480 hours at the officer's hourly rate at that time. The liability for 50% of the unused sick time at April 30, 2015 was \$144,615 and is not expected to be paid from current available resources. Therefore this liability is only accounted for in the government-wide financial statements.

O. 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 financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Prior to fiscal year 2014, bond issue costs were capitalized and amortized on a straight-line basis over the life of the bond issue. Bond issue costs are now reported as current outflows of resources and have been fully expensed.

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 as well as premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans, if any, are classified as interfund receivables/payables. Long-term interfund loans are classified as advances to/from other funds.

Q. Fund Equity / Net Position

Fund balances for the governmental funds are reported in classifications that comprise a hierarchy based on the extent to which the government honors constraints on the specific purposes for which amounts in those funds can be spent.

The non-spendable classification contains amounts not in spendable form or legally or contractually required to be maintained intact, including prepaid items, long-term portion of notes receivable, and a permanent trust fund.

Restricted amounts contain restraints on their use externally imposed by creditors, grantors, contributors, or law or regulation of other governments; or imposed by law through constitutional provisions or enabling legislation. The City reports restricted fund balance amounts for the special revenue funds. The Motor Fuel Tax fund balance is restricted due to restraints externally imposed through regulation of the Illinois Department of Transportation. Restricted fund balances also include amounts restricted for TIF Districts, Economic Development Revolving Loans, bridge operating expenditures, and special service area bond payments.

Committed amounts can only be used for specific purposes imposed by formal action of the government's highest level of decision-making authority. The highest level of decision-making authority is the City Council, and it takes an ordinance or resolution to establish a fund balance commitment.

Amounts intended to be used for specific purposes would be considered assigned. Assignments should not cause deficits in the unassigned fund balance.

Unassigned fund balance is the residual classification for the general fund. Unassigned fund balance is also used for any deficit fund balances reported in the governmental fund types other than the general fund.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Fund Equity / Net Position (Continued)

When both restricted and unrestricted resources are available for use, the City uses restricted resources first, and then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, the City uses committed resources first, then assigned resources, and then unassigned resources as they are needed.

In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. Net investment in capital assets represents the book value of capital assets less any long-term debt issued to acquire or construct the capital assets. All other net position that does not meet the definition of "restricted" or "net investment in capital assets" is classified as unrestricted net position.

R. Deferred Outflows and Inflows of Resources

The City implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective with the April 30, 2013 financial statements, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, effective with the April 30, 2014 financial statements. GASB Statement 63 changes the title of the "Statement of Net Assets" to the "Statement of Net Position" and also standardizes the presentation of deferred outflows of resources and deferred inflows of resources. Under GASB Statements 63 and 65, certain items previously reported as assets are now reported as deferred outflows of resources in a separate section following total assets, and certain items previously reported as liabilities are now reported as deferred inflows of resources in a separate section following total liabilities. In addition, GASB Statement 65 reclassifies certain assets and liabilities as current outflows of resources and inflows of resources (not deferred).

2. DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Statutes authorize the City to make deposits in commercial banks and savings and loan institutions, and to invest in obligations of the U.S. Treasury and U.S. Agencies, obligations of states and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, mortgages, veteran's loans and life insurance company contracts, and in certain instances, mutual funds and equity securities.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

2. DEPOSITS AND INVESTMENTS (Continued)

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, the price for which the investment could be sold.

The following is a summary of deposits and investments:

	Book	Bank
Primary government including restricted assets:		
Cash and cash equivalents		
Cash	\$ 1,300	-
Demand deposits	6,650,685	6,914,855
Treasury management / MM accounts	3,492,162	3,492,162
Illinois Funds	4,606,986	4,607,560
Total primary government cash and cash equiv.	14,751,133	15,014,577
Investments:		
U.S. Treasury notes	322,300	322,300
Total government cash and investments	\$ 15,073,433	15,336,877
Fiduciary funds:		
Cash and cash equivalents		
Demand deposits	\$ 766,257	808,444
Treasury management / MM accounts	233,507	233,507
Total fiduciary cash and cash equivalents	999,764	1,041,951
Investments:		
Certificates of deposit	301,161	301,161
U.S. Agency securities	3,054,710	3,054,710
U.S. Treasury securities	454,950	454,950
Mutual Funds	8,601,486	8,601,486
Total fiduciary investments	12,412,307	12,412,307
Total fiduciary cash and investments	\$ 13,412,071	13,454,258

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure the City's deposits may not be returned. The City's policy requires that funds on deposit in excess of FDIC (Federal Depository Insurance Corporation) must be secured by 110% of the fair market value of the net amount of funds secured. Pledged collateral is to be held by an independent third party depository. At April 30, 2015, deposits of \$203,806 with a bank were uninsured and uncollateralized.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

2. DEPOSITS AND INVESTMENTS (Continued)

Investments – Fiduciary Fund (Police Pension Fund)  
Interest Rate Risk

Interest-rate risk arises because potential purchases of debt securities will not agree to pay fair value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities.

The Police Pension Fund's investment policy does not specifically address interest rate risk. At April 30, 2015, the Police Pension Fund had the following fixed rate investments and maturities:

	Fair Value	less than 1 year	1-5 years	6-10 years	over 10 years
U.S. Treasury Securities	\$ 454,950	-	-	454,950	-
U.S. Agency Securities	3,054,710	-	-	-	3,054,710
Certificates of Deposits	301,161	301,161	-	-	-
Total fixed rate investments	\$ <u>3,810,821</u>	<u>301,161</u>	<u>-</u>	<u>454,950</u>	<u>3,054,710</u>

As of April 30, 2015, the ratings of the debt securities owned by the Police Pension Fund and not explicitly guaranteed by the U.S. Government are as follows:

	Fair Market Value	Moody's Investor's Service
Police Pension:		
Federal Home Loan Mortgage Corporation (Freddie Mac)	406,069	Aaa
Federal National Mortgage Association - Mortgage backed	900,051	Aaa
	\$ <u>1,306,120</u>	

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

3. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2015 was as follows:

<b><u>Governmental Activities</u></b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases / Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 778,534	-	-	778,534
Construction in progress	2,585,691	1,970,845	2,754,307	1,802,229
Total capital assets not being depreciated	<u>3,364,225</u>	<u>1,970,845</u>	<u>2,754,307</u>	<u>2,580,763</u>
Capital assets being depreciated:				
Buildings and improvements	3,391,957	67,268	-	3,459,225
Infrastructure	77,994,795	2,754,308	-	80,749,103
Trucks	3,642,336	71,786	98,294	3,615,828
Vehicles	102,524	69,393	83,799	88,118
Squad cars	661,418	90,500	93,149	658,769
Furniture & equipment	1,238,055	112,203	-	1,350,258
Total capital assets being depreciated	<u>87,031,085</u>	<u>3,165,458</u>	<u>275,242</u>	<u>89,921,301</u>
Less accumulated depreciation for:				
Buildings and improvements	2,554,784	71,779	-	2,626,563
Infrastructure	27,716,445	1,949,868	-	29,666,313
Trucks	2,657,946	102,359	96,108	2,664,197
Vehicles	102,524	6,361	83,799	25,086
Squad cars	503,127	61,541	93,149	471,519
Furniture & equipment	1,006,337	65,638	-	1,071,975
Total accumulated depreciation	<u>34,541,163</u>	<u>2,257,546</u>	<u>273,056</u>	<u>36,525,653</u>
Net capital assets being depreciated	<u>52,489,922</u>	<u>907,912</u>	<u>2,186</u>	<u>53,395,648</u>
Net governmental activities capital assets	<u>\$ 55,854,147</u>	<u>2,878,757</u>	<u>2,756,493</u>	<u>55,976,411</u>

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

Governmental Activities:	
General government	\$ 64,611
Highways & streets	2,016,413
Public safety	176,522
Total	<u>\$ 2,257,546</u>

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

3. CAPITAL ASSETS (Continued)

<b>Business-Type Activities</b>	Beginning Balance	Increases	Decreases / Transfers	Ending Balance
Capital assets not being depreciated:				
Construction in progress	\$ 98,626	859,412	-	958,038
Capital assets being depreciated:				
Additions to system	29,289,755	-	-	29,289,755
Buildings and improvements	892,867	-	-	892,867
Office equipment	167,742	-	-	167,742
Tools & equipment	346,144	9,974	-	356,118
Cars & trucks	303,508	-	-	303,508
Total capital assets being depreciated	<u>31,000,016</u>	<u>9,974</u>	<u>-</u>	<u>31,009,990</u>
Less accumulated depreciation for:				
Additions to system	11,501,775	659,105	-	12,160,880
Buildings and improvements	619,121	21,026	-	640,147
Office equipment	155,164	3,935	-	159,099
Tools & equipment	342,118	1,483	-	343,601
Cars & trucks	284,001	13,004	-	297,005
Total accumulated depreciation	<u>12,902,179</u>	<u>698,553</u>	<u>-</u>	<u>13,600,732</u>
Net capital assets being depreciated	<u>18,097,837</u>	<u>(688,579)</u>	<u>-</u>	<u>17,409,258</u>
Net business-type activities capital assets	\$ <u>18,196,463</u>	<u>170,833</u>	<u>-</u>	<u>18,367,296</u>

4. CAPITAL LEASES

The City entered into lease agreements for financing the acquisition of squad cars for the police department and two trucks for the street department. These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Assets:	General Fund	
	Street Dept.	Public Safety
2012 F-550 Dump Truck	\$ 57,021	-
2012 International Dump Truck	107,464	-
2013 Squad cars (4)	-	81,923
2014 Squad cars (4)	-	99,000
2015 Squad cars (3)	-	74,919
Less accumulated depreciation	<u>(43,607)</u>	<u>(97,707)</u>
Total	\$ <u>120,878</u>	<u>158,135</u>

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

4. CAPITAL LEASES (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of April 30, 2015 are as follows:

Year Ending April 30	General Fund	
	Street Dept.	Public Safety
2016	\$ 35,978	69,056
2017	-	26,095
2018	-	26,095
Total minimum lease payments	35,978	121,246
Less amount representing interest	(1,757)	(4,746)
Present value of minimum lease payments	\$ 34,221	116,500

5. LONG-TERM DEBT

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

GOVERNMENTAL ACTIVITIES				
	Beginning Balance	New Issues / Accretion	Retired	Ending Balance
Alternate Revenue Bonds	\$ 4,530,000	-	120,000	4,410,000
Special Tax Bonds	513,704	-	34,251	479,453
G.O. Bonds	1,120,990	-	82,560	1,038,430
Tax increment revenue notes	8,802,300	1,180,552	-	9,982,852
Meadow Mart business district note	2,098,082	125,648	-	2,223,730
Capital leases	169,868	74,919	94,066	150,721
Compensated absences	212,531	57,839	54,127	216,243
Post employment benefits	99,042	137,511	-	236,553
Police pension underfunding	4,099,411	310,175	-	4,409,586
Unamortized premium	28,858	-	2,062	26,796
Total	\$ 21,674,786	1,886,644	387,066	23,174,364

BUSINESS-TYPE ACTIVITIES				
	Beginning Balance	New Issues	Retired	Ending Balance
Alternate Revenue Bonds	\$ 770,000	-	375,000	395,000
Less: Unamortized discount	(1,641)	-	(1,641)	-
Total	\$ 768,359	-	373,359	395,000

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

5. LONG-TERM DEBT (Continued)

The outstanding debt as of April 30, 2015 consists of the following individual amounts:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>Balances</u> <u>04/30/15</u>	<u>Current</u> <u>Portion</u>
\$5,300,000 of General Obligation MFT Alternate Revenue Bonds, Series 2007; principal payments ranging from \$100,000 to \$300,000 and due December 15, 2007 through 2036. Interest payable June 15 and December 15 commencing June 15, 2007. Interest rates vary from 4.0% to 8.0%.	\$ 4,410,000	125,000
\$283,108 of Special Service Area #1 Special Tax Bonds, Series 2008; payments of \$27,408 for principal and interest due November 30, 2009 through 2023 commencing November 30, 2009. Interest rate 5%.	193,642	17,564
\$320,000 of Special Service Area #2 Special Tax Bonds, Series 2012; payments ranging from \$16,731 to \$27,205 for principal. Principal and interest due annually on November 30, 2013 through 2027. Interest rates vary from 3.38% to 4.50%.	285,811	17,882
\$607,000 of TIF General Obligation Bonds, Series 2008; payments ranging from \$22,200 to \$53,500 for principal. Principal and interest due annually on November 15. The debt matures in 2028 and the interest rate is 4.5%.	510,232	26,832
\$640,000 of General Obligation Bonds, Series 2012; payments ranging from \$54,858 to \$73,989 for principal. Principal and interest due annually on November 30, 2013 through 2022. The interest rate is 3.38%.	528,198	58,629
\$8,660,000 of Tax Increment Revenue Notes; due only if tax increment revenues are available. Maturity dates range from Nov. 2032 - Jan. 2034. Interest rate is 5.7% and compounds annually on 12/31 each year.	9,303,822	-
\$679,030 of Tax Increment Revenue Notes; due only if tax increment revenues are available. Maturity date is Jan. 2035. Interest rate is 6.0% and compounds annually on 12/31 each year.	679,030	-
\$621,093 initial note for Meadow Mart business district, due only if district sales tax revenues are available. Maturity date is March 2032. Interest is 8.5% and compounds quarterly.	2,223,730	-
\$56,621 lease to purchase a 2012 F-550 Dump Truck; interest rate 4.897%, 5 lease payments of \$12,446 due on February 22, 2012 through 2016.	11,841	11,841
\$107,064 lease to purchase a 2012 International 7400 Dump Truck; Interest rate 4.897%; 5 lease payments of \$23,532 due on October 24, 2011 through 2015.	22,380	22,380
\$81,923 lease to purchase 4 police squad cars; Interest rate 5.25%; 36 monthly lease payments of \$2,465 until July 12, 2015	7,329	7,329
\$99,000 lease to purchase 4 police squad cars; Interest rate 3.84%; 3 annual lease payments of \$35,567 until March 22, 2016	34,252	34,252
\$74,919 lease to purchase 3 police squad cars; Interest rate 2.23%; 3 annual lease payments of \$26,095 until May 21, 2017.	74,919	24,425
Compensated absences	216,243	216,243
Post employment benefits	236,553	-
Police pension underfunding	4,409,586	-
Unamortized premium	26,796	-
Total governmental activities	<u>\$ 23,174,364</u>	<u>562,377</u>

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

5. LONG-TERM DEBT (Continued)

Special Assessment Debt with Governmental Commitment: The 2008 Special Service Area #1 tax bonds were issued to pay for infrastructure improvements in the Harvest Hills area, and the 2013 Special Service Area #2 tax bonds were for signal improvements on Perryville Road. Payments on the special tax bonds are secured by the levy of an annual tax on real property within the special service areas, and therefore are considered a limited obligation of the City. The tax receipts are deposited into the General Fund, and bond payments are made from the General Fund.

In addition to the Special Service Area #2 tax bond for the Perryville Road signal improvements, the City also issued a \$640,000 General Obligation Bond to fund this project in collaboration with Winnebago County. The bonds are funded by the General Fund.

The 2007 alternate revenue bonds were issued to pay for the Riverside District road project and are funded from the Motor Fuel Tax Fund. The 2008 GO bonds were issued to pay for a redevelopment agreement and are funded by the TIF funds. All other debt, except for the notes payable from TIF funds discussed below, will be funded by the General Fund.

Tax Increment Revenue Notes: The City issued tax increment revenue notes to reimburse Woodward for redevelopment project costs related to the Woodward expansion project located within the Zenith Cutter TIF District. The notes are secured only by incremental revenues generated by the TIF District, and therefore the City is not obligated to make any payments on the notes if tax increment revenue is not available. The interest rate on the notes is 5.7% and compounds on December 31 each year. Pledged revenues will be applied to the payments of principal and interest for the senior notes first before paying the junior notes. The notes consist of the following:

Woodward Notes	Initial Note Amount	Maturity Date
Junior Note #1	\$ 2,063,936	November 2032
Junior Note #2	5,736,064	December 2033
Senior Note #1	500,000	October 2033
Senior Note #2	250,000	October 2033
Senior Note #3	110,000	January 2034
	8,660,000	
Compounded interest	643,822	
Total Woodward Notes Payable	\$ 9,303,822	

The City issued a tax increment revenue note, with an issuance date of January 3, 2015, for \$679,030 to reimburse the developer for redevelopment project costs in connection with the Spring Creek Lakes Redevelopment Project located within the Spring Creek Lakes TIF District. The note is secured only by incremental revenues generated by the TIF District, and therefore the City is not obligated to make any payments on the note if tax increment revenue is not available. The interest rate on the note is 6.0% and compounds on December 31 each year. The maturity date is January 2035.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

5. LONG-TERM DEBT (Continued)

Meadow Mart Business District Note: The Meadow Mart business district note was issued to reimburse the developer for property improvements within the district. The Meadow Mart business district is included within the North 2<sup>nd</sup> Street TIF Fund. The note is secured by an extra 1% sales tax. The City is only obligated to the extent that sales taxes are generated in the district. The note began in August 2009 with an initial note amount of \$621,093. An additional principal amount of \$1,257,861 was added to the note in June 2011. The interest rate is 8.5% and compounds quarterly.

BUSINESS-TYPE ACTIVITIES

	Balances 04/30/15	Current Portion
\$3,875,000 of General Obligation Alternate Bonds, Series 2003; principal payments ranging from \$135,000 beginning December 1, 2003 to \$395,000 on December 1, 2015; Interest payable June 1 and December 1; Interest rates vary from 1.45% to 3.45%	\$ 395,000	395,000

Alternate revenue bonds were issued to pay for well #5 and water tower #3 and are paid by the Water Fund.

The annual debt service requirements to amortize the outstanding debt as of April 30, 2015, are as follows:

GOVERNMENTAL ACTIVITIES									
Year Ending April 30	MFT Alternate Revenue Bonds, Series 2007			TIF G.O. Bonds, Series 2008			Special Tax Bonds SSA#1, Series 2008		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2016	125,000	194,898	319,898	26,832	23,086	49,918	17,564	9,844	27,408
2017	130,000	189,586	319,586	28,165	21,753	49,918	18,430	8,978	27,408
2018	135,000	184,060	319,060	29,432	20,486	49,918	19,389	8,019	27,408
2019	140,000	178,660	318,660	30,757	19,161	49,918	20,372	7,036	27,408
2020	150,000	172,990	322,990	32,141	17,777	49,918	21,405	6,003	27,408
2021-2025	835,000	764,806	1,599,806	183,745	65,844	249,589	96,482	12,614	109,096
2026-2030	1,030,000	562,728	1,592,728	179,160	20,510	199,670	-	-	-
2031-2035	1,275,000	309,378	1,584,378	-	-	-	-	-	-
2036-2037	590,000	40,050	630,050	-	-	-	-	-	-
	\$ 4,410,000	2,597,156	7,007,156	510,232	188,617	698,849	193,642	52,494	246,136

Year Ending April 30	G.O. Bonds, Series 2012			Special Tax Bonds SSA #2, Series 2012			Squad Cars - Leases (3)		
	Principal	Interest	Total Payments	Principal	Interest	Total Payments	Principal	Interest	Total Payments
2016	58,629	17,861	76,490	17,882	9,666	27,548	66,006	3,051	69,057
2017	60,610	15,880	76,490	18,486	9,062	27,548	24,968	1,127	26,095
2018	62,659	13,831	76,490	19,111	8,437	27,548	25,526	569	26,095
2019	64,777	11,713	76,490	19,757	7,791	27,548	-	-	-
2020	66,966	9,524	76,490	20,425	7,123	27,548	-	-	-
2021-2025	214,557	14,681	229,238	112,162	27,341	139,503	-	-	-
2026-2030	-	-	-	77,988	7,137	85,125	-	-	-
2031-2035	-	-	-	-	-	-	-	-	-
2036-2037	-	-	-	-	-	-	-	-	-
	\$ 528,198	83,490	611,688	285,811	76,557	362,368	116,500	4,747	121,247

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

5. LONG-TERM DEBT (Continued)

Year Ending April 30	F-550 Dump Truck Lease			7400 International Dump Truck Lease			Total Principal	Total Interest	Total Payments
	Principal	Interest	Total Payments	Principal	Interest	Total Payments			
2016	11,841	606	12,447	22,380	1,152	23,532	346,134	260,164	606,298
2017	-	-	-	-	-	-	280,659	248,144	528,803
2018	-	-	-	-	-	-	291,117	235,402	526,519
2019	-	-	-	-	-	-	275,663	224,361	500,024
2020	-	-	-	-	-	-	290,937	213,417	504,354
2021-2025	-	-	-	-	-	-	1,441,946	885,286	2,327,232
2026-2030	-	-	-	-	-	-	1,287,148	590,375	1,877,523
2031-2035	-	-	-	-	-	-	1,275,000	309,378	1,584,378
2036-2037	-	-	-	-	-	-	590,000	40,050	630,050
	<u>\$ 11,841</u>	<u>606</u>	<u>12,447</u>	<u>22,380</u>	<u>1,152</u>	<u>23,532</u>	6,078,604	<u>3,006,577</u>	<u>9,085,181</u>
							Tax increment revenue notes	9,982,852	
							Meadow Mart business district note	2,223,730	
							Compensated absences	216,243	
							Post employment benefit obligation	236,553	
							Police pension underfunding	4,409,586	
							Unamortized premium	26,796	
							<u>\$ 23,174,364</u>		

Due to numerous variables, the amount by year in which the tax increment revenue notes, business district note, compensated absences and police pension under funding are payable cannot be reasonably predicted.

**BUSINESS-TYPE ACTIVITIES**

Year Ending April 30	Alternate Revenue Bonds		
	Principal	Interest	Total Payments
2016	395,000	13,628	408,628
	<u>\$ 395,000</u>	<u>13,628</u>	<u>408,628</u>

The ordinances authorizing the revenue bond issue imposes certain conditions on the Department. Major provisions are:

- A. The revenues derived from the operations of the Department are to be deposited in a separate fund and used to create and maintain the following separate accounts:
  - 1. *Operation and Maintenance Account* - An amount considered necessary and sufficient to pay the reasonable current expenses of operating, repairing, and maintaining the systems for the current month. This account is comprised of the current operating accounts other than those classified as restricted in the accompanying balance sheets.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

5. LONG-TERM DEBT (Continued)

2. *Alternate Bond and Interest Account* - An amount at least equal to one-sixth of the interest becoming due on the next succeeding interest payment date and an amount equal to one-twelfth of the principal becoming due on the next succeeding principal payment date is to be deposited monthly. The bond account balances at fiscal year-end are less than the current bond payable balance as funding of the bond account occurs throughout the year.
3. *Pledged Taxes Account* - An account designated to pay principal and interest due. Funds are transferred from the Alternate Bond and Interest Account.

B. To carry adequate insurance on the system.

C. To charge adequate rates to properly maintain the systems and to discharge the obligations and covenants of the bond ordinances. Free service to the Department and to any other municipal or private body is expressly prohibited.

For the year ended April 30, 2015, the Department was substantially in compliance with all significant provisions imposed by the bond ordinances except the Department does not receive revenue from the City for fire protection usage from hydrants.

6. EMPLOYEE RETIREMENT SYSTEMS

Plan Descriptions - The City contributes to two defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system and the Police Pension Plan, which is a single-employer pension plan. The benefit provisions for both plans are governed by Illinois Compiled Statutes and can only be changed by the Illinois General Assembly. The City issues a separate report for the pension plan that includes financial statements and supplementary information on the pension plan. A copy of that report can be obtained from the Treasurer, City of Loves Park, 100 Heart Boulevard, Loves Park, IL 61111. IMRF issues a publicly available report that includes financial statements and required supplementary information (RSI) for the plan as a whole, but not for individual employers. That report can be obtained on-line at [www.imrf.org](http://www.imrf.org).

Illinois Municipal Retirement Fund

Funding Policy - As set by statute, the City's Regular plan members are required to contribute 4.5% of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2014 was 12.00 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

*Annual Pension Cost*

The required contribution for calendar year 2014 was \$266,821 which equals the actual amount contributed. The required contribution for 2014 was determined as part of the December 31, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2012, included (a) 7.5% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.0% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2012 is being amortized as a level percentage of projected payroll on an open 29 year basis.

*Funded Status and Funding Progress*

As of December 31, 2014, the most recent actuarial valuation date, the Regular plan was 87.72 percent funded. The actuarial accrued liability for benefits was \$7,256,505 and the actuarial value of assets was \$6,365,536, resulting in an underfunded actuarial accrued liability (UAAL) of \$890,969. The covered payroll for calendar year 2014 (annual payroll of active employees covered by the plan) was \$2,223,512 and the ratio of the UAAL to the covered payroll was 40 percent.

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

Police Pension Plan

Police sworn personnel are covered by the Police Pension Plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois Compiled Statutes (40 IILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund, and the plan is reported using the accrual basis of accounting.

At April 30, 2015, the Police Pension Plan membership consisted of:

Retirees and beneficiaries:	
Currently receiving benefits	22
Terminated employees entitled to benefits but not yet receiving them	1
Current employees:	
Vested	19
Nonvested	<u>15</u>
TOTAL	<u>57</u>

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police Pension Plan (continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit equal to 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 annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years, to a maximum of 75.00% of such salary.

Employees with at least eight years but less than 20 years of credited service may retire at or after age 60 and receive a reduced benefit. The monthly benefit 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 upon reaching the age of at least 55 years, by 3.00% of the original pension and 3.00% compounded annually thereafter.

Employees are required by ILCS 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 amounts necessary to finance the plan and the administrative costs as actuarially determined by an enrolled actuary. By the year 2040, the City's contributions must accumulate to 90% of the total accrued liabilities.

*Significant Investments*

There are no significant investments (other than U.S. Government guaranteed obligations and mutual funds) in any one organization that represent 5.00% or more of plan net assets for the Police Pension Plan. Information for the IMRF is not available.

*Annual Pension Costs*

Employer contributions have been determined as follows:

	<u>IMRF</u>	<u>Police Pension</u>
Actuarial Valuation Date	December 31, 2012	April 30, 2014
Actuarial Cost Method	Entry-age normal	Projected Unit Credit
Asset Valuation Method	5 year smoothed market	5 year average market
Amortization Method	Level percentage of payroll	Level percentage of payroll

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

	IMRF	Police Pension
Amortization Period	29 years, open	27 years, closed
Significant Actuarial Assumptions:		
a) Rate of return on present and future assets	7.5% Compounded annually	6.5% Compounded annually
b) Projected salary increase - Attributable to inflation	4.0% Compounded annually	5.0% Compounded annually
c) Additional projected salary increases -	0.4% to 10%	-
d) Post retirement increase	3%	-

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the accumulated difference between the APC and the contributions actually made.

	For December 31,	IMRF	For April 30,	Police Pension
Annual Pension Cost (APC)	2014	\$ 266,821	2015	\$ 1,085,175
	2013	254,629	2014	907,310
	2012	258,091	2013	886,851
Actual Contribution	2014	\$ 266,821	2015	\$ 775,000
	2013	254,629	2014	800,000
	2012	258,091	2013	350,000
Percentage of APC Contributions	2014	100 %	2015	71.42%
	2013	100 %	2014	88.17%
	2012	100 %	2013	39.47%
NPO (asset)	2014	-	2015	\$ 4,409,586
	2013	-	2014	4,099,411
	2012	-	2013	3,992,101

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

6. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Annual Pension Costs (Continued)

	2015 Police Pension	2014 Police Pension
Annual required contribution (ARC)	\$ 968,794	774,076
Interest on net pension obligation	266,462	259,487
Adjustment to ARC	<u>(150,081)</u>	<u>(126,253)</u>
Annual pension cost	1,085,175	907,310
Contributions made	<u>775,000</u>	<u>800,000</u>
Increase (decrease) in net pension obligation	310,175	107,310
Beginning net pension obligation	<u>4,099,411</u>	<u>3,992,101</u>
Ending net pension obligation	<u>\$ 4,409,586</u>	<u>4,099,411</u>

*Funded Status and Funding Progress*

As of April 30, 2014, the most recent actuarial valuation date available, the Police Pension plan was 42.2 percent funded. The actuarial accrued liability for benefits was \$23,799,790 and the actuarial value of assets was \$10,038,785, resulting in an underfunded actuarial accrued liability (UAAL) of \$13,761,005. The covered payroll (annual payroll of active employees covered by the plan) was \$2,090,923 and the ratio of the UAAL to the covered payroll was 658 percent.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The City provides limited health insurance coverage for its eligible retired employees. Additionally, lifetime "line-of-duty" disability retiree medical (including prescription drugs), vision, and mental health coverage is provided for all eligible police officers who are totally and permanently disabled in the line of duty. Dependents of disabled police officers receive lifetime coverage also.

Coverage to non-disabled retirees is available on a 100% contributory basis until age 65, when coverage ends. Lifetime line-of-duty disability retirement benefits are provided on a non-contributory basis. Retiree contributions for non-disabled retirees prior to age 65 are set annually to equal the renewal premium rates. The City intends to fund the plan on a pay-as-you-go basis. The City reports plan data as of April 30, 2015 based on the latest actuary report. The City obtains an updated report every three years.

Participant information:

At April 30, 2015, the participants in the plan consisted of:

Actives Fully Eligible to Retire	19
Actives Not Yet Fully Eligible to Retire	54
Retirees and Dependents	<u>3</u>
Total	<u>76</u>

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

*Annual OPEB Cost and Net OPEB Obligation*

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost of each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for 2015 and 2012, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	2015	2012
Annual required contribution	\$ 184,068	36,465
Interest on net OPEB obligation	5,284	3,464
Adjustment to annual required contribution	<u>(7,778)</u>	<u>(2,887)</u>
Annual OPEB cost (expense)	181,574	37,042
Estimated employer contributions (payments)	<u>77,129</u>	<u>24,608</u>
Change in net OPEB obligation	104,445	12,434
Beginning net OPEB obligation	* 132,108	86,608
Ending net OPEB obligation	<u>\$ 236,553</u>	<u>99,042</u>

\*As the actuary report is obtained every three years, a rollforward calculation was performed on the April 30, 2012 ending net OPEB obligation to arrive at the April 30, 2014 net OPEB obligation of \$132,108.

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

Annual OPEB cost	\$181,574
Percentage of Annual OPEB Cost Contributed	33.0%
Net OPEB Obligation at end of year	\$236,553

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

*Actuarial methods and assumptions – entry age normal actuarial cost method*

Under this cost method, the costs attributable to past service and the current's year's service are determined by prorating over all years of service the benefits expected to be paid from the plan. The normal cost for any year is determined equal to the present value of the current year's portion of the employee's expected postretirement medical benefit. The current year's portion is equal to the expected postretirement medical benefit divided by the total credited service at the anticipated retirement date. The accrued liability is determined equal to the present value of the past years' portion of the employee's expected postretirement medical benefit. The past year's portion is equal to the expected postretirement medical benefit times the ratio of the participant's credited service to the total credited service at the anticipated retirement date. The sum of these values for all employees determines the normal cost and the accrued liability for the plan.

*Funded Status and Funding Progress*

As of April 30, 2015, the most recent actuarial valuation date, the OPEB plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,412,908 and the actuarial value of assets was zero, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,412,908. The covered payroll (annual payroll of active employees covered by the plan) was \$4,128,799 and the ratio of the UAAL to the covered payroll was 58.4 percent.

In the April 30, 2015 actuarial valuation, the actuarial assumptions included a discount rate of 4.00%, an initial healthcare cost trend rate of 7.4% and an ultimate rate of 5.0%, projected payroll increases of 4.0%, and inflation rate of 3.0%. The percentage of active employees assumed to elect benefit is an estimated 20%. The actuarial value of assets was not determined as the City has not advance funded its obligation. The plan's unfunded actuarial accrued liability is being amortized over 29 years.

8. INSURANCE

A. Liability Insurance

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and net income losses. The City is a member of the Illinois Municipal League Risk Management Association, (IMLRMA) joint risk management pool of Illinois municipalities through which property, general liability, automobile liability, crime, boiler and machinery, public officials' and workers' compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The following table is a summary of the coverage in effect on April 30, 2015:

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

8. INSURANCE (Continued)

A. Liability Insurance (Continued)

**LIABILITY COVERAGES**

DESCRIPTION	TOTAL AVAILABLE LIMITS
General Liability	\$1,000,000 each occurrence, each member, for all applicable coverages, including "Special Liability Coverages" listed below -- even if more than one coverage applies to the same loss.
Auto Liability	
Broad Form Property	
Civil Constitutional	
Rights-Assault/Battery	
Contractual Liability	
Employee Benefit Programs Liability	
Incidental Malpractice	
Intentional Building Removal	
Limited Worldwide Liability	
Personal Injury/Advertising Liability	
Watercraft Liability	
Personal Injury as Respects	
Employment Practices	

**SPECIAL LIABILITY COVERAGES**

DESCRIPTION	AVAILABLE COVERAGE LIMITS
Premises Medical Payments	3,000 each person
	\$1,000,000 each occurrence
Fire Legal Liability	\$100,000 each occurrence
	\$100,000 annual aggregate
Public Officials/Employees	\$1,000,000 each occurrence
	\$8,000,000 annual aggregate
Liquor Liability	\$1,000,000 each occurrence
	\$1,000,000 annual aggregate
Auto Medical Payments	\$10,000 each person
	\$1,000,000 each occurrence
Uninsured/Underinsured	\$100,000 each person
Motorist	\$300,000 each accident

In addition to the amounts above, limits of coverage stated in IMLRMA's declarations are \$7,000,000 each occurrence, each member for all applicable coverage parts except \$1,500,000 each occurrence, each member in regards to comprehensive general liability coverage solely for coverage for the personal injury offenses of employment related discrimination and sexual harassment, and \$1,500,000 for public officials/employees liability coverage. Form annual aggregate limits for these coverages are \$14,000,000 for General Liability and Comprehensive General Liability except for \$7,000,000 for the personal injury offenses of employment related discrimination and sexual harassment and public officials/employees liability coverage.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

8. INSURANCE (Continued)

A. Liability Insurance (Continued)

**PROPERTY COVERAGES**

DESCRIPTION	TOTAL AVAILABLE LIMITS
Auto Physical Damage	Combined limit: \$30,000,000 any location; each occurrence
Building/Personal Property	\$250,000,000 each occurrence, all members
Inland Marine	\$50,000 extra expense
Valuable Papers/Records	\$50,000 each occurrence
Flood/Earthquake Limits apply separately to each peril	*\$5,000,000 each occ./annual aggregate each member - \$76,500,000 annual agg. all members

\*Catastrophe coverage – Flood/Earthquake

All members incurring losses exceeding the applicable per occurrence and/or annual aggregate limits during the same calendar year shall share on a pro rata basis that portion of the annual aggregate limit for all members for that calendar year that remains after all claims for that calendar year have been settled.

**STAND ALONE COVERAGES**

DESCRIPTION	TOTAL AVAILABLE LIMITS
Crime Workers' Comp/Occupational Disease	\$100,000 each occurrence Statutory
Employer's Liability Public Official Position Bond	\$3,000,000 each accident As stated in the schedule filed with the Association
Information Security & Privacy Coverage	\$100,000. Coverage aggregate for all coverages combined, including claims expenses
A. Section I.A. Information Security & Privacy Coverage	\$100,000. Sublimit each claim/annual aggregate

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

8. INSURANCE (Continued)

A. Liability Insurance (Continued)

**STAND ALONE COVERAGES (Continued)**

DESCRIPTION	TOTAL AVAILABLE LIMITS
B. Section I.B. Privacy Notification Costs	\$100,000. Sublimit each incident/related incidents/annual aggregate \$10,000. For costs of a public relations consultancy firm
C. Section I.C. Regulatory Defense and Penalties	\$100,000. Sublimit each claim/annual aggregate
D. Section I.D. Website Media Content Liability	\$100,000. Sublimit each claim/annual aggregate
E. Section I.E. PCI Fines and Costs	\$100,000. Sublimit each claim/annual aggregate

The above sublimits are part of, and not in addition to the overall coverage annual aggregate.

The Membership Contribution for all of these coverages is \$501,942. Insurance claims have not exceeded coverage in any one of the past three years.

B. Self insurance

The City is self-insured for health care benefits provided to its own employees. The purpose of this program is to pay medical insurance claims of the City employees and their covered dependents and minimize the total costs of annual insurance to the municipality. The private insurance carrier determines premium payments to be made by the City. Annual claims are paid from accumulated premium payments, and claims that exceed a specific or aggregate attachment point are paid by the private insurance carrier. Coverage is partially funded by charges to employees.

Under the program the City is responsible for the first \$40,000 per year per individual for health and accident insurance risks. Claims in excess of the \$40,000 amount per covered individual are covered by a commercial reinsurance policy. The City contracts with a third party administrator to handle the claims processing and plan administration.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

9. UNBILLED SERVICES

The City's water system bills its water customers on four separate billing cycles. Commercial and industrial customers are billed monthly while residential customers are billed every quarter. The number of days of water usage unbilled range from 17 to 137 days. The amount of unbilled water is estimated based upon the number of days each cycle had received water from the last billing date to the end of the year. At April 30, 2015, the estimated amount of unbilled water is \$443,585.

10. RANDY ROAD TRUNK SEWER RECEIVABLE

In fiscal year 2005, the City entered into an intergovernmental agreement with Rock River Water Reclamation District for the construction of a trunk sewer system. The total estimated cost of the project was \$900,000 of which the City was obligated to pay \$600,000. The Rock River Water Reclamation District is the owner of the improvements. The City expended \$513,549 on the project, which was completed in fiscal year 2006. The City is expected to be repaid for its portion of the project cost through user connection fees once development in that area occurs.

11. PLEGGED REVENUES

The City has pledged a portion of future motor fuel tax revenues to repay \$5,300,000 in General Obligation Alternate Revenue Bonds, Series 2007 issued to finance the City's portion of the Riverside Boulevard improvements. The bonds are payable solely from the motor fuel taxes and are payable through fiscal year 2037. Annual principal and interest on the bonds are expected to require approximately 50% of the annual motor fuel tax revenues. The total principal and interest remaining to be paid on the bonds is \$7,007,156. Principal and interest paid in the current year were \$319,848 and total motor fuel tax revenues were \$809,187.

The City has pledged a portion of future water customer revenues, net of operating expenses, to repay \$3,875,000 in General Obligation Alternate Revenue Bonds, Series 2003 issued to finance a new well and a new elevated tank. The bonds are payable solely from water net revenues and are payable through fiscal year 2016. Annual principal and interest payments on the bonds are expected to require less than 45% of net revenues. The total principal and interest remaining to be paid on the bonds is \$408,628. Principal and interest paid for the current year were \$401,190 and total customer revenues, net of operating expenses, were \$183,909.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

12. INTERFUND BALANCES AND TRANSFERS

Interfund balances at April 30, 2015, consisted of the following:

	Interfund	
	Receivable	Payable
Major Governmental Funds:		-
General Fund	\$ 396,439	
North 2nd Street TIF Fund	-	340,164
Nonmajor Governmental Funds:		
LP Corp. Center TIF Fund	-	26,667
Flood Control CIP Fund	600	-
Zenith Cutter TIF Fund	-	9,576
Spring Creek Lakes TIF Fund	-	12,851
Forest Hills TIF Fund	-	7,164
Major Enterprise Fund - Water Fund	-	617
	\$ 397,039	397,039

The interfund payable of \$340,164 from the North 2<sup>nd</sup> Street Tax Increment Fund was for costs incurred in setting up the fund and paid by the General Fund. These costs are expected to be repaid once the fund is more seasoned. The amount is reduced each year by the City's required contribution, which was \$7,443, less TIF expenses of \$3,885, for the fiscal year ending April 30, 2015.

The remaining interfund balances primarily also relate to costs incurred in setting up TIF funds and paid by the General Fund. These balances are expected to be repaid once the funds are more seasoned.

	Transfers	
	In	Out
Nonmajor Governmental Funds:		
Bridge Operating Fund	\$ 10,949	-
Bridge Trust Fund	-	10,949
	\$ 10,949	10,949

The transfer from the Bridge Trust Fund is an annual transfer of interest earned to the Bridge Operating Fund.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 April 30, 2015

13. MEADOW MART BUSINESS DISTRICT

The City established a business district for the Meadow Mart in 2010, which is included in the North 2<sup>nd</sup> St. TIF Fund. The detail of revenues and expenditures as well as restricted fund balance for this purpose is as follows:

		<u>Meadow Mart Business District</u>
Beginning fund balance	\$	21,532
Revenues:		
Sales Tax revenues		58,225
Interest income		2
Expenditures:		
Principal payments		-
Interest payments		(50,003)
Ending fund balance	\$	<u>29,756</u>

14. WOODWARD EXPANSION PROJECT

Woodward, Inc., a significant employer in Loves Park, had a major facility expansion project resulting in the creation of new jobs. In connection with this project, the public improvements and infrastructure are funded through several sources. The City was awarded funding through the Economic Development Program (EDP) from the Illinois Department of Transportation (IDOT) for \$1,776,697. The EDP provides up to 50 percent matching funds for locally owned roadway projects that retain and create new employment opportunities. IDOT also provided \$77,300 in Truck Access Route Program funds. In addition, the City received \$500,000 through the Illinois Department of Commerce and Economic Opportunity's Business Development Public Infrastructure Program and also local agency matching funds from Woodward, Inc. totaling \$860,000. During fiscal years 2014 and 2015, the City expended \$2,754,307 in construction and engineering costs which are capitalized in the government-wide financial statements. The project was completed in fiscal year 2015.

15. LEGAL DEBT MARGIN

The City's aggregate indebtedness is subject to a statutory limitation by the State of Illinois of 8.625% of its equalized assessed value of \$345,268,368. At April 30, 2015, the statutory limit of the City was \$29,779,397. The City's outstanding debt subject to the statutory debt limit was \$1,038,430 leaving a legal debt margin of \$28,740,967.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

16. CONTINGENT LIABILITIES

A. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

B. Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

17. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENT 68

GASB Statement 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the City for the fiscal year ending April 30, 2016. This Statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement 68 replaces the requirements of Statement 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
April 30, 2015

18. SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 21, 2015, which was the date that these financial statements were available for issuance.

Subsequent to year end, the City approved an ordinance authorizing the issuance of an \$8,500,000 general obligation debt certificate, series 2015, for the purpose of paying all or a portion of the costs of public infrastructure including, but not limited to, repairs, maintenance, improvements to and reconstructions of roadways, drainage systems, pedestrian and bikeway facilities, and water systems. The debt certificate has an interest rate of 1.997% and matures in December 2024.

Also subsequent to year end, the City entered into a Tax Increment Allocation Revenue Note Payable (Spring Creek Lakes Redevelopment Project Area) with a principal amount of \$1,388,081 and interest rate of 6%. The issuance date of the note was September 1, 2015 and it matures on August 31, 2035. The note is secured only by incremental revenues generated by the Spring Creek Lakes TIF District, and therefore the City is not obligated to make any payments on the note if tax increment revenue is not available. In connection with the redevelopment, the City has been awarded funding of \$1,525,108 through the Economic Development Program from the Illinois Department of Transportation for the Interstate Boulevard Extension Project.

In addition, as part of a consent order for the Sand Park IEPA lawsuit, the City will be required to pay \$900,000 over the course of three years starting in fiscal year 2017 for repairs and remediation for property adjacent to a landfill.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**The City reports the following major funds with budgets in the fund financial statements:**

The General Fund accounts for the resources devoted to finance the services traditionally associated with local government. Included in these services are General Administration of the City, Financial Management, Police Protection, Inspectional Services, Streets, Public Works, and Building Maintenance. Any other activity for which a Special Fund has not been created is accounted for in the General Fund.

The Motor Fuel Tax Fund is a Special Revenue Fund that accounts for the state allotments used to fund the street maintenance approved by the State of Illinois.

The North 2<sup>nd</sup> Street TIF is a Special Revenue Fund that accounts for the activity relating to the redevelopment of North 2<sup>nd</sup> Street.

CITY OF LOVES PARK, ILLINOIS  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures  
 and Changes in Fund Balance - Budget and Actual  
**General Fund**

For the Year Ended April 30, 2015  
 With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property taxes	\$ 215,839	215,839	242,460	26,621	234,556
Sales & use tax	4,500,000	4,500,000	5,056,219	556,219	4,730,393
Income tax	2,100,000	2,100,000	2,417,495	317,495	2,291,580
Sales tax - road referendum	2,000,000	2,000,000	1,879,141	(120,859)	-
Municipal utility tax	1,600,000	1,600,000	1,605,004	5,004	1,693,798
Hotel/motel tax	170,500	170,500	173,291	2,791	173,242
Video gaming tax	500,000	500,000	638,492	138,492	398,304
Telecommunication tax	728,000	728,000	727,790	(210)	793,015
Personal property replacement tax	65,000	65,000	72,656	7,656	72,877
Total taxes	<u>11,879,339</u>	<u>11,879,339</u>	<u>12,812,548</u>	<u>933,209</u>	<u>10,387,765</u>
Intergovernmental - grants	150,700	150,700	64,707	(85,993)	828,927
Licenses and permits	495,050	495,050	765,744	270,694	550,254
Fines	529,230	529,230	582,737	53,507	554,520
Interest	4,000	4,000	1,957	(2,043)	4,127
Other	797,454	797,454	710,463	(86,991)	1,362,901
Total revenues	<u>13,855,773</u>	<u>13,855,773</u>	<u>14,938,156</u>	<u>1,082,383</u>	<u>13,688,494</u>
<b>Expenditures:</b>					
Current:					
General government	6,554,609	6,554,609	5,705,580	849,029	6,449,045
Health and sanitation	94,000	94,000	77,988	16,012	71,931
Highways and streets	3,693,961	3,693,961	3,311,677	382,284	1,482,419
Public safety	4,568,923	4,568,923	4,116,343	452,580	4,178,772
Total current	<u>14,911,493</u>	<u>14,911,493</u>	<u>13,211,588</u>	<u>1,699,905</u>	<u>12,182,167</u>
Capital outlay	638,160	638,160	344,161	293,999	205,551
Debt service:					
Principal payments	94,067	92,855	92,855	-	90,060
Interest payments	7,053	8,265	8,264	1	11,059
Total debt service	<u>101,120</u>	<u>101,120</u>	<u>101,119</u>	<u>1</u>	<u>101,119</u>
Total expenditures	<u>15,650,773</u>	<u>15,650,773</u>	<u>13,656,868</u>	<u>1,993,905</u>	<u>12,488,837</u>
<b>Excess of revenues over (under) expenditures:</b>	<b>(1,795,000)</b>	<b>(1,795,000)</b>	<b>1,281,288</b>	<b>3,076,288</b>	<b>1,199,657</b>
<b>Other financing sources (uses):</b>					
Bond proceeds	-	-	-	-	153,158
Installment contract proceeds	75,000	75,000	74,919	81	99,000
Transfers in (out)	-	-	-	-	56,573
Total other financing sources	<u>75,000</u>	<u>75,000</u>	<u>74,919</u>	<u>81</u>	<u>308,731</u>
<b>Net change in fund balance</b>	<b>\$ <u>(1,720,000)</u></b>	<b><u>(1,720,000)</u></b>	<b>1,356,207</b>	<b><u>3,076,369</u></b>	<b>1,508,388</b>
<b>Fund balance</b>					
Beginning			<u>8,514,518</u>		<u>7,006,130</u>
Ending			<u>\$ 9,870,725</u>		<u>8,514,518</u>

CITY OF LOVES PARK, ILLINOIS  
Required Supplementary Information  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual  
**Motor Fuel Tax Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Motor fuel taxes	\$ 1,359,044	1,359,044	809,187	(549,857)	715,904
State grants	184,000	184,000	183,558	(442)	1,232,245
Interest	1,000	1,000	761	(239)	1,055
Total revenues	<u>1,544,044</u>	<u>1,544,044</u>	<u>993,506</u>	<u>(550,538)</u>	<u>1,949,204</u>
<b>Expenditures:</b>					
Highways, streets, & bridges	1,224,044	1,224,044	759,684	464,360	2,115,110
Debt Service:					
Principal payments	120,000	120,000	120,000	-	120,000
Interest payments	200,000	200,000	199,848	152	204,798
Total debt service	<u>320,000</u>	<u>320,000</u>	<u>319,848</u>	<u>152</u>	<u>324,798</u>
Total expenditures	<u>1,544,044</u>	<u>1,544,044</u>	<u>1,079,532</u>	<u>464,512</u>	<u>2,439,908</u>
<b>Excess of revenues over over (under) expenditures:</b>	-	-	(86,026)	(86,026)	(490,704)
<b>Other financing sources (uses):</b>	-	-	-	-	-
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>-</u>	(86,026)	<u>(86,026)</u>	(490,704)
<b>Fund balance:</b>					
Beginning			<u>993,755</u>		<u>1,484,459</u>
Ending			<u>\$ 907,729</u>		<u>993,755</u>

CITY OF LOVES PARK, ILLINOIS  
 Required Supplementary Information  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
**North 2nd Street TIF Fund**

For the Year Ended April 30, 2015  
 With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Property tax	\$ 85,000	85,000	79,468	(5,532)	88,787
Sales tax	100,000	100,000	53,474	(46,526)	45,148
Interest	-	-	2	2	2
Other	8,500	8,500	8,434	(66)	9,544
Total revenues	<u>193,500</u>	<u>193,500</u>	<u>141,378</u>	<u>(52,122)</u>	<u>143,481</u>
<b>Expenditures:</b>					
General government:					
Redevelopment agreements	87,350	87,350	10,350	77,000	10,350
Legal	3,000	3,000	3,886	(886)	2,300
Miscellaneous	84,762	84,762	-	84,762	-
	<u>175,112</u>	<u>175,112</u>	<u>14,236</u>	<u>160,876</u>	<u>12,650</u>
Debt Service:					
Principal payments	24,300	24,300	25,796	(1,496)	24,752
Interest payments	125,700	125,700	74,124	51,576	67,761
	<u>150,000</u>	<u>150,000</u>	<u>99,920</u>	<u>50,080</u>	<u>92,513</u>
Total expenditures	<u>325,112</u>	<u>325,112</u>	<u>114,156</u>	<u>210,956</u>	<u>105,163</u>
<b>Net change in fund balance</b>	<b>\$ <u>(131,612)</u></b>	<b><u>(131,612)</u></b>	<b>27,222</b>	<b><u>158,834</u></b>	<b>38,318</b>
<b>Fund balance:</b>					
Beginning			<u>35,234</u>		<u>(3,084)</u>
Ending			<u>\$ 62,456</u>		<u>35,234</u>

CITY OF LOVES PARK, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Illinois Municipal Retirement Fund**  
 April 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
12/31/14	\$ 6,365,536	7,256,505	890,969	87.72 %	2,223,512	40.07 %
12/31/13	5,585,870	6,393,085	807,215	87.37	2,111,349	38.23
12/31/12	4,712,908	6,054,814	1,341,906	77.84	2,150,762	62.39

On a market value basis, the actuarial value of assets as of December 31, 2014 is \$7,493,173.  
 On a market basis, the funded ratio would be 103.26%.

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

CITY OF LOVES PARK, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Post Employment Benefits Other Than Pension**  
 April 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
04/30/15	\$ -	2,412,908	2,412,908	- %	4,128,799	58.4% %
04/30/12		694,209	694,209	-	-	-

Actuarial study will be performed every three years. The latest actuarial study was performed as of April 30, 2015, as presented above.

CITY OF LOVES PARK, ILLINOIS  
 Required Supplementary Information  
 Schedule of Funding Progress  
**Police Pension Trust Fund**  
 April 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
04/30/14	\$ 10,038,785	23,799,790	13,761,005	42.2 %	2,090,923	658 %
04/30/13	10,484,504	21,710,034	11,225,530	48.3	2,192,752	512
04/30/12	10,071,455	20,514,740	10,443,285	49.1	2,100,944	497
04/30/10	9,020,383	17,817,115	8,796,732	50.6	1,977,169	445
04/30/09	7,898,693	16,442,367	8,543,674	48.0	1,889,512	452
04/30/08	8,809,496	15,174,923	6,365,427	58.1	1,756,104	362
04/30/07	8,628,266	14,369,297	5,741,031	60.0	1,544,345	372
04/30/06	8,229,673	13,631,959	5,402,286	60.4	1,552,801	348
04/30/05	7,698,075	12,268,774	4,570,699	62.7	1,421,955	321
04/30/04	7,477,878	11,105,776	3,627,898	67.3	1,404,481	258

Information is not available for the year ended April 30, 2011.

CITY OF LOVES PARK, ILLINOIS  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
April 30, 2015

LEGAL COMPLIANCE AND ACCOUNTABILITY

On or before April 1 of each year, all departments of the City submit requests for budgets to the Mayor so that a budget may be prepared. Before July 1, the proposed budget is presented to the governing body for review. The governing body holds public hearings and may add to, subtract from, or change the budget, but may not change the form of the budget. A final budget must be prepared and adopted no later than July 31.

The budget is prepared by fund, department and program and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. The administrator is authorized to transfer budgeted amounts within any department; however, transfers between departments or any revisions that alter the total expenditures of any department or any fund must be approved by the governing body. The amounts reflected in the financial statements represent the original and the final amended budget.

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted (at the department level) for the governmental, proprietary and the fiduciary funds. The annual appropriated budget is legally enacted and provides for a legal level of control at the department level. All annual budgets lapse at fiscal year end.

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

Bridge Operating Fund – accounts for the operations, maintenance and improvements of the Riverside Bridge.

Economic Development Revolving Loan Fund – accounts for the economic development loans to various businesses within the City.

Spring Creek Lakes TIF Fund – accounts for the accumulation of funds from incremental revenue generated within the TIF area.

Zenith Cutter TIF Fund - accounts for the accumulation of funds from incremental revenue generated within the TIF area.

Loves Park Corporate Center TIF Fund - accounts for the accumulation of funds from incremental revenue generated within the TIF area.

Forest Hills TIF Fund - accounts for the accumulation of funds from incremental revenue generated within the TIF area.

### **CAPITAL PROJECTS FUND**

Capital Projects Fund is used to account for the sources expended to acquire assets of a relative permanent nature such as the flood control project (special revenue and enterprise fund resources are not included in this category). Capital Projects Fund provides a formal mechanism, which enables administrators to ensure that revenue designated for certain purposes are properly used.

Flood Control Fund – accounts for the expenditures associated with the flood control project.

### **PERMANENT FUND**

Permanent Funds are used to account for trusts where only interest on the principal may be spent for the purpose of the trust and the purposes of the City.

Bridge Trust Fund – accounts for the assets and the investment activity of the Riverside Bridge Trust Fund.

CITY OF LOVES PARK, ILLINOIS  
Combining Balance Sheet  
**Nonmajor Governmental Funds**  
April 30, 2015

	Special Revenue						Capital Projects	Permanent	Total Nonmajor Governmental Funds
	Bridge Operating Fund	Economic Development Revolving Loan Fund	Spring Creek Lakes TIF Fund	Zenith Cutter TIF Fund	Loves Park Corporate Center TIF Fund	Forest Hills TIF Fund	Flood Control CIP Fund	Bridge Trust Fund	
<b>Assets:</b>									
Cash and cash equivalents	\$ 85,768	592,920	5,490	37	196,331	-	-	1,790	882,336
Investments	-	-	-	-	-	-	-	322,300	322,300
Receivables									
Property taxes	-	-	4,049	35,722	155,558	931	-	-	196,260
Notes	-	810,181	-	-	-	-	-	-	810,181
Other	10,949	-	-	-	-	-	-	-	10,949
Due from other funds	-	-	-	-	-	-	600	-	600
Restricted assets:									
Escrow account	-	-	-	-	-	-	199,294	-	199,294
<b>Total assets</b>	<u>96,717</u>	<u>1,403,101</u>	<u>9,539</u>	<u>35,759</u>	<u>351,889</u>	<u>931</u>	<u>199,894</u>	<u>324,090</u>	<u>2,421,920</u>
<b>Liabilities:</b>									
Accounts Payable	-	4,145	-	-	-	-	-	-	4,145
Due to other funds	-	-	12,851	9,576	26,667	7,164	-	-	56,258
Due to other governments	-	-	-	-	-	-	199,894	-	199,894
<b>Total liabilities</b>	<u>-</u>	<u>4,145</u>	<u>12,851</u>	<u>9,576</u>	<u>26,667</u>	<u>7,164</u>	<u>199,894</u>	<u>-</u>	<u>260,297</u>
<b>Deferred Inflows of Resources:</b>									
TIF increment	-	-	47	17,861	77,770	465	-	-	96,143
<b>Total liabilities and deferred inflows of resources</b>	<u>-</u>	<u>4,145</u>	<u>12,898</u>	<u>27,437</u>	<u>104,437</u>	<u>7,629</u>	<u>199,894</u>	<u>-</u>	<u>356,440</u>
<b>Fund balances:</b>									
Nonspendable									
Long-term portion of Notes Receivable	-	705,959	-	-	-	-	-	-	705,959
Bridge improvements	-	-	-	-	-	-	-	324,090	324,090
Restricted									
Special revenue funds	96,717	692,997	-	8,322	247,452	-	-	-	1,045,488
Unassigned	-	-	(3,359)	-	-	(6,698)	-	-	(10,057)
<b>Total fund balance</b>	<u>96,717</u>	<u>1,398,956</u>	<u>(3,359)</u>	<u>8,322</u>	<u>247,452</u>	<u>(6,698)</u>	<u>-</u>	<u>324,090</u>	<u>2,065,480</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 96,717</u>	<u>1,403,101</u>	<u>9,539</u>	<u>35,759</u>	<u>351,889</u>	<u>931</u>	<u>199,894</u>	<u>324,090</u>	<u>2,421,920</u>

CITY OF LOVES PARK, ILLINOIS  
Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
**Nonmajor Governmental Funds**  
For the Year Ended April 30, 2015

	Special Revenue						Capital Projects	Permanent	Total Nonmajor Governmental Funds
	Bridge Operating Fund	Economic Development Revolving Loan Fund	Spring Creek Lakes TIF Fund	Zenith Cutter TIF Fund	Loves Park Corporate Center TIF Fund	Forest Hills TIF Fund	Flood Control CIP Fund	Bridge Trust Fund	
<b>Revenues:</b>									
Taxes	\$ -	-	4,002	17,871	159,676	465	-	-	182,014
Interest	12	17,844	-	-	97	-	-	11,249	29,202
Other	-	500	-	-	-	-	-	(20,740)	(20,240)
<b>Total revenues</b>	<u>12</u>	<u>18,344</u>	<u>4,002</u>	<u>17,871</u>	<u>159,773</u>	<u>465</u>	<u>-</u>	<u>(9,491)</u>	<u>190,976</u>
<b>Expenditures:</b>									
Current:									
General government	-	13,818	687,144	126	114,237	7,163	-	300	822,788
Total current	<u>-</u>	<u>13,818</u>	<u>687,144</u>	<u>126</u>	<u>114,237</u>	<u>7,163</u>	<u>-</u>	<u>300</u>	<u>822,788</u>
Debt service:									
Principal payments	-	-	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>-</u>	<u>13,818</u>	<u>687,144</u>	<u>126</u>	<u>114,237</u>	<u>7,163</u>	<u>-</u>	<u>300</u>	<u>822,788</u>
<b>Excess of revenues over (under) expenditures</b>	<u>12</u>	<u>4,526</u>	<u>(683,142)</u>	<u>17,745</u>	<u>45,536</u>	<u>(6,698)</u>	<u>-</u>	<u>(9,791)</u>	<u>(631,812)</u>
<b>Other financing sources (uses):</b>									
TIF notes issued	-	-	679,030	-	-	-	-	-	679,030
Transfers in (out)	10,949	-	-	-	-	-	-	(10,949)	-
Total other financing sources (uses)	<u>10,949</u>	<u>-</u>	<u>679,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,949)</u>	<u>679,030</u>
<b>Net change in fund balances</b>	10,961	4,526	(4,112)	17,745	45,536	(6,698)	-	(20,740)	47,218
<b>Fund balances:</b>									
Beginning	85,756	1,394,430	753	(9,423)	201,916	-	-	344,830	2,018,262
Ending	<u>\$ 96,717</u>	<u>1,398,956</u>	<u>(3,359)</u>	<u>8,322</u>	<u>247,452</u>	<u>(6,698)</u>	<u>-</u>	<u>324,090</u>	<u>2,065,480</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
**Bridge Operating Fund**

For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Interest	\$ 20	20	12	(8)	14
Other	11,000	11,000	-	(11,000)	6,478
Total revenues	<u>11,020</u>	<u>11,020</u>	<u>12</u>	<u>(11,008)</u>	<u>6,492</u>
<b>Expenditures:</b>					
Highways, streets, and bridges					
Light and power	1,000	1,000	-	1,000	-
Replacement and repairs	69,510	69,510	-	69,510	-
Total expenditures	<u>70,510</u>	<u>70,510</u>	<u>-</u>	<u>70,510</u>	<u>-</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(59,490)</u>	<u>(59,490)</u>	<u>12</u>	<u>59,502</u>	<u>6,492</u>
<b>Other financing sources (uses):</b>					
Transfer in	-	-	10,949	10,949	8,260
<b>Net change in fund balance</b>	<u>\$ (59,490)</u>	<u>(59,490)</u>	10,961	<u>70,451</u>	14,752
<b>Fund balance:</b>					
Beginning			<u>85,756</u>		<u>71,004</u>
Ending			<u>\$ 96,717</u>		<u>85,756</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
**Economic Development / Revolving Loan Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015	2014
<b>Revenues:</b>		
Interest	\$ 17,844	22,512
Other	500	250
Total revenues	18,344	22,762
<b>Expenditures:</b>		
General government	13,818	11,535
Total expenditures	13,818	11,535
<b>Net change in fund balance</b>	4,526	11,227
<b>Fund balance:</b>		
Beginning	1,394,430	1,383,203
Ending	\$ 1,398,956	1,394,430

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
**Spring Creek Lakes TIF Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Taxes	\$ 2,700	2,700	4,002	1,302	2,712
Total revenues	<u>2,700</u>	<u>2,700</u>	<u>4,002</u>	<u>1,302</u>	<u>2,712</u>
<b>Expenditures:</b>					
General government					
Economic development	-	-	679,030	(679,030)	-
Other TIF expenses	5,106	5,106	8,114	(3,008)	3,246
Total expenditures	<u>5,106</u>	<u>5,106</u>	<u>687,144</u>	<u>(682,038)</u>	<u>3,246</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ (2,406)	(2,406)	(683,142)	(680,736)	(534)
<b>Other financing sources (uses):</b>					
TIF notes issued	-	-	679,030	679,030	-
	-	-	679,030	679,030	-
<b>Net change in fund balance</b>	<u>(2,406)</u>	<u>(2,406)</u>	(4,112)	<u>(1,706)</u>	(534)
<b>Fund balance:</b>					
Beginning			753		1,287
Ending			\$ <u>(3,359)</u>		<u>753</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
**Zenith Cutter TIF Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Taxes	\$ 21	21	17,871	17,850	16
Total revenues	<u>21</u>	<u>21</u>	<u>17,871</u>	<u>17,850</u>	<u>16</u>
<b>Expenditures:</b>					
General government TIF expenses	<u>38</u>	<u>38</u>	<u>126</u>	<u>(88)</u>	<u>4,629</u>
Total expenditures	<u>38</u>	<u>38</u>	<u>126</u>	<u>(88)</u>	<u>4,629</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(17)	(17)	17,745	17,762	(4,613)
<b>Other financing sources (uses):</b>					
TIF notes issued	-	-	-	-	6,596,064
TIF development uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,596,064)</u>
	-	-	-	-	-
<b>Net change in fund balance</b>	<u>\$ (17)</u>	<u>(17)</u>	17,745	<u>17,762</u>	(4,613)
<b>Fund balance:</b>					
Beginning			<u>(9,423)</u>		<u>(4,810)</u>
Ending			<u>\$ 8,322</u>		<u>(9,423)</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
**Loves Park Corporate Center TIF Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	<u>2015</u>			Variance Positive (Negative)	<u>2014</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Taxes	\$ 164,000	164,000	159,676	(4,324)	174,028
Interest	-	-	97	97	170
Total revenues	<u>164,000</u>	<u>164,000</u>	<u>159,773</u>	<u>(4,227)</u>	<u>174,198</u>
<b>Expenditures:</b>					
General government					
Legal expenses	3,000	3,000	2,337	663	10,663
Redevelopment agreements	137,000	137,000	111,900	25,100	118,778
Miscellaneous	<u>197,043</u>	<u>197,043</u>	<u>-</u>	<u>197,043</u>	<u>22</u>
Total expenditures	<u>337,043</u>	<u>337,043</u>	<u>114,237</u>	<u>222,806</u>	<u>129,463</u>
<b>Net change in fund balance</b>	<b>\$ <u>(173,043)</u></b>	<b><u>(173,043)</u></b>	<b>45,536</b>	<b><u>218,579</u></b>	<b>44,735</b>
<b>Fund balance:</b>					
Beginning			<u>201,916</u>		<u>157,181</u>
Ending			<b>\$ <u>247,452</u></b>		<b><u>201,916</u></b>

CITY OF LOVES PARK, ILLINOIS  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Budget and Actual  
**Forest Hills TIF Fund**

For the Year Ended April 30, 2015  
 With Comparative Totals for the Year Ended April 30, 2014

	<u>2015</u>			Variance Positive (Negative)	<u>2014</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Taxes	\$ 5,500	5,500	465	(5,035)	-
Total revenues	<u>5,500</u>	<u>5,500</u>	<u>465</u>	<u>(5,035)</u>	<u>-</u>
<b>Expenditures:</b>					
General government					
Miscellaneous	5,500	5,500	7,163	(1,663)	-
Total expenditures	<u>5,500</u>	<u>5,500</u>	<u>7,163</u>	<u>(1,663)</u>	<u>-</u>
<b>Net change in fund balance</b>	\$ <u>-</u>	<u>-</u>	(6,698)	<u>(6,698)</u>	-
<b>Fund balance:</b>					
Beginning			-		-
Ending			\$ <u>(6,698)</u>		<u>-</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance  
**Bridge Trust Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>		
Interest	\$ 11,249	8,560
Investment gains (losses)	(20,740)	(9,632)
	<u>(9,491)</u>	<u>(1,072)</u>
 <b>Expenditures:</b>		
General government:		
Administration	<u>300</u>	<u>300</u>
 <b>Excess of revenues over (under) expenditures</b>	 <u>(9,791)</u>	 <u>(1,372)</u>
 <b>Other financing sources (uses):</b>		
Transfers in (out)	<u>(10,949)</u>	<u>(8,260)</u>
 <b>Net change in fund balance</b>	 (20,740)	 (9,632)
 <b>Fund balance:</b>		
Beginning	<u>344,830</u>	<u>354,462</u>
Ending	<u>\$ 324,090</u>	<u>344,830</u>

## **FIDUCIARY FUNDS**

### **AGENCY FUND**

Agency Funds are used to account for assets held solely in custodial capacity.

SLANT-Grant Fund – Accounts for federal and state law enforcement grants obtained by the Stateline Area Narcotics Team.

SLANT-Forfeiture Fund – Accounts for the funds received by Stateline Area Narcotics Team from the State of Illinois for governmental agencies participating in the SLANT operation.

CITY OF LOVES PARK, ILLINOIS  
Combining Schedule of Changes in Assets and Liabilities  
**Agency Funds**  
For the Year Ended April 30, 2015

**ALL FUNDS**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Assets:</b>				
Cash	\$ 703,050	146,046	(216,466)	632,630
<b>Liabilities:</b>				
Due to other governments	\$ 703,050	146,046	(216,466)	632,630

**SLANT GRANT**

<b>Assets:</b>				
Cash:				
Grants	\$ 13,755	101,030	(108,229)	6,556
<b>Total assets</b>	<u>13,755</u>	<u>101,030</u>	<u>(108,229)</u>	<u>6,556</u>
<b>Liabilities:</b>				
Due to other governments:				
Grants	13,755	101,030	(108,229)	6,556
<b>Total liabilities</b>	<u>\$ 13,755</u>	<u>101,030</u>	<u>(108,229)</u>	<u>6,556</u>

**SLANT FORFEITURES**

<b>Assets:</b>				
Cash	\$ 689,295	45,016	(108,237)	626,074
<b>Liabilities:</b>				
Due to other governments	\$ 689,295	45,016	(108,237)	626,074

## **SUPPLEMENTARY FINANCIAL INFORMATION**

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues - Budget and Actual  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Taxes:</b>					
Property	\$ 215,839	215,839	242,460	26,621	234,556
Sales & use	4,500,000	4,500,000	5,056,219	556,219	4,730,393
State income	2,100,000	2,100,000	2,417,495	317,495	2,291,580
Sales - road referendum	2,000,000	2,000,000	1,879,141	(120,859)	-
Municipal Utility	1,600,000	1,600,000	1,605,004	5,004	1,693,798
Hotel/motel	170,500	170,500	173,291	2,791	173,242
Video gaming	500,000	500,000	638,492	138,492	398,304
Telecommunications	728,000	728,000	727,790	(210)	793,015
Personal property replacement	65,000	65,000	72,656	7,656	72,877
Total taxes	<u>11,879,339</u>	<u>11,879,339</u>	<u>12,812,548</u>	<u>933,209</u>	<u>10,387,765</u>
<b>Intergovernmental - grants</b>	<u>150,700</u>	<u>150,700</u>	<u>64,707</u>	<u>(85,993)</u>	<u>828,927</u>
<b>Licenses &amp; permits</b>					
Liquor licenses	110,000	110,000	205,950	95,950	111,125
Dance licenses	450	450	-	(450)	450
Business licenses	2,000	2,000	2,950	950	2,500
Oversize/weight vehicle permit	19,000	19,000	27,785	8,785	19,435
Building permits	41,000	41,000	157,164	116,164	42,180
Electrical permits	8,400	8,400	16,896	8,496	8,609
Plumbing fees & licenses	15,000	15,000	26,700	11,700	16,906
Sign permits	600	600	700	100	600
Plat fees & map printing fees	-	-	310	310	39,090
Storage tank fees	600	600	1,900	1,300	700
Zoning fees	5,500	5,500	6,490	990	5,500
Franchise fees	260,000	260,000	279,999	19,999	268,799
Amusement licenses	12,300	12,300	9,321	(2,979)	12,446
Vending licenses	3,700	3,700	4,492	792	3,808
Video gaming licenses	4,700	4,700	6,825	2,125	4,700
Self service gas licenses	1,800	1,800	2,925	1,125	1,875
Mechanical permits	10,000	10,000	15,337	5,337	11,531
Total licenses & permits	<u>495,050</u>	<u>495,050</u>	<u>765,744</u>	<u>270,694</u>	<u>550,254</u>
<b>Fines:</b>					
Fines	300,000	300,000	332,096	32,096	293,665
False alarms	-	-	3,800	3,800	-
Forfeited drug seizures	10,000	10,000	10,197	197	40,202
D.U.I. Fines	-	-	700	700	992
Administrative fees - Police	200,000	200,000	216,282	16,282	198,110
Administrative hearing fees + fines	330	330	2,950	2,620	2,700
Squad car maint.fees - Winnebago	10,000	10,000	13,291	3,291	10,810
Non-DUI Seizures - Police	5,000	5,000	720	(4,280)	4,005
Sex offender registration fees	1,000	1,000	628	(372)	1,152
Police reports	2,900	2,900	2,073	(827)	2,884
Total fines	<u>\$ 529,230</u>	<u>529,230</u>	<u>582,737</u>	<u>53,507</u>	<u>554,520</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues - Budget and Actual  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Interest:</b>					
Interest earned	\$ 4,000	4,000	1,957	(2,043)	4,127
Total interest	<u>4,000</u>	<u>4,000</u>	<u>1,957</u>	<u>(2,043)</u>	<u>4,127</u>
<b>Others:</b>					
Highway 251 traffic signal maintenance	35,000	35,000	35,116	116	34,356
Municipal rentals	63,000	63,000	67,358	4,358	64,677
Tower rental	42,000	42,000	44,955	2,955	42,689
Mowing liens	5,000	5,000	4,548	(452)	17,845
Curb cuts	-	-	97	97	32
Auction proceeds	3,000	3,000	17,081	14,081	5,884
Loves Park golf center	-	-	3,795	3,795	4,104
Donations - Fireworks	25,000	25,000	33,350	8,350	20,245
SLANT-reimbursement	50,450	50,450	50,411	(39)	49,658
Water - health insurance reimbursement	100,000	100,000	192,026	92,026	155,236
Water - IMLRMA reimbursement	41,120	41,120	45,790	4,670	41,120
Harlem resource officer	72,960	72,960	73,333	373	70,323
5% exaction fees - Boone County	-	-	300	300	300
Reimbursements - Traffic Signals	-	-	653	653	1,343
Reimbursements - Randy Rd Trunk	800	800	1,719	919	860
Reimbursements - Keith Creek Trunk	200	200	-	(200)	255
Reimbursements - Harlem Rd. Trunk	-	-	6,867	6,867	981
Reimbursements - Spring Creek Trunk	-	-	849	849	-
Winnebago County contribution SSA	40,924	40,924	40,924	-	38,245
Woodward Infrastructure Project	300,000	300,000	71,665	(228,335)	788,381
Bus bench contributions	10,000	10,000	6,085	(3,915)	-
Miscellaneous	8,000	8,000	13,541	5,541	26,367
Total others	<u>797,454</u>	<u>797,454</u>	<u>710,463</u>	<u>(86,991)</u>	<u>1,362,901</u>
<b>Total revenues</b>	<u>\$ 13,855,773</u>	<u>13,855,773</u>	<u>14,938,156</u>	<u>1,082,383</u>	<u>13,688,494</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Expenditures - Budget and Actual  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b><u>Current:</u></b>					
<b>General government:</b>					
General administration	\$ 4,301,359	4,301,359	3,954,791	346,568	4,567,169
Mayor	201,612	201,612	194,194	7,418	186,807
City Clerk	176,902	176,902	167,878	9,024	163,849
Treasurer	212,969	212,969	206,444	6,525	206,811
Community development	722,367	722,367	623,359	99,008	627,703
City attorney	335,000	335,000	182,743	152,257	182,192
Building & grounds	261,000	261,000	150,190	110,810	203,458
Civil service	21,400	21,400	6,712	14,688	17,357
Central garage - maintenance fund	322,000	322,000	219,269	102,731	293,699
Total general government	<u>6,554,609</u>	<u>6,554,609</u>	<u>5,705,580</u>	<u>849,029</u>	<u>6,449,045</u>
<b>Health &amp; sanitation:</b>	<u>94,000</u>	<u>94,000</u>	<u>77,988</u>	<u>16,012</u>	<u>71,931</u>
<b>Highways &amp; streets:</b>					
Street department	<u>3,693,961</u>	<u>3,693,961</u>	<u>3,311,677</u>	<u>382,284</u>	<u>1,482,419</u>
Total highways & streets	<u>3,693,961</u>	<u>3,693,961</u>	<u>3,311,677</u>	<u>382,284</u>	<u>1,482,419</u>
<b>Public safety:</b>					
Fire department	576,082	576,082	314,335	261,747	310,894
Police department	<u>3,992,841</u>	<u>3,992,841</u>	<u>3,802,008</u>	<u>190,833</u>	<u>3,867,878</u>
Total public safety	<u>4,568,923</u>	<u>4,568,923</u>	<u>4,116,343</u>	<u>452,580</u>	<u>4,178,772</u>
Total current	<u>\$ 14,911,493</u>	<u>14,911,493</u>	<u>13,211,588</u>	<u>1,699,905</u>	<u>12,182,167</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015				2014
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>Capital outlay:</b>					
General government	\$ 240,000	240,000	126,172	113,828	37,238
Highways & streets	115,000	115,000	112,278	2,722	51,251
Public safety	283,160	283,160	105,711	177,449	117,062
Total capital outlay	638,160	638,160	344,161	293,999	205,551
<b>Debt service:</b>	101,120	101,120	101,119	1	101,119
<b>Total expenditures</b>	<b>\$ 15,650,773</b>	<b>15,650,773</b>	<b>13,656,868</b>	<b>1,993,905</b>	<b>12,488,837</b>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Detailed Expenditures - Budget and Actual  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Current:</b>					
<b>General government:</b>					
General administration:					
Salaries of aldermen	\$ 117,000	117,000	117,000	-	116,775
Social security	125,000	121,000	120,430	570	121,299
Medicare deposits	65,000	65,000	63,287	1,713	60,859
IMRF	215,000	215,000	204,514	10,486	208,581
Health Insurance	1,331,900	1,431,900	1,428,303	3,597	1,217,912
Property and Liability Insurance	216,000	217,000	216,763	237	199,997
Self Insurance Plan	11,000	14,000	13,984	16	-
Affordable Care Act reinsurance	11,130	11,130	9,681	1,449	-
Worker's Compensation	218,000	223,000	222,436	564	216,751
Contracted Transit Service	247,000	247,000	245,284	1,716	245,176
Expenses of City Officials	16,000	16,000	14,217	1,783	14,009
Office supplies	2,000	2,000	-	2,000	159
Telephone	16,000	16,000	15,263	737	15,040
Copy machine / shredder expense	8,000	8,000	7,209	791	6,697
Website maintenance costs	1,000	6,000	5,680	320	550
Computer upgrade & maintenance	30,000	9,000	8,400	600	-
Miscellaneous	15,000	10,000	9,282	718	9,240
Recording fees - mowing liens	8,000	3,000	2,224	776	4,228
General Administration	11,000	12,500	12,042	458	10,973
Data Processing	20,000	14,000	13,760	240	13,621
Rockford Area Economic Dev Council	25,000	25,000	25,000	-	25,000
Rkfd Area Convention & Visitors Bureau	139,000	139,000	138,633	367	138,594
City Development, Culture and Tourism	10,000	6,000	5,496	504	4,822
Tourism	50,000	10,000	10,000	-	10,000
Donation Fireworks	25,000	26,500	26,125	375	26,128
Woodward Infrastructure Project	300,000	264,500	50,123	214,377	1,205,316
Organizations Grant Program	17,000	13,000	12,900	100	4,400
Grants	180,000	100,000	96,493	3,507	81,863
Special Drainage	-	-	-	-	1,000
Reclaiming First	170,000	170,000	170,000	-	150,000
Economic development fund	50,000	116,500	116,003	497	1,861
Anderson Properties rebate agreement	170,000	229,000	228,268	732	143,445
Jacobson property rebate agreement	80,000	84,000	83,506	494	87,000
Kelley Williamson rebate agreement	35,000	30,000	29,470	530	32,353
Road Ranger rebate agreement	35,000	30,000	29,931	69	35,689
Sonic rebate agreement	4,500	4,500	4,181	319	3,998
Regional GIS Development	17,000	10,000	9,150	850	15,695
Harvest Hills SSA#1	27,409	27,409	27,408	1	27,408
Perryville SSA project	104,920	104,920	104,400	520	109,355
Willow Creek Grant Project	62,500	37,500	37,113	387	-
North 2nd St. Bus Bench Beautification	40,000	40,000	20,452	19,548	-
Forest Hills traffic lights	25,000	25,000	-	25,000	-
Contingency	50,000	50,000	380	49,620	1,375
<b>Total general administration</b>	<b>\$ 4,301,359</b>	<b>4,301,359</b>	<b>3,954,791</b>	<b>346,568</b>	<b>4,567,169</b>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Detailed Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Current (continued):</b>					
<b>General government (continued)</b>					
Mayor:					
Salary of mayor	\$ 93,363	93,363	93,363	-	93,363
Mayoral assistant	57,165	58,000	57,385	615	56,259
Secretary	30,600	30,800	30,718	82	19,803
Longevity	4,484	4,484	4,484	-	9,997
Expenses of mayor	1,500	1,500	1,452	48	526
Conference expenses	2,000	2,000	1,450	550	17
Office supplies	3,000	3,000	1,540	1,460	1,847
Telephone	2,500	2,500	1,789	711	1,762
New equipment	5,000	3,965	1,187	2,778	1,656
Miscellaneous	2,000	2,000	826	1,174	1,577
Total mayor's office	201,612	201,612	194,194	7,418	186,807
City clerk:					
Salary of city clerk	72,572	72,572	72,572	-	72,572
Salary of deputy clerk	41,190	41,500	41,363	137	40,478
Secretary	33,628	33,800	33,725	75	33,095
Overtime	500	500	294	206	182
Longevity	3,742	3,742	3,742	-	6,584
Publication of legal notices	5,500	3,918	2,352	1,566	3,091
Expenses of election	300	300	-	300	-
Professional development	2,400	3,500	3,497	3	1,346
Office supplies	3,000	3,000	1,490	1,510	1,207
New equipment	1,500	1,500	1,264	236	575
Office equipment & maintenance	4,000	4,000	3,021	979	2,691
Upgrade of MSI cash mgmt. system	3,000	3,000	2,304	696	-
License and tags	1,200	1,200	814	386	814
Licensing background checks	1,200	1,200	340	860	300
Telephone	1,170	1,170	450	720	417
Miscellaneous	2,000	2,000	650	1,350	497
Total city clerk's office	176,902	176,902	167,878	9,024	163,849
Treasurer:					
Salary of treasurer	72,572	72,572	72,572	-	72,572
Salary of deputy treasurer	51,021	51,300	51,217	83	50,212
Secretary	37,942	38,100	38,088	12	37,341
Overtime	1,500	1,500	902	598	-
Longevity	6,234	6,234	6,233	1	10,466
Office supplies	4,500	4,500	3,819	681	3,109
New equipment	5,000	4,363	1,433	2,930	806
Telephone	200	200	98	102	111
Auditing	16,300	16,300	16,300	-	16,200
Actuarial services	1,700	1,700	1,700	-	1,700
Bank fees	15,000	15,000	12,975	2,025	13,814
Miscellaneous	1,000	1,200	1,107	93	480
Total treasurer's office	\$ 212,969	212,969	206,444	6,525	206,811

CITY OF LOVES PARK, ILLINOIS  
Schedule of Detailed Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Current (continued):</b>					
<b>General government (continued)</b>					
Community development:					
Community Dev./Public Works Director	\$ 84,414	84,914	84,739	175	83,076
Assistant community development manager	60,297	60,597	60,529	68	59,341
Building inspector	46,818	46,818	46,430	388	46,076
Electrical inspector	50,291	50,491	50,484	7	49,493
Code enforcement officer	47,146	47,346	47,327	19	46,399
Public Works Manager	78,385	78,785	78,686	99	77,144
Public Works Secretary	33,628	33,828	33,757	71	33,095
Meeting expense	500	500	-	500	27
Travel expense	500	500	-	500	61
RMAP fees	12,000	12,000	11,866	134	11,866
Plumbing inspector	29,900	29,900	25,559	4,341	27,884
Licensing, dues and subscriptions	1,700	1,700	984	716	1,461
Zoning officer	35,021	35,321	35,156	165	34,466
Planning officer	51,021	51,221	51,217	4	50,212
Zoning board members salaries	3,360	3,360	2,800	560	2,400
Community Development Secretary	33,628	33,828	33,757	71	33,095
Part-time clerical help	1,000	1,100	1,013	87	755
Longevity	26,258	26,258	26,258	-	23,266
Office supplies	4,000	4,000	3,170	830	3,342
New equipment	15,000	15,000	10,442	4,558	995
Telephone	8,000	8,000	5,513	2,487	5,297
Miscellaneous	5,000	5,000	606	4,394	1,009
Printing/reproduction	1,500	1,500	500	1,000	676
Training & Conferences	3,000	3,000	1,782	1,218	1,172
Plotter maintenance	24,000	24,000	-	24,000	-
Comprehensive plan	2,000	2,000	-	2,000	-
Tax increment financing	25,000	25,000	9,084	15,916	29,644
Engineering services	37,000	34,400	-	34,400	4,751
EPA stormwater fee	1,000	1,000	1,000	-	-
WinGIS software	1,000	1,000	700	300	700
Total community development	<u>722,367</u>	<u>722,367</u>	<u>623,359</u>	<u>99,008</u>	<u>627,703</u>
City attorney:					
Assistant city attorney	55,000	55,000	47,888	7,112	47,883
Claims & additional attorney's expense	250,000	250,000	125,932	124,068	122,419
Special assessment - prof. services	10,000	10,000	-	10,000	-
Code enforcement Hearing Officer	20,000	20,000	8,923	11,077	11,890
Total city attorney's office	<u>\$ 335,000</u>	<u>335,000</u>	<u>182,743</u>	<u>152,257</u>	<u>182,192</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Detailed Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Current (continued):</b>					
<b>General government (continued)</b>					
Building & grounds:					
Repairs & Maintenance	\$ 130,000	129,000	50,799	78,201	98,900
Custodial service	60,000	60,000	43,607	16,393	43,585
Fuel	11,000	12,000	11,652	348	10,466
Electricity	1,000	1,000	230	770	189
Water & sewer	8,000	8,000	5,876	2,124	5,542
Landscaping	16,000	16,000	14,092	1,908	14,225
Miscellaneous	15,000	15,000	12,538	2,462	11,288
Parks	20,000	20,000	11,396	8,604	19,263
Total building & grounds	<u>261,000</u>	<u>261,000</u>	<u>150,190</u>	<u>110,810</u>	<u>203,458</u>
Civil service:					
Office supplies	100	100	-	100	-
Meeting expenses	3,000	3,000	1,600	1,400	2,480
Civil service exams	1,300	1,300	-	1,300	1,075
Civil service printing	500	500	143	357	-
Publication costs	5,000	5,000	308	4,692	4,068
Attorney's fees	11,000	11,000	4,661	6,339	9,290
Miscellaneous	500	500	-	500	444
Total civil service	<u>21,400</u>	<u>21,400</u>	<u>6,712</u>	<u>14,688</u>	<u>17,357</u>
Central garage - maintenance fund:					
Fuel	200,000	200,000	146,572	53,428	187,987
Maintenance & Materials	120,000	120,000	70,960	49,040	104,568
Miscellaneous	2,000	2,000	1,737	263	1,144
Total central garage	<u>322,000</u>	<u>322,000</u>	<u>219,269</u>	<u>102,731</u>	<u>293,699</u>
<b>Total general government</b>	<u>6,554,609</u>	<u>6,554,609</u>	<u>5,705,580</u>	<u>849,029</u>	<u>6,449,045</u>
<b>Health &amp; sanitation</b>					
Animal control	50,000	50,000	39,857	10,143	38,110
Sanitary sewer expense	3,000	3,000	280	2,720	440
Mosquito spraying	40,000	40,000	37,851	2,149	33,381
Miscellaneous	1,000	1,000	-	1,000	-
Total health & welfare	<u>94,000</u>	<u>94,000</u>	<u>77,988</u>	<u>16,012</u>	<u>71,931</u>
<b>Total health &amp; sanitation</b>	<u>\$ 94,000</u>	<u>94,000</u>	<u>77,988</u>	<u>16,012</u>	<u>71,931</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Detailed Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Current (continued):</b>					
<b>Highways &amp; streets:</b>					
Street department:					
Street department manager	\$ 60,297	60,597	60,529	68	59,341
Maintenance wages	325,000	303,000	302,950	50	289,703
Summer hires	55,000	27,000	26,824	176	38,626
Longevity	11,664	11,664	11,664	-	10,275
Bridges & repairs	10,000	10,000	1,882	8,118	8,100
Road repair materials	45,000	51,000	50,674	326	36,296
Road repairs - in house	750,000	930,000	927,831	2,169	651,457
Referendum road repairs	2,000,000	1,875,200	1,610,031	265,169	12,397
Sidewalks & concrete repairs	40,000	44,000	43,124	876	58,732
Equipment maintenance / trucks	75,000	75,000	74,622	378	87,308
Building & grounds maintenance/repair	45,000	45,000	21,400	23,600	27,412
Maintenance inventory	15,000	15,000	14,028	972	-
Equipment repairs/tools	3,000	3,500	3,458	42	2,995
Equipment repairs/sweepers	9,000	9,000	7,483	1,517	8,598
Equipment repairs/mowers/saws	8,000	8,000	5,880	2,120	7,907
Snow removal equipment maintenance	15,000	18,000	17,989	11	-
Maintenance-storm sewers/catch basins	20,000	20,000	12,247	7,753	8,833
Contractual maintenance - sewers/basins	6,000	6,000	-	6,000	309
Snow removal - in house	60,000	60,000	40,019	19,981	71,669
Snow removal - contractual	18,000	18,000	8,460	9,540	16,915
Traffic signals maintenance	25,000	25,000	11,178	13,822	13,675
Signs	20,000	20,500	20,066	434	15,221
Electricity for traffic signals	1,000	1,000	-	1,000	-
Gas, oil, & grease	7,000	8,500	8,334	166	7,187
Electricity	1,000	1,000	1,000	-	34
Communication expense	6,000	6,000	2,521	3,479	3,913
Uniforms	7,000	7,000	6,408	592	6,557
Safety supplies & inspections	5,000	5,000	3,951	1,049	2,867
Street paint	25,000	25,000	12,534	12,466	19,433
Street light maintenance	20,000	2,000	1,785	215	12,312
Miscellaneous	6,000	3,000	2,805	195	4,347
Total Street department	<u>3,693,961</u>	<u>3,693,961</u>	<u>3,311,677</u>	<u>382,284</u>	<u>1,482,419</u>
<b>Total highways &amp; streets</b>	<u>3,693,961</u>	<u>3,693,961</u>	<u>3,311,677</u>	<u>382,284</u>	<u>1,482,419</u>
<b>Public safety:</b>					
Fire department:					
Salary of fire chief	78,045	78,500	78,345	155	76,808
Salary of fire officers	39,255	38,800	17,945	20,855	29,243
Longevity	4,591	4,591	4,591	-	3,001
Fireman's allowance	225,078	225,078	95,995	129,083	94,861
Equipment repairs	\$ 108,000	108,000	56,513	51,487	58,936

CITY OF LOVES PARK, ILLINOIS  
Schedule of Detailed Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Current (continued):</b>					
<b>Public safety (continued):</b>					
Fire department (continued):					
Gas, oil, diesel fuel	\$ 5,000	5,000	382	4,618	262
Fire station maintenance	19,000	19,000	13,103	5,897	10,049
Communication expense	35,500	35,500	20,085	15,415	18,866
Education expenses	14,613	14,613	1,407	13,206	4,383
Reimbursement of wages for schooling	3,000	3,000	-	3,000	-
Electricity	500	500	-	500	-
Inspection bureau	10,675	10,675	1,647	9,028	2,004
Telephone	1,500	1,500	728	772	801
Supplies	10,000	10,000	5,485	4,515	4,083
Lighting project Stations #1 and #2	3,175	3,175	3,175	-	-
Miscellaneous	18,150	18,150	14,934	3,216	7,597
Total fire department	576,082	576,082	314,335	261,747	310,894
Police department:					
Salaries:					
Police chief	88,740	89,100	89,081	19	104,567
Regular officers	2,260,000	2,260,000	2,159,980	100,020	2,170,075
Regular officers - OT	140,000	133,008	83,810	49,198	150,409
Longevity	90,983	90,983	90,983	-	-
Special officers	-	-	-	-	11,039
911 Services	132,600	132,600	132,600	-	132,600
Crime scene deputy services	-	-	-	-	45,833
Clerical assistant	52,827	53,100	53,030	70	33,360
Evidence processing fees	50,000	50,000	50,000	-	-
SLANT salaries	41,978	42,200	42,139	61	41,259
Police secretary	42,243	42,500	42,405	95	41,573
Total salaries	2,899,371	2,893,491	2,744,028	149,463	2,730,715
Drug forfeiture acct - restricted	25,000	25,000	19,012	5,988	6,914
Education expense	25,000	25,000	18,601	6,399	29,264
Uniform allowance	40,320	44,000	43,718	282	41,395
Uniform cleaning allowance	42,900	43,500	43,225	275	42,575
Vehicle operations & maintenance	7,500	7,500	6,651	849	3,093
Communication expense	40,000	40,000	37,848	2,152	54,578
Police pension fund	775,000	775,000	775,000	-	800,000
Arms & ammunition	10,250	10,250	10,199	51	10,326
Office equipment & supplies	23,000	24,500	24,412	88	25,676
Data processing	70,000	70,000	49,180	20,820	76,598
Miscellaneous	4,500	4,500	4,283	217	18,219
Special investigation equipment	-	-	-	-	761
Community service liaison	-	-	-	-	2,300
Towing expense	3,000	3,000	380	2,620	1,154
Public information	3,500	3,500	3,444	56	3,638
Special investigation expense	\$ 18,000	18,000	16,499	1,501	9,369

CITY OF LOVES PARK, ILLINOIS  
Schedule of Detailed Expenditures - Budget and Actual (Continued)  
**General Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b><u>Current (continued):</u></b>					
<b>Public safety (continued):</b>					
Police Department (continued):					
Department forms & printing	\$ 5,500	5,600	5,528	72	5,876
Conference expenses	-	-	-	-	5,427
Total police department	<u>3,992,841</u>	<u>3,992,841</u>	<u>3,802,008</u>	<u>190,833</u>	<u>3,867,878</u>
<b>Total public safety</b>	<u>4,568,923</u>	<u>4,568,923</u>	<u>4,116,343</u>	<u>452,580</u>	<u>4,178,772</u>
<b>Total current</b>	<u>14,911,493</u>	<u>14,911,493</u>	<u>13,211,588</u>	<u>1,699,905</u>	<u>12,182,167</u>
<b><u>Capital outlay:</u></b>					
Public safety:					
Fire equipment	182,300	181,160	4,537	176,623	3,795
Squad cars	100,860	102,000	101,174	826	113,267
Community development:					
Vehicles replacement	80,000	80,000	69,393	10,607	-
Streets	115,000	115,000	112,278	2,722	51,251
Buildings and grounds:					
Improvements	160,000	160,000	56,779	103,221	37,238
	<u>638,160</u>	<u>638,160</u>	<u>344,161</u>	<u>293,999</u>	<u>205,551</u>
<b>Total capital outlay</b>	<u>638,160</u>	<u>638,160</u>	<u>344,161</u>	<u>293,999</u>	<u>205,551</u>
<b><u>Debt service:</u></b>					
Principal payments	94,067	92,855	92,855	-	90,060
Interest payments	7,053	8,265	8,264	1	11,059
Total debt service	<u>101,120</u>	<u>101,120</u>	<u>101,119</u>	<u>1</u>	<u>101,119</u>
<b>Total debt service</b>	<u>101,120</u>	<u>101,120</u>	<u>101,119</u>	<u>1</u>	<u>101,119</u>
<b>Total expenditures</b>	<u>\$ 15,650,773</u>	<u>15,650,773</u>	<u>13,656,868</u>	<u>1,993,905</u>	<u>12,488,837</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Revenues, Expenses and  
Changes in Fund Net Position - Budget and Actual  
**Water Fund**  
For the Year Ended April 30, 2015  
With Comparative Totals as of April 30, 2014

	2015			Variance Positive (Negative)	2014
	Original Budget	Final Budget	Actual		Actual
<b>Operating revenues:</b>					
Charges for services:					
Water charges	\$ 2,659,910	2,659,910	2,571,832	(88,078)	2,655,128
Service and meter fees	66,000	66,000	74,530	8,530	47,386
Total charges for services	<u>2,725,910</u>	<u>2,725,910</u>	<u>2,646,362</u>	<u>(79,548)</u>	<u>2,702,514</u>
Tower rental fees	48,000	48,000	49,432	1,432	50,740
Miscellaneous	33,000	33,000	17,033	(15,967)	31,405
Total operating revenues	<u>2,806,910</u>	<u>2,806,910</u>	<u>2,712,827</u>	<u>(94,083)</u>	<u>2,784,659</u>
<b>Operating expenses:</b>					
Operations	2,073,910	2,073,910	1,830,365	243,545	1,676,902
Depreciation	700,000	700,000	698,553	1,447	703,623
Total operating expenses	<u>2,773,910</u>	<u>2,773,910</u>	<u>2,528,918</u>	<u>244,992</u>	<u>2,380,525</u>
<b>Net operating income (loss)</b>	<u>33,000</u>	<u>33,000</u>	<u>183,909</u>	<u>150,909</u>	<u>404,134</u>
Nonoperating revenue (expense):					
Interest on investments	3,000	3,000	611	(2,389)	931
Amortization of bond discount and bond issue costs	(6,000)	(6,000)	(1,641)	4,359	(16,250)
Interest expense	(30,000)	(30,000)	(20,956)	9,044	(33,216)
Total nonoperating revenue (expense)	<u>(33,000)</u>	<u>(33,000)</u>	<u>(21,986)</u>	<u>11,014</u>	<u>(48,535)</u>
Net Income before contributions	-	-	161,923	161,923	355,599
Capital contributions	-	-	-	-	222,500
Change in net position	<u>\$ -</u>	<u>-</u>	161,923	<u>161,923</u>	578,099
<b>Net assets:</b>					
Beginning			<u>22,117,079</u>		<u>21,538,980</u>
Ending			<u>\$ 22,279,002</u>		<u>22,117,079</u>

CITY OF LOVES PARK, ILLINOIS  
Schedule of Operating Expenses  
**Water Fund**

For the Year Ended April 30, 2015  
With Comparative Totals for the Year Ended April 30, 2014

	<u>2015</u>	<u>2014</u>
Salaries:		
Administrative	\$ 63,872	62,402
Office	129,508	126,922
Labor	283,485	285,212
Payroll taxes and fringe benefits	331,083	287,643
Purchased water	12,731	8,598
Repairs and maintenance:		
Wells, towers, and plant	101,713	43,059
Buildings	15,955	28,764
Tools	5,695	5,661
Services	11,090	31,567
Water mains	127,994	114,918
Hydrants	60,123	67,195
Other	20,138	10,952
Utilities:		
Electric	260,000	218,203
Other	141,071	126,162
Plant supplies and chemicals	90,984	88,299
Other supplies	48,355	48,356
Meters	18,907	17,463
Office supplies	13,156	18,137
Postage	26,609	27,489
Legal and auditing fees	8,100	7,800
Engineering fees	473	644
Computer maintenance	14,589	9,958
Insurance	27,746	25,410
Equipment	1,262	4,136
Equipment rental	-	209
Miscellaneous	<u>15,726</u>	<u>11,743</u>
 Total Operating Expenses		
Other than Depreciation	<u>\$ 1,830,365</u>	<u>1,676,902</u>

## STATISTICAL SECTION

This part of the City of Loves Park's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	103
Revenue Capacity These schedules contain trend information to help the reader assess the government's most significant local revenue source.	108
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	114
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	119
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	122

**City of Loves Park  
Net Position by Component  
Last Five Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)**

	Fiscal Years				
	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 51,041,944	50,820,515	48,730,051	49,519,585	49,897,807
Restricted	3,665,766	3,812,820	3,349,700	2,818,771	2,727,492
Unrestricted	<u>1,220,339</u>	<u>1,743,419</u>	<u>3,515,888</u>	<u>(6,396,688)</u>	<u>(6,536,718)</u>
Total governmental activities net position	<u>55,928,049</u>	<u>56,376,754</u>	<u>55,595,639</u>	<u>45,941,668</u>	<u>46,088,581</u>
Business-type activities					
Net investment in capital assets	16,542,227	17,714,117	17,499,985	17,428,104	17,972,296
Restricted	570,456	573,908	582,494	583,635	408,672
Unrestricted	<u>3,329,887</u>	<u>2,702,313</u>	<u>3,456,501</u>	<u>4,105,340</u>	<u>3,898,034</u>
Total business-type activities net position	<u>20,442,570</u>	<u>20,990,338</u>	<u>21,538,980</u>	<u>22,117,079</u>	<u>22,279,002</u>
Primary government					
Net investment in capital assets	67,584,171	68,534,632	66,230,036	66,947,689	67,870,103
Restricted	4,236,222	4,386,728	3,932,194	3,402,406	3,136,164
Unrestricted	<u>4,550,226</u>	<u>4,445,732</u>	<u>6,972,389</u>	<u>(2,291,348)</u>	<u>(2,638,684)</u>
Total primary government net position	<u>\$ 76,370,619</u>	<u>77,367,092</u>	<u>77,134,619</u>	<u>68,058,747</u>	<u>68,367,583</u>

Source: City records

**City of Loves Park**  
**Changes in Net Position**  
**Last Five Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

<b>Expenses</b>	Fiscal Years				
	2011	2012	2013	2014	2015
<b>Governmental activities:</b>					
General government	\$ 5,232,398	4,915,445	4,681,416	5,124,871	5,522,600
Health and welfare	222,536	436,733	313,100	228,420	247,102
Highways and streets	2,737,528	2,959,898	3,441,614	4,481,591	4,324,066
Public safety	4,157,538	3,672,236	4,358,728	4,449,980	4,596,855
Culture & recreation	-	-	1,039,580	-	-
Economic development	-	-	-	6,596,064	679,030
Interest on long term debt	299,342	295,621	307,320	701,439	938,038
<b>Total governmental activities expenses:</b>	<u>12,649,342</u>	<u>12,279,933</u>	<u>14,141,758</u>	<u>21,582,365</u>	<u>16,307,691</u>
<b>Business-type activities:</b>					
Water	2,129,889	2,139,111	2,233,383	2,429,991	2,551,515
<b>Total business-type activities expenses:</b>	<u>2,129,889</u>	<u>2,139,111</u>	<u>2,233,383</u>	<u>2,429,991</u>	<u>2,551,515</u>
<b>Total primary government expenses:</b>	<u>14,779,231</u>	<u>14,419,044</u>	<u>16,375,141</u>	<u>24,012,356</u>	<u>18,859,206</u>
<b>Program Revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government	340,532	378,283	304,226	369,836	570,973
Highways and streets	54,867	51,325	47,830	55,672	49,849
Public Safety	573,414	593,005	687,871	694,036	734,366
Operating Grants and Contributions					
General government	25,664	22,065	21,535	20,245	39,435
Health and welfare	412,147	57,453	60,786	-	-
Highways and streets	684,685	705,071	722,700	715,904	809,187
Public Safety	95,587	37,745	19,420	98,187	64,707
Capital Grants and Contributions					
General government	-	-	-	-	-
Highways and streets	895,855	893,989	520,852	2,558,871	296,147
Public Safety	-	-	-	33,000	-
Culture & Recreation	-	139,500	319,260	230,740	-
<b>Total governmental activities program revenues</b>	<u>3,082,751</u>	<u>2,878,436</u>	<u>2,704,480</u>	<u>4,776,491</u>	<u>2,564,664</u>
<b>Business-type activities</b>					
Charges for services:					
Water	2,574,733	2,580,820	2,704,773	2,702,514	2,646,362
Operating Grants and Contributions	79,307	74,751	75,493	82,145	66,465
Capital Grants and Contributions	115,000	29,035	-	222,500	-
<b>Total business-type activities program revenues</b>	<u>2,769,040</u>	<u>2,684,606</u>	<u>2,780,266</u>	<u>3,007,159</u>	<u>2,712,827</u>
<b>Total primary government program revenues</b>	<u>5,851,791</u>	<u>5,563,042</u>	<u>5,484,746</u>	<u>7,783,650</u>	<u>5,277,491</u>
<b>Net (expense)/revenue</b>					
Governmental activities	(9,566,591)	(9,401,497)	(11,437,278)	(16,805,874)	(13,743,027)
Business-type activities	639,151	545,495	546,883	577,168	161,312
<b>Total primary government net expense</b>	<u>(8,927,440)</u>	<u>(8,856,002)</u>	<u>(10,890,395)</u>	<u>(16,228,706)</u>	<u>(13,581,715)</u>

**City of Loves Park**  
**Changes in Net Position**  
**Last Five Fiscal Years (Continued)**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

**General Revenues and Other Changes in Net Position**

	Fiscal Years				
	2011	2012	2013	2014	2015
Governmental activities:					
Taxes					
Property taxes	340,239	177,958	170,516	175,964	184,577
Sales and Use taxes	4,330,330	4,466,891	4,752,754	4,794,929	5,107,468
Income taxes	1,739,351	2,033,086	2,270,440	2,291,580	2,417,495
Road referendum	-	-	-	-	2,093,653
Municipal Utility Tax	1,621,076	1,566,374	1,597,196	1,693,798	1,605,004
Hotel/Motel Tax	112,917	182,768	178,911	173,242	173,291
Telecommunications taxes	898,898	888,619	827,822	786,231	722,896
Personal property replacement taxes	70,955	60,159	65,194	72,877	72,656
Property taxes - TIF Districts	N/A	130,680	192,750	265,543	261,482
Franchise	240,001	251,661	260,906	268,799	279,999
Video gaming	N/A	N/A	87,087	398,304	638,492
Property taxes - Special service areas	N/A	29,313	39,698	58,592	57,883
Interest	29,361	27,833	38,102	36,441	31,922
Other	60,507	34,860	174,787	235,250	243,122
Total governmental activities	<u>9,443,635</u>	<u>9,850,202</u>	<u>10,656,163</u>	<u>11,251,550</u>	<u>13,889,940</u>
Business-type activities					
Interest	<u>3,765</u>	<u>2,273</u>	<u>1,759</u>	<u>931</u>	<u>611</u>
Total business-type activities	<u>3,765</u>	<u>2,273</u>	<u>1,759</u>	<u>931</u>	<u>611</u>
Total primary government	<u><u>9,447,400</u></u>	<u><u>9,852,475</u></u>	<u><u>10,657,922</u></u>	<u><u>11,252,481</u></u>	<u><u>13,890,551</u></u>
<b>Change in Net Position</b>					
Governmental activities	(122,956)	448,705	(781,115)	(5,554,324)	146,913
Business-type activities	<u>642,916</u>	<u>547,768</u>	<u>548,642</u>	<u>578,099</u>	<u>161,923</u>
Total primary government	<u><u>\$ 519,960</u></u>	<u><u>996,473</u></u>	<u><u>(232,473)</u></u>	<u><u>(4,976,225)</u></u>	<u><u>308,836</u></u>

Notes:

Franchise reported in Other prior to FY2011.

FY2014 had a prior period adjustment of \$4,099,647.

**City of Loves Park**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 135,954	133,885	146,080	159,565	175,231	210,347	-	-	-	-
Unreserved	4,182,384	4,132,868	4,150,434	3,371,374	2,163,777	3,481,897	-	-	-	-
Nonspendable	-	-	-	-	-	-	410,302	244,299	260,287	263,673
Restricted	-	-	-	-	-	-	27,322	969,437	140,909	140,580
Unassigned	-	-	-	-	-	-	4,489,260	5,792,394	8,113,322	9,466,472
Total general fund	<u>4,318,338</u>	<u>4,266,753</u>	<u>4,296,514</u>	<u>3,530,939</u>	<u>2,339,008</u>	<u>3,692,244</u>	<u>4,926,884</u>	<u>7,006,130</u>	<u>8,514,518</u>	<u>9,870,725</u>
All other governmental funds										
Reserved	858,228	700,213	651,399	602,570	616,812	846,606	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,748,993	3,799,943	3,642,221	3,858,372	2,710,253	2,309,966	-	-	-	-
Capital projects funds	-	5,132,032	6,048,757	2,902,960	667,024	565,036	-	-	-	-
Nonspendable	-	-	-	-	-	-	1,009,655	920,330	881,735	1,030,049
Restricted	-	-	-	-	-	-	2,609,116	2,531,266	2,174,939	2,015,673
Assigned	-	-	-	-	-	-	309,313	56,572	-	-
Unassigned	-	-	-	-	-	-	-	(7,894)	(9,423)	(10,057)
Total all other governmental funds	<u>\$ 4,607,221</u>	<u>9,632,188</u>	<u>10,342,377</u>	<u>7,363,902</u>	<u>3,994,089</u>	<u>3,721,608</u>	<u>3,928,084</u>	<u>3,500,274</u>	<u>3,047,251</u>	<u>3,035,665</u>

Note: The City implemented GASB 54 in FY2012.

**City of Loves Park**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	7,121,438	7,609,779	7,544,589	7,351,663	6,892,538	9,105,721	9,493,712	10,121,391	10,698,456	13,127,504
Special assessments	25,960	26,386	-	-	-	-	-	-	-	-
Intergovernmental	1,323,422	719,125	3,431,794	7,707,360	10,694,869	1,013,452	1,014,908	1,122,166	2,777,076	1,057,452
Licenses and permits	701,904	633,064	573,131	619,698	484,902	497,670	555,632	477,124	550,254	765,744
Fines	236,394	200,885	184,762	255,565	352,816	451,342	452,011	555,606	554,520	582,737
Contributions	-	-	-	-	-	-	916,494	-	-	-
Interest	287,857	505,583	563,828	231,471	46,885	29,361	27,780	38,102	36,441	31,922
Other	292,434	370,105	394,483	354,175	428,421	687,273	336,420	464,425	1,369,541	698,657
<b>Total revenues</b>	<b>9,989,409</b>	<b>10,064,927</b>	<b>12,692,587</b>	<b>16,519,932</b>	<b>18,900,431</b>	<b>11,784,819</b>	<b>12,796,957</b>	<b>12,778,814</b>	<b>15,986,288</b>	<b>16,264,016</b>
<b>Expenditures</b>										
General government	4,121,054	4,558,437	4,473,615	5,597,819	4,749,481	5,183,231	5,465,943	5,890,534	6,610,868	6,542,604
Health and sanitation	70,527	113,977	86,955	105,747	106,722	76,299	75,322	73,655	71,931	77,988
Highways and streets	2,156,800	2,279,811	3,965,960	11,547,649	14,064,273	1,564,758	1,717,633	1,698,273	3,597,529	4,071,361
Public safety	2,665,630	3,258,542	3,009,502	3,344,770	3,413,994	3,361,662	3,571,326	3,716,047	4,178,772	4,116,343
Capital outlay	61,906	64,509	121,432	175,264	677,908	37,867	221,889	138,818	205,551	344,161
Debt Service										
Principal	123,409	7,125	151,686	130,398	163,947	178,236	180,018	187,510	234,812	238,651
Interest	6,669	236	224,060	252,442	285,847	302,011	287,395	311,306	283,618	282,236
Bond issue costs	-	154,101	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>9,205,995</b>	<b>10,436,738</b>	<b>12,033,210</b>	<b>21,154,089</b>	<b>23,462,172</b>	<b>10,704,064</b>	<b>11,519,526</b>	<b>12,016,143</b>	<b>15,183,081</b>	<b>15,673,344</b>
Excess of revenues over (under) expenditures	<b>783,414</b>	<b>(371,811)</b>	<b>659,377</b>	<b>(4,634,157)</b>	<b>(4,561,741)</b>	<b>1,080,755</b>	<b>1,277,431</b>	<b>762,671</b>	<b>803,207</b>	<b>590,672</b>
Other financing sources (uses):	-	-	-	890,108	-	-	163,685	888,765	252,158	753,949
Transfers in (out)	-	5,345,193	80,573	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>783,414</b>	<b>4,973,382</b>	<b>739,950</b>	<b>(3,744,049)</b>	<b>(4,561,741)</b>	<b>1,080,755</b>	<b>1,441,116</b>	<b>1,651,436</b>	<b>1,055,365</b>	<b>1,344,621</b>
Debt service as a percentage of noncapital expenditures	1.423%	1.557%	3.154%	1.825%	1.974%	4.503%	4.137%	4.200%	3.461%	3.398%

**City of Loves Park  
General Government - Tax Revenues by Source  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

Fiscal Year	Property Taxes	Income Tax	Sales & Use Tax	Tele-communications Tax	Personal Property Replacement Tax	Municipal Utility Tax	Hotel/Motel Tax	Video Gaming Tax	1% Non-home Rule Sales Tax Road Referendum	Total
2006	129,521	1,738,553	4,255,094	933,774	64,496	NA	NA	NA	NA	7,121,438
2007	130,051	2,126,164	4,377,741	904,136	71,687	NA	NA	NA	NA	7,609,779
2008	145,367	1,930,008	4,440,891	949,304	79,019	NA	NA	NA	NA	7,544,589
2009	213,342	1,979,361	4,093,761	995,926	69,273	NA	NA	NA	NA	7,351,663
2010	265,124	1,733,503	3,838,106	914,411	57,518	NA	NA	NA	NA	6,808,662
2011	340,239	1,739,351	4,327,940	893,243	70,955	1,621,076	112,917	NA	NA	9,105,721
2012	207,271	2,033,086	4,415,940	897,433	60,159	1,566,374	182,768	NA	NA	9,363,031
2013	210,214	2,270,440	4,644,467	829,817	65,194	1,597,196	178,911	87,087	NA	9,883,326
2014	234,556	2,291,580	4,730,393	793,015	72,877	1,693,798	173,242	398,304	NA	10,387,765
2015	242,460	2,417,495	5,056,219	727,790	72,656	1,605,004	173,291	638,492	1,879,141	12,812,548

Note: Telecommunications tax implemented in 2003.  
Municipal Utility tax implemented in FY2011.  
Hotel/Motel Tax implemented in FY2011.  
Video gaming implemented in FY2013.  
1% Non-home rule sales tax implemented in FY2015 - Road Referendum

**City of Loves Park  
Governmental Activities - Tax Revenues by Source  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)**

Fiscal Year	Property Taxes	Sales & Use Tax	Income Tax	Tele-communications Tax	Personal Property Replacement Tax	Municipal Utility Tax	Hotel/Motel Tax	Franchise Tax	Property Taxes - Special Service Areas	Property Taxes - TIF Districts	Video Gaming Tax	1% Non-home Rule Sales Tax Road Referendum	Total
2006	129,521	4,320,171	1,738,553	1,001,592	64,496	NA	NA	NA	NA	NA	NA	NA	7,254,333
2007	130,051	4,361,609	2,126,164	917,140	71,687	NA	NA	NA	NA	NA	NA	NA	7,606,651
2008	145,367	4,424,362	1,930,008	970,042	79,019	NA	NA	NA	NA	NA	NA	NA	7,548,798
2009	210,471	4,049,765	1,979,361	977,173	69,273	NA	NA	NA	NA	NA	NA	NA	7,286,043
2010	265,124	3,956,184	1,733,503	904,963	57,518	NA	NA	NA	NA	NA	NA	NA	6,917,292
2011	340,239	4,330,330	1,739,351	898,898	70,955	1,621,076	112,917	240,001	NA	NA	NA	NA	9,353,767
2012	177,958	4,466,891	2,033,086	888,619	60,159	1,566,374	182,768	251,661	29,313	130,680	NA	NA	9,787,509
2013	170,516	4,752,754	2,270,440	827,822	65,194	1,597,196	178,911	260,906	39,698	192,750	87,087	NA	10,443,274
2014	175,964	4,794,929	2,291,580	786,231	72,877	1,693,798	173,242	268,799	58,592	265,543	398,304	NA	10,979,859
2015	184,577	5,107,468	2,417,495	722,896	72,656	1,605,004	173,291	279,999	57,883	261,482	638,492	2,093,653	13,614,896

Note: Municipal Utility Tax implemented in FY2011  
Hotel/Motel Tax implemented in FY2011.  
Franchise first reported as a tax in FY2011. Formerly reported as Other income.  
Video gaming tax implemented FY2013.  
1% Non-home rule sales tax implemented in FY2015 - Road Referendum

**City of Loves Park  
General Government - Sales Tax Revenues by Category  
Last Ten Calendar Years  
(Unaudited)**

Calendar Year	Automotive & Filling Stations	Agriculture & All Others	Drugs & Miscellaneous Retail	Food	Drinking & Eating Places	All Other Categories	Total
2005	1,087,875	746,963	610,187	654,797	282,705	566,578	3,949,105
2006	1,254,534	802,583	636,210	613,928	293,468	528,019	4,128,743
2007	1,294,364	792,829	715,307	458,573	326,360	529,508	4,116,941
2008	1,232,137	658,588	814,348	412,487	329,575	437,816	3,884,951
2009	1,060,565	494,217	862,075	370,628	342,031	378,210	3,507,726
2010	1,302,320	546,073	841,429	380,059	347,728	433,921	3,851,530
2011	1,383,571	586,308	923,579	414,889	369,319	285,508	3,963,174
2012	1,658,130	585,218	947,605	416,376	386,229	280,224	4,273,782
2013	1,742,681	519,783	960,566	442,750	398,248	244,133	4,308,161
2014	1,834,968	590,539	975,228	458,747	409,676	284,972	4,554,131

Note: The Sales Taxes reported are for the calendar year and consist of the 1% municipal share of the 6.25% statewide rate on general merchandise and 100% of the tax collections of the 1% rate on qualifying food, drugs, and medical appliances for taxable sales made within the corporate limits of the municipality.

Source: Illinois Department of Revenue - Standard Industrial Classification Code Reporting

**City of Loves Park**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

Calendar <u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Railroad Property</u>	<u>Farm Property</u>	<u>Total Taxable Assessed Value</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2005	243,706,326	79,296,594	39,664,194	22,634	373,403	363,063,151	1,089,189,453	33.33%
2006	261,726,996	84,550,613	40,496,821	22,564	341,830	387,138,824	1,161,416,472	33.33%
2007	279,519,201	85,951,288	40,887,331	24,781	384,046	406,766,647	1,220,299,941	33.33%
2008	313,067,960	89,800,289	42,257,622	0	403,448	445,529,319	1,336,587,957	33.33%
2009	316,224,593	92,187,129	42,870,540	0	370,116	451,652,378	1,354,957,134	33.33%
2010	305,595,447	88,407,577	41,636,396	0	482,184	436,121,604	1,308,364,812	33.33%
2011	291,520,770	84,748,044	39,843,899	0	503,178	416,615,891	1,249,847,673	33.33%
2012	269,401,122	77,591,487	40,454,381	0	472,853	387,919,843	1,163,759,529	33.33%
2013	249,495,235	74,938,977	36,426,721	0	487,471	359,010,772	1,077,032,316	33.33%
2014	240,436,918	71,343,848	33,040,359	0	447,243	345,268,368	1,035,805,104	33.33%

Note: The City of Loves Park does not levy a property tax. Therefore, there is no direct rate column shown. Total taxable assessed value changed to rate setting EAV from total EAV 2013.

Source: Winnebago County Clerk  
Boone County Clerk

City of Loves Park  
Property Tax Rates  
Direct and Overlapping Governments - Winnebago County  
Last Ten Fiscal Years  
(Unaudited)

Calendar Year	City of <u>Loves Park</u>	<u>Overlapping Rates</u>				Total Direct & Overlapping <u>Rates</u>
		<u>Rockford Park District</u>	<u>Schools</u>	<u>Winnebago County</u>		
				<u>Other</u>		
2005	0.0000	0.7525	6.1742	0.7900	0.9365	8.6532
2006	0.0000	0.7360	6.1535	0.7829	0.7367	8.4091
2007	0.0000	0.7198	6.0391	0.7704	0.7217	8.2510
2008	0.0000	0.7319	6.1353	0.7835	0.7121	8.3628
2009	0.0000	0.7455	6.1720	0.7934	0.7203	8.4312
2010	0.0000	0.7869	6.5818	0.8299	0.7574	8.9560
2011	0.0000	0.8432	6.9119	0.8676	0.7956	9.4183
2012	0.0000	0.9522	7.6104	0.9423	0.8792	10.3841
2013	0.0000	1.0577	8.2770	1.0329	0.9557	11.3233
2014	0.0000	1.1286	8.8020	1.0845	1.0110	12.0261

Source: Winnebago County Treasurer

Note: The City of Loves Park is in both Winnebago and Boone Counties. The following page shows direct & overlapping property tax rates for a Boone County resident of Loves Park.

The City of Loves Park does not levy a property tax.

City of Loves Park  
Property Tax Rates  
Direct and Overlapping Governments - Boone County  
Last Ten Fiscal Years  
(Unaudited)

Calendar Year	City of Loves Park	Overlapping Rates				Total Direct & Overlapping Rates
		Belvidere Park District	Schools	Boone County	Other	
2005	0.0000	0.4053	4.5458	0.7276	0.8573	6.5360
2006	0.0000	0.4248	4.4020	0.7000	0.8024	6.3292
2007	0.0000	0.4024	4.2806	0.6760	0.7311	6.0901
2008	0.0000	0.3954	4.3624	0.6810	0.7161	6.1549
2009	0.0000	0.4010	4.5260	0.7040	0.7340	6.3650
2010	0.0000	0.4450	5.0530	0.7900	0.8090	7.0970
2011	0.0000	0.4990	5.4280	0.8990	0.8830	7.7090
2012	0.0000	0.5676	6.2305	1.0344	0.8573	8.6898
2013	0.0000	0.6223	6.8252	1.1817	0.9313	9.5605
2014	0.0000	0.6289	7.0888	1.2485	0.9259	9.8921

Source: Boone County Treasurer

Note: The City of Loves Park is in both Winnebago and Boone Counties. The previous page shows direct & overlapping property tax rates for a Winnebago County resident of Loves Park.

The City of Loves Park does not levy a property tax.

**City of Loves Park  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	Alternate Revenue Bonds	Notes Payable	Capital Leases	Contractual Agreements	Special Tax Bonds	General Obligation Bonds	Notes Payable	Alternate Revenue Bonds	Annexation Agreement Payable	Contractual Agreements				
2006	-	-	15,544	-	-	-	-	3,315,000	-	76,848	3,407,392	0.51474%	116	
2007	5,300,000	-	8,419	-	-	-	-	3,030,000	-	29,042	8,367,461	1.19005%	372	
2008	5,180,000	-	57,306	-	-	-	-	2,740,000	-	19,993	7,997,299	1.09096%	356	
2009	5,080,000	-	26,908	40,000	283,108	607,000	-	2,440,000	-	-	8,477,016	1.13938%	377	
2010	4,980,000	-	-	10,000	270,052	607,000	-	2,135,000	-	-	8,002,052	1.07554%	356	
2011	4,875,000	-	-	-	256,334	607,000	-	1,815,000	-	-	7,553,334	0.93691%	315	
2012	4,765,000	-	127,707	-	241,920	584,400	-	1,480,000	-	-	7,199,027	1.21383%	300	
2013	4,650,000	-	160,740	-	546,606	1,200,780	-	1,135,000	-	-	7,693,126	1.29714%	321	
2014	4,530,000	10,900,382	169,868	-	513,704	1,120,990	-	770,000	-	-	18,004,944	2.93316%	750	
2015	4,410,000	12,206,582	150,721	-	479,453	1,038,430	-	395,000	-	-	18,680,186	2.90355%	778	

Note: Per capita income and population figures can be found on the demographics statistical page.

Details of the City's outstanding debt can be found in the notes to the financial statements.

N/A - Not available

City of Loves Park  
Ratios of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(Unaudited)

Fiscal <u>Year</u>	General Obligation <u>Bonds</u>	Percentage of Estimated Actual Taxable	
		Value of <u>Property</u>	Per <u>Capita</u>
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	607,000	-	27.01
2010	607,000	-	27.01
2011	607,000	-	25.30
2012	584,400	-	24.35
2013	1,200,780	-	50.04
2014	1,120,990	-	46.72
2015	1,038,430	-	43.28

City of Loves Park  
Direct and Overlapping Governmental Activities Debt  
As of April 30, 2015  
**(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable 1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Unit School District Number 122 (Harlem)	16,675,000	41.26%	6,880,105
Unit School District Number 205 (Rockford)	160,106,742	3.84%	6,148,099
Community College District Number 511	58,827,481	38.37%	22,572,104
Winnebago County Forest Preserve District	2,124,090	8.58%	182,247
Rockford Park District	34,355,000	15.98%	5,489,929
North Suburban Library	-	31.21%	-
Greater Rockford Airport	6,223,000	11.66%	725,602
Winnebago County	8,134,000	8.58%	697,897
Rock River Water Reclamation District	43,597,000	12.45%	5,427,827
Subtotal, overlapping debt	330,042,313		48,123,810
City of Loves Park direct debt	<u>1,038,430</u>	100.00%	
Total direct and overlapping debt	<u>\$ 331,080,743</u>		<u>48,123,810</u>

Source: Winnebago County Clerk

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Loves Park. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were provided by the Winnebago County Clerk.

**City of Loves Park  
Schedule of Legal Debt Margin  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ <u>31,314,197</u>	<u>33,390,724</u>	<u>35,083,623</u>	<u>38,426,904</u>	<u>38,955,018</u>	<u>37,615,488</u>	<u>35,933,121</u>	<u>33,458,086</u>	<u>30,964,679</u>	<u>29,779,397</u>
Total net debt applicable to limit	<u>15,544</u>	<u>8,419</u>	<u>57,306</u>	<u>633,908</u>	<u>607,000</u>	<u>607,000</u>	<u>584,400</u>	<u>1,200,780</u>	<u>1,120,990</u>	<u>1,038,430</u>
Legal debt margin	\$ <u>31,298,653</u>	<u>33,382,305</u>	<u>35,026,317</u>	<u>37,792,996</u>	<u>38,348,018</u>	<u>37,008,488</u>	<u>35,348,721</u>	<u>32,257,306</u>	<u>29,843,689</u>	<u>28,740,967</u>
Total net debt applicable to the limit as a percentage of debt limit	0.050%	0.025%	0.163%	1.650%	1.558%	1.614%	1.626%	3.589%	3.620%	3.487%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Assessed value	\$ 345,268,368
Add back: exempt real property	-
Total assessed value	<u>345,268,368</u>
Debt limit (8.625% of total assessed value)	29,779,397
Debt applicable to limit:	<u>1,038,430</u>
Legal debt margin	\$ <u>28,740,967</u>

Note: Calculation changed 2014 to use rate setting EAV. Prior years calculations used total EAV.

City of Loves Park  
Pledged Revenue Coverage  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Alternate Revenue Bonds - Motor Fuel Tax						Alternate Revenue Bonds - Loves Park Water Department					
	Motor Fuel Tax Allotment	Less: Operating Expenses	Net Available Revenue	Debt Service			Gross Water Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	Coverage				Principal	Interest	Coverage
2006	na	na	na	na	na	na	2,554,284	1,672,484	881,800	250,000	106,203	2.4756 %
2007	na	na	na	na	na	na	2,710,195	1,749,073	961,122	285,000	98,281	2.5076 %
2008	647,357	552,445	94,912	120,000	223,984	0.2759	2,664,466	1,960,303	704,163	290,000	91,519	1.8457 %
2009	606,037	201,381	404,656	100,000	247,198	1.1655	2,498,201	2,002,058	496,143	300,000	87,290	1.2811 %
2010	585,712	1,938,099	-1,352,387	100,000	239,198	-3.9870	2,518,251	1,986,092	532,159	305,000	75,014	1.4004 %
2011	684,685	639,646	45,039	105,000	231,198	0.1340	2,654,040	2,058,404	595,636	320,000	65,521	1.5450 %
2012	705,071	332,104	372,968	110,000	222,798	1.1207	2,666,296	2,071,052	595,244	335,000	59,828	1.5076 %
2013	722,700	631,523	91,177	115,000	213,997	0.2771	2,780,266	2,182,745	597,521	345,000	49,275	1.5155 %
2014	715,904	2,115,110	-1,399,206	120,000	204,798	-4.3079	2,784,659	2,380,525	404,134	365,000	33,216	1.0149 %
2015	809,187	759,684	49,503	120,000	199,848	0.1548	2,712,827	2,528,918	183,909	395,000	20,956	0.4421 %

Note: \$5,300,000 of Motor Fuel Tax Alternate Revenue bonds were issued in February 2007. There were no principal or interest payments scheduled in fiscal year 2007.

The Motor Fuel Tax Fund has a cash reserve balance that is available to pay operating expenses and debt service in addition to the annual allotment.

In 2010 the City received \$455,689 in Federal ARRA funds and \$380,000 in State of IL ERP funds which were included in the operating expenses listed above.

In 2014 the City received \$1,232,245 in EDP grants for the Woodward Infrastructure Project which were included in the operating expenses listed above.

In 2015 the City received \$183,558.44 in EDP grants for the Woodward Infrastructure Project which were included in the operating expenses listed above.

City of Loves Park  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	Loves Park Unemployment Rate
2005	22,476	661,963,152	29,452	34.6	5.90%
2006	22,476	703,116,708	31,283	34.6	4.80%
2007	22,476	733,054,740	32,615	36.6	5.60%
2008	22,476	744,000,552	33,102	36.6	8.10%
2009	22,476	744,000,552	33,102	36.6	14.00%
2010	23,996	806,193,612	33,597	36.6	13.50%
2011	23,996	593,085,136	24,716	37.9	11.20%
2012	23,996	593,085,136	24,716	37.9	9.70%
2013	23,996	613,841,676	25,581	37.9	9.90%
2014	23,996	643,356,756	26,811	38.9	7.80%

Household Income	Census Year 1990	Census Year 2000	Census Year 2010
Less than \$10,000			6.10%
\$10,000 to \$14,999 (new 2010)	N/A	N/A	5.40%
Under \$15,000	20.20%	10.40%	N/A
\$15,000 - \$24,999	18.30%	13.10%	10.80%
\$25,000 - \$34,999	20.10%	13.30%	12.50%
\$35,000 - \$49,999	22.60%	18.50%	18.80%
\$50,000 - \$74,999	14.80%	27.50%	17.40%
\$75,000 - \$99,999	2.80%	11.40%	13.90%
\$100,000 and over	1.20%	4.40%	N/A
\$100,000 to \$149,999 (new 2010)	N/A	N/A	11.20%
\$150,000 to \$199,999 (new 2010)	N/A	N/A	2.80%
\$200,000 or more (new 2010)	N/A	N/A	1.00%

Educational Attainment	Percent of Adults 25 years + in Category	Percent of Adults 25 years + in Category	Percent of Adults 25 years + in Category
9th - 12th grade, no diploma	16.40%	10.40%	5.00%
High school graduate	40.00%	34.60%	31.80%
Some college, no degree	27.50%	27.20%	25.30%
Associate degree	not reported separately	7.50%	10.50%
College graduate	10.70%	11.80%	15.90%
Graduate or professional degree	not reported separately	5.40%	7.20%

N/A Not available  
Sources: Northern Illinois Market facts  
Illinois Department of Employment Security-Loves Park Unemployment data revised for new methodology 2010-2014.  
US Census Bureau  
Reporting of college education changed between 1990 and 2000 Census  
City-Data.com

**City of Loves Park  
Principal Employers  
Current Year and Ten Years Ago  
(Unaudited)**

<u>Employer</u>	<u>2015</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Woodward	1400	1	13.59%	900	3	7.43%
Mondelez International(Formerly Cadbury)	650	2	6.31%	900	2	7.43%
Harlem Consolidated School District	420	3	4.08%			
Schneider Electric Buildings, LLC	400	4	3.88%	1000	1	8.26%
Danfoss Drives	350	5	3.40%			
Gleason Cutting Tools	350	6	3.40%	499	9	4.12%
Terra Harvest Foods	285	7	2.77%	500	5	4.13%
Bridgeway	250	8	2.43%			
Rockford Blacktop (William Charles)	200	9	1.94%	499	8	4.12%
Rockford GKN	200	10	1.94%	500	6	4.13%
Lifetouch Publishing			0.00%	500	7	4.13%
West Teleservices				500	4	4.13%
Smith Industries				249	10	2.06%

Source:

2015 Illinois Manufacturers Directory, 2015 Illinois Services Directory and the City's 2014 CAFR  
U.S. Census Bureau Zip Code Business Patterns provided  
total employment figures for Loves Park.

City of Loves Park  
 Full-time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years  
 (Unaudited)

Full-time Equivalent Employees as of April 30

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	19	18	18	18	19	19	18	18	19	19
Health and welfare	-	-	-	-	-	-	-	-	-	-
Highways and streets	9	8	8	8	7	7	7	7	7	7
Public Safety										
Police										
Officers	29	30	34	33	33	33	33	33	33	33
Telecommunicators	5	-	-	-	-	-	-	-	-	-
Civilians	3	3	2	2	3	3	3	3	3	3
Fire										
Fire Chief	1	1	1	1	1	1	1	1	1	1
Water	7	9	9	9	9	9	9	9	9	10
Total:	73	69	72	71	72	72	71	71	72	73

Source: City of Loves Park Payroll records.

Note: Fire Department is all volunteer except for Fire Chief.

City of Loves Park  
 Operating Indicators by Function  
 Last Ten Fiscal Years  
 (Unaudited)

Function	Calendar Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Police-fiscal year</b>										
Criminal arrests	1,103	1,148	1,217	1,415	N/A	N/A	N/A	N/A	N/A	N/A
Parking violations	111	117	226	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Traffic violations	6,692	5,871	4,181	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Fire-calendar year</b>										
Number of calls answered	434	408	507	417	422	362	428	461	418	458
<b>Highways and streets-fiscal year</b>										
Street resurfacing (miles)	4.590	4.666	2.230	0.570	1.620	1.100	2.344	2.322	1.700	5.000
<b>Water-fiscal year</b>										
New connections	251	327	72	53	30	11	9	7	17	26
Average daily consumption (million gallons)	3.3	3.5	3.6	3.1	3.0	3.0	3.0	3.6	3.4	3.6

Sources: Various City Departments.

Note: Indicators are not available for the general government function.  
 Service connection fees instituted during fiscal year 2000.

City of Loves Park  
Capital Asset Statistics  
Last Ten Fiscal Years  
(Unaudited)

Function	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	25	27	26	30	29	27	25	27	27	27
Fire Stations	2	2	2	2	2	2	2	2	2	2
Highways and streets										
Streets (miles)	na	na	na	158.5	158.5	158.5	158.5	158.5	158.5	158.5
Water										
Maximum daily capacity (thousands of gallons)	6,624	6,624	6,624	9,600	9,600	9,600	9,600	9,600	9,600	9,600

Sources: Various city department.

Note: No capital asset indicators are available for the general government function.

Loves Park will implement the GASB 34 retroactive reporting for infrastructure during fiscal year 2008.

Well #2 was closed in fiscal year 2001.

Well #6 was substantially complete & increased capacity in fiscal year 2008.